

NPR FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)

**NPR FOUNDATION
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(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
NPR Foundation
Washington, D.C.

We have audited the accompanying statement of financial position of the NPR Foundation as of September 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of the NPR Foundation as of September 30, 2008, and, in our report dated December 19, 2008, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of the NPR Foundation as of September 30, 2009, and the changes in its net assets and cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

LarsonAllen LLP
LarsonAllen LLP

Arlington, Virginia
December 18, 2009

NPR FOUNDATION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2008)

	2009			2008	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
ASSETS					
Cash and Cash Equivalents	\$ 834,926	\$ -	\$ -	\$ 834,926	\$ 1,486,515
Investments	31,056,768	19,062,977	195,555,690	245,675,435	244,492,200
Receivables, Net	1,079,516	944,960	-	2,024,476	3,098,756
Prepaid and Other Assets	-	-	-	-	12,000
Interfund (Payable) Receivable	(320,784)	320,784	-	-	-
Total Assets	<u>\$ 32,650,426</u>	<u>\$ 20,328,721</u>	<u>\$ 195,555,690</u>	<u>\$ 248,534,837</u>	<u>\$ 249,089,471</u>
LIABILITIES AND NET ASSETS					
Due to National Public Radio	\$ 358,438	\$ -	\$ -	\$ 358,438	\$ 126,390
Accrued Expenses	39,831	-	-	39,831	26,794
Total Liabilities	398,269	-	-	398,269	153,184
NET ASSETS	<u>32,252,157</u>	<u>20,328,721</u>	<u>195,555,690</u>	<u>248,136,568</u>	<u>248,936,287</u>
Total Liabilities and Net Assets	<u>\$ 32,650,426</u>	<u>\$ 20,328,721</u>	<u>\$ 195,555,690</u>	<u>\$ 248,534,837</u>	<u>\$ 249,089,471</u>

See accompanying Notes to Financial Statements.

**NPR FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

	2009			2008	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES					
Contributions	\$ 5,725,020	\$ 109,789	\$ 76,817	\$ 5,911,626	\$ 6,675,541
Net Assets Released from Restrictions	514,500	(514,500)	-	-	-
Other Revenues	93,787	-	-	93,787	62,700
Total Revenues	<u>6,333,307</u>	<u>(404,711)</u>	<u>76,817</u>	<u>6,005,413</u>	<u>6,738,241</u>
EXPENSES					
Contributions to National Public Radio:					
Annual Support	5,122,790	-	-	5,122,790	6,440,470
Endowment Support	9,864,123	-	-	9,864,123	9,119,454
Support Services	196,446	-	-	196,446	1,272,894
Total Expenses	<u>15,183,359</u>	<u>-</u>	<u>-</u>	<u>15,183,359</u>	<u>16,832,818</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(8,850,052)	(404,711)	76,817	(9,177,946)	(10,094,577)
Return on Investments, Net	<u>1,275,236</u>	<u>7,094,844</u>	<u>8,147</u>	<u>8,378,227</u>	<u>(36,771,283)</u>
CHANGE IN NET ASSETS	(7,574,816)	6,690,133	84,964	(799,719)	(46,865,860)
Net Assets Reclassification for UPMIFA	<u>(11,968,133)</u>	<u>11,968,133</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS AFTER RECLASSIFICATION	(19,542,949)	18,658,266	84,964	(799,719)	(46,865,860)
Net Assets - Beginning of Year	<u>51,795,106</u>	<u>1,670,455</u>	<u>195,470,726</u>	<u>248,936,287</u>	<u>295,802,147</u>
NET ASSETS - END OF YEAR	<u>\$ 32,252,157</u>	<u>\$ 20,328,721</u>	<u>\$ 195,555,690</u>	<u>\$ 248,136,568</u>	<u>\$ 248,936,287</u>

See accompanying Notes to Financial Statements.

