

NPR FOUNDATION

FINANCIAL STATEMENTS

**YEAR ENDED SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS
FOR YEAR ENDED SEPTEMBER 30, 2010)**

**NPR FOUNDATION
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(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2010)**

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CPAs, Consultants & Advisors
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
NPR Foundation
Washington, DC

We have audited the accompanying statement of financial position of NPR Foundation as of September 30, 2011, 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 NPR Foundation as of September 30, 2010, and, in our report dated December 17, 2010, 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 2011 financial statements referred to above present fairly, in all material respects, the financial position of NPR Foundation as of September 30, 2011, 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 16, 2011

**NPR FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2010)**

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
ASSETS					
Cash and Cash Equivalents	\$ 4,496,567	\$ -	\$ -	\$ 4,496,567	\$ 2,718,729
Investments	23,815,012	31,544,689	195,594,071	250,953,772	259,078,353
Contributions Receivable, Net	259,278	10,476,270	-	10,735,548	11,472,015
Interfund (Payable) Receivable	(3,132,360)	3,132,360	-	-	-
Total Assets	\$ 25,438,497	\$ 45,153,319	\$ 195,594,071	\$ 266,185,887	\$ 273,269,097
LIABILITIES AND NET ASSETS					
Due to NPR	\$ 488,645	\$ -	\$ -	\$ 488,645	\$ 764,600
Accrued Expenses	3,255	-	-	3,255	3,350
Total Liabilities	491,900	-	-	491,900	767,950
NET ASSETS	24,946,597	45,153,319	195,594,071	265,693,987	272,501,147
Total Liabilities and Net Assets	\$ 25,438,497	\$ 45,153,319	\$ 195,594,071	\$ 266,185,887	\$ 273,269,097

See accompanying Notes to Financial Statements.

**NPR FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2010)**

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES					
Contributions	\$ 6,016,737	\$ 2,621,458	\$ -	\$ 8,638,195	\$ 9,956,681
Net Assets Released from Restrictions	1,994,179	(1,994,179)	-	-	-
Total Revenues	<u>8,010,916</u>	<u>627,279</u>	<u>-</u>	<u>8,638,195</u>	<u>9,956,681</u>
EXPENSES					
Contributions to NPR:					
Annual Support	8,002,270	-	-	8,002,270	6,678,670
Endowment Support	9,807,779	-	-	9,807,779	10,147,737
Support Services	328,349	-	-	328,349	358,878
Total Expenses	<u>18,138,398</u>	<u>-</u>	<u>-</u>	<u>18,138,398</u>	<u>17,185,285</u>
CHANGE IN NET ASSETS FROM OPERATIONS					
	(10,127,482)	627,279	-	(9,500,203)	(7,228,604)
Return on Investments, Net	10,303,215	(8,308,360)	25,042	2,019,897	23,791,530
New HQ Building Fundraising Revenues	-	673,146	-	673,146	7,801,653
CHANGE IN NET ASSETS	175,733	(7,007,935)	25,042	(6,807,160)	24,364,579
Net Assets - Beginning of Year	<u>24,770,864</u>	<u>52,161,254</u>	<u>195,569,029</u>	<u>272,501,147</u>	<u>248,136,568</u>
NET ASSETS - END OF YEAR	<u>\$ 24,946,597</u>	<u>\$ 45,153,319</u>	<u>\$ 195,594,071</u>	<u>\$ 265,693,987</u>	<u>\$ 272,501,147</u>

See accompanying Notes to Financial Statements.

**NPR FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2010)**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (6,807,160)	\$ 24,364,579
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Used in Operating Activities:		
Unrealized/Realized Gain on Investments	(1,245,450)	(22,740,682)
Decrease (Increase) in Contributions Receivable	736,467	(9,447,539)
(Decrease) Increase in Due to NPR	(275,955)	406,162
Decrease in Accrued Expenses	(95)	(36,481)
Investment Return Restricted for Endowment Purposes	(25,042)	(7,261)
Net Cash Flows Used in Operating Activities	(7,617,235)	(7,461,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments:		
Purchases	(76,738,583)	(111,979,546)
Sales and Maturities	86,108,614	121,317,310
Net Cash Flows Provided by Investing Activities	9,370,031	9,337,764
CASH FLOWS FROM FINANCING ACTIVITIES		
Investment Return Restricted for Endowment Purposes	25,042	7,261
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,777,838	1,883,803
Cash and Cash Equivalents - Beginning of Year	2,718,729	834,926
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,496,567	\$ 2,718,729

See accompanying Notes to Financial Statements.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)**

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 in conformity with generally accepted accounting principles in the United States of America (US GAAP).

