ROBERT R. MCCORMICK FOUNDATIONS

Consolidated Financial Statements and Schedules

December 31, 2010 and 2009

CONTENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Audit – Tax – Advisory

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Boards of Directors
Robert R. McCormick Foundation
Cantigny Foundation
Cantigny First Division Foundation
McCormick Freedom Project

We have audited the accompanying consolidated statements of financial position of the Robert R. McCormick Foundations (the "Foundations") as of December 31, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundations' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Robert R. McCormick Foundations as of December 31, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the schedule of grant approvals is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The consolidating information on pages 22 through 28 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual foundations. The consolidating information and other supplementary information referred to in this report have been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Grant Thornton LLP

Chicago, Illinois
May 27, 2011

ROBERT R. MCCORMICK FOUNDATIONS

Consolidated Statements of Financial Position

December 31, 2010 and 2009

Assets	2010	2009
Cash and cash equivalents	$ 111,716,969	$ 290,294,919
Investment securities (notes 3 and 4)	1,224,949,298	959,222,180
Accounts receivable	3,937,001	4,086,540
Other assets	918,108	901,766
Land, buildings, equipment, and improvements:		
Land (note 6)	1,217,744	1,217,744
Buildings and improvements	40,797,779	39,165,382
Machinery, equipment, furniture and fixtures	9,903,483	13,644,910
Land improvements	13,409,872	13,140,194
Other infrastructure	3,490,234	3,490,234
Construction in process	39,108	945,474
	68,858,220	71,603,938
Less accumulated depreciation	(35,577,113)	(36,471,836)
	33,281,107	35,132,102
Total assets	$ 1,374,802,483	$ 1,289,637,507
Liabilities and Net Assets		
Liabilities:		
Grants payable (note 5)	$ 29,941,161	$ 24,651,175
Accounts payable and accrued expenses	5,509,857	3,214,457
Total liabilities	35,451,018	27,865,632
Net assets:		
Unrestricted (note 7)	1,336,548,504	1,258,968,914
Permanently restricted (note 6)	2,802,961	2,802,961
Total net assets	1,339,351,465	1,261,771,875
Total liabilities and net assets	$ 1,374,802,483	$ 1,289,637,507

See accompanying notes to consolidated financial statements.

ROBERT R. MCCORMICK FOUNDATIONS

Consolidated Statements of Activities

December 31, 2010 and 2009

	2010	2009
Change in unrestricted net assets:		
Revenue:		
Dividends and interest	$ 21,946,875	$ 21,558,400
Contributions (note 7)	13,543,878	14,009,149
Net realized loss on sales of investments	(2,035,198)	(37,983,390)
Golf and restaurant operations	6,083,199	5,932,165
Museum and park operations	462,366	432,993
Other income	104,847	179,375
Total revenue	40,105,967	4,128,692
Expenses:		
Employees' salaries and benefits (note 8)	17,149,244	16,869,021
Fund-raising program expenses	695,949	1,067,377
McCormick conference series (note 2)	188,041	918,157
Food and retail merchandise	1,130,074	1,125,371
Supplies	1,204,632	1,298,980
Maintenance and repairs	694,928	626,717
Real estate taxes and insurance	1,125,419	740,232
Professional fees	2,072,094	1,948,853
Rent and utilities	939,941	1,986,462
Outside services	455,921	981,134
Business meetings and travel	532,913	580,764
Depreciation expense	4,452,452	6,116,404
Programs and exhibits	560,594	654,969
Directors' fees	330,000	248,135
Other expenses	587,864	647,161
Total expenses	32,120,066	35,809,737
Excess (Deficiency) of revenue over expenses	7,985,901	(31,681,045)
Grants approved	(52,323,885)	(42,505,557)
Deficiency of revenue over expenses before change in unrealized net gain on investments	(44,337,984)	(74,186,602)
Unrealized net gain on investments	121,917,574	227,750,887
Increase in unrestricted net assets	77,579,590	153,564,285
Change in permanently restricted assets:		
Permanently restricted reduction (note 6)	—	(127)
Decrease in permanently restricted assets	—	(127)
Change in net assets	77,579,590	153,564,158
Net assets, beginning of year	1,261,771,875	1,108,207,717
Net assets, end of year	$ 1,339,351,465	$ 1,261,771,875

See accompanying notes to consolidated financial statements.

ROBERT R. MCCORMICK FOUNDATIONS

Consolidated Statements of Cash Flows

December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Increase in net assets	$ 77,579,590	$ 153,564,158
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Net realized loss on sales of investments	2,035,198	37,983,390
Unrealized net gain on investments	(121,917,574)	(227,750,887)
Depreciation expense	4,452,452	6,116,404
Permanently restricted reduction	—	127
Net amortization of bond premium	—	(297,276)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable and other assets	133,198	(975,146)
Increase (decrease) in grants payable	5,289,986	(5,059,875)
Increase (decrease) in accounts payable and accrued expenses	2,295,401	(10,728)
Net cash used in operating activities	(30,131,749)	(36,429,833)
Cash flows from investing activities:		
Proceeds from sale of investment securities	334,917,713	55,545,518
Purchases of investment securities	(480,075,143)	(189,207,153)
Purchases of equipment and improvements	(3,288,771)	(3,370,459)
Net cash used in investing activities	(148,446,201)	(137,032,094)
Cash flows from financing activities:		
Permanently restricted reduction	—	(127)
Net decrease in cash and cash equivalents	(178,577,950)	(173,462,054)
Cash and cash equivalents, beginning of year	290,294,919	463,756,973
Cash and cash equivalents, end of year	$ 111,716,969	$ 290,294,919

See accompanying notes to consolidated financial statements.