**NPR FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (799,719)	\$ (46,865,860)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows		
Used by Operating Activities:		
Unrealized/Realized (Gain) Loss on Investments	(5,640,223)	43,047,274
Decrease (Increase) in Receivables	1,074,280	(1,780,690)
Decrease (Increase) in Prepaid and Other Assets	12,000	(12,000)
Increase (Decrease) in Due to NPR	232,048	(487,062)
Increase in Accrued Expenses	13,037	9,395
Investment Return Restricted for Endowment Purposes	<u>(8,147)</u>	<u>(15,882)</u>
Net Cash Flows Used by Operating Activities	<u>(5,116,724)</u>	<u>(6,104,825)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments:		
Purchases	(40,786,926)	(53,554,423)
Sales and Maturities	<u>45,243,914</u>	<u>59,526,236</u>
Net Cash Flows Provided by Investing Activities	4,456,988	5,971,813
CASH FLOWS FROM FINANCING ACTIVITIES		
Investment Return Restricted for Endowment Purposes	<u>8,147</u>	<u>15,882</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(651,589)	(117,130)
Cash and Cash Equivalents - Beginning of Year	<u>1,486,515</u>	<u>1,603,646</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 834,926</u>	<u>\$ 1,486,515</u>

See accompanying Notes to Financial Statements.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

NOTE 1 ORGANIZATION

NPR Foundation (the Foundation), a supporting organization of National Public Radio, Inc. (NPR), was founded in 1992 with the purpose of raising charitable contributions for the benefit of NPR, disbursing funds to NPR for the operation, promotion, development, capital expansion and other valid purposes of NPR, and conducting fundraising efforts and engaging in related activities for the benefit of NPR.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Foundation are presented on the accrual basis of accounting.

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended September 30, 2008, from which the summarized information was derived.

Classification of Net Assets

Net assets are reported separately by class as follows:

Permanently Restricted Net Assets – Contributions and other inflows of assets whose use is limited by donor-imposed stipulations that the resources must be maintained permanently. However, some income may be used by the Foundation (Note 9).

Temporarily Restricted Net Assets – Contributions and other inflows of assets whose use is limited by donor-imposed stipulations that will expire by donor payment of pledge, passage of time, or can be fulfilled and removed by actions of the entity, such as usage for specific programs.

Unrestricted Net Assets – Unrestricted net assets result from revenues derived from unrestricted contributions, return on investments, and other inflows of assets whose use is not limited by donor-imposed restrictions less expenditures. To the extent authorized by the donor, earnings from permanently restricted net assets are available to support the unrestricted activities of the Foundation, including disbursing funds to NPR.

Contributions

Contribution revenue is recognized when assets or commitments of unconditional promises to give are received. Contributions of assets other than cash are recorded at fair value at the date of donation. Contributions restricted in perpetuity are classified as permanently restricted. Contributions that are restricted by the donor for a specific time or purpose, or unpaid contributions not explicitly designated as available to support current operations, are reported as temporarily restricted contributions, except those contributions whose

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

restrictions are met in the current fiscal year are recognized as unrestricted revenue. When a donor-stipulated time restriction ends or purpose restriction is accomplished, or when a pledge not designated for current year use is paid, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All unconditional promises to give, which are expected to be received beyond one year, are discounted to their net present value, as well as reduced for any estimated uncollectible amounts.

Contributions to NPR

Contributions to National Public Radio, Inc. are considered programmatic costs of the Foundation. The Foundation contributes to NPR for the annual support of operations as well as board-approved distribution from the endowment. Contributions for the years ended September 30, 2009 and 2008 were \$14,986,913 and \$15,559,924, respectively.

Support Services Expenses

Support Services expenses for the fiscal year ended September 30, 2008, included fundraising expenses that were assigned or allocated to the Foundation by NPR. NPR did not allocate or assign fundraising expenses to the Foundation for the fiscal year ended September 30, 2009. Rather, NPR maintained those expenses within its statement of activities where fundraising efforts occurred and were managed. Foundation support services expenses for the fiscal year ended September 30, 2009, are therefore comprised of governance costs

Cash and Cash Equivalents

Cash and cash equivalents reflect amounts that approximate fair value due to the short maturity of these instruments. Operating checking accounts, sweep accounts, interest bearing liquid investment accounts, and repurchase agreements are included in cash and cash equivalents.

