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, 2012 and 2011, 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 audits 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 accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

December 14, 2012

PricewaterhouseCoopers LLP, PricewaterhouseCoopers Center, 300 Madison Avenue, New York, NY 10017
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Report of Independent Auditors

To The Board of Trustees
of The Ford Foundation

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The Ford Foundation
Statements of Financial Position
September 30, 2012 and 2011

(in thousands)	**2012**	**2011**
Assets		
Investments, at fair value	$ 10,626,091	$ 10,102,931
Accrued interest and dividends receivable	9,026	20,412
Subscription paid in advance to a limited marketability fund	100,000	-
Pending securities, net	267	(24,245)
	10,735,384	10,099,098
Cash	13,019	14,854
Federal excise tax receivable	685	1,335
Other receivables and assets	20,482	15,907
Program-related investments, net of allowances for possible losses of $26,465 and $27,625 at September 30, 2012 and 2011, respectively	180,590	179,746
Fixed assets, net of accumulated depreciation of $110,405 and $104,286 at September 30, 2012 and 2011, respectively	34,561	33,993
Total assets	$ 10,984,721	$ 10,344,933
Liabilities and Unrestricted Net Assets		
Unpaid grants	$ 208,812	$ 230,035
Payables and other liabilities	82,400	71,318
Federal deferred excise taxes	7,009	-
Total liabilities	298,221	301,353
Contingencies, commitments and guarantees (Note 6)		
Unrestricted net assets		
Appropriated	49,568	27,377
Unappropriated	10,636,932	10,016,203
Total unrestricted net assets	10,686,500	10,043,580
Total liabilities and unrestricted net assets	$ 10,984,721	$ 10,344,933

The accompanying notes are an integral part of these financial statements.

The Ford Foundation
Statements of Activities
Years Ended September 30, 2012 and 2011

(in thousands)	2012	2011
Operating activities		
Income		
Dividends	$ 75,723	$ 109,017
Interest	60,726	118,685
Realized appreciation on investments, net	317,341	331,384
Unrealized appreciation (depreciation) on investments, net	790,697	(391,365)
Expenses incurred in the production of income	(32,076)	(29,174)
Total income	1,212,411	138,547
Expenditures		
Program activities		
Grants approved	457,063	413,094
Provision for possible losses on program-related investments	241	2,044
Direct conduct of charitable activities	9,161	7,897
Program management	43,888	47,763
Total program activities	510,353	470,798
General management	36,375	37,655
Provision for federal excise tax		
Current	3,100	10,900
Deferred	7,009	-
Depreciation	6,582	6,681
Total expenditures	563,419	526,034
Change in unrestricted net assets from operating activities	648,992	(387,487)
Non-operating activities		
Pension-related and post-retirement changes other than net periodic pension costs	(6,072)	(2,702)
Change in unrestricted net assets	642,920	(390,189)
Unrestricted net assets		
Beginning of year	10,043,580	10,433,769
End of year	$ 10,686,500	$ 10,043,580

The accompanying notes are an integral part of these financial statements.

The Ford Foundation
Statements of Cash Flows
Years Ended September 30, 2012 and 2011

(in thousands)	2012	2011
Cash flows from operating activities		
Change in unrestricted net assets	$ 642,920	$ (390,189)
Adjustments to reconcile change in unrestricted net assets to net cash used by operating activities		
Realized appreciation on investments, net	(317,341)	(331,384)
Unrealized (appreciation) depreciation on investments, net	(790,697)	391,365
Depreciation	6,582	6,681
Pension-related and post-retirement changes other than net periodic pension costs	6,072	2,702
Provision for possible losses on program-related investments	241	2,044
Increase in deferred federal excise tax liability	7,009	-
Decrease in federal excise tax receivable	650	1,465
(Increase) decrease in other receivables and assets	(657)	953
Loans disbursed for program-related investments	(10,494)	(16,945)
Repayments of program-related investments	9,409	7,667
Grant approvals	457,063	413,094
Grant payments	(478,286)	(424,695)
Increase in payables and other liabilities	1,092	2,878
Net cash used by operating activities	(466,437)	(334,364)
Cash flows from investing activities		
Proceeds from sale of investments	5,548,532	5,136,692
Purchase of investments	(4,976,780)	(4,782,517)
Change in subscription paid in advance to a limited marketability fund	(100,000)	-
Purchase of fixed assets	(7,150)	(5,423)
Net cash provided by investing activities	464,602	348,752
Net (decrease) increase in cash	(1,835)	14,388
Cash		
Beginning of year	14,854	466
End of year	$ 13,019	$ 14,854

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The financial statements of The Ford Foundation ("The Foundation") are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The significant accounting policies followed are set forth below:

Investments, at Fair Value
The Foundation makes investments by either directly purchasing various financial positions, or purchasing a portion of an investment fund's partnership capital or shares representing a net assets value ("NAV") investment. Directly owned positions are classified for financial reporting purposes as equities, fixed income or short-term investments. NAV investments in funds are classified for financial reporting as either commingled or limited marketability.

