

# The Frontlines of Social Change



FORDFOUNDATION

*The Ford Foundation works with visionary leaders and organizations worldwide to change social structures and institutions so that all people have the opportunity to reach their full potential, contribute to society, have a voice in decisions that affect them, and live and work in dignity.*

*This commitment to social justice is carried out through programs that strengthen democratic values, reduce poverty and injustice, and advance human knowledge, creativity and achievement.*

Cover photo: Millions of people, such as the Ribeirinhos family pictured here on the Picanco River in the Amazon, live in fragile and threatened environments—the frontlines for the Ford Foundation's social justice work in land rights and resource management.

## The Frontlines of Social Change



Our mission challenges us to stay on the frontlines of social change. It is a challenge we embrace every day...

## ...It's what drives us to seek out and support visionary leaders from around the world...

**WE SUPPORT VISIONARY LEADERS** around the world—social change makers who possess the ingenuity, commitment and leadership that is essential to advancing enduring progress. They share a willingness to take risks and a passion for solutions that can be transformative.

Many of these visionaries are working in local communities to solve the toughest social problems we face today. They are drawn to these issues from diverse backgrounds—human rights advocacy, sustainable development and education reform, to name just a few. Some of them have worked for a lifetime and have already been recognized for substantial contributions to their field; others are newer pioneers who in a short time have shown the promise of creating lasting social change. Whatever their background, their innovations have the potential to shape national and even global outcomes. One of our fundamental responsibilities is to help them do just that. Here we introduce three such social change makers—a small but representative sample of our visionary grantee partners.

Visit [www.fordfoundation.org](http://www.fordfoundation.org) to meet some of our other grantees.

### **ELINOR OSTROM**

Nobel Prize in Economics, 2009

**Distinguished Professor**

*Indiana University, Bloomington*

Challenging conventional wisdom is the hallmark of Elinor Ostrom's life work. In recognition of her groundbreaking contributions, she became the first woman to win the Nobel Prize in economics. She has proven repeatedly that those living in rural communities are often the most effective stewards of the land, water and other natural resources. Ostrom explains her visionary research, which has spurred a paradigmatic shift in resource management—and given millions of people access to otherwise unimagined social and economic opportunities:

#### **LOCAL LEADERSHIP**

When I started, there was a presumption that local leaders who had helped forests and fisheries survive in challenging environments couldn't do anything—that governments or privatization had to come in and impose rules. But there's a lot of ingenuity in communities. Resources such as land and water can be managed successfully by local commons where community members can create and enforce rules that lead to sustainable economic governance.

#### **COMMUNITY KNOWLEDGE**

Our program is the only multi-country, multi-disciplinary program that exists. Without the Ford Foundation, we wouldn't have been able to start it. We work in Africa, Latin America, Asia, and the United States, and at each site we measure the trees and then see how the forest is improving or degrading over time. We do in-depth interviews with people in the community and try to figure out how a local or national government body may be helpful to the area. We try to be imaginative without throwing out everything that existed before.

#### **KEY TO SOCIAL CHANGE**

We need to help people across disciplines understand things in similar ways. Ecologists, sociologists, political scientists, economists—they all have their own language. To me, developing a common language is essential to lasting social change.

Learn more at [www.iasc-commons.org](http://www.iasc-commons.org)



## JAKE SHAPIRO

CEO and Founding Executive Director  
**Public Radio Exchange (PRX)**  
Cambridge, Massachusetts

The search for new voices and new content never ends when you connect to Public Radio Exchange (PRX). The groundbreaking Internet-based marketplace is a hub for creative expression where radio producers contribute content, listeners access free programming, and radio stations small and large license content. Jake Shapiro talks about the value of PRX and how it is transforming public radio:

### NEW VOICES

We wanted to open up public radio to new storytellers, so anyone can upload content to our Web site. There's a real need for important, compelling stories that inspire social change and that provide a context for individuals seeking to improve their lives and their communities. PRX is helping on this front.

### REINVENTING PUBLIC RADIO

It's a struggle to stay relevant when modes of access to information change constantly and also when the demographics of the country are changing faster than public radio itself. Ford has made it a priority to help public radio reinvent itself, to revolutionize everything from content to infrastructure. With the foundation's support, we've been able to serve as an R&D shop for public radio. Our early guesses about the potential of open distribution mechanisms to unlock all sorts of social value have proven true. Also, while public radio has tended to invest on the content side, in talented producers and reporters, we've learned how important it is to recruit, retain, inspire and be inspired by the software engineers who are building today's equivalent of radio towers.

### OPEN ACCESS

I believe that public radio can thrive as an alternative forum and keep pace with the open space of the Internet. But this space is really fragile. The openness we've come to expect and rely on depends on an important mix of policy, practice and corporate behavior that can easily be undermined.

Learn more at [www.prx.org](http://www.prx.org)



## TARCILA RIVERA ZEA

Founder and Executive Director  
**CHIRAPAQ (The Center for Indigenous Peoples' Cultures of Peru)**  
Lima, Peru

At age 14 she was told that as an Indian servant, she was not considered worthy of further education. Nearly 50 years later, Tarcila Rivera Zea is a Quechuan leader running one of South America's most influential organizations representing indigenous people. That she is an internationally respected voice today is a testament to her determination to defend and secure the fairness, equality and opportunities indigenous people have been denied. Rivera Zea describes her journey and why she's hopeful for the next generation:

### EARLY LESSONS

All my life, racism and discrimination have persisted. That's why I decided to learn more. Someone tried to discourage me from continuing my studies. She said, "You are an Indian—you always will be an Indian." I told her, "Yes, I will always be an Indian, but an Indian who knows how to read and how to write."

### BUILDING MOMENTUM

In the 1980s we organized the first meeting of indigenous people in Peru. Then we formed CHIRAPAQ, and with the Ford Foundation's support we've been able to defend indigenous rights, to develop pride for indigenous culture, and to give indigenous peoples a voice on a national and global level. The foundation listens, understands, shares and supports our mission.

### FOR EVERYONE AN EDUCATION

If you don't have the opportunity to learn and decide what you want to do with your life, it's impossible to be free. But I see hope. More leaders are emerging and sharing their knowledge, more public education initiatives are being established and more organizations are focusing on indigenous women's issues in particular. And now I see children who are very proud about our language, about who we are. A good education, a democratic education—an education based on human rights and dignity—is important for everybody.

Learn more at [www.chirapaq.org.pe/](http://www.chirapaq.org.pe/)



...inspires us to create and cultivate a network of imaginative and diverse organizations and individuals in service of the common good...



**OUR SUPPORT FOR** visionary leaders goes beyond the goals they set and the grants we make. We are bringing these varied individuals together in a network of knowledge, discovery and human imagination that offers unique opportunities for collaboration and creativity.

Solving complex social problems requires innovative thinking from a host of actors: from government and civil society to nonprofits and the private sector. Translating their ideas into action requires connecting these various groups. That is why we have invested time and resources into supporting networks that allow our partners to convene, communicate and collaborate with one another. These exchanges range from a small gathering of indigenous women who are micro-business leaders to a multi-day global conference on worldwide economic challenges. No matter the size, the outcomes are the same: ideas are shared, relationships are formed, trust is built and networks are grown.

**THE CURRENT PACE** of technological transformation is like nothing we've seen before in human history.

In the early 1960s when advances such as television, air travel and global communication became accessible and affordable, we supported organizations like Human Rights Watch, which put into place a global infrastructure for the real-time documentation of rights abuses, and the Public Broadcasting System, which tremendously expanded educational and public affairs programming.

Today, technology enables us to crowdsource election monitoring in the United States in order to document abuses and fraud, and to raise \$30 million in 10 days via text messaging for earthquake victims in Haiti. With wireless communication now widely available in even the poorest communities and countries, we are asking ourselves: What organizations will emerge in the next generation? How can we, along with our current and potential partners, best ensure that these groups will succeed in this new marketplace of ideas and possibilities? Finding answers to these questions is what drives us as a philanthropy. It's why we are actively supporting innovators who are applying the technological advances of the 21st century to the great challenges of our time: advancing economic opportunity, promoting human rights and safeguarding freedom of expression.





...and propels us to act with speed and agility.