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended September 30, 2010, from which the summarized information was derived.

Classification of Net Assets

Net assets are reported separately by class as follows:

Permanently Restricted Net Assets – Net assets limited by donor-imposed stipulations that the resources must be maintained permanently.

Temporarily Restricted Net Assets – Net assets limited by donor-imposed stipulations that will expire by the passage of time or actions of the Foundation.

Unrestricted Net Assets – Net assets not limited by donor-imposed restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include balances in operating checking accounts, interest and non-interest-bearing liquid investment accounts, sweep accounts, money market accounts and assets with short maturities (average of 90 days or less), which have not been designated as working capital investment assets. For cash and cash equivalents, the carrying amount is a reasonable estimate of fair value.

NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investment balances and return on investments, net of fees, 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 to each fund.

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. The fair value of the investment funds is based on available information and does not necessarily represent amounts that might ultimately be realized. The fair value may differ significantly from the values which would have been used had a ready market for the funds existed.

Global equities, real estate and other fixed income securities listed or traded on a securities exchange are valued using closing sale, bid, or ask prices from the primary exchange where the security is traded depending upon location convention or regulation. Money market accounts are valued 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 the 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.

Global equities, multi-strategy hedge funds, private equity, real estate and other holdings not listed or traded on a securities exchange are valued using the most recent valuation available by the respective external fund manager. The fair value of certain investments, such as private equity interests, is estimated based on valuations provided by external investment managers as of a prior period, adjusted for cash receipts, cash disbursements and securities distributions through September 30. Typically, private equity and real estate and other assets are valued at the lower of cost or fair value until external events substantiate a 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, liquidity, event, and credit risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate as a result of these risks. The Foundation believes the carrying amount of these financial instruments is a reasonable estimate of fair value.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments are managed in accordance with investment and spending policies approved by the Foundation's Board of Trustees (the Board). The policies, including the policy establishing the portion of the portfolio to be spent annually, seek to preserve the value of the portfolio in real terms (after inflation, deflation and fees) 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 Board. This rate is not directly tied to current investment returns. Rather, it reflects expectations 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-end. Should the portfolio's returns prove to be insufficient to support the annual spending policy, the balance may be provided from prior years' total investment return subject to donor limitations or unrestricted funds. Should the portfolio's returns exceed the amounts necessary to maintain this objective, the balance is reinvested in the portfolio.

Fair Value Measurements

In accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, 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. Therefore, the Foundation uses assumptions that market participants would use in pricing the asset or liability.

The Foundation is required by US GAAP to categorize its financial instruments based on the priority of the inputs to the valuation technique into 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 US government, agency and fixed income securities).

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or use model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets (examples may include corporate and municipal bonds); 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. Level 2 assets also include investment funds that do not have a readily determinable fair value, but meet other criteria, and a net asset value per share, or its equivalent, is provided by the fund manager at the measurement date.

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. Level 3 assets may not permit redemptions at net asset value, or its equivalent, at the measurement date. Management uses inputs that reflect assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments and split-interest agreements).

Contributions

The Foundation recognizes contribution revenue in accordance with ASC 958, *Not-For-Profit Entities*. 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 are reported as temporarily restricted contributions, except those contributions whose restrictions are met in the current fiscal year, which are recognized as unrestricted revenue. When a donor-stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All contributions that are restricted for NPR's new headquarters building are reported as temporarily restricted. General building contributions will be released from restriction at the time the building is completed and put into service. Contributions specifically restricted for use on costs incurred during construction will be released from restriction as NPR makes equity payments into the project. Any contributions with more specific restrictions (e.g., studio, conference room, etc.) will be released from restriction when that specific part of the facility is completed.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

All unconditional promises to give, which are expected to be received beyond one year, are discounted to their net present value using the risk-free daily Treasury yield curve rate obtained from the United States Treasury. The discount is calculated based on the date and amount of the original award, number of years over which payments are pledged and any payments received. The discount is amortized and recorded to revenue based on the payments and duration of the contribution. Contributions receivable are reported net of any discount and estimated uncollectible amounts.

Contributions to NPR

The Foundation contributes to NPR for the annual support of its operations as well as Board-approved distributions from the endowment or from unrestricted funds. Contributions to NPR are considered programmatic costs of the Foundation. Contributions for the years ended September 30, 2011 and 2010 were \$17,810,049 and \$16,826,407, respectively.