Equity investments are directly held securities, primarily publicly traded. Equities are generally valued based upon the final sale price as quoted on the primary exchange. Private equities are valued using market transactions when available. If such transactions do not exist, private securities are valued at fair value as determined by The Foundation. Fixed income investments are generally valued based upon quoted market prices from brokers and dealers, which represent fair value. Short-term investments generally include cash and cash equivalents as well as credit or debt securities with maturities of less than one year. These credit or debt securities may include US government and agency obligations, repurchase agreements, commercial paper, and similar short-term securities. Short-term investments are valued at amortized cost, which approximates fair value.

Commingled Funds are NAV investments in partnerships or investment companies where The Foundation has significant transparency into the underlying positions in the commingled funds and that have no significant restrictions on redemption rights. For commingled funds the NAV is determined by either an exchange or the respective general partners or investment managers. The underlying positions, owned by the commingled funds, include such investments as exchange traded and over the counter securities.

Limited marketability funds are NAV investments in private equity, venture capital, hedge funds, and other private investment entities. The Foundation has significant transparency into the underlying positions of the private equity and venture capital funds. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over the counter market. The Foundation believes that the carrying amount of its limited marketability investments is a reasonable estimate of fair value as of September 30, 2012 and 2011. Because these investments are not readily marketable, the estimated value is subject to uncertainty, therefore, results may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material.

The Foundation has adopted the concept of the "practical expedient" under GAAP. The practical expedient is an acceptable method under GAAP to determine the fair value of certain NAV investments (a) that do not have a readily determinable fair value predicated upon a public market and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company under GAAP.

For directly owned positions, transactions are recorded on a trade date basis. Realized and unrealized appreciation (depreciation) on investments is 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 includes the effects of currency translation with respect to transactions and holdings of foreign securities. Dividend income is recorded on ex-dividend date and interest income is recorded on an accrual basis.

For NAV investments in which The Foundation owns shares of an investment fund, realized and unrealized appreciation (depreciation) on investments is 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 includes the effects of currency translation with respect to transactions and holdings of foreign currency denominated holdings. Dividends and interest are recognized as allocated by the investment manager. The amount of realized and unrealized appreciation (depreciation) associated with these investments is reflected in the accompanying financial statements.

For NAV investments in which The Foundation owns a portion of an investment fund's partnership capital, unrealized appreciation (depreciation) is determined by comparison of cost of acquisition of the partnership interests to market values at the last day of the fiscal year, and includes the effects of currency translation with respect to transactions and holdings of foreign currency denominated investments. Realized appreciation (depreciation) on redemption of partnership interests is determined as allocated by the general partners of the respective partnership. Dividends and interest are recognized as allocated by the general partners. The amount of realized and unrealized appreciation (depreciation) associated with these investments is reflected in the accompanying financial statements.

The Foundation has changed the investment type classification in prior year financial statements for certain investments to conform to the 2012 presentation.

Fair Value Hierarchy
Under GAAP, The Foundation discloses assets and liabilities, recorded at fair value into the "fair value hierarchy". The fair value hierarchy 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. GAAP also established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value 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 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 which 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 fair value 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 generally include cash and exchange traded investment instruments. 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 supported by observable inputs are classified as Level 2. Such inputs may include model based valuation techniques. These investments include certain US government and sovereign obligations, government agency obligations, asset backed securities, derivatives and certain limited marketability investments priced using net asset value or equivalent as a determinant of fair value. With respect to NAV investments, The Foundation considers near-term liquidity as well as any restrictions or limitations on redemptions to determine the level classification of these investments. Investments valued using NAV as a practical expedient are classified as Level 2 if the investment is redeemable at NAV (as adjusted for subsequent gains or losses through the effective date of redemption) in the near-term (generally within a 3-month period) without significant restrictions on redemption.

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. Investments classified as Level 3 include securities for which no active market or dealer quote exists and NAV investments in Limited Marketability funds that are not redeemable in the near term or have significant restrictions.

Derivative Instruments
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 unrealized appreciation (depreciation) in the accompanying Statements of Activities.

The Foundation utilizes a variety of derivative instruments and contracts including futures, forwards, swaps, and options for trading and hedging purposes with each instrument's primary risk exposure being interest rate, credit, foreign exchange, commodity, or equity risk, as well a combination of secondary risk factors. Such contracts involve, to varying degrees, risks of loss from the possible inability of counterparties to meet the terms of their contracts.

The Foundation enters into forward currency contracts whereby it 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.

The Foundation enters into futures contracts whereby it is obligated to deliver or receive (although the contracts are generally settled in cash) various US government debt instruments at a specified future date. The Foundation engages in futures to increase or decrease its exposure to interest rate movements and spreads.

The Foundation enters into interest rate contracts whereby it is obligated to either pay or receive a fixed interest rate on a specified notional amount and receive or pay a floating interest rate on the same notional amount. The floating rate is generally calculated as a spread amount added to or subtracted from a specified London Inter Bank Offering Rate (LIBOR) indexed interest rate. The Foundation enters into such contracts to manage its interest rate exposure and to profit from potential movements in interest rate spreads. The market value and unrealized gains or losses on interest rate swaps are affected by actual movements of and market expectations of changes in current market interest rates.

The Foundation enters into credit default swaps to simulate long and short credit positions that are either unavailable or considered to be less attractively priced in the bond market. The Foundation uses these swaps to reduce risk where it has exposure to the issuer, or to take an active long or short position with respect to the likelihood of an event of default. The reference obligation of the swap can be a single issuer, a “basket” of issuers, or an index. The underlying referenced assets can include corporate debt, sovereign debt and asset backed securities.