(1) Organization

The Robert R. McCormick Foundations (the Foundations) include the following four foundations:

Robert R. McCormick Foundation (McCormick) was established under provisions in the last will and testament of Colonel Robert R. McCormick and is currently organized under the General Not for Profit Corporation Act of Illinois. McCormick's primary mission is to foster communities of educated, informed and engaged citizens. McCormick's operations are supported primarily by investment income and contributions from the general public in support of its fund-raising programs (see note 7). Grants made by McCormick to further its stated mission have been, to date, limited to organizations operating within the Western Hemisphere.

Cantigny Foundation (Cantigny) was established under provisions in the last will and testament of Colonel Robert R. McCormick and is currently organized under the General Not for Profit Corporation Act of Illinois. The last will and testament provided that Colonel McCormick's former residence and 500 acres of land (see note 6) near Wheaton, Illinois be held in trust in perpetuity as a museum and public park. Cantigny's operations are supported primarily by fees from the general public for use of its facilities, investment income, and grants from McCormick. See note 11.

Cantigny First Division Foundation (First Division) is an Illinois corporation organized under the General Not for Profit Corporation Act of Illinois. First Division has operational responsibility for the First Division Museum at Cantigny, located on the estate of the late Colonel Robert R. McCormick. The museum facilities are owned by Cantigny and are used primarily for the exhibition of memorabilia of the First Infantry Division of the United States Army. In addition, First Division maintains affiliations with the Society of the First Division and the United States Army for the mutual benefit of all three organizations. First Division's operations are supported primarily by grants from McCormick. See note 11.

McCormick Freedom Project (Freedom Project) is an Illinois corporation organized under the General Not for Profit Corporation Act of Illinois. The Freedom Project operates as an outreach program inspiring middle and high school students to understand, value, and protect their First Amendment rights. The Freedom Project's operations are supported by grants from McCormick. In 2009 the Freedom Project exercised an early termination option contained in the original lease for the McCormick Freedom Museum at the base of the Tribune Tower. The Freedom Project continues its mission without the physical museum space. See note 11.

All members of the McCormick Board of Directors also serve on the Boards of the other foundations.

(2) Summary of Significant Accounting Policies

The financial statements of the Foundations have been prepared on the accrual basis of accounting. The more significant accounting policies used by the Foundations are as follows:

(a) Basis of Presentation

The consolidated financial statements of the Robert R. McCormick Foundations include Robert R. McCormick Foundation, Cantigny Foundation, Cantigny First Division Foundation, and McCormick Freedom Project. Significant inter-company balances and transactions among these four foundations were eliminated upon consolidation.

The Foundations' financial statements have been prepared to focus on the organizations as a whole and to present balances and transactions in accordance with the existence or absence of donor-imposed restrictions. The net assets and related activity of the Foundations are classified as unrestricted if they are not subject to donor-imposed restrictions. Net assets and related activity subject to donor-imposed restrictions are classified as either permanently or temporarily restricted, based on the donors' stipulations. The Foundations had no temporarily restricted net assets at December 31, 2010 and 2009.

(b) New Accounting Standards

In January 2010, the Financial Accounting Standards Board (FASB) issued ASU 2010-06, *"Improving Disclosures About Fair Value Measurements,"* which also amends ASC 820. This ASU clarifies existing disclosures and requires new disclosures about fair value measurements. The Foundations adopted these new provisions as of December 31, 2010, and has included the required disclosures in the footnotes.

(c) Revenue

Revenue is reported as an increase in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets.

Interest and dividend income and realized gains and losses on sales of investments are reported as investment income or loss, while unrealized gains and losses are reported separately in the accompanying consolidated statements of activities as changes in unrestricted net assets.

Private gifts are recognized in the period in which they are received.

Revenue from golf and park operations is recognized as earned when the goods and services are provided to customers.

(d) Land, Buildings, Equipment, and Improvements

Additions to land, buildings, equipment, and improvements are capitalized and depreciated using the straight-line method over estimated useful lives, which range from three to forty years.

Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet. There were no impairments to land, buildings, and equipment for the fiscal years 2010 or 2009.

(e) Grants

Unconditional grants are expensed when approved by the Board of Directors and designated for specific grantees.

(f) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Tax Positions

The Internal Revenue Service (IRS) has determined that the Foundations have all met the conditions described in Section 509(a)(1) or 509(a)(2) (publicly supported charity) of the Internal Revenue Code (the Code). The Foundations are exempt from income tax under the Code section 501(c)(3), though they are subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The tax years ending 2007, 2008, and 2009 are still open to audit for both Federal and state purposes.