Investments

Investment balances and net return on investments, including net appreciation and depreciation and income and losses, are reported as either restricted or unrestricted, in accordance with donor specifications. Unrestricted, temporarily restricted, and permanently restricted funds are invested in a commingled (pooled) manner. The Foundation employs a time-weighted dollar value accounting method for pooled investments. Income, losses, net appreciation or depreciation, and investment fees are distributed proportionately based on value that each fund participates in the investment pool.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments are presented at fair value as determined by methodologies relevant to each asset class with any related gain or loss reported in the statement of activities. Equities and fixed income securities listed or traded on a securities exchange are valued at the last sale price on the primary exchange where the security is traded. Money market accounts are valued as determined by the bank or money market manager. Marketable securities held by a custodian, either in the Foundation's name or held for the Foundation's account in a street name, are valued by the custodian using a valuation methodology similar to above. Marketable securities held by mutual funds, pooled investment funds and hedge funds are valued by the fund manager using a valuation methodology similar to the above.

Alternative investments, principally private equity, real estate, and hedge and absolute return funds, are valued using the most recent valuation available by the respective external fund manager. Hedge funds encompass a wide range of investments, including long/short, distressed debt, merger arbitrage, real estate, and others. The allocations to each strategy vary, depending on market conditions. The fair value of certain alternative investments, such as private equity interests, is estimated based on valuations provided by external investment managers as of a prior quarter, adjusted for cash receipts, cash disbursements, and securities distributions through September 30. Typically private equities and real estate are valued at the lower of cost or market until external events substantiate the change in value or a reasonable methodology exists to capture and quantify changes in value. The asset allocation of the Foundation's portfolio is intended to provide exposure to a diverse set of markets. These markets are subject to various risks such as interest rate, market, sovereign, and credit risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate as a result of these risks and anticipates that the structured diversification will provide counter-fluctuations within the portfolio to mitigate market risks. The Foundation believes the carrying amount of these financial instruments is a reasonable estimate of fair value.

Investments are managed in accordance with Board approved investment and spending policies. The policies, including the policy establishing the portion of the portfolio to be spent annually, are designed to preserve the value of the portfolio in real terms (after inflation and deflation) and to generate a reliable flow of earnings for support of NPR. The portion of the Foundation portfolio that is distributed each year is based on a rate that is approved by the Foundation Board of Trustees. This rate is not set based on a specific formula, nor is it directly tied to current investment returns. Rather, it reflects expectation about non-current returns and inflation rates, and seeks to maintain a consistent distribution rate based upon the portfolio's twelve-quarter rolling average market value ending on the 31st of March, preceding each fiscal year. Should the portfolio's yields prove to be insufficient to support the annual spending policy, the balance may be provided from prior years' total investment return or unrestricted funds, subject to donor limitations. Should the portfolio's yields exceed the amounts necessary to maintain this objective, the balance is reinvested in the portfolio.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Business Activity

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist primarily of cash, cash equivalents, receivables, and investments. As of September 30, 2009 and 2008, substantially all of the balances were in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation maintains cash and cash equivalents and current investments with high quality institutions and has established guidelines relative to the diversification and maturities of non-current investments to limit the amount placed with any single investment manager. The Foundation has not incurred any losses due to the credit risk on these instruments or receivables.

Income Taxes

The Foundation is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income. The Foundation evaluated its tax positions and determined that its positions are more-likely-than-not to be sustained on examination. No provision for income tax is required for 2009 and 2008.

The Foundation's tax returns are subject to review and examination by federal, state and local authorities. Tax returns for the fiscal years ended September 30, 2006, 2007 and 2008 are open to examination by federal, state and local authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on available information that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

The accounting policy concerning investment valuations relies on data from fund managers that cannot be entirely substantiated by third parties as of the financial statement date, and it is considered to have the largest potential for significant financial impact. Valuations for investments, principally alternative investments, are subjective and require judgment regarding significant matters such as the comparability to similar investments, liquidity, interest rates, and the determination of external events adequate to quantify changes in value. Changes in assumptions could have a significant effect on the fair value of these instruments.

Fair Value Measurements

The Foundation accounts for its financial instruments as well as certain assets and liabilities at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability. Fair value is a market based measurement, not an entity-specific measurement, and should therefore be determined based on the assumptions that market participants would use in pricing the asset or liability.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The Foundation is required by generally accepted accounting principles to categorize its financial instruments based on a three-level fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. Financial instruments recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. Government and agency securities).

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs includes quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently); pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments, and split-interest agreements).