The buyer of a credit default swap is generally considered to be “receiving protection” in the event of an adverse credit event affecting the underlying reference obligation, and the seller of a credit default swap is generally considered to be “providing protection” in the event of such credit event. The buyer is generally obligated to pay the seller a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event for corporate or sovereign reference obligations means bankruptcy, failure to pay, obligation acceleration, repudiation/moratorium or restructuring. For credit default swaps on asset-backed securities, a credit event may be triggered by events such as failure to pay principal, maturity extension, rating downgrade or write-down. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the par value (full notional value) of the reference obligation, though the actual payment may be mitigated by terms of the International Swaps and Derivative Agreement (ISDA), allowing for netting arrangements and collateral. The contingent payment may be a cash settlement or a physical delivery of the reference obligation in return for payment of the face amount of the obligation. If The Foundation is a buyer and no credit event occurs, The Foundation may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, The Foundation receives a fixed rate of income throughout the term of the contract, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation.

Credit default swaps are carried at their estimated fair value, as determined in good faith by The Foundation. In determining fair value, The Foundation or its agents considers the value provided by the counterparty as well as the use of a proprietary model. In addition to credit quality, a variety of factors are monitored including cash flow assumptions, market activity, market sentiment and valuation as part of its ongoing process of assessing payment and performance risk. As payment and performance risk increases, the value of a credit default swap increases. Conversely, as payment and performance risk decreases, unrealized appreciation is recognized for short positions and unrealized depreciation is recognized for long positions. Any current or future declines in the fair value of the swap may be partially offset by upfront payments received by The Foundation as a seller of protection if applicable.

Credit default swaps may involve greater risks than if The Foundation had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and counterparty credit risk. The Foundation enters into credit default swaps with counterparties meeting defined criteria for financial strength. The list of approved counterparties is reviewed periodically and a potential counterparty removed if it no longer meets The Foundation's criteria.

Cash
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 generally 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. Program related investments are recorded when disbursed.

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
Committed 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 (IRS) and, accordingly, is not subject to federal income taxes. The Foundation is subject to a federal excise tax because it is a private foundation in accordance with IRS regulations. The Foundation accrues an expense for federal excise taxes payable.

The Foundation accounts for uncertain tax positions when it is more likely than not that such an asset or a liability will be realized. As of September 30, 2012 and 2011 management believes there were no uncertain tax positions.

Risks and Uncertainties
The Foundation uses estimates in preparing the financial statements which require management to make estimates and assumptions. These estimates 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 the valuation of limited marketability investments, allowances for possible losses on program-related investments and assumptions used for 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 gains and prior service costs and credits which arose during the period, but are not recognized as components of net periodic pension cost.

Change in Accounting Year
In May 2012, the Board of Trustees approved a change in The Foundation's fiscal year end to a calendar year end. This change will result in a three month accounting transition period from October 1 through December 31, 2012.

Related Party Transactions
For the years ended September 30, 2012 and 2011, The Foundation approved grants totaling $13.5 million and $10.1 million, respectively, to other not-for-profit organizations, whereby certain trustees jointly serve on the board of trustees of The Foundation and these other organizations.

2. Investments

Investments held consisted of the following as of September 30:

	2012		2011	
(in thousands)	**Fair Value**	**Cost**	**Fair Value**	**Cost**
Short term	$ 478,115	$ 478,179	$ 387,395	$ 388,777
Equities	995,287	690,539	1,093,138	864,085
Fixed income				
US government debt	458,179	453,085	1,137,655	1,129,344
Corporate debt	-	-	80,699	81,697
Asset backed	764,499	743,833	780,341	798,876
Commingled funds				
Equity related	1,305,224	1,229,374	1,602,086	1,706,340
Natural Resources related	507,257	504,793	357,001	401,547
Limited marketability funds				
Credit	261,399	256,392	243,745	278,004
Global equity	3,245,047	2,716,198	2,141,502	1,987,504
Natural Resources	419,995	415,508	259,990	253,210
Real assets	103,786	99,238	37,575	34,461
Private equity	1,046,002	1,162,703	1,043,949	1,180,250
Venture capital	1,041,301	1,525,781	937,855	1,439,064
Investments, at fair value	10,626,091	10,275,623	10,102,931	10,543,159
Subscription paid in advance to a limited marketability fund	100,000	100,000	-	-
Accrued interest and dividends receivable	9,026	9,026	20,412	20,412
Investment related				
Receivables	15,237	15,237	4,375	4,375
Payables	(14,970)	(14,970)	(28,620)	(28,620)
Total investments	$ 10,735,384	$ 10,384,916	$ 10,099,098	$ 10,539,326

As of September 30, 2012 Short Term Investments consisted of cash and cash equivalents of $18.6 million, restricted cash of $3.7 million, agency notes of $120 million, US Treasury Bills of $113 million, and US Treasury notes of $222.8 million.

As of September 30, 2011 Short Term Investments consisted of cash and cash equivalents of $178.8 million, restricted cash of $117.5 million, agency notes of $39 million, US Treasury Bills of $25 million, and US Treasury notes of $27.1 million.