(h) Cash and Cash Equivalents

The Foundations consider all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Cash and cash equivalents include $30,000,000 and $45,000,000 in 2010 and 2009, respectively, of funds transferred to investment managers prior to year end for the purchase of alternative investments. As of December 31, these investments had not yet taken place and the funds remained in cash.

(i) Concentration of Credit Risk

The Foundations maintain certain cash accounts, the balances of which, at times, may exceed federally insured limits. The Foundations have not experienced any losses in such accounts. Management believes that the Foundations are not exposed to any significant credit risk on cash.

(j) Collections

The Foundations' permanent collections, which were acquired through purchases and contributions from benefactors since the Foundations' inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired.

The Foundations' collections are made up of artifacts of historical significance and art objects that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to the Foundations' policy that allows proceeds from their sales or insurance recoveries to be used to acquire other items for collections or to be recorded as increases in net assets.

(k) McCormick Conference Series

The McCormick Conference Series (Series) provides a forum for the meaningful exchange of ideas to further the charitable purposes of the four foundations. Series expenses include, but are not limited to, certain outside services and reimbursements to participants for travel, lodging, and meals.

(l) Reclassifications

Certain 2009 amounts have been reclassified in order to provide the financial information on a basis consistent with the 2010 presentation.

(3) Investment Securities

The following is a summary of cost and approximate fair values of the investment securities as of December 31, 2010 and 2009:

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Investments:				
Marketable securities				
Equities	$ 97,573,489	$ 86,996,403	$ 73,878,670	$ 66,106,683
Fixed income	170,048,080	164,569,750	213,234,970	206,667,538
Mutual fund	51,022,766	46,016,899	27,818,800	25,225,396
Domestic Equity Index Fund	184,438,322	165,452,689	157,556,186	180,395,031
International Equity Index Fund	141,315,841	157,722,287	127,085,855	166,692,038
Alternative investments:				
International Equity Funds	102,855,444	93,372,783	23,333,095	20,160,143
High-Yield Credit	63,654,140	49,890,958	55,499,854	44,140,757
Hedge Funds	281,470,928	245,000,000	187,170,541	175,000,000
Private Equity	132,570,288	94,387,147	93,644,209	75,113,591
	$ 1,224,949,298	$ 1,103,408,916	$ 959,222,180	$ 959,501,177

Equities include permanently restricted assets of $1,930,009 and $1,960,490 as of December 31, 2010 and 2009, respectively (note 6). Investment manager fees totaled $621,416 and $610,000 as of December 31, 2010 and 2009, respectively.

Investments valued at NAV as of December 31, 2010, consisted of the following:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic Equity Index Fund (a)	$ 184,438,322	$	Semi-monthly	7 days
International Equity Index Fund (b)	141,315,841		Semi-monthly	7 days
International Equity Fund (b)	102,855,444	20,000,000	Monthly - Unlimited	4 - 30 days
High-Yield Credit (c)	63,654,140		Monthly - Quarterly	10 - 90 days
Hedge Funds (d)	281,470,928	10,000,000	Monthly - Annual	45 - 90 days
Private Equity (e)	132,570,288	65,541,000	None until termination of partnership	
Total investments recorded at NAV	$ 906,304,963			

(a) This category includes investments in an equity security fund primarily consisting of domestic common stocks. The NAV of the fund is determined by using the market value of the underlying securities. Semi-monthly fund redemptions are permitted but are restricted to 25% of the Foundation's fund balance with 7 days notice. There are no future commitments.

(b) This category includes investments in equity securities funds primarily consisting of non-U.S. common stocks. The NAV of the funds is determined using the market value of the underlying securities. The redemption frequency of these funds ranges from unlimited to monthly. Redemptions of the funds are permitted with notices ranging from 4 to 30 days.

(c) This category includes investments in limited partnerships with assets consisting primarily of unleveraged bank loans and high-yield debt. The fair value of the investments in this category is based on the NAV per share of the investments. The redemption frequency of these funds ranges from monthly with a 10-day notice to quarterly with a 90-day notice.

(d) This category includes investments in hedge funds that invest both long and short in U.S. and European equities, global fixed income and multi-strategy funds, distressed corporate credit and limited partnerships with assets consisting of U.S. equities and global multi-strategy investments. The fair values of the investments in this category are based on the NAV per share of the investments. Permitted redemption frequencies range from monthly to annually with notice periods ranging from 45 to 90 days. A portion of the funds in this category cannot be redeemed until March 31, 2011, due to lock-up periods.

(e) This category includes investments in limited partnerships with assets consisting of investments in U.S., European, and emerging markets private companies, real estate, distressed credit securities, leveraged bank loans, and mortgage backed securities. The fair values of the investments are based on the NAV per share of the investments. The private equity investments cannot be redeemed until the termination of the partnerships.

The Foundations invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect amounts reported in the consolidated statements of financial position.

(4) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundations use 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

These levels are evaluated on an annual basis and transfers between levels are recognized as of the end of each year. The three levels of the fair value hierarchy are described below.

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities and corporate-debt securities. Also included in Level 2 are investments measured using an NAV per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lock-up periods or other investment restrictions.

The following discussion describes the valuation methodologies used for financial assets measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates and estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about the Foundation's business, its value or financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Fair values of equity securities have been determined based on prices provided by the Foundations' investment managers and their custodian bank.