**WITH AN EVER-ACCELERATING** pace of change, improving the lives of the people we serve depends on our ability to meet new challenges with speed and agility.

Over the past year, we have reinforced our commitment to the values reflected in our founding mission, restructured our operations and strengthened our endowment. We have also sought to take the mystery out of grant giving by increasing our transparency. Doing so allows us to better assess the effectiveness of our progress and change course as necessary. And perhaps, above all, we have intensified our search for social invention, inviting new thinkers and partners to share with us their discoveries and innovations so that, together, we can respond dynamically to opportunities. As we address the urgent problems of today, we ask: How can we best use our resources, given that they are modest compared with the enormous challenges facing humankind? How can we best apply what we have learned from nearly 75 years of work on global economic development, education, human rights and democracy? The answer, we believe, lies in being steadfast in our commitment to our long-term vision, but also adaptable, agile and wired for change.

MESSAGE FROM THE PRESIDENT

## Picking Up the Pace



*We are seeking partners who are looking over the horizon, who understand that technology and the unprecedented pace of change it has unleashed represent an unknown set of opportunities that we must all embrace and creatively explore.*



THE NATURE OF OUR WORK—long term, aspirational and often intangible—can sometimes make it difficult to determine how our efforts are improving the lives of the people we serve. Yet in these times of global economic uncertainty, with increasing demand for limited philanthropic dollars, assessing our effectiveness is more important than ever. Today, staying on the frontlines of social change means gauging, with thoughtfulness and rigor, the immediate and distant outcomes of our funding.

Over the past two years at the Ford Foundation we've taken a series of steps to position ourselves to achieve greater impact. First and foremost, working with thought leaders around the world, we developed objectives for each of our initiatives and clear strategies for making grants. We established indicators of progress—short- and long-term outcomes that improve people's lives. Every quarter we gauge where we are and make adjustments as we go. We are also working to overcome internal barriers, building multidisciplinary teams to collaborate on each of our endeavors. And we've formed new partnerships with other nonprofits, government and the private sector.

The impact of our funding relies not just on clear and well-implemented strategies, but also on the availability of resources. Over the past two years we have restructured the operations of the foundation to maximize the resources available for grant making, shifting over \$40 million from operating expenditures to our grant budget. Similarly, we restructured how we manage our endowment, yielding strong performance in a time of continued market turbulence.

Being in a better position to assess the change we're contributing to enables us to keep pace and respond to the dynamic changes around us. This year we began to explore the pace of technological change across the globe and its vast social ramifications. We believe that new ways of effecting social change—whole new movements and social ideas—are emerging. As we implement and refine our strategic initiatives, we are seeking partners who are looking over the horizon, who understand that technology and the unprecedented pace of change it has unleashed represent an unknown set of opportunities that we must all creatively explore. We are pushing ourselves to open our minds to these unknown possibilities and to encourage all those we support to do the same.

We are in the midst of a social transformation not seen since the end of the 19th century. The speed at which societies are changing is accelerating—not always, however, benefiting the poorest and most excluded. Yet I remain profoundly optimistic. I am inspired by the individuals I have visited over the past year in Peru, Kenya, Nigeria, India, Indonesia and across the United States whose spirits, unbowed by the poverty and oppression they so often face, drive them to build enterprises, to educate their children, and to demand change in the body politic. I am inspired by our grantees, who are truly on the frontlines, sometimes at great personal sacrifice. And I am inspired by the people of the Ford Foundation with whom I have the privilege of working, leaders in their fields whose commitment to social justice is extraordinary; in particular, let me express my appreciation to Kathryn Fuller, who has been a true support during my two years here and is now ending her 17-year tenure on the Ford Foundation board.

We hope you'll join us in embracing this era's unique new possibilities, and the optimism they inspire.

Luis A. Ubiñas  
President  
September 2010

MESSAGE FROM THE CHAIR

## Seizing New Opportunities



*While the problems  
the foundation  
seeks to address are  
profound, I take pride  
in the contributions  
we have made toward  
their solution and in  
the constancy of our  
mission and values.*



THIS YEAR MARKS THE END OF MY SERVICE on the Ford Foundation Board of Trustees. As I look back over my tenure, I am struck by the extensive societal changes and challenges we have confronted. While the problems the foundation seeks to address are profound, I take pride in the contributions we have made toward their solution and in the constancy of our mission and values.

In the late 1940s, after receiving new Ford family bequests that substantially increased the foundation's assets, the board of trustees commissioned a study to identify priorities for future grant making. The resulting document—the "Gaither Report"—urged the foundation to tackle the largest, most enduring and most complex problems facing societies around the world. The board of trustees made that commitment in 1950 and has not wavered since.

Our work today to promote social justice thus has deep roots. I think, for example, of the foundation's investments in social change leaders in the 1960s and 1970s who helped shape the U.S. civil rights movement. Our grants were multifaceted and evolved over time. We supported research on social injustice and on economic and political exclusion that stimulated important dialogue across disparate sectors and communities. We provided resources to amplify the voices of the disadvantaged and to stabilize fledgling civil rights groups. With patience and persistence, our grantees helped bring about landmark public policies and effect broad social change. The Ford Foundation's support for international human rights and women's rights similarly helped develop new fields of theory and practice and strengthened emerging leaders and organizations. The same approach underpinned our grant making in education, the arts and other areas of work.

Today, as this annual report discusses, a rapidly changing society confronting deep inequities and transformed by technology presents new challenges to those committed to social change and the communities we serve. As we strive to meet these challenges, we will continue to bring the commitment to innovation and long-term perspective that have informed the Ford Foundation for nearly 75 years. I leave the foundation with deep appreciation for the opportunity to have served it and with abiding confidence in its future.

In closing, let me extend a warm welcome to our newest trustee, Cecile Richards. Cecile serves as the president of the Planned Parenthood Federation of America and the Planned Parenthood Action Fund. She began her career organizing low-wage workers in California, Louisiana and Texas and has devoted her professional life to issues that lie at the heart of the Ford Foundation's mission. Let me also warmly congratulate board colleague Irene Hirano Inouye, president of the U.S.-Japan Council, on her election as the foundation's new chair of the board. I know the trustees and foundation staff will greatly benefit from her thoughtful leadership.

*Kathryn S Fuller*

Kathryn S. Fuller  
Chair

We have designed our governance and budget policies to help fulfill our mission. As a part of this effort, we make our grant making and financial information transparent and accessible.

## THE BOARD OF TRUSTEES

A 16-member board of trustees that includes the Ford Foundation president governs the foundation. Our governance practices adhere to a set of policies—including bylaws, committee charters, standards of independence, and a code of ethics—adopted by the board of trustees. The board sets policies relating to grant making, geographic focus, spending, investment, management, governance and professional standards, and also oversees internal and independent audits. It sets the compensation and reviews the performance of the president and all foundation officers. Trustees are nominated by a trustee committee, appointed by the full board, and generally serve two six-year terms. The board, board committees and individual trustees are evaluated on an annual basis. Ford trustees bring a vast range of knowledge and experience to the task of governing the foundation. They come from four continents and have extensive experience in the worlds of scholarship, business and finance, law, government and nonprofit management.

## THE PRESIDENT

The trustees select the president, who implements board policies and oversees Ford’s programs and operations on a day-to-day basis. The trustees and the president share the responsibility of representing the foundation in the public sphere along with other senior staff. The president continually re-examines Ford’s work, looking for opportunities to hone our strategies and improve our effectiveness. The president meets with people around the world to discuss the issues the foundation works on in order to deepen the its grasp of different perspectives on how to solve problems. In addition to overseeing the foundation’s operations, the president works to communicate what Ford has learned to a broad array of audiences and also strives to strengthen the philanthropic sector’s performance, legal compliance and transparency.

## THE BOARD’S OVERSIGHT OF GRANT MAKING

The board of trustees determines the substantive areas and geographic focus of the foundation’s grant making. Within the budget approved by the board, the foundation makes about 2,000 grants throughout the year. The board has delegated authority for approving these grants to the president and senior staff. However, all trustees serve on one of the board’s three program committees that help design program strategy. Membership on those committees rotates so that trustees serving 12 years become steeped in the work of Ford’s three program areas and contribute to their development and assessment. The trustees review approved grants at their regular board meetings, which take place three times a year. At those meetings, and during annual board visits to grantees worldwide, trustees meet grant recipients and learn about their work.