The classification of investments by level within the valuation hierarchy as of September 30, 2012 is as follows:

(in thousands)	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Short term	$ 18,617	$ 459,498	$ -	$ 478,115
Equities	994,611	6	670	995,287
Fixed income				
US government debt	-	458,179	-	458,179
Asset backed	-	761,346	3,153	764,499
Commingled funds				
Equity related	-	1,305,224	-	1,305,224
Natural Resources related	-	507,257	-	507,257
Limited marketability funds				
Credit	-	215,146	46,253	261,399
Global equity	-	2,089,268	1,155,779	3,245,047
Natural Resources	-	-	419,995	419,995
Real assets	-	-	103,786	103,786
Private equity	-	-	1,046,002	1,046,002
Venture capital	-	-	1,041,301	1,041,301
Investments, at fair value	$ 1,013,228	$ 5,795,924	$ 3,816,939	10,626,091
Accrued income, net payables and receivables				109,293
Total investments				$ 10,735,384

The classification of investments by level within the valuation hierarchy as of September 30, 2011 was as follows:

(in thousands)	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Short term	$ 178,758	$ 208,637	$ -	$ 387,395
Equities	1,082,396	1,289	9,453	1,093,138
Fixed income				
US government debt	-	1,137,655	-	1,137,655
Corporate debt	-	80,699	-	80,699
Asset backed	-	780,341	-	780,341
Commingled funds				
Equity related	-	1,602,086	-	1,602,086
Natural Resources Related	-	357,001	-	357,001
Limited marketability funds				
Credit	-	188,218	55,527	243,745
Global equity	-	1,285,634	855,868	2,141,502
Natural Resources	-	-	259,990	259,990
Real assets	-	18	37,557	37,575
Private equity	-	-	1,043,949	1,043,949
Venture capital	-	-	937,855	937,855
Investments, at fair value	$ 1,261,154	$ 5,641,578	$ 3,200,199	10,102,931
Accrued income, net payables and receivables				(3,833)
Total investments				$ 10,099,098

The following table summarizes Level 3 activity as of September 30, 2012 and 2011.

Fair Value Measurements Using Level 3 Inputs:

(in thousands)	Balances at October 1, 2011	Purchases and Other Acquisitions	Net Transfers in/(out) of Level 3	Sales and Other Dispositions	Net Realized Appreciation	Net Unrealized Appreciation	Balances at September 30, 2012
Equities	$ 9,453	$ 63	$ (1,096)	$ (10,287)	$ 8,578	$ (6,041)	$ 670
Asset Backed	-	-	2,768	(457)	72	770	3,153
Credit	55,527	-	-	(9,705)	-	431	46,253
Global Equity	855,868	396,460	(164,202)	(49,919)	572	117,000	1,155,779
Natural Resources	259,990	348,155	-	(190,867)	5,010	(2,293)	419,995
Real Assets	37,557	87,515	18	(22,756)	17	1,435	103,786
Private equity	1,043,949	92,505	-	(168,780)	58,721	19,607	1,046,002
Venture capital	937,855	129,088	-	(89,891)	47,519	16,730	1,041,301
	$ 3,200,199	$ 1,053,786	$ (162,512)	$ (542,662)	$ 120,489	$ 147,639	$ 3,816,939

(in thousands)	Balances at October 1, 2010	Purchases and Other Acquisitions	Net Transfers in/(out) of Level 3	Sales and Other Dispositions	Net Realized Appreciation	Net Unrealized Appreciation	Balances at September 30, 2011
Equities	$ 6,226	$ -	$ 1,104	$ -	$ (328)	$ 2,451	$ 9,453
Credit	264,616	-	(190,440)	(16,580)	-	(2,069)	55,527
Global Equity	811,456	463,147	(320,149)	(48,992)	(1,010)	(48,584)	855,868
Natural Resources	206,034	91,450	-	(29,770)	472	(8,196)	259,990
Real Assets	9,923	36,856	-	(11,704)	(133)	2,615	37,557
Private equity	930,391	183,717	-	(204,513)	42,906	91,448	1,043,949
Venture capital	742,437	165,193	(19)	(92,072)	29,136	93,180	937,855
	$ 2,971,083	$ 940,363	$ (509,504)	$ (403,631)	$ 71,043	$ 130,845	$ 3,200,199

All net realized and unrealized appreciation (depreciation) in the table above is reflected in the accompanying financial statements. For the 2012 and 2011 fiscal years the change in unrealized appreciation associated with investments that remain in The Foundation as of September 30, 2012 and 2011 was $138 million and $51.6 million, respectively.

For the years ended September 30, 2012 and 2011, there were no significant transfers into or out of Level 1 and Level 2 of the fair value hierarchy. The Foundation recognizes transfers between levels at the beginning of the reporting period.

Based on the information made available to The Foundation, there are no concentrations in any underlying individual security or issuer in amounts greater than 5% of the Foundation's unrestricted net assets for both fiscal years 2012 and 2011.

As of September 30, 2012 and 2011, The Foundation has investments which have been valued using the NAV as a practical expedient with total market values of $7.9 billion and $6.6 billion, respectively.