Fair values for the Foundations' fixed income securities are based on prices provided by its investment managers and its custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market based upon the provider's expertise.

Fair value of alternative investments is based on valuations provided by external investment managers or on audited financial statements when available. Valuations provided by external investment managers include estimates, appraisals, assumptions and methods that are reviewed by the Foundations' independent investment advisor and management. Valuations provided by external investment managers are reviewed by the Foundations' independent investment advisor and management.

The following table presents the Foundations' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2010. At December 31, 2010, Level 3 assets comprised approximately 31% of the Foundations' total investment portfolio fair value.

	Fair Value	Fair value measurements at December 31, 2010 using: Level 1	Level 2	Level 3
Investments:				
Marketable securities				
Equities	$ 97,573,489	$ 97,573,489	—	—
Fixed income	170,048,080	170,048,080	—	—
Mutual fund	51,022,766	51,022,766	—	—
Domestic Equity Index Fund	184,438,322	—	$ 184,438,322	—
International Equity Index Fund	141,315,841	—	141,315,841	—
Alternative investments:				
International Equity Funds	102,855,444	—	102,855,444	—
High-Yield Credit	63,654,140	—	37,722,083	$ 25,932,057
Hedge Funds	281,470,928	—	93,398,674	188,072,254
Private Equity	132,570,288	—	—	132,570,288
Total	$ 1,224,949,298	$ 318,644,335	$ 559,730,364	$ 346,574,599

The following table presents the Foundations' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2009. At December 31, 2009, Level 3 assets comprised approximately 26% of the Foundations' total investment portfolio fair value.

	Fair Value	Fair value measurements at December 31, 2009 using: Level 1	Level 2	Level 3
Investments:				
Marketable securities				
Equities	$ 73,878,670	$ 73,878,670	—	—
Fixed income	213,234,970	213,234,970	—	—
Mutual fund	27,818,800	27,818,800	—	—
Domestic Equity Index Fund	157,556,186	—	$ 157,556,186	—
International Equity Index Fund	127,085,855	—	127,085,855	—
Alternative investments:				
International Equity Funds	23,333,095	—	23,333,095	—
High-Yield Credit	55,499,854	—	34,534,855	$ 20,964,999
Hedge Funds	187,170,541	—	50,094,120	137,076,421
Private Equity	93,644,209	—	—	93,644,209
Total	$ 959,222,180	$ 314,932,440	$ 392,604,111	$ 251,685,629

The table below presents a reconciliation for all Level 3 assets measured at fair value on a recurring basis for the period January 1, 2010 to December 31, 2010.

	High-Yield Credit	Hedge Funds	Private Equity	Total
Beginning balance January 1, 2010	$ 20,964,999	$ 137,076,421	$ 93,644,209	$ 251,685,629
Total unrealized net gains	1,967,058	16,093,023	19,652,523	37,712,604
Purchases	3,000,000	35,534,856	52,601,201	91,136,057
Sales	-	(632,046)	(33,327,645)	(33,959,691)
Ending balance December 31, 2010	$ 25,932,057	$ 188,072,254	$ 132,570,288	$ 346,574,599

The table below presents a reconciliation for all Level 3 assets measured at fair value on a recurring basis for the period January 1, 2009 to December 31, 2009.

	Level 3 Assets			
	High-Yield Credit	Hedge Funds	Private Equity	Total
Beginning balance January 1, 2009	$ —	$ 122,785,967	$ 34,637,403	$ 157,423,370
Total unrealized net gains	5,042,111	24,632,163	36,808,880	66,483,154
Purchases, sales, issuances and settlements	—	(10,341,709)	57,636,825	47,295,116
Transfers in (out) of Level 3	15,922,888	—	(35,438,899)	(19,516,011)
Ending balance December 31, 2009	$ 20,964,999	$ 137,076,421	$ 93,644,209	$ 251,685,629

For the periods January 1, 2009 to December 31, 2009 and January 1, 2010 to December 31, 2010, there were no realized gains or losses included in earnings that were attributable to Level 3 assets still held at year-end.

(5) Commitments

(a) Grant Commitments

The Board of Directors of McCormick has approved various unconditional grants, which are payable in annual installments. The commitments outstanding at December 31, 2010 are scheduled for payment as follows:

Year ending December 31:	**Gross Amount**	**Discounted Amount**
2011	$ 15,346,550	15,045,003
2012	7,762,000	7,459,963
2013	3,921,000	3,694,379
2014	2,751,000	2,541,070
2015	1,326,000	1,200,746
	$ 31,106,550	$ 29,941,161

(b) Operating Lease Commitments

McCormick signed a ten-year operating lease with Michigan Plaza LLC for general office space at 205 North Michigan Avenue, Chicago, Illinois. Annual lease commitments are as follows:

Year ending December 31:		**Amount**
2011	$	305,356
2012		313,628
2013		321,899
2014		330,171
2015		338,442
Thereafter		1,656,023
	$	3,265,519