## BOARD COMMITTEES

A five-person Executive Committee, comprising the board chair, the president and three trustees, works with the foundation’s executive officers and acts for the board between board meetings. Trustee committees dedicated to management and governance, audits and compensation, investment, trustee nominations, transactions and proxy votes meet regularly and guide foundation activities throughout the year.

The foundation’s Web site makes available to the public documents that describe Ford’s governance practices. The foundation’s bylaws and articles of incorporation and the board’s committee charters and code of ethics are among the documents posted at [www.fordfoundation.org/about-us/governance](http://www.fordfoundation.org/about-us/governance).

## TRUSTEE INDEPENDENCE

The Ford Foundation places high value on the independence of its board members; it requires that a majority of its trustees be independent, that all trustees serving on the audit and membership (nominating) committees be independent and that trustees on the audit committee satisfy additional standards of independence. When the staff proposes that the foundation fund an organization with which a trustee is affiliated as an employee, officer or trustee, that grant must be reviewed and approved by the audit committee. The grant action document, which is reviewed and approved by management before submission to the audit committee, discloses the nature of the trustee affiliation and confirms that the trustee played no role in the initiation or negotiation of the grant.

## IMPACT AND LEARNING

For nearly 75 years the Ford Foundation and its grantees have taken on enduring problems that require sustained effort and resolve. Our work to improve lives and create opportunity has generated a broad range of knowledge and given us new insights into how we can do our work more effectively. We are eager to share what we have learned with other grant makers, experts in the field, the media and the general public. Toward this end, the foundation regularly reviews program initiatives to understand what has worked, what hasn’t and how we can broaden the impact of our grant making. Evaluating our work is a priority and a growth area on which the foundation is focusing. More information about these efforts is available at [www.fordfoundation.org/impact](http://www.fordfoundation.org/impact).

The foundation will continue to strengthen the rigorous grant-making evaluation that is integral to the success of our work. We recently created two leadership positions—director of Impact Assessment and director of Program Learning and Innovation—to help drive our commitment in this area.

## EXECUTIVE COMMITTEE

Kathryn S. Fuller \*  
Anke A. Ehrhardt  
Richard Moe  
Luis A. Ubiñas  
W. Richard West Jr.

## PROXY COMMITTEE

Juliet V. García \*  
Kofi Appenteng  
Kathryn S. Fuller  
Yolanda Kakabadse  
N.R. Narayana Murthy  
Peter A. Nadosy

## AUDIT COMMITTEE

Irene Hirano Inouye \*  
Juliet V. García  
Yolanda Kakabadse  
Thurgood Marshall Jr.  
N.R. Narayana Murthy

## PROGRAM COMMITTEES

### DEMOCRACY, RIGHTS AND JUSTICE

W. Richard West Jr. \*  
Kofi Appenteng  
Afsaneh M. Beschloss  
Juliet V. García  
Yolanda Kakabadse  
Richard Moe

### ECONOMIC OPPORTUNITY AND ASSETS

Robert S. Kaplan  
Thurgood Marshall Jr.  
N.R. Narayana Murthy  
Cecile Richards

### EDUCATION, CREATIVITY AND FREE EXPRESSION

Anke A. Ehrhardt \*  
Kathryn S. Fuller  
J. Clifford Hudson  
Irene Hirano Inouye  
Peter A. Nadosy

\* chair

## INVESTMENT COMMITTEE

Afsaneh M. Beschloss \*  
Kathryn S. Fuller  
J. Clifford Hudson  
Robert S. Kaplan  
Peter A. Nadosy  
Luis A. Ubiñas  
W. Richard West Jr.

## TRANSACTIONS SUBCOMMITTEE

Afsaneh M. Beschloss  
J. Clifford Hudson  
Peter A. Nadosy

## MANAGEMENT AND GOVERNANCE COMMITTEE

Richard Moe \*  
Kofi Appenteng  
Afsaneh M. Beschloss  
Juliet V. García  
J. Clifford Hudson  
Irene Hirano Inouye  
Yolanda Kakabadse  
Robert S. Kaplan  
Thurgood Marshall Jr.  
Luis A. Ubiñas

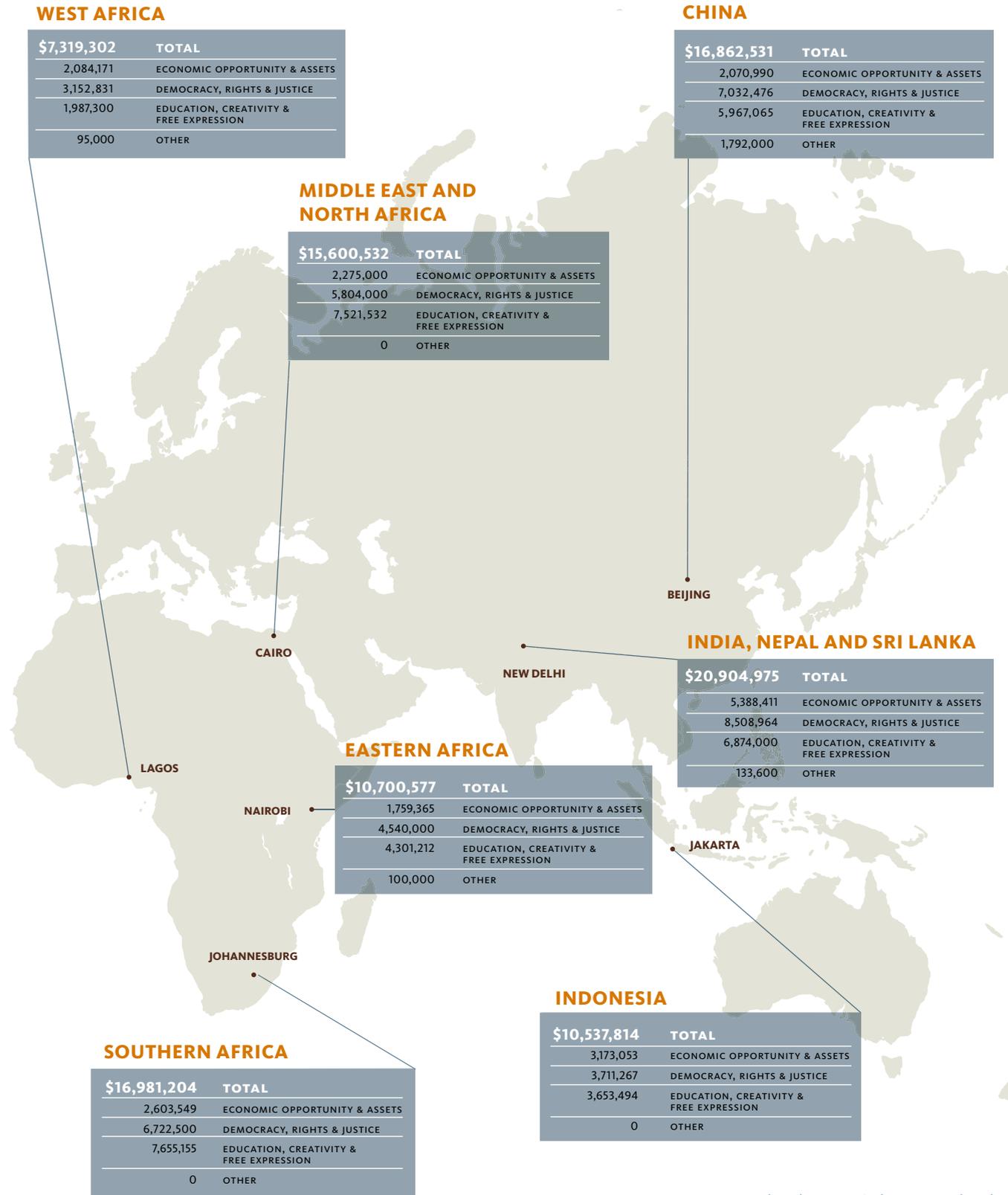
## MEMBERSHIP COMMITTEE

Kathryn S. Fuller \*  
Kofi Appenteng  
Anke A. Ehrhardt  
Irene Hirano Inouye  
Richard Moe

# SOCIAL CHANGE WORLDWIDE

We support visionary leaders and organizations across the United States and in 10 regions around the world.