Support Services Expenses

For the fiscal years ended September 30, 2011 and 2010, the Foundation support services expenses were primarily comprised of governance costs and costs allocated to the Foundation, by NPR, for space and overhead provided by NPR. NPR does not allocate or assign fundraising expenses to the Foundation. Rather, NPR maintains these expenses within its statement of activities where fundraising efforts are managed.

Concentration of Business Activity

Items, which potentially subject the Foundation to concentrations of credit and other types of financial risk, consist primarily of cash, cash equivalents, contributions receivable and investments. The Foundation maintains cash, cash equivalents and investments with multiple institutions. As of September 30, 2011 and 2010, there were certain balances in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit or held in investment or custody accounts that do not carry insurance. Although certain balances may be in excess of FDIC insurance limits, the FDIC created the Temporary Liquidity Guarantee Program that provided for insurance coverage up to \$250,000 for accounts at FDIC-insured institutions through December 31, 2010. Beginning December 31, 2010 through December 31, 2012, balances held in non-interest-bearing transaction accounts will be fully insured, regardless of the amount in the account, at all FDIC-insured institutions. The Foundation has established guidelines relative to the diversification to limit the amount placed with any single multi-strategy investment manager.

NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Under the provisions of Section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from tax on income, except for unrelated business income. The Foundation had no unrelated business income for fiscal years 2011 and 2010; hence, no provision for income tax is required. As of September 30, 2011, the Foundation had \$91,660 in net operating loss (NOL) carryforwards, which will begin to expire as early as fiscal year 2029 and as late as fiscal year 2031. The Foundation has not recorded a deferred tax asset for the NOLs since their realization is uncertain.

In accordance with ASC 740, *Income Taxes*, the Foundation evaluated its tax positions and determined that all are more-likely-than-not to be sustained on examination. Accordingly, there are no unrecognized benefits or applicable interest and penalties that should be recorded.

The Foundation's tax returns for the fiscal years ended September 30, 2008, 2009 and 2010 are subject to examination by federal, state and local authorities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions based on available information that affects 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 Foundation's allowance for doubtful accounts and discounts on contributions receivable represent such 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.

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 of fees, and new HQ building fundraising revenues.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain items in the fiscal year 2010 financial statements have been reclassified to conform to the fiscal year 2011 presentation. These reclassifications have no impact on the previously reported change in net assets.

Subsequent Events

In preparing the financial statements in accordance with ASC 855, *Subsequent Events*, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 16, 2011, the date the financial statements were issued. There were no events noted that required adjustment to or disclosure in these financial statements.

NOTE 3 INVESTMENTS

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

	2011	2010
Global Equities	\$ 57,589,048	\$ 52,623,748
Multi-strategy Hedge Funds	91,620,462	82,235,900
Private Equity	31,963,471	25,551,375
Real Estate & Other	30,552,990	25,686,398
Fixed Income	16,108,920	19,855,880
Limited Duration Fixed Income & Cash	23,118,881	53,125,052
Total	\$ 250,953,772	\$ 259,078,353

The Foundation had outstanding investment commitments of \$31,493,354 and \$39,217,696 as of September 30, 2011 and 2010, respectively. These commitments represented amounts expected to be drawn by investment fund managers in the private equity and real estate and other investment categories of the portfolio. The commitments will be funded by liquidating other investments and available cash.

NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)

NOTE 4 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.

As of September 30, 2011 and 2010, the fair value of assets measured on a recurring basis is summarized below:

<u>As of September 30, 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Global Equities	\$ 30,055,178	\$ 27,533,870	\$ -	\$ 57,589,048
Multi-strategy Hedge Funds	-	16,808,062	74,812,400	91,620,462
Private Equity	-	-	31,963,471	31,963,471
Real Estate & Other	14,536,504	-	16,016,486	30,552,990
Fixed Income	16,108,920	-	-	16,108,920
Limited Duration Fixed Income & Cash	23,118,881	-	-	23,118,881
Total	<u>\$ 83,819,483</u>	<u>\$ 44,341,932</u>	<u>\$ 122,792,357</u>	<u>\$ 250,953,772</u>

<u>As of September 30, 2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Global Equities	\$ 24,097,604	\$ 28,526,144	\$ -	\$ 52,623,748
Multi-strategy Hedge Funds	-	-	82,235,900	82,235,900
Private Equity	-	-	25,551,375	25,551,375
Real Estate & Other	16,261,228	-	9,425,170	25,686,398
Fixed Income	19,855,880	-	-	19,855,880
Limited Duration Fixed Income & Cash	53,125,052	-	-	53,125,052
Total	<u>\$ 113,339,764</u>	<u>\$ 28,526,144</u>	<u>\$ 117,212,445</u>	<u>\$ 259,078,353</u>

As of September 30, 2011 and 2010, there were no assets measured on a non-recurring basis.