(c) Capital Lease Commitments

Cantigny leases golf carts under the terms of a capital lease dated December 17, 2009 requiring annual payments of $101,325 through December 2017. The golf carts are included in McCormick's equipment and vehicles with a capitalized cost of $558,075 at December 31, 2010. Accumulated amortization was $69,759 at December 31, 2010. Amortization is included in depreciation expense in the accompanying statements of activities. Future minimum lease payments required under the capital lease are as follows:

Year ending December 31:		**Amount**
2011	$	46,650
2012		101,325
2013		101,325
2014		101,325
2015		101,325
Thereafter		202,650
		654,600
Amount representing interest at 2%		(52,675)
Present value of net minimum lease payments	$	601,925

(6) Permanently Restricted Assets

The last will and testament of Colonel Robert R. McCormick provided that Colonel McCormick’s former residence and 500 acres of land near Wheaton, Illinois be held in trust in perpetuity as a museum and public park, thus establishing what is now the Cantigny Foundation. The original cost basis of $839,000 for the 500 acres of land has been recorded and is reflected in the financial statements in permanently restricted net assets.

In 2006, McCormick received a permanently restricted endowment from the Frances Bioff Trust in the amount of $2,003,776. This amount is maintained by the Foundations as a donor-restricted endowment fund, the principal of which may not be expended. Income from the endowment is to be used for the sole benefit of abandoned and impoverished children and is included in unrestricted net assets in the consolidated financial statements. McCormick meets the endowment’s spending requirement annually through its Communities Program grant making activity, which includes contributions to organizations serving abandoned and impoverished children. Total professional service fees and back taxes pertaining to the final settlement of the estate have reduced the total permanently restricted endowment by $39,815, leaving a total restricted endowment of $1,963,961.

(7) Fund-Raising Programs

During 2010 and 2009, various fund-raising programs were conducted by McCormick. Current programs are designed to combine the charitable efforts of McCormick and various corporate entities. The purpose of each program is to increase philanthropy and attract contributions from the general public. In 2010 and 2009, the programs primarily focused on charitable activities in local communities and aid to U.S. military veterans and their families. As an incentive to maximize contributions to the programs, challenges are issued by McCormick to the general public. Matching amounts are transferred to the various programs from McCormick based upon the attainment of predetermined goals within a specified period of time.

Although there are general purpose limitations on the disposition of contributions received, McCormick retains complete discretion in determining specific third-party beneficiaries. Undistributed contributions received, including matching amounts transferred to the programs totaling approximately $19,507,000 and $21,558,000, are included as a component of unrestricted net assets in the consolidated statements of financial position at December 31, 2010 and 2009, respectively.

(8) Employee Benefits

All eligible employees and their dependents, as defined, of the Foundations are provided medical benefits under one plan. The plan is partially self-funded and the administration is provided through a third-party claims administrator. Claims expenses on the self-funded portion for the Foundations’ employees totaled approximately $270,000 and $264,000 for 2010 and 2009, respectively.

The Foundations have established a defined contribution pension plan. Annual employer contributions are equal to 8% of each participant's quarterly compensation plus an additional 4.03% of such compensation in excess of $74,760 for both 2010 and 2009. All eligible employees at the date of plan inception became 100% vested. All future participants become vested in equal percentages over a three-year period. Permanent forfeitures, as defined, are used to reduce future employer contributions.

All eligible employees are also offered retirement benefits under a 403(b)(7) matching plan. Employer contributions calculated and funded quarterly are based on a specified percentage of amounts invested by employees. Employer contributions under the matching plan will not exceed 6% of any employee's annual salary in any plan year. All participants become vested in equal percentages over a three-year period.

Beginning in 2003, eligible highly compensated employees were offered quarterly retirement benefits under a 457(b) deferred compensation plan. Quarterly employer contributions to the plan match, on a dollar-for-dollar basis, employee investments up to 35% of the applicable 403(b) limit ($5,775 in 2010). Participants are fully vested in employer contributions that have been paid.

Employer contributions for employees of the Foundations under the defined contribution plan, the 403(b)(7) matching plan, and the 457(b) deferred compensation plan were approximately $961,000, $504,000 and $90,000, respectively, in 2010 and $873,000, $482,000 and $89,000, respectively, in 2009.

In 2000, The Foundations established an Executive Mutual Fund Option Plan (Option Plan) for certain employees of the Foundations. Under the terms of the Option Plan, the employees forego salary in return for options on various third-party mutual funds. The Foundations are the writer of these options, which are exercisable at any time between January 1, 2001 and January 9, 2012. The Foundations have hedged the economic risk associated with the written options by purchasing shares of the various mutual funds underlying the outstanding options. As of December 31, 2010 and 2009, the fair value of the option liability was approximately $52,000 and $142,000, respectively, which is included in accounts payable and accrued expenses in the consolidated statements of financial position.

(9) Schedule of Functional Expenses

Expenses by functional category are as follows for the years ended December 31, 2010 and December 31, 2009:

	2010	2009
Grants approved	$ 52,523,885	$ 42,505,557
Program services	23,277,091	27,365,261
Management and general administration	6,840,827	6,159,077
Fundraising	2,002,148	2,285,399
Total Expenses	$ 84,443,951	$ 78,315,294

(10) Pending Litigation

In the fourth quarter of 2010, McCormick and Cantigny were named as defendants in a complaint filed by the Committee of Unsecured Creditors of Tribune Company on matters pertaining to Tribune Company's ongoing bankruptcy proceedings. Foundation management believes the claims asserted against the Foundations are without merit, and intends to vigorously defend against them. Foundation management is of the opinion that any potential loss exposure from this pending litigation is indeterminable at this time.