*This map charts our FY 2009 grant spending by region.  
For a full list of our 2009 grantees, visit [www.fordfoundation.org](http://www.fordfoundation.org)*



We closed our Russia (\$13,044,500) and Vietnam (\$14,822,224) offices in September 2009.

# TOTAL PROGRAM APPROVALS

As of September 30, 2009

## APPROVALS BY REGION

	GRAND TOTAL	ANDEAN REGION & SOUTHERN CONE	BRAZIL	CHINA	EASTERN AFRICA	INDIA, NEPAL & SRI LANKA
Economic Opportunity and Assets	\$108,814,318	2,645,000	2,373,000	2,070,990	1,759,365	5,388,411
Democracy, Rights and Justice	\$169,369,248	5,829,714	4,558,480	7,032,476	4,540,000	8,508,964
Education, Creativity and Free Expression	\$166,542,535	2,239,100	3,709,760	5,967,065	4,301,212	6,874,000
Foundationwide Actions	\$11,819,411	50,000	451,420	1,692,000	0	65,000
Global Initiative On HIV/AIDS	\$7,735,243	0	0	0	0	0
Program-Related Investments	\$25,000,000	0	0	0	0	0
Good Neighbor Committee	\$1,133,600	0	0	100,000	100,000	68,600
Grand Total	\$490,414,355	10,763,814	11,092,660	16,862,531	10,700,577	20,904,975

	INDONESIA	MEXICO & CENTRAL AMERICA	MIDDLE EAST & NORTH AFRICA	RUSSIA*	SOUTHERN AFRICA	UNITED STATES & WORLDWIDE	VIETNAM*	WEST AFRICA
	3,173,053	3,960,000	2,275,000	1,271,000	2,603,549	76,230,393	2,980,386	2,084,171
	3,711,267	7,051,352	5,804,000	4,779,000	6,722,500	104,470,524	3,208,140	3,152,831
	3,653,494	2,833,650	7,521,532	6,809,500	7,655,155	104,667,069	8,323,698	1,987,300
	0	0	0	0	0	9,250,991	310,000	0
	0	0	0	0	0	7,735,243	0	0
	0	0	0	0	0	25,000,000	0	0
	0	0	0	185,000	0	585,000	0	95,000
	10,537,814	13,845,002	15,600,532	13,044,500	16,981,204	327,939,220	14,822,224	7,319,302

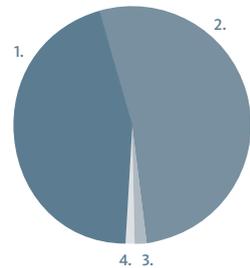
\*We closed our Russia and Vietnam offices in September 2009.

## APPROVALS BY PROGRAM AND RELATED ISSUES

Grand Total \$490,414,355

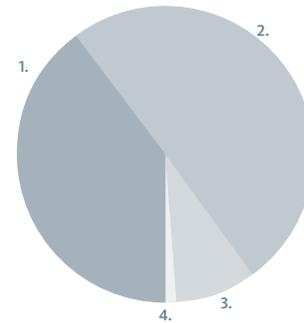
### ECONOMIC OPPORTUNITY AND ASSETS TOTAL \$108,814,318

1. Financial Assets \$49,822,275
2. Metropolitan Opportunity \$57,829,043
3. Sustainable Development \$963,000
4. Other \$200,000



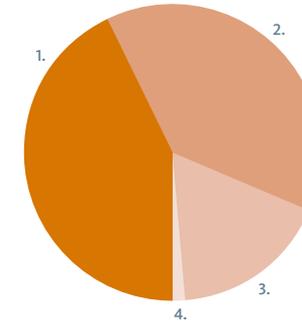
### DEMOCRACY, RIGHTS AND JUSTICE TOTAL \$169,369,248

1. Democratic and Accountable Government \$67,671,990
2. Human Rights \$85,006,170
3. Social Justice Philanthropy \$16,531,000
4. Other \$160,088



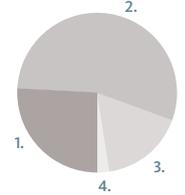
### EDUCATION, CREATIVITY AND FREE EXPRESSION TOTAL \$166,542,535

1. Educational Opportunity and Scholarship \$71,311,652
2. Freedom of Expression \$64,666,923
3. Sexuality and Reproductive Health and Rights \$28,504,960
4. Other \$2,059,000



### OTHER GRANT ACTIONS TOTAL \$45,688,254

1. Foundationwide Actions \$11,819,411
2. Program-Related Investments \$25,000,000
3. Global Initiative on HIV/AIDS \$7,735,243
4. Good Neighbor Committee \$1,133,600



## FINANCIAL OVERVIEW

Sound financial management is a prerequisite to the foundation's ability to meet its programmatic objectives. To maximize the resources available for grant making, the foundation brings the highest level of capability to its endowment management practices and exceptional prudence to its internal budgets.

Ford Foundation grants are designed to address social justice issues worldwide, requiring sustained engagement to effect change and periodic adjustments to ensure goals are met. In order to pursue consistent, multiyear programming and strategies, the foundation tries to invest and budget in ways that yield financial and operating stability while preserving the value of the investment portfolio.

Our board of trustees approves program and operational budgets on a two-year basis. The size of the two-year budget takes into account three considerations: the need to satisfy the U.S. federal payout requirement (the obligation to disburse annually about 5 percent of the average value of the investment portfolio); the objective of preserving the value of the endowment for long-term charitable funding; and program needs and opportunities.

Program spending, shown in Chart 2, reflects the grants and program-related investments made in all Ford offices during the fiscal year. Funds are drawn on allocations made at the outset of the budget period, as well as from the general reserve, an annual set-aside of a portion of the budget. We made the strategic decision to raise our payout rate in 2009 to meet all pre-existing commitments and provide grantees with added support in a time of severe economic crisis.

The foundation does not receive outside contributions to its endowment. Our policy has been to try to preserve the real (inflation-adjusted) value of the foundation's endowment so as to maintain the real value of its program spending. As shown on Chart 3, notwithstanding the decline in investment portfolio values in fiscal year 2009, the foundation since 1980 has been able to accomplish this goal. Importantly, over the 29-year period covered by the chart, the foundation has disbursed \$12.7 billion, more than four times the value of the endowment at the beginning of the period.

### INVESTMENTS

The foundation's investment portfolio was valued at \$10.0 billion at the end of fiscal 2009, versus \$10.9 billion at the close of 2008. The rate of return on the total portfolio was -0.6 percent for the fiscal year, 0.1 percent annualized for the three-year period, 5.3 percent annualized for the five-year period, and 4.7 percent annualized for the 10-year period. The foundation's primary investment objective is to generate an inflation-adjusted return in excess of its mandated minimum 5 percent payout requirement over the long term. While it has achieved this objective over the long term, the substantial market declines of late 2008 and early 2009 meant that the foundation's portfolio did not achieve this objective over shorter time periods.

Although the foundation's 2009 fiscal year coincided with the onset of the global financial crisis in September of 2008, the portfolio was positioned to benefit broadly from the explosive rally in global equity and fixed-income markets that began early in 2009. Primary drivers of performance included international and emerging markets equity, corporate and high-yield bonds, distressed securities, U.S. Treasury securities, and inflation-linked bonds.

The portfolio's asset allocation changed substantially over the course of the year, as we took advantage of improved market valuations to reduce public equity exposure and increase exposure to inflation-linked bonds, short-term Treasury securities, and opportunistic investments in real assets and credit. The foundation continued to maintain a highly liquid portfolio, providing it with the ability both to meet ongoing spending needs and to pursue additional investment opportunities arising from the current environment.