The following table lists investments in investment funds (or similar entities) as of September 30, 2012 that have been valued using the NAV as a practical expedient, classified by major investment category:

Category of Investment[1]	Investment Strategy and Structure[1]	Number of Investments[2] Fair Value[3] (in thousands) Unfunded Commitments (in thousands)	Remaining Life[1]	Redemption Terms[1]	Redemption Restrictions and Terms[1]	Redemption Restrictions and Terms in Place at Year End[1]
(Private Equity and Venture Capital) [4]	Investments in the equity and credit of primarily private companies through private partnerships and holding companies	195 $ 2,087,303 $ 719,339	Generally up to 15 years but dependent upon investment circumstances.	Redemption not permitted during the life of the fund. Distributions may be made at the discretion of the general partners.	Not applicable – no redemption ability.	Not applicable – no redemption ability.
(Alternative Investment Funds) [5]	Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies	69 $ 4,030,226 $ 1,078,866	Open Ended	Ranges between monthly redemption with 5 days notice, to rolling 3-years redemption with 180 days notice. Certain funds have no redemption rights until dissolution of the funds.	Initial Lockups: 1 year or less: 47% 1-2 years: 25% Over 2 years: 13% No redemption rights: 15% Redemption Frequency: Monthly: 10% Quarterly: 34% 1 Year or less: 35% Over 1 Year: 6% No redemption rights: 15% Redemption gates: Up to 25% Early Redemption Fees: up to 5%	Current Redemption Ability: 6 months or less: 67% 6 months to 1 year: 10% Over 1 years: 8% No redemption rights: 15% Total side pockets or restricted assets across the funds are less than 5% of the total investment amount.
Commingled Funds [6]	Investment in global equity, real assets, natural, resources, and other investments through commingled fund structures	46 $ 1,812,481 -	Open Ended	Daily to monthly redemption with 1 to 30 days notice period	Subject to the ability to withdraw capital from the underlying funds. This is dependent upon the liquidity of the underlying assets and is subject to the discretion of the Fund Manager.	Subject to the ability to withdraw capital from the unrderlying funds.

The following table lists investments in investment funds (or similar entities) as of September 30, 2011 that have been valued using the NAV as a practical expedient, classified by major investment category:

Category of Investment[1]	Investment Strategy and Structure[1]	Number of Investments[2]	Fair Value[3] (in thousands)	Unfunded Commitments (in thousands)	Remaining Life[1]	Redemption Terms[1]	Redemption Restrictions and Terms[1]	Redemption Restrictions and Terms in Place at Year End[1]
(Private Equity and Venture Capital) [4]	Investments in the equity and credit of primarily private companies through private partnerships and holding companies	200	$ 1,981,804	$ 755,201	Generally up to 15 years but dependent upon investment circumstances.	Redemption not permitted during the life of the fund. Distributions may be made at the discretion of the general partners.	Not applicable – no redemption ability.	Not applicable – no redemption ability.
(Alternative Investment Funds) [5]	Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies	43	$ 2,682,812	$ 729,726	Open Ended	Ranges between monthly redemption with 5 days notice, to rolling 3-years redemption with 90 days notice. Certain funds have no redemption rights until dissolution of the funds.	Approximately 54% by value have initial lockups of 1 year or less. Approximately 16% have initial lockups of 1 - 2 years. The remaining 30% have initial lockups of over 2 years including approximately 17% with no dissolution. Funds generally have redemption gates in the range of 10% - 25% of net assets. Fees for early redemption may be up to 3% of redeemed amount.	Approximately 61% by value available redemptions within 6 months. 10% between 6 months and 1 year, and 12% within three years. 17% of funds have no redemption rights until dissolution. Total side pockets or restricted assets across the funds are less than 5% of the total investment amount.
Commingled Funds [6]	Investment in global equity, real assets, natural, resources, and other investments through commingled fund structures	7	$ 1,959,087			Daily to monthly redemption with 1 to 30 days notice period	Subject to the ability to withdraw capital from the underlying funds. This is dependent upon the liquidity of the underlying assets and is subject to the discretion of the Fund Manager.	Subject to the ability to withdraw capital from the unrderlying funds.

(1) Information reflects a range of various terms from multiple investments.

(2) The approximate number of outstanding investments including investments with unfunded commitments but no current balance.

(3) The total fair value of these investments valued using the NAV as a practical expedient.

(4) Generally refers to investments in private partnerships or investment funds focusing on equity or credit investments in private companies. The partnerships or funds generally have no redemption rights; the general partners of the respective funds issue capital calls and distributions. These funds generally provide the NAV or capital balances and changes more infrequently than monthly. Performance fees are generally collected by the general partner or investment manager only upon a distribution of profits to investors.

(5) Generally refers to investments in private partnerships or investment funds focusing on a broad range of investment activities including Credit, Global Equity, Natural Resource, and Real Asset investments. These funds generally have periodic limited redemption rights, asset and performance based fee structures. They provide the NAV or capital balances and changes monthly or more frequently.

(6) Generally refers to investments in private partnerships or investment funds focusing on a broad range of investment activities including equity, natural resource, and real asset related investments. These funds generally have short-term redemption and investment ability. They provide the NAV or capital balances and changes monthly or more frequently. Commingled funds generally do not have performance based fee structures.