(11) Subsequent Events

On January 1, 2011, First Division Foundation and Freedom Project were merged into Cantigny in order to streamline administrative functions and reporting requirements. The mergers are not expected to have a significant effect on the operations or missions of the Foundations.

The Foundations evaluated their December 31, 2010 financial statements for subsequent events through May 27, 2011, the date the financial statements were available to be issued, and are not aware of any subsequent events that would require recognition or disclosure in the financial statements.

ROBERT R. MCCORMICK FOUNDATIONS

December 31, 2010 and 2009

SUPPLEMENTAL SCHEDULES

Schedule I

ROBERT R. MCCORMICK FOUNDATIONS

Schedule of External Grant Approvals

Year ended December 31, 2010

Program	Number of grants		Total amount of grants approved
Fund-raising programs:			
Baltimore Sun Charities	1	$	9,298
Chicago Tribune Charities	1		19,000
Chicago Tribune Holiday Campaign	138		4,000,000
Courant Community Fund	9		77,757
Courant/Fox 61 Children's Holiday Campaign	5		40,177
Daily Press Holiday Fund	16		252,458
LA Times Family Fund	75		2,316,000
Morning Call Community Fund	4		32,627
Newsday Charities - Holiday	33		1,074,000
Newsday Charities - Summer	4		100,000
North County Times Charities Fund	30		148,840
Orlando Sentinel Family Fund - Holiday	30		825,000
Orlando Sentinel Family Fund - Summer	6		130,000
Post-News Charities	54		631,000
Post-News Season to Share	74		2,532,000
Sun-Sentinel Children's Fund	90		1,118,000
The Yes! Fund	10		182,570
Fox 61 Family Fund	2		11,204
WGN Radio 720 Neediest Kids Fund	28		500,000
Cavaliers Youth Fund	13		460,000
Chicago Blackhawks Charities	14		645,000
Chicago Bulls Community Assist Fund	1		5,000
Chicago White Sox Community Fund	31		544,000
Colorado Rockies Charity Fund	47		1,060,000
Cubs Care	48		1,099,000
Orlando Magic Youth Fund	22		1,066,000
Operation Healing Freedom	1		200,000
United Way of Metro Chicago Impact Fund	10		3,000,000
Veterans Midwest Employment Fund	5		560,000
Welcome Back Veterans	2		400,000
General Fund	148		28,696,433
Total Grants Approved	952	$	51,735,364
Adjustment to Present Value			(1,165,389)
Grants Approved at Present Value			50,569,975

See accompanying independent auditors' report.

Schedule II

ROBERT R. MCCORMICK FOUNDATIONS

Consolidating Statement of Financial Position Information

December 31, 2010

Assets	Robert R. McCormick Foundation	Cantigny Foundation	Cantigny First Division Foundation	McCormick Freedom Project	Eliminations	Consolidated Total
Cash and cash equivalents	$ 110,494,772	1,148,495	73,702	—	—	111,716,969
Investment securities	1,061,713,594	161,165,985	2,069,719	—	—	1,224,949,298
Accounts receivable	3,598,028	338,973	—	—	—	3,937,001
Other assets	476,508	436,674	4,926	—	—	918,108
Land, buildings, equipment, and improvements:						
Land	—	1,217,744	—	—	—	1,217,744
Buildings and improvements	377,767	39,868,266	250,872	300,874	—	40,797,779
Machinery, equipment, furniture and fixtures	319,281	8,920,799	—	663,403	—	9,903,483
Land improvements	—	13,409,872	—	—	—	13,409,872
Other infrastructure	—	3,478,551	11,683	—	—	3,490,234
Construction in process	—	39,108	—	—	—	39,108
	697,048	66,934,340	262,555	964,277	—	68,858,220
Less accumulated depreciation	(394,835)	(34,606,802)	(262,555)	(312,921)	—	(35,577,113)
	302,213	32,327,538	—	651,356	—	33,281,107
Due from affiliated organizations	—	4,838,780	—	—	(4,838,780)	—
Total assets	$ 1,176,585,115	200,256,445	2,148,347	651,356	(4,838,780)	1,374,802,483
Liabilities and Net Assets						
Liabilities:						
Grants payable	$ 29,941,161	—	—	—	—	29,941,161
Accounts payable and accrued expenses	2,148,291	3,152,393	143,940	65,233	—	5,509,857
Due to affiliated organizations	4,172,269		434,054	232,457	(4,838,780)	—
Total liabilities	36,261,721	3,152,393	577,994	297,690	(4,838,780)	35,451,018
Net assets:						
Unrestricted	1,138,359,433	196,265,052	1,570,353	353,666		1,336,548,504
Permanently restricted	1,963,961	839,000				2,802,961
Total net assets	1,140,323,394	197,104,052	1,570,353	353,666	—	1,339,351,465
Total liabilities and net assets	$ 1,176,585,115	200,256,445	2,148,347	651,356	(4,838,780)	1,374,802,483

See accompanying independent auditors' report.