CHART 1 – PAYOUT RATE

Distribution as a percentage of average investment portfolio values  
%

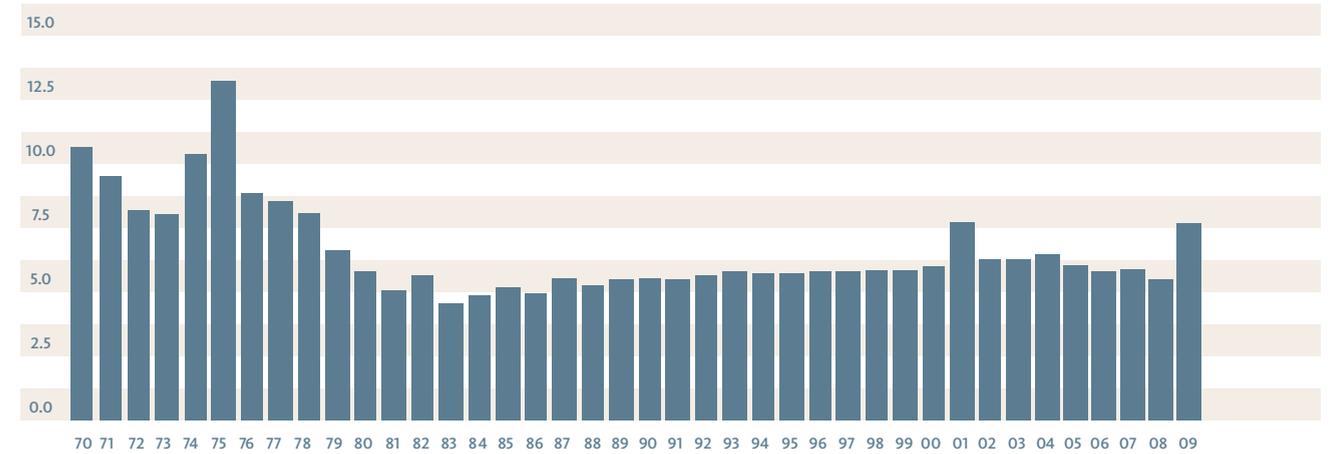


CHART 2

Average investment portfolio values  
\$ billions

Program Spending  
\$ millions

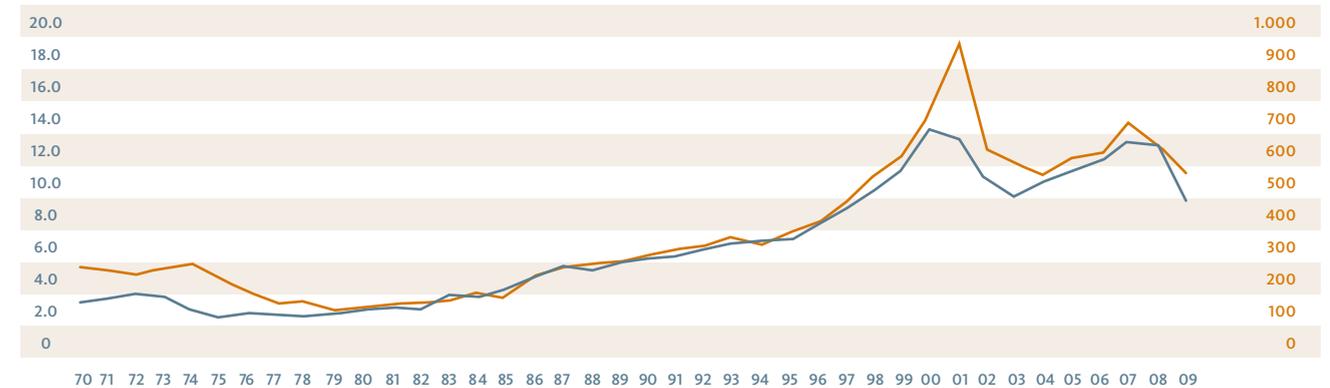
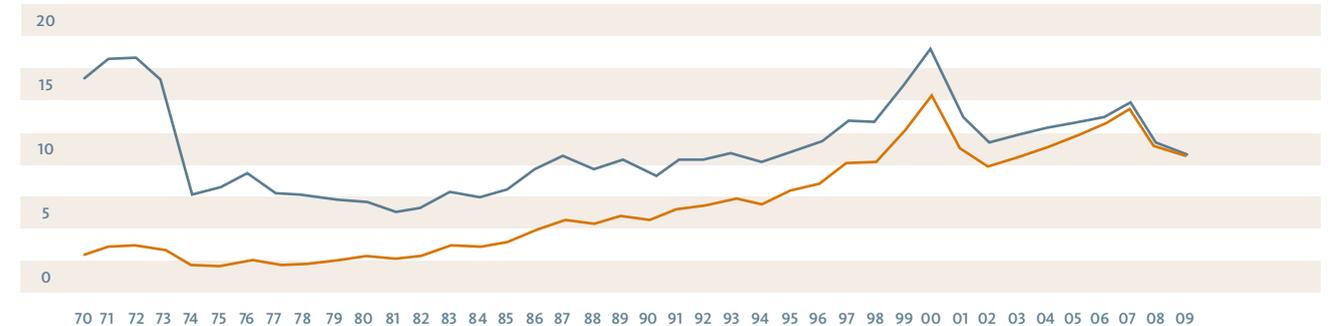


CHART 3 – INVESTMENT PORTFOLIO VALUES

Real (2009) Dollars / Nominal Value  
\$ billions



## PORTFOLIO COMPONENTS

As of September 30

	2009		2008	
	MARKET VALUE in millions	PERCENT OF TOTAL	MARKET VALUE in millions	PERCENT OF TOTAL
<b>MARKETABLE SECURITIES</b>				
U.S. equities	\$1,747.7	17.4	\$3,192.0	29.4
International equities	2,908.4	29.0	2,754.5	25.3
Total public equities	4,656.1	46.4	5,946.5	54.7
Private equities	1,437.8	14.3	1,666.6	15.3
Total equities	6,093.9	60.7	7,613.1	70.0
U.S. fixed income	3,391.4	33.8	2,789.1	25.7
International fixed income	32.2	0.3	124.5	1.1
Short-term investments	521.5	5.2	343.5	3.2
Total fixed income	3,945.1	39.3	3,257.1	30.0
	<b>\$10,039.0</b>	<b>100.0</b>	<b>\$10,870.2</b>	<b>100.0</b>

## INCOME AND EXPENDITURES

Total realized loss, including capital losses, amounted to \$267 million in fiscal year 2009, compared with \$817 million of realized gains in fiscal 2008. Dividends and interest income totaled \$286 million or \$51 million less than fiscal 2008. Total program activities (primarily grants to organizations and individuals, direct charitable activities and program support) were \$526 million, representing a decrease of \$85 million from the previous year. General management expenditures were \$37 million, \$2 million more than the previous year. Expenses incurred in the production of income were \$30 million, a \$7 million decrease from fiscal year 2008.

## PROGRAM-RELATED INVESTMENTS (PRIs)

Each year the foundation invests a portion of its endowment in projects that advance philanthropic purposes in various areas of the foundation's interest. The trustees have earmarked up to \$280 million of the corpus for these investments. The investments are in the form of debt or equity financing or loan guarantees.

As of September 30, 2009, the foundation had \$168.8 million in investments and \$21.7 million in funding commitments.

During the fiscal year, new PRI loan commitments of \$25 million were made and \$31.9 million were disbursed. Principal repayments of \$7.5 million were received. The following table summarizes the PRI program for fiscal years 2009 and 2008.

## PROGRAM-RELATED INVESTMENTS SUMMARY

As of September 30

	2009 in thousands	2008 in thousands
Investments outstanding, beginning of fiscal year	\$149,638	\$142,311
Activity during year:		
— Investments disbursed	31,921	23,348
— Principal repaid	(7,490)	(14,078)
— Investments written off	(5,307)	(1,943)
Investments outstanding, end of fiscal year	168,762	149,638
Commitments for investment	21,747	30,668
Total investments and commitments outstanding	\$190,509	\$180,306
Allowance for possible losses	\$23,700	\$23,671
Program development and support*	\$2,508	\$3,417
Investment income received	\$1,288	\$1,360

\*Includes the cost of providing technical assistance to develop new PRIs and evaluate ongoing investments.

## FEDERAL REQUIREMENTS

The Internal Revenue Code imposes an excise tax on private foundations equal to 2 percent of net investment income, which is defined as interest, dividends and net realized gains less expenses incurred in the production of income. The tax is reduced to 1 percent for foundations that meet certain distribution requirements, as the foundation did in fiscal 2009. For fiscal year 2009, the tax is estimated to be \$2 million, excluding the deferred portion of excise taxes resulting from unrealized appreciation/depreciation on investments. Since fiscal year 1971, the foundation has incurred federal excise taxes of \$324 million.