Level 3 Assets

The following tables provide a summary of changes in fair value of the Foundation's Level 3 financial assets for the years ended September 30:

<u>As of September 30, 2011</u>	<u>Multi-strategy Hedge Funds</u>	<u>Private Equity</u>	<u>Real Estate & Other</u>	<u>Total</u>
Beginning Balance, October 1	\$ 82,235,900	\$ 25,551,375	\$ 9,425,170	\$ 117,212,445
Transfers from Level 3	(7,701,200)	-	-	(7,701,200)
Net Realized and Unrealized Gain on Investments	1,828,578	3,374,959	2,431,381	7,634,918
Purchase of Investments	11,084,756	5,443,333	4,788,912	21,317,001
Sale of Investments	(12,635,634)	(2,406,196)	(628,977)	(15,670,807)
Ending Balance, September 30	<u>\$ 74,812,400</u>	<u>\$ 31,963,471</u>	<u>\$ 16,016,486</u>	<u>\$ 122,792,357</u>

NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets (Continued)

<u>As of September 30, 2010</u>	<u>Multi-strategy Hedge Funds</u>	<u>Private Equity</u>	<u>Real Estate & Other</u>	<u>Total</u>
Beginning Balance, October 1	\$ 72,183,248	\$ 17,193,972	\$ 8,753,705	\$ 98,130,925
Transfers to Level 3	18,097,766	-	-	18,097,766
Net Realized and Unrealized Gain (Loss) on Investments	10,659,357	2,535,007	(1,538,318)	11,656,046
Purchase of Investments	10,438,825	6,364,482	2,685,471	19,488,778
Sale of Investments	(29,143,296)	(542,086)	(475,688)	(30,161,070)
Ending Balance, September 30	<u>\$ 82,235,900</u>	<u>\$ 25,551,375</u>	<u>\$ 9,425,170</u>	<u>\$ 117,212,445</u>

Investments measured at net asset value by major category are as follows:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Global Equities	\$ 27,533,870	\$ -	Weekly-Monthly	5-30 days
Multi-strategy Hedge Funds	\$ 91,620,462	\$ -	Qrtly to Bi-annually	30-90 days
Private Equity	\$ 31,963,471	\$ 21,206,552	Not Eligible	N/A
Real Estate & Other	\$ 16,016,486	\$ 10,286,802	Not Eligible	N/A

Global equities may invest in varying industries of public and non-public equity securities, funds, partnerships, derivatives, and may also hold short-term investments such as cash, foreign currencies and cash equivalents. The geographic areas include the United States and developed and emerging markets.

Multi-strategy hedge funds use a wide range of global strategies, including long/short equity, event driven, distressed securities, long/short credit, merger/risk arbitrage, capital structure arbitrage, convertible arbitrage and global macro. Hedge funds generally employ leverage and short selling and can invest in a wide variety of both public and private securities including equities, fixed income, commodities, private placements, currencies, real estate, loans, derivatives and special situation investments.

Real estate and other may include investments in public real estate equity investment trusts, private real estate, direct investments in properties, land mortgages, loans, public natural resource equities and commodities, as well as private and public investments in energy, oil and gas, timber, industrial and precious metals or other hard assets.

Private equity includes domestic and international investments in venture capital as well as funds-of-funds investments.

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 RETURN ON INVESTMENTS

Return on investments was comprised of the following for the years ended September 30:

	2011	2010
Dividends and Interest	\$ 1,501,571	\$ 1,729,221
Realized Gain	6,053,370	3,822,990
Unrealized (Loss) Gain	(4,807,920)	18,917,692
Direct Investment Services Fees	(727,124)	(678,373)
Total	\$ 2,019,897	\$ 23,791,530

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable, net, are due to be paid as follows as of September 30:

	2011	2010
Less than One Year	\$ 4,378,978	\$ 3,633,164
One to Five Years	6,700,000	8,301,238
	11,078,978	11,934,402
Allowance for Doubtful Accounts	(138,637)	(113,750)
Discount to Present Value	(204,793)	(348,637)
Total	\$ 10,735,548	\$ 11,472,015

The carrying amount of contributions receivable approximates fair value because of the short maturity of these instruments.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted as follows as of September 30:

	2011	2010
Time Restricted	\$ 922,848	\$ 1,089,790
Purpose Restricted:		
NPR Headquarters Building	8,474,798	7,801,653
Endowment Investment Earnings	31,544,689	39,853,047
Other	4,210,984	3,416,764
Total Purpose Restricted	44,230,471	51,071,464
Total	\$ 45,153,319	\$ 52,161,254

**NPR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the fiscal years ended September 30, 2011 and 2010, net assets of \$1,994,179 and \$437,500, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time.