Schedule III

ROBERT R. MCCORMICK FOUNDATIONS

Consolidating Statement of Financial Position Information

December 31, 2009

Assets	Robert R. McCormick Foundation	Cantigny Foundation	Cantigny First Division Foundation	McCormick Freedom Project	Eliminations	Consolidated Total
Cash and cash equivalents	$ 214,177,930	76,079,249	37,740	—	—	290,294,919
Investment securities	885,183,877	72,204,112	1,834,191	—	—	959,222,180
Accounts receivable	3,878,479	207,550	511	—	—	4,086,540
Other assets	500,357	388,884	12,525	—	—	901,766
Land, buildings, equipment, and improvements:						
Land	—	1,217,744	—	—	—	1,217,744
Buildings and improvements	377,766	38,235,870	250,872	300,874	—	39,165,382
Machinery, equipment, furniture and fixtures	319,281	7,941,196	—	5,384,433	—	13,644,910
Land improvements	—	13,140,194	—	—	—	13,140,194
Other infrastructure	—	3,478,551	11,683	—	—	3,490,234
Construction in process	—	726,418	—	219,056	—	945,474
	697,047	64,739,973	262,555	5,904,363	—	71,603,938
Less accumulated depreciation	(345,060)	(31,503,917)	(192,833)	(4,430,026)	—	(36,471,836)
	351,987	33,236,056	69,722	1,474,337	—	35,132,102
Due from affiliated organizations	—	5,049,704	—	—	(5,049,704)	—
Total assets	$ 1,104,092,630	187,165,555	1,954,689	1,474,337	(5,049,704)	1,289,637,507
Liabilities and Net Assets						
Liabilities:						
Grants payable	$ 24,651,175	—	—	—	—	24,651,175
Accounts payable and accrued expenses	605,868	2,415,303	91,994	101,292	—	3,214,457
Due to affiliated organizations	4,059,623	—	466,324	523,757	(5,049,704)	—
Total liabilities	29,316,666	2,415,303	558,318	625,049	(5,049,704)	27,865,632
Net assets:						
Unrestricted	1,072,812,003	183,911,252	1,396,371	849,288	—	1,258,968,914
Permanently restricted	1,963,961	839,000	—	—	—	2,802,961
Total net assets	1,074,775,964	184,750,252	1,396,371	849,288	—	1,261,771,875
Total liabilities and net assets	$ 1,104,092,630	187,165,555	1,954,689	1,474,337	(5,049,704)	1,289,637,507

See accompanying independent auditors' report.

Schedule IV

ROBERT R. MCCORMICK FOUNDATIONS

Consolidating Statement of Activities Information

Year ended December 31, 2010

		Robert R. McCormick Foundation	Cantigny Foundation	Cantigny First Division Foundation	McCormick Freedom Project	Eliminations	Consolidated Total
Change in unrestricted net assets:							
Revenue:							
Dividends and interest	$	19,371,515	2,539,399	35,961	—	—	21,946,875
Contributions		13,534,410	2,812	6,606	50	—	13,543,878
Net loss on sales of investments		(160,753)	(1,874,445)	—	—	—	(2,035,198)
Golf and restaurant operations		—	6,083,199	—	—	—	6,083,199
Museum and park operations		—	458,463	3,903	—	—	462,366
Other income		39,410	62,343	3,094	—	—	104,847
Total revenue		32,784,582	7,271,771	49,564	50	—	40,105,967
Expenses:							
Employees' salaries and benefits		6,154,648	8,274,486	1,739,193	980,917	—	17,149,244
Fund-raising program expenses		695,949	—	—	—	—	695,949
McCormick conference series		80,000	59,403	—	48,638	—	188,041
Food and retail merchandise		—	1,119,561	10,513	—	—	1,130,074
Supplies		169,607	938,184	82,374	14,467	—	1,204,632
Maintenance and repairs		154,036	440,036	78,297	22,559	—	694,928
Real estate taxes and insurance		85,714	1,017,815	14,654	7,236	—	1,125,419
Professional fees		1,730,912	276,585	41,657	22,940	—	2,072,094
Rent and utilities		429,271	387,813	76,260	46,597	—	939,941
Outside services		29,967	299,824	54,607	71,523	—	455,921
Business meetings and travel		306,263	106,348	63,132	57,170	—	532,913
Depreciation expense		49,774	3,102,883	69,720	1,230,075	—	4,452,452
Programs and exhibits		121,470	122,102	218,297	98,725	—	560,594
Directors' fees		216,700	81,200	21,800	10,300	—	330,000
Other expenses		166,842	338,727	45,493	36,802	—	587,864
Total expenses		10,391,153	16,564,967	2,515,997	2,647,949	—	32,120,066
Revenue in excess (deficiency) of expenses		22,393,429	(9,293,196)	(2,466,433)	(2,647,899)	—	7,985,901
Grants approved		(55,415,109)	—	—	—	3,091,224	(52,323,885)
Contributions (to) from the Robert R. McCormick Foundation		—	(1,465,940)	2,404,888	2,152,276	(3,091,224)	—
Deficiency of revenue over expenses before change in unrealized net gain on investments		(33,021,680)	(10,759,136)	(61,545)	(495,623)	—	(44,337,984)
Unrealized net gain on investments		98,569,110	23,112,936	235,528	—		121,917,574
Increase (decrease) in unrestricted net assets		65,547,430	12,353,800	173,983	(495,623)	—	77,579,590
Change in net assets		65,547,430	12,353,800	173,983	(495,623)	—	77,579,590
Net assets, beginning of year		1,074,775,964	184,750,252	1,396,370	849,289	—	1,261,771,875
Net assets, end of year	$	1,140,323,394	197,104,052	1,570,353	353,666	—	1,339,351,465

See accompanying independent auditors' report.