The Internal Revenue Code also requires private foundations annually to disburse approximately 5 percent of the market value of investment assets, less the federal excise tax. The payout requirement may be satisfied by payments for grants, program-related investments, direct conduct of charitable activities and certain administrative expenses. In fiscal year 2009, the foundation had qualifying distributions of \$657 million, exceeding the federally mandated payout requirement by \$181 million. During the past five years, the foundation has made \$3.3 billion in qualifying distributions, exceeding the federally mandated payout requirement by \$418 million.

## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of the Ford Foundation:

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of the Ford Foundation at September 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Ford Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



New York, New York  
December 11, 2009

## STATEMENTS OF FINANCIAL POSITION

As of September 30

	2009 <i>in thousands</i>	2008 <i>in thousands</i>
<b>ASSETS</b>		
Investments, at fair value	9,797,732	10,756,535
Accrued interest and dividends receivable	27,864	31,962
Pending securities, net	213,445	81,757
	<u>10,039,041</u>	<u>10,870,254</u>
Cash	2,815	1,646
Federal excise tax receivable	100	3,900
Other receivables and assets	15,223	13,490
Program-related investments, net of allowances for possible losses of \$23,700 (\$23,671 at September 30, 2008)	145,062	125,967
Fixed assets, net of accumulated depreciation of \$93,811 (\$91,338 at September 30, 2008)	32,619	29,871
<b>Total Assets</b>	<b><u>10,234,860</u></b>	<b><u>11,045,128</u></b>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>		
Unpaid grants	\$ 243,968	\$261,013
Payables and other liabilities	60,500	79,812
Deferred federal excise tax liability	1,194	
<b>Total liabilities</b>	<b><u>\$305,662</u></b>	<b><u>\$340,825</u></b>
Contingencies, commitments and guarantees		
Unrestricted net assets		
Appropriated	31,533	44,746
Unappropriated	9,897,665	10,659,557
<b>Total unrestricted net assets</b>	<b><u>9,929,198</u></b>	<b><u>10,704,303</u></b>
<b>Total liabilities and unrestricted net assets</b>	<b><u>\$10,234,860</u></b>	<b><u>\$11,045,128</u></b>

(See notes to financial statements)

## STATEMENTS OF ACTIVITIES

For the year ended September 30

	2009 <i>in thousands</i>	2008 <i>in thousands</i>
<b>OPERATING ACTIVITIES</b>		
<b>INCOME</b>		
Dividends	\$110,436	\$182,300
Interest	175,659	154,367
Realized (depreciation) appreciation on investments, net	(553,092)	480,529
Unrealized appreciation (depreciation) on investments, net	116,569	(2,740,016)
Expenses incurred in the production of income	(29,979)	(37,489)
Total income	<u>(180,407)</u>	<u>(1,960,309)</u>
<b>EXPENDITURES</b>		
Program activities:		
Grants approved	457,050	539,632
Provision for possible losses on program-related investments	5,337	1,788
Direct conduct of charitable activities	3,827	5,631
Program management	59,366	63,785
	<u>525,580</u>	<u>610,836</u>
General management	37,431	34,571
Provision (benefit) for federal excise tax		
Current	2,200	17,700
Deferred	1,194	(53,663)
Depreciation	5,817	5,749
Total expenditures	<u>572,222</u>	<u>615,193</u>
Change in unrestricted net assets from operating activities	(752,629)	(2,575,502)
<b>NON-OPERATING ACTIVITIES</b>		
Pension-related and post-retirement changes other than net periodic pension costs	(22,476)	3,890
<b>Change in unrestricted net assets</b>	<b>(775,105)</b>	<b>(2,571,612)</b>
<b>Unrestricted net assets at beginning of year</b>	<b>10,704,303</b>	<b>13,275,915</b>
<b>Unrestricted net assets at end of year</b>	<b><u>\$9,929,198</u></b>	<b><u>\$10,704,303</u></b>

(See notes to financial statements)

## STATEMENTS OF CASH FLOW

For the year ended September 30

	2009 <i>in thousands</i>	2008 <i>in thousands</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in unrestricted net assets	\$(775,105)	\$(2,571,612)
Adjustments to reconcile change in unrestricted net assets to net cash used by operating activities:		
Realized depreciation (appreciation) on investments, net	553,092	(480,529)
Unrealized appreciation (depreciation) on investments, net	(116,569)	2,740,016
Depreciation	5,817	5,749
Pension-related and post-retirement changes other than net periodic pension costs	22,476	(3,890)
Provision for possible losses on program-related investments	5,337	1,788
Deferred provision (benefit) for federal excise taxes	1,194	(53,663)
Decrease (increase) in current federal excise tax receivable	3,800	(1,295)
Increase in other receivables and assets	(6,145)	(2,210)
Loans disbursed for program-related investments	(31,922)	(23,348)
Repayments of program-related investments	7,490	14,078
Grant approvals	457,050	539,632
Grant payments	(474,095)	(526,464)
(Decrease) increase in payables and other liabilities	(37,376)	4,927
<b>Net cash used by operations</b>	<b><u>(384,956)</u></b>	<b><u>(356,821)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	7,838,588	9,269,028
Purchase of investments	(7,443,898)	(8,904,696)
Purchase of fixed assets	(8,565)	(6,912)
<b>Net cash provided by investing activities</b>	<b><u>386,125</u></b>	<b><u>357,420</u></b>
<b>Net increase in cash</b>	<b>1,169</b>	<b>599</b>
<b>Cash at beginning of year</b>	<b>1,646</b>	<b>1,047</b>
<b>Cash at end of year</b>	<b><u>\$2,815</u></b>	<b><u>\$1,646</u></b>

(See notes to financial statements)

# NOTES TO FINANCIAL STATEMENTS

September 30, 2009

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ford Foundation (the Foundation) are prepared on the accrual basis, which is in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed are set forth below:

### INVESTMENTS

Equity investments are generally valued based upon the final sales price as quoted on major exchanges. Fixed income securities are generally valued based upon quoted market prices from brokers and dealers, which represent fair value. Short-term investments generally represent securities with maturity of 1 year or less and are valued at amortized cost, which approximates fair value. Limited marketability investments, representing amounts in venture and private equity partnerships and other alternative asset investment vehicles, are valued at the quoted market price for securities for which market quotations are readily available or an estimate of value (fair value) as determined in good faith by the general partner. Significant changes affecting the values of these limited marketability investments that occur between the time net asset values are last communicated by the general partner and the close of the Foundation's fiscal year are reflected in the fair value recorded in the financial statements.

The Foundation believes that the carrying amount of its limited marketability investments is a reasonable estimate of fair value as of September 30, 2009. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on the Foundation's proportionate share in the net assets for these investments.

Transactions are recorded on a trade date basis. Realized and unrealized gains or losses on investments are determined by comparison of specific costs of acquisition (identified lot basis) to proceeds at the time of disposal, or market values at the last day of the fiscal year, respectively, and include the effects of currency translation with respect to transactions and holdings of foreign securities. Dividends and interest are recognized when earned.

Effective October 1, 2008, the Foundation adopted Accounting Standards Codification, ASC Topic 820, Fair Value Measurements and Disclosures, ASC 820. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

**LEVEL 1** Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

**LEVEL 2** Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

**LEVEL 3** Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation considers observable data to be market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets are classified as Level 1 and include active listed equities, and certain short-term fixed income investments. The Foundation does not adjust the quoted price for such instruments, even in situations where the Foundation holds a large position and a sale of all its holdings could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active under the accounting definition, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources are classified as Level 2. These include certain US government and sovereign obligations, government agency obligations and investment grade corporate bonds.

Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment. All of the Foundation's limited marketability investments are classified as Level 3. These investments are primarily made under agreements to participate in limited partnerships and are generally subject to certain withdrawal restrictions. Values for these partnerships, which may include investments in both nonmarketable and market-traded securities, are provided by the general partner and may be based on recent transactions, cash flow forecasts, appraisals and other factors. Market values may be discounted for concentration of ownership.

### CASH

Consists of cash on hand and operating bank deposits.