Measure of Operations

Change in net assets from operations includes all revenues and expenses of regularly carried on business with the exception of return on investments, net.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 18, 2009, the date the financial statements are available for issuance.

Reclassifications

Certain items in the fiscal year 2008 financial statements have been reclassified to conform to the presentation of fiscal year 2009. These reclassifications have no impact on previously reported change in net assets.

NOTE 3 RELATED PARTIES

Most expenses are initially paid for by NPR and periodically throughout the year the Foundation will reimburse NPR for the expenses paid on its behalf. The amounts due to/from NPR, if any, are reflected in the accompanying financial statements.

Members of the Board of Trustees are significant contributors to the Foundation. Their gifts amounted to \$2,949,812 and \$4,285,726 in fiscal years 2009 and 2008, respectively.

NOTE 4 INVESTMENTS

The Foundation's investments at September 30, 2009 and 2008, stated at fair value, are comprised of the following:

	<u>2009</u>	<u>2008</u>
Alternative Investments:		
Hedge Funds	\$ 57,995,652	\$ 69,818,623
Real Estate and Other Assets	22,941,301	22,252,499
Private Equities	<u>17,193,972</u>	<u>10,131,096</u>
Total Alternative Investments	98,130,925	102,202,218
Equities	94,968,714	86,924,132
Fixed Income	<u>52,575,796</u>	<u>55,365,850</u>
Total	<u>\$ 245,675,435</u>	<u>\$ 244,492,200</u>

The Foundation had outstanding commitments of \$33,885,000 and \$39,739,078 as of September 30, 2009 and 2008, respectively. These commitments represented amounts expected to be drawn by investment fund managers in the Alternative Investments category of the portfolio. The commitments will be funded by liquidating other investments.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

NOTE 5 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation measures fair value refer to Note 2 – Summary of Significant Accounting Policies.

Assets Measured at Fair Value on a Recurring Basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Equities	\$ 94,968,715	\$ -	\$ -	\$ 94,968,715
Fixed Income	28,466,591	24,109,204	-	52,575,795
Alternative:				
Hedge Funds	-	-	57,995,652	57,995,652
Real Estate and Other				
Real Assets	-	-	22,941,301	22,941,301
Private Equities	-	-	17,193,972	17,193,972
Total Investments	<u>\$ 123,435,306</u>	<u>\$ 24,109,204</u>	<u>\$ 98,130,925</u>	<u>\$ 245,675,435</u>

Level 3 Assets

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the year ended September 30, 2009:

	<u>Investments</u>
Beginning Balance, October 1, 2008	\$ 102,202,218
Net Realized and Unrealized Loss on Investments	(6,624,810)
Purchase of Investments	14,407,234
Proceeds from Sale of Investments	(11,853,717)
Ending Balance, September 30, 2009	<u>\$ 98,130,925</u>

NOTE 6 RETURN ON INVESTMENTS

For the years ended September 30, 2009 and 2008 investment return was comprised of the following:

	<u>2009</u>	<u>2008</u>
Dividends and Interest	\$ 3,380,394	\$ 7,212,051
Realized Gain	2,808,221	4,644,321
Unrealized Gain (Loss)	2,832,002	(47,691,595)
Direct Investment Services Fees	(642,390)	(936,060)
Total Return	<u>\$ 8,378,227</u>	<u>\$ (36,771,283)</u>

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
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NOTE 7 RECEIVABLES, NET

As of September 30, 2009 and 2008, contributors to the Foundation have pledged within five years as follows:

	<u>2009</u>	<u>2008</u>
Less than One Year	\$ 1,160,147	\$ 865,833
One to Five Years	<u>1,066,715</u>	<u>2,429,472</u>
Total	2,226,862	3,295,305
Allowance for Doubtful Accounts	(80,630)	(32,504)
Discount to Present Value	<u>(121,756)</u>	<u>(164,045)</u>
Total	<u>\$ 2,024,476</u>	<u>\$ 3,098,756</u>

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets, consists of future year pledges, that are time restricted and total \$1,265,744 and \$1,670,455 as of September 30, 2009 and 2008, respectively. In addition, investment earnings on the Foundation's endowment funds in excess of appropriations (Note 11) have accumulated as temporarily restricted net assets, and total \$19,062,977, as of September 30, 2009.