Derivative Instruments

As of September 30, 2012 and 2011, The Foundation had foreign currency contracts with notional amounts totaling $0.9 million and $1.0 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 appreciation (depreciation) until such contracts are closed.

As of September 30, 2012 and 2011, The Foundation had futures contracts on fixed income securities with notional amounts totaling $9.1 million and $36.3 million, respectively. Changes in the value of futures contracts are recognized as unrealized appreciation (depreciation) until such contracts are closed.

As of September 30, 2012 and 2011, The Foundation had interest rate swaps in which The Foundation was paying a fixed interest rate with notional amounts totaling $0 million and $218 million, respectively.

As of September 30, 2012 and 2011, The Foundation is the seller (providing protection) of credit default swaps on a total notional amount of $8.5 million and $8.5 million, respectively. The notional amounts of the swaps are not recorded in the financial statements. However, the notional amount does approximate the maximum potential amount of future payments that The Foundation could be required to make (receive) if The Foundation were the seller (buyer) of protection and a credit event were to occur. As of September 30, 2012 and 2011, The Foundation has posted cash collateral to swap counterparties in the amount of $3.7 million and $6.8 million, respectively.

The following table lists fair value of derivatives by contract type as included within investments in the Statements of Financial Position as of September 30, 2012,

(in thousands)	**Notional/ Contractual Amount**	**Gross Derivative Assets**	**Gross Derivative Liabilities**
Derivative type*			
Fixed income futures contracts	$ 9,098	$ -	$ 34
Rights and warrants	19	11	-
Foreign currency contracts	931	-	-
Credit default swaps	8,471	464	3,684
		475	3,718
Carrying value of derivatives on the statements of financial position		$ 475	$ 3,718

The following table lists fair value of derivatives by contract type as included within investments in the Statements of Financial Position as of September 30, 2011,

(in thousands)	**Notional/ Contractual Amount**	**Gross Derivative Assets**	**Gross Derivative Liabilities**
Derivative type*			
Interest rate contracts	$ 218,000	$ -	$ 1,900
Fixed income futures contracts	36,296	-	175
Rights and warrants	25	7	-
Foreign currency contracts	978	4	2
Credit default swaps	8,527	-	5,163
		11	7,240
Carrying value of derivatives on the statements of financial position		$ 11	$ 7,240

***** The information in the above tables is included within investments on the Statements of Financial Position.

The notional amounts reflected in the above tables, are indicative of the volume of derivative transactions for the years ended September 30, 2012 and 2011.

The following table indicates the appreciation (depreciation) on derivatives, by contract type, as included in the Statements of Activities for the year ended September 30,

(in thousands)	**Appreciation/(Depreciation) 2012**	**2011**
Derivative type		
Interest rate contracts	$ (1,903)	$ (1,900)
Fixed income futures contracts	(264)	(175)
Equity Index futures contracts	28,029	-
Rights and warrants	49	7
Foreign currency contracts	(282)	2
Credit default swaps	559	(5,163)
	$ 26,188	$ (7,229)

The above appreciation (depreciation) on derivatives has been recognized as realized or unrealized appreciation (depreciation) on investments on the Statements of Activities.

Credit-Risk Contingent Features
The Foundation’s derivative contracts generally contain provisions whereby if The Foundation were to default on its obligations under the contract, or if The Foundation were to terminate the management agreement of the investment manager who entered into the contract on The Foundation’s behalf, or if the NAV of The Foundation were to fall below certain levels, the counterparty could require full or partial termination, or replacement of the derivative instruments.

Counterparty Credit Risk

By using derivative instruments, The Foundation is exposed to the counterparty's credit risk - the risk that derivative counterparties may not perform in accordance with the contractual provisions offset by the value of any collateral received. The Foundation's exposure to credit risk associated with counterparty nonperformance is limited to the unrealized appreciation inherent in such transactions that are recognized in the Statements of Financial Position as well as the value of The Foundation's collateral assets held by the counterparty. The Foundation minimizes counterparty credit risk through rigorous review of potential counterparties, appropriate credit limits and approvals, credit monitoring procedures, executing master netting arrangements and managing margin and collateral requirements, as appropriate. The Foundation records counterparty credit risk valuation adjustments, if material, on certain derivative assets in order to appropriately reflect the credit quality of the counterparty. These adjustments are also recorded on the market quotes received from counterparties or other market participants since these quotes may not fully reflect the credit risk of the counterparties to the derivative instruments.

Credit Default Swaps

The credit default swaps for which The Foundation is providing protection as of September 30 are summarized as follows:

	Credit Default Index Asset Backed Securities	
(in thousands)	**2012**	**2011**
Written credit derivative contracts		
Fair value of written credit derivatives	$ (3,684)	$ (5,163)
Maximum potential amount of future payments (notional amount)	8,471	8,527
Recourse provisions with third parties to recover any amounts paid under the credit derivatives (including any purchased credit protection)	-	-
Collateral held by the Foundation or other third parties which the Foundation can obtain upon occurrence of a triggering event	-	-

Periodic payments made or received on the swaps are included in realized appreciation on investments, net in the accompanying Statements of Activities and totaled a $0.1 million loss and a $0.3 million loss for the years ended September 30, 2012 and 2011, respectively.