### PROGRAM-RELATED INVESTMENTS

The Foundation invests in projects that advance philanthropic purposes. These program-related investments are mainly loans outstanding for up to 10 years bearing interest at 1%. These loans are treated as qualifying distributions for tax reporting purposes. Loans are monitored to determine net realizable value based on an evaluation of recoverability that utilizes experience and may reflect periodic adjustments to terms as deemed appropriate.

### FIXED ASSETS

Land, buildings, furniture, equipment and leasehold improvements owned by the Foundation are recorded at cost. Depreciation is charged using the straight-line method based on estimated useful lives of the particular assets generally estimated as follows: buildings, principally 50 years, furniture and equipment 3 to 15 years, and leasehold improvements over the lesser of the term of the lease or the life of the asset.

### EXPENDITURES AND APPROPRIATIONS

Grant expenditures are considered incurred at the time of approval. Uncommitted appropriations that have been approved by the Board of Trustees are included in appropriated unrestricted net assets.

## TAXES

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. However, the Foundation is subject to a federal excise tax because it is a private foundation in accordance with IRS regulations.

## RISKS AND UNCERTAINTIES

The Foundation uses estimates in preparing the financial statements which require management to make estimates and assumptions. These affect the reported amounts of assets and liabilities at the date of the Statements of Financial Position and the reported amounts of income and expenditures during the reporting period. Actual results may differ from these estimates. The most significant estimates and assumptions relate to valuation of limited marketability investments, allowances for possible losses on program-related investments and employee benefit plans.

## MEASURE OF OPERATIONS

The Foundation includes in its measure of operations (operating income over expenditures) all income that is an integral part of its programs and supporting activities. Non-operating activities include the cumulative gains and prior service costs and credits which arose during the period, but are not recognized as separate components of net periodic pension cost pursuant to ASC Topic 715, Compensation-Retirement Benefits, (ASC 715).

## ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Foundation records all derivative instruments and hedging activities at fair value. The fair value adjustment is recorded directly to the invested asset and recognized as an unrealized gain or loss in the Statements of Activities.

## NOTE 2 - INVESTMENTS

Investments held consisted of the following at September 30:

	2009		2008	
	FAIR VALUE in thousands	COST in thousands	FAIR VALUE in thousands	COST in thousands
Equities	\$3,760,945	\$2,872,321	\$5,495,316	\$4,732,584
Fixed Income	2,501,972	2,452,450	2,118,249	2,174,378
Short-Term Investments	275,244	275,196	184,328	184,289
Limited Marketability	3,259,571	4,138,050	2,958,642	2,722,140
Investments, at fair value	9,797,732	9,738,017	10,756,535	10,813,391
Accrued Interest and Dividends Receivable	27,864	27,864	31,962	31,962
Investment Related:				
Receivables	359,756	359,756	209,654	209,654
Payables	(146,311)	(146,311)	(127,897)	(127,897)
	\$10,039,041	\$9,979,326	\$10,870,254	\$10,927,110

## THE CLASSIFICATION OF INVESTMENTS BY LEVEL WITHIN THE VALUATION HIERARCHY AS OF SEPTEMBER 30, 2009 IS AS FOLLOWS (IN THOUSANDS):

	QUOTED PRICES Level 1	SIGNIFICANT OBSERVABLE INPUTS Level 2	SIGNIFICANT UNOBSERVABLE INPUTS Level 3	TOTAL as of September 30, 2009
Equities	\$3,735,976	\$13,877	\$11,092	\$3,760,945
Fixed Income	32,212	2,469,760		2,501,972
Short-Term	241,309			241,309
Limited Marketability:				
Private Equity			1,424,036	1,424,036
Alternatives			1,835,535	1,835,535
Total Limited Marketability			3,259,571	3,259,571
Accrued Income and Net Payable and Receivables	-	275,244	-	275,244
	\$4,009,497	\$2,758,881	\$3,270,663	\$10,039,041

## THE FOLLOWING TABLE SUMMARIZES THE FORD FOUNDATION'S LEVEL 3 RECONCILIATION PER ASC 820 AS OF SEPTEMBER 30, 2009.

Fair Value Measurements Using Level 3 Inputs:

	EQUITIES	FIXED INCOME	PRIVATE EQUITY	ALTERNATIVES	TOTAL
Balance as of 10/01/08	\$10,924	\$1,650	\$1,632,746	\$1,325,897	\$2,971,217
Purchases and Other Acquisitions	328	23	235,500	399,799	635,650
Sales and Other Dispositions		(1,282)	(184,957)	(48,901)	(235,140)
Net Realized Gain/Loss		(466)	14,665	(270)	13,929
Net Unrealized Gain/Loss	(160)	75	(273,918)	159,010	(114,993)
Balance as of 9/30/09	\$11,092	\$-	\$1,424,036	\$1,835,535	\$3,270,663

All net realized and unrealized gains (losses) in the table above are reflected in the accompanying statement of activities and changes in net assets. Net unrealized losses are related to those financial instruments held by the Foundation at September 30, 2009.

The Foundation purchases and sells forward currency contracts whereby the Foundation agrees to exchange one currency for another on an agreed-upon date at an agreed-upon exchange rate to minimize the exposure of certain of its investments to adverse fluctuations in currency markets. As of September 30, 2009 and 2008, the Foundation had foreign currency contracts with notional amounts totaling \$8.8 million and \$187.8 million, respectively. Such contracts involve, to varying degrees, risks of loss from the possible inability of counterparties to meet the terms of their contracts. Changes in the value of forward currency contracts are recognized as unrealized gains or losses until such contracts are closed.

### NOTE 3 - FIXED ASSETS

At September 30, fixed assets are comprised of:

	2009 in thousands	2008 in thousands
Land	\$4,435	\$4,435
Buildings, net of accumulated depreciation of \$28,510 in 2009 and \$27,244 in 2008	14,481	12,928
Furniture, Equipment and Leasehold Improvements, net of accumulated depreciation of \$65,301 in 2009 and \$64,094 in 2008	13,703	12,508
	<u>\$32,619</u>	<u>\$29,871</u>

### NOTE 4 - PROVISION FOR FEDERAL EXCISE TAX

The Internal Revenue Code imposes an excise tax on private foundations equal to 2 percent of net investment income, which is defined as interest, dividends and net realized gains less expenses incurred in the production of income. The tax is reduced to 1 percent for foundations that meet certain distribution requirements.

The current provision for federal excise tax is based on a 1 percent rate in fiscal year 2009 and a 2 percent in fiscal year 2008 on net investment income. The deferred provision on cumulative net unrealized gains in both fiscal year 2009 and 2008 is based on a 2 percent rate. In fiscal year 2009, the Foundation incurred cumulative net unrealized gains that resulted in a deferred tax of \$1.2 million. In fiscal year 2008, the Foundation incurred cumulative net unrealized losses, which depleted the cumulative net unrealized gains and resulted in a deferred tax benefit of \$53.7 million.

The amount of excise taxes paid were \$2.3 million and \$21.6 million in fiscal years 2009 and 2008, respectively.

### NOTE 5 - RETIREMENT PLANS

The Foundation's defined benefit pension plans and the defined contribution plans cover substantially all New York appointed employees. Staff who are locally appointed by overseas offices are covered by other retirement arrangements. Pension benefits generally depend upon age, length of service and salary level. The Foundation also provides retirees with at least five years of service and who are at least age 55 with other postretirement benefits which include medical, dental and life insurance. New employees hired on or after June 1, 2009 will be eligible for postretirement medical and dental benefits when they retire with at least 10 years of service and who are at least age 65. The defined benefit pension plans are funded annually in accordance with the minimum funding requirements of the Employee Retirement Income Security Act. The other postretirement benefits are partially funded in advance through a Voluntary Employees' Beneficiary Association (VEBA).

ASC 715 requires unrecognized amounts (e.g., net actuarial gains or losses and prior service cost or credits) to be recognized as non-operating activities and that those amounts be adjusted as they are subsequently recognized as components of net periodic pension cost.