NOTE 9 PERMANENTLY RESTRICTED NET ASSETS

In 1999, the Foundation received contributions totaling \$1,000,000, with donor stipulations that permanently limit the use of assets. Under the terms of the contributions, the amount of each contribution was to establish a permanently restricted fund. The return on investments from the funds is to be used for the support of cultural programming. Further, one contribution required a portion of investment earnings to be added to the principal annually in order to preserve the purchasing power of the fund. In fiscal years 2009 and 2008, \$8,147 and \$15,882, respectively, were added for this purpose. The remaining return on investments is permitted to be used to support current operations.

In 2004, the Foundation received a contribution from a single donor of cash and investments totaling \$194,259,782. The contribution established a permanently restricted endowment for the support of NPR operations.

These gifts are combined with other unrestricted gifts and invested using NPR Foundation investment policies.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

NOTE 10 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

For the years ended September 30, 2009 and 2008, net assets of \$514,500 and \$1,001,003, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes, passage of time or by occurrence of other events specified by the donors.

NOTE 11 DONOR RESTRICTED ENDOWMENTS

The Board of Trustees has not interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) with a formal resolution. However, the NPR Board of Directors as controlling and sole member of the Foundation interprets gifts subject to UPMIFA as those requiring the preservation of the fair value of the original gift as of the gift dates of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted (a) the original value of gifts donated to a permanent endowment fund, (b) the original value of the subsequent gifts to a permanent endowment fund, and (c) accumulations to a permanent endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets.

See Note 2 for investment and spending policies that also pertain to endowment assets.

Composition of funds by type as of September 30, 2009 and 2008 is as follows:

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor Restricted Endowment Funds	\$ -	\$ 19,062,977	\$ 195,555,690	\$ 214,618,667

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor Restricted Endowment Funds	\$ 11,968,133	\$ -	\$ 195,470,726	\$ 207,438,859

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NOTES TO FINANCIAL STATEMENTS
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NOTE 11 DONOR RESTRICTED ENDOWMENTS (CONTINUED)

The summary of changes in endowment net assets is as follows:

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Fund Balance, September 30, 2007	\$ 53,610,194	\$ -	\$ 195,417,448	\$ 249,027,642
Investment Return:				
Investment Income	6,103,133	-	-	6,103,133
Net Realized and Unrealized Gains (Losses)	<u>(36,523,165)</u>	<u>-</u>	<u>-</u>	<u>(36,523,165)</u>
Total Investment Return	<u>(30,420,032)</u>	<u>-</u>	<u>-</u>	<u>(30,420,032)</u>
Investment Management Fees	(794,194)	-	-	(794,194)
Contributions	-	-	37,396	37,396
Purchasing Power Addition	-	-	15,882	15,882
Appropriations of Endowment Assets for Expenditure	<u>(10,427,835)</u>	<u>-</u>	<u>-</u>	<u>(10,427,835)</u>
Endowment Fund Balance, September 30, 2008	<u>\$ 11,968,133</u>	<u>\$ -</u>	<u>\$ 195,470,726</u>	<u>\$ 207,438,859</u>
	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, September 30, 2008	\$ 11,968,133	\$ -	\$ 195,470,726	\$ 207,438,859
Net Assets Reclassification for UPMIFA	<u>(11,968,133)</u>	<u>11,968,133</u>	<u>-</u>	<u>-</u>
Endowment Net Assets After Reclassification	-	11,968,133	195,470,726	207,438,859
Investment Return:				
Investment Income	-	2,861,009	-	2,861,009
Net Realized and Unrealized Gains (Losses)	<u>-</u>	<u>4,779,072</u>	<u>-</u>	<u>4,779,072</u>
Total Investment Return	<u>-</u>	<u>7,640,081</u>	<u>-</u>	<u>7,640,081</u>
Investment Management Fees	-	(545,237)	-	(545,237)
Contributions	-	-	76,817	76,817
Purchasing Power	<u>-</u>	<u>-</u>	<u>8,147</u>	<u>8,147</u>
Endowment Fund Balance, September 30, 2009	<u>\$ -</u>	<u>\$ 19,062,977</u>	<u>\$ 195,555,690</u>	<u>\$ 214,618,667</u>