3. Fixed Assets

As of September 30, fixed assets are comprised of:

(in thousands)	**2012**	**2011**
Land	$ 4,440	$ 4,440
Buildings, net of accumulated depreciation of $33,980 in 2012 and $31,865 in 2011	15,149	15,752
Furniture, equipment and leasehold improvements, net of accumulated depreciation of $76,425 in 2012 and $72,421 in 2011	14,972	13,801
	$ 34,561	$ 33,993

4. Provision for Taxes

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 under Section 4940(e) of the Internal Revenue Code.

The current provision for federal excise tax is based on a 1 percent rate in fiscal year 2012 and a 2 percent rate for fiscal year 2011 on net investment income. The deferred provision on cumulative net unrealized gains in fiscal year 2012 is based on a 2 percent rate. The current tax provision for 2012 is $3.1 million for federal excise tax on net investment income. The current tax provision for 2011 is $10.9 million for federal excise tax on net investment income. In fiscal year 2012, The Foundation had a cumulative unrealized gain that resulted in a $7.0 million deferred tax liability based on change in net unrealized appreciation of investment at 2 percent. In fiscal year 2011, there was no deferred tax liability. The amounts of excise taxes paid were $3.8 million and $12.2 million in fiscal years 2012 and 2011, respectively. Certain income is defined as unrelated business taxable income by the code may be subject to tax at ordinary corporate rate. The state taxes on unrelated business income are immaterial in 2012 and 2011.

5. Retirement Plans

The Foundation's defined benefit pension plans and the defined contribution plans cover substantially all New York appointed employees. Employees who are locally appointed by overseas offices are covered by other retirement arrangements. On January 1, 2011, The Foundation implemented a prospective change in the New Cash Balance Pension Plan benefit crediting formula from the age based percentages of 1 percent to 3 percent to a uniform 3 percent to conform with current IRS guidelines. Also, in May 2011, The Foundation amended the New Cash Balance Pension Plan to close eligibility for the plan to all employees hired after November 1, 2011. The Cash Balance Retirement Plan was merged with and into the New Cash Balance Retirement Plan as of June 1, 2012. All accrued benefits were fully preserved. In September 2012, The Foundation resolved to terminate the New Cash Balance Plan and to freeze all further benefit accruals as of December 31, 2012. All benefits accrued as of December 31, 2012 will be distributed to participants at the conclusion of the termination process. All actively employed participants in the New Cash Balance Plan who continue to be actively employed on January 1, 2013 will receive a new contribution credit under the Savings Plan equal to 3% of eligible salary. The Savings Plan is a defined contribution plan, 403(b) 7, established by The Foundation to provide retirement benefits to eligible employees. In addition, The Foundation 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. 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).

GAAP allows 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.

The Foundation's defined benefit pension plans (Plans) have investments in the TIAA-CREF Group Annuity Contracts ("GICs"). The Plans' GICs are valued at contract value which represents fair value. The GICs are guaranteed insurance contracts issued by TIAA-CREF (TIAA), an insurance company. The fair value of these assets approximates the contract value which equals the accumulated cash contributions and interest credited to the contracts less any withdrawals. The TIAA annuities are guaranteed annuities which guarantee principal and pay a guaranteed minimum interest, currently 3 percent during the accumulation phase. Additional amounts above the guaranteed minimum interest rate may be declared at the discretion of the TIAA Board of Trustees on a year-by-year basis. When declared, the additional amounts remain in effect for the declaration year that begins each March 1, and are not guaranteed for future years. Together the guaranteed minimum and additional amounts make up the crediting rate in the accumulation phase. TIAA groups premium dollars received over defined periods into vintages for the purposes of determining the crediting rate for the applicable declaration year during the accumulation period.

	Pension Benefits		**Other Postretirement Benefits**	
(in thousands)	**2012**	**2011**	**2012**	**2011**
Benefit obligation	$ 20,568	$ 21,464	$ 90,225	$ 74,613
Fair value of plan assets	33,667	30,758	35,393	34,345
Funded (unfunded) status and amounts recognized in the statements of financial position	13,099	9,294	(54,832)	(40,268)
Accumulated benefit obligation	20,545	21,189	-	-
Accumulated non-operating activities consist of				
Prior service cost	-	15	-	-
Net actuarial loss	2,976	6,879	31,620	21,630
Total amount recognized	2,976	6,894	31,620	21,630
Employer contribution	-	-	-	-
Benefits paid	1,815	2,947	4,090	4,208
Net periodic benefit cost recognized	113	292	4,574	4,696
Other changes in plan assets and benefit obligations recognized in non-operating activities				
Net actuarial (gain) loss	(1,442)	2,180	11,420	2,324
Amortization of loss	(454)	(224)	(1,537)	(1,090)
Administrative Expenses			107	
Amortization of prior service cost	4	102	-	-
Amendment	-	24	-	-
Recognition of loss due to settlements and curtailments	(2,026)	(614)	-	-
Total recognized in non-operating activities	(3,918)	1,468	9,990	1,234
Total recognized in net periodic benefit cost and non-operating activities	(3,805)	1,760	14,564	5,930
Amounts in non-operating activities expected to be recognized in net periodic pension cost in next fiscal year				
Actuarial loss	-	476	-	-
Prior service credit	-	(4)	-	-
	$ -	$ 472	$ -	$ -
Weighted average assumptions (used to determine benefit obligations and net periodic costs)				
Discount rate (benefit obligation)	3.07 %	4.35 %	4.23 %	4.98 %
Discount rate (net periodic costs)	3.54	4.45	4.98	5.08
Expected rate of return on plan assets (net periodic costs)	7.00	7.00	7.00	7.00
Rate of compensation increase (benefit obligation)	3.50	4.00	3.50	4.00
Rate of compensation increase (net periodic costs)	4.00	4.00	4.00	4.00