	PENSION BENEFITS in thousands at September 30		OTHER POSTRETIREMENT BENEFITS in thousands at September 30	
	2009	2008	2009	2008
Benefit obligation	\$24,327	\$20,515	\$64,193	\$42,347
Fair value of plan assets	32,772	27,007	40,000	-
Funded (unfunded) status and amounts recognized in the statements of financial position	<u>\$8,445</u>	<u>\$6,492</u>	<u>\$(24,193)</u>	<u>\$(42,347)</u>
Accumulated benefit obligation	\$24,282	\$20,260	N/A	N/A
Amounts recognized in non-operating activities consist of:				
Prior service cost (credit)	\$(216)	\$(385)	\$ -	\$ -
Net loss (gain)	7,912	3,669	18,064	(3,966)
Total amount recognized	<u>\$7,696</u>	<u>\$3,284</u>	<u>\$18,064</u>	<u>\$(3,966)</u>
Net periodic benefit cost recognized	\$1,134	\$22	\$ 6,449	\$4,595
Employer contribution	7,500	2,800	40,000	-
Benefits paid	1,061	2,593	2,667	2,449
Other changes in plan assets and benefit obligations recognized in non-operating activities:				
Net loss (gain)	\$4,727	\$3,416	\$17,091	\$(7,423)
Amortization of (loss) gain	(484)	(9)	-	-
Amortization of prior service cost	117	126	-	-
Recognition of actuarial gain due to special events	-	-	973	-
Recognition of PSC due to FAS88 event	52	-	-	-
Total recognized in non-operating activities	<u>\$4,412</u>	<u>\$3,533</u>	<u>\$18,064</u>	<u>\$(7,423)</u>
Total recognized in net periodic benefit cost and non-operating activities	<u>\$5,546</u>	<u>\$3,555</u>	<u>\$24,513</u>	<u>\$(2,828)</u>
Amounts in non-operating activities expected to be recognized in net periodic pension cost in fiscal 2010:				
Actual loss	\$623	\$133	-	-
Prior service credit	(105)	(126)	-	-
	<u>\$518</u>	<u>\$7</u>	<u>\$ -</u>	<u>\$ -</u>
Weighted average assumptions (used to determine benefit obligations and net periodic costs):				
Discount rate (benefit obligation)	5.50%	7.45%	5.50%	7.45%
Discount rate (net periodic costs)	7.45%	6.30%	7.45%	6.30%
Expected return on plan assets	7.00%	7.00%	N/A	N/A
Rate of compensation increase	4.00%	4.00%	N/A	N/A

For measurement purposes, a healthcare cost trend rate of 6% and 7% was used to measure the other postretirement benefit obligation at September 30, 2009 and 2008, respectively. The healthcare cost trend rate is assumed to be 5% in fiscal year 2010 and thereafter. A 1% point change in assumed healthcare cost trend rates would have the following effects:

	1% INCREASE	1% DECREASE
Effect on total of service and interest cost components	\$717,000	\$713,000
Effect on other postretirement benefit obligation	5,894,000	6,306,000

The expense recorded by the Foundation related to contributions to the defined contribution plan aggregated \$5.9 million in each of the years ended September 30, 2009 and 2008.

The combined weighted-average asset allocation for the Foundation's defined benefit pension plans at September 30 is as follows:

	PENSION BENEFITS	
	2009	2008
TIAA-CREF Group Annuity Contract	23.7%	31.2%
CREF Stock Variable Annuity	40.0	50.1
CREF Inflation-Linked Bond Variable Annuity	.8	10.3
CREF Money Market	22.9	-
TIAA Real Estate Variable Annuity	4.6	8.4
	100.0%	100.0%

The investment strategy is to manage investment risk through prudent asset allocation that will produce a rate of return commensurate with the plans' obligations. The Foundation expects to continue the investment target allocations as noted above in fiscal year 2010. The Foundation's overall expected long-term rate of return on plan assets is based upon historical long-term returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class. The Foundation does not expect to have a contribution requirement to the pension plans in fiscal year 2010.

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	<i>in thousands at September 30</i>	
	PENSION BENEFITS	OTHER POSTRETIREMENT BENEFITS
2010	\$1,963	\$2,672
2011	1,968	2,827
2012	2,024	3,000
2013	2,183	3,168
2014	2,327	3,387
2015-2019	12,673	19,616

## NOTE 6 - CONTINGENCIES, COMMITMENTS AND GUARANTEES

The Foundation is involved in several legal actions. The Foundation believes it has defenses for all such claims, believes the claims are substantially without merit, and is vigorously defending the actions. In the opinion of management, the final disposition of these matters will not have a material effect on the Foundation's financial position.

As part of its program-related investment activities, the Foundation is committed to provide \$21.7 million of loans to not-for-profit organizations once certain conditions are met. Further, as part of its investment management activity, the Foundation is committed to additional funding of \$1.2 billion in private equity and other investment commitments.

## OUR PROGRAMS

We work in three program areas that reflect our mission and values and encompass the nine issues and corresponding initiatives through which we make our grants.

PROGRAM	ISSUE	INITIATIVE
<b>DEMOCRACY, RIGHTS AND JUSTICE</b>	Democratic and Accountable Government	<ul style="list-style-type: none"> <li>Increasing Civic and Political Participation</li> <li>Strengthening Civil Society</li> <li>Promoting Electoral Reform and Democratic Participation</li> <li>Promoting Transparent, Effective and Accountable Government</li> <li>Reforming Global Financial Governance</li> </ul>
	Human Rights	<ul style="list-style-type: none"> <li>Strengthening Human Rights Worldwide</li> <li>Advancing Economic and Social Rights</li> <li>Protecting Women's Rights</li> <li>Reducing HIV/AIDS Discrimination and Exclusion</li> <li>Protecting Immigrant and Migrant Rights</li> <li>Advancing Racial Justice and Minority Rights</li> <li>Reforming Civil and Criminal Justice Systems</li> </ul>
	Social Justice Philanthropy	Mobilizing Philanthropic Resources for Social Justice
<b>ECONOMIC OPPORTUNITY AND ASSETS</b>	Economic Fairness	<ul style="list-style-type: none"> <li>Ensuring Good Jobs and Access to Services</li> <li>Promoting the Next-Generation Workforce Strategies</li> <li>Building Economic Security Over a Lifetime</li> <li>Improving Access to Financial Services</li> <li>Expanding Livelihood Opportunities for Poor Households</li> </ul>
	Metropolitan Opportunity	<ul style="list-style-type: none"> <li>Expanding Access to Quality Housing</li> <li>Promoting Metropolitan Land-Use Innovation</li> <li>Connecting People to Opportunity</li> </ul>
	Sustainable Development	<ul style="list-style-type: none"> <li>Expanding Community Rights Over Natural Resources</li> <li>Climate Change Responses That Strengthen Rural Communities</li> </ul>
<b>EDUCATION, CREATIVITY AND FREE EXPRESSION</b>	Educational Opportunity and Scholarship	<ul style="list-style-type: none"> <li>Transforming Secondary Education</li> <li>Advancing Higher Education Access and Success</li> <li>Building Knowledge for Social Justice</li> </ul>
	Freedom of Expression	<ul style="list-style-type: none"> <li>Supporting Diverse Arts Spaces</li> <li>Advancing Public Service Media</li> <li>Advancing Media Rights and Access</li> <li>Religion in the Public Sphere</li> </ul>
	Sexuality and Reproductive Health and Rights	<ul style="list-style-type: none"> <li>Supporting Sexuality Research</li> <li>Promoting Reproductive Rights and the Right to Sexual Health</li> <li>Sexuality and Reproductive Health Education</li> <li>Policies and Programs for Adolescent Sexual and Reproductive Health</li> </ul>

FOR MORE INFORMATION about the Ford Foundation and our grant making, visit [www.fordfoundation.org](http://www.fordfoundation.org)

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Planned Parenthood Federation of America  
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Program Management*

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Global Initiative on  
HIV/AIDS*  
(Term ended September 2010)

**NANCY P. FELLER**  
*Assistant Secretary  
and Associate  
General Counsel*

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### AFRICA AND MIDDLE EAST

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### DESIGN

MGMT. Design



*You ultimately judge the civility of a society not by how it treats the rich, the powerful, the protected and the highly esteemed but by how it treats the poor, the disfavored and the disadvantaged. The real test of our commitment to social justice will ultimately be resolved in poor communities and places we frequently ignore.*

**BRYAN STEVENSON**

Executive Director, Equal Justice Initiative

Ford Grantee

Look inside or visit [www.fordfoundation.org](http://www.fordfoundation.org) to learn more about other social change visionaries.