NOTE 9 PERMANENTLY RESTRICTED NET ASSETS

In 1999, the Foundation received contributions totaling \$1,000,000 with donor stipulations that the contributions be used to establish a permanently restricted fund. The return on investments from the fund is to be used for the support of cultural programming. Further, one contributor required that a portion of investment earnings be added to the principal annually in order to preserve the purchasing power of the fund. In fiscal years 2011 and 2010, \$25,042 and \$7,261, 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 of cash and investments, totaling \$194,259,782, from a single donor. The contribution, along with subsequent contributions from other contributors, established a permanently restricted endowment to support NPR operations.

Permanently restricted contributions are combined with other unrestricted contributions and invested in accordance with the Foundation's investment policies.

NOTE 10 DONOR-RESTRICTED ENDOWMENTS

The Foundation's 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 date 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 net assets (a) the original value of gifts donated to a permanent endowment fund, (b) the original value of 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 contribution 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.

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NOTE 10 DONOR-RESTRICTED ENDOWMENTS (CONTINUED)

The composition of the Foundation's donor-restricted endowment funds is as follows as of September 30:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted Endowment Funds	\$ -	\$ 31,544,689	\$ 195,594,071	\$ 227,138,760

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted Endowment Funds	\$ -	\$ 39,853,047	\$ 195,569,029	\$ 235,422,076

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

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Fund Balance, September 30, 2010	\$ -	\$ 39,853,047	\$ 195,569,029	\$ 235,422,076
Investment Return:				
Investment Income	-	1,364,105	-	1,364,105
Net Realized and Unrealized Gains	-	1,124,253	-	1,124,253
Total Investment Return	-	2,488,358	-	2,488,358
Fees	-	(660,690)	-	(660,690)
Distributions	-	(10,136,026)	-	(10,136,026)
Purchasing Power Addition	-	-	25,042	25,042
Endowment Fund Balance, September 30, 2011	\$ -	\$ 31,544,689	\$ 195,594,071	\$ 227,138,760

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Fund Balance, September 30, 2009	\$ -	\$ 19,062,977	\$ 195,555,690	\$ 214,618,667
Investment Return:				
Investment Income	-	1,516,014	-	1,516,014
Net Realized and Unrealized Gains	-	19,866,674	-	19,866,674
Total Investment Return	-	21,382,688	-	21,382,688
Fees	-	(592,618)	-	(592,618)
Contributions	-	-	6,078	6,078
Purchasing Power Addition	-	-	7,261	7,261
Endowment Fund Balance, September 30, 2010	\$ -	\$ 39,853,047	\$ 195,569,029	\$ 235,422,076

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NOTE 11 RELATED PARTIES

The Foundation discloses its related party transactions in accordance with ASC 850, *Related Party Disclosures*. Most of the Foundation's expenses are initially paid for by NPR then subsequently reimbursed by the Foundation. The amounts due to NPR, and reflected in the accompanying financial statements, were \$488,645 and \$764,600 as of September 30, 2011 and 2010, respectively. The carrying amount of the due to NPR balance approximates fair value because of the short maturity of these obligations.

Members of NPR's Board of Directors and the Foundation's Board of Trustees are significant contributors to the funding of NPR's new headquarters building. New headquarters building contributions from NPR's Board of Directors and the Foundation's Board of Trustees totaled \$575,000 and \$8,000,000 for the years ended September 30, 2011 and 2010, respectively, with \$5,351,063 and \$6,401,238 remaining in contributions receivable as of September 30, 2011 and 2010, respectively.

Members of the Foundation Board of Trustees are also significant contributors to the Foundation's general fundraising efforts. Their contributions amounted to \$3,257,298 and \$3,352,444 for the years ended September 30, 2011 and 2010, respectively, with \$243,080 and \$497,000 remaining in contributions receivable as of September 30, 2011 and 2010, respectively.

The Foundation purchased investments, valued at \$334,756 and \$2,508,645, from NPR during fiscal years 2011 and 2010, respectively.