For measurement purposes, a healthcare cost initial trend rate of 5.5% and 6.56% will be used to measure the other postretirement benefit obligation at September 30, 2012 and 2011, respectively. As of September 30, 2012, this trend is assumed to decline gradually to 3.87% in the year 2087 and beyond. As of September 30, 2011 this trend was assumed to decline gradually to 5.00% in the year 2021 and beyond. As of September 30, 2012, the dental obligations reflect an initial trend rate for fiscal year 2013 of 5.0%. 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	$ 726	$ 551
Effect on other postretirement benefit obligation	9,832	7,975

The expense recorded by The Foundation related to contributions to the defined contribution plans aggregated $6.0 million and $6.3 million for the years ended September 30, 2012 and 2011, respectively.

The following table presents investments in the defined benefit pension plans and post-retirement plan at fair value by caption and by level within the valuation hierarchy as of September 30, 2012 and 2011. The table also includes the combined weighted-average asset allocation for The Foundation's defined benefit pension plans and post-retirement plan at September 30, 2012 and 2011 as follows:

	2012 Assets at Fair Value				
(in thousands)	Level 1	Level 2	Level 3	Totals	Percent
Defined benefit plans					
Annuities					
Guaranteed insurance contracts	$ -	$ -	$ 3,926	$ 3,926	12.00 %
Stocks	-	18,853	-	18,853	56.00
Fixed income	-	10,888	-	10,888	32.00
Total investments in defined benefit plans	$ -	$ 29,741	$ 3,926	$ 33,667	100.00 %
Post retirement plan					
Equity funds					
Vanguard total stock market index	$ 10,628	$ -	$ -	$ 10,628	30.00 %
Vanguard FTSE all world EX-US index	13,013	-	-	13,013	37.00
Fixed income funds					
Vanguard total bond market index	7,410	-	-	7,410	21.00
Short-term invest grade fund	4,342	-	-	4,342	12.00
Total investments in post-retirement plan	$ 35,393	$ -	$ -	$ 35,393	100.00 %

(in thousands)	2011 Assets at Fair Value Level 1	Level 2	Level 3	Totals	Percent
Defined benefit plans					
Annuities					
Guaranteed insurance contracts	$ -	$ -	$ 5,599	$ 5,599	18.00 %
Stocks	-	14,988	-	14,988	49.00
Fixed income	-	10,171	-	10,171	33.00
Total investments in defined benefit plans	$ -	$ 25,159	$ 5,599	$ 30,758	100.00 %
Post retirement plan					
Equity funds					
Vanguard total stock market index	$ 9,797	$ -	$ -	$ 9,797	29.00 %
Vanguard FTSE all world EX-US index	11,370	-	-	11,370	33.00
Fixed income funds					
Short-term invest grade fund	4,834	-	-	4,834	14.00
Vanguard total bond market index	8,344	-	-	8,344	24.00
Total investments in post-retirement plan	$ 34,345	$ -	$ -	$ 34,345	100.00 %

Level 3 Investment Assets

The Level 3 investment assets are comprised of GICs. The classification of an investment within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

(in thousands)	Guaranteed Insurance Contracts 2012	2011
Balance at October 1,	$ 5,599	$ 5,927
Additions	-	2,409
Interest	193	210
Distributions/redemptions	(1,866)	(2,947)
Balance at September 30,	$ 3,926	$ 5,599

The investment strategy is to manage investment risk through prudent asset allocations that will produce a rate of return commensurate with the plans' obligations. The Foundation expects to continue the investment allocations as noted above. 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 is not expected to make any pension contributions in fiscal year 2013.

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

(in thousands)	**Pension Benefits**	**Other Postretirement Benefits**		
		Before Part D Subsidy	***Part D Subsidy ****	***Net Cash Flows***
2013	$ 3,142	$ 4,422	$ 241	$ 4,181
2014	2,426	4,589	260	4,329
2015	2,359	4,629	281	4,348
2016	1,721	4,746	292	4,454
2017	1,984	4,859	311	4,548
2018–2022	6,550	25,647	1,844	23,803

***** Effective for fiscal year 2012, The Foundation is applying for the federal drug subsidy under the Medicare Modernization Act (the "Act") for retirees who are Medicare eligible. The Act includes a provision that allows plan sponsors to receive a federal drug subsidy for a portion of the drug expenses of covered Medicare-eligible retirees, if they do not participate in the new Medicare drug benefit and the benefits provided by the plan are actuarially equivalent.

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 $43.6 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 approximately $1.8 billion in private equity and other investment commitments.

7. Subsequent Events

The Foundation has evaluated subsequent events through December 14, 2012, the date the financial statements were available to be issued, and believes no additional disclosures are required in the financial statements.