ROBERT R. MCCORMICK FOUNDATIONS

Consolidating Statement of Activities Information

Year ended December 31, 2009

	Robert R. McCormick Foundation	Cantigny Foundation	Cantigny First Division Foundation	McCormick Freedom Project	Eliminations	Consolidated Total
Change in unrestricted net assets:						
Revenue:						
Dividends and interest	$ 19,087,577	2,433,165	37,658	—	—	21,558,400
Contributions	14,009,149	—	—	—	—	14,009,149
Net loss on sales of investments	(33,612,904)	(4,370,486)	—	—	—	(37,983,390)
Golf and restaurant operations	—	5,932,165	—	—	—	5,932,165
Museum and park operations	—	429,244	3,749	—	—	432,993
Other income	20,049	139,381	15,796	4,149	—	179,375
Total revenue	(496,129)	4,563,469	57,203	4,149	—	4,128,692
Expenses:						
Employees' salaries and benefits	5,649,244	8,039,491	1,771,042	1,409,244	—	16,869,021
Fund-raising program expenses	1,067,377	—	—	—	—	1,067,377
McCormick conference series	—	918,157	—	—	—	918,157
Food and retail merchandise	—	1,097,691	9,738	17,942	—	1,125,371
Supplies	177,272	941,070	85,988	94,650	—	1,298,980
Maintenance and repairs	138,944	401,838	69,913	16,022	—	626,717
Real estate taxes and insurance	81,709	635,502	12,287	10,734	—	740,232
Professional fees	1,611,534	230,930	47,492	58,897	—	1,948,853
Rent and utilities	350,657	363,641	64,259	1,207,905	—	1,986,462
Outside services	63,235	314,565	86,263	517,071	—	981,134
Business meetings and travel	361,786	99,935	59,498	59,545	—	580,764
Depreciation expense	286,201	3,689,023	69,720	2,071,460	—	6,116,404
Programs and exhibits	—	113,006	209,404	332,559	—	654,969
Directors' fees	169,104	49,101	15,258	14,672	—	248,135
Other expenses	97,747	368,371	56,576	124,467	—	647,161
Total expenses	10,054,810	17,262,321	2,557,438	5,935,168	—	35,809,737
Deficiency of revenue over expenses	(10,550,939)	(12,698,852)	(2,500,235)	(5,931,019)	—	(31,681,045)
Grants approved	(59,555,613)	—	—	—	17,050,056	(42,505,557)
Contributions from the Robert R. McCormick Foundation	—	9,558,545	2,757,305	4,734,206	(17,050,056)	—
(Deficiency) excess of revenue over expenses before change in unrealized net loss on investments	(70,106,552)	(3,140,307)	257,070	(1,196,813)	—	(74,186,602)
Unrealized net gain on investments	211,205,176	16,196,780	348,931	—	—	227,750,887
Increase (decrease) in unrestricted net assets	141,098,624	13,056,473	606,001	(1,196,813)	—	153,564,285
Change in permanently restricted assets:						
Permanently restricted reduction	(127)	—	—	—	—	(127)
Decrease in permanently restricted assets	(127)	—	—	—	—	(127)
Change in net assets	141,098,497	13,056,473	606,001	(1,196,813)	—	153,564,158
Net assets, beginning of year	933,677,467	171,693,779	790,369	2,046,102	—	1,108,207,717
Net assets, end of year	$ 1,074,775,964	184,750,252	1,396,370	849,289	—	1,261,771,875

See accompanying independent auditors' report.

Schedule VI

ROBERT R. MCCORMICK FOUNDATIONS

Consolidating Statement of Cash Flows Information

Year ended December 31, 2010

	Robert R. McCormick Foundation	Cantigny Foundation	Cantigny First Division Foundation	McCormick Freedom Project	Eliminations	Consolidated Total
Cash flows from operating activities:						
Increase (decrease) in net assets	$ 65,547,430	12,353,800	173,982	(495,622)	—	77,579,590
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:						
Net realized loss on sales of investments	160,753	1,874,445	—	—	—	2,035,198
Unrealized net gain on investments	(98,569,110)	(23,112,936)	(235,528)	—	—	(121,917,574)
Depreciation expense	49,774	3,102,883	69,720	1,230,075	—	4,452,452
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable and other assets	304,300	(179,213)	8,111	—	—	133,198
Increase in grants payable	5,289,986	—	—	—	—	5,289,986
Decrease (increase) in due from affiliated organizations	—	210,924	—	—	(210,924)	—
Increase (decrease) in due to affiliated organizations	112,646	—	(32,270)	(291,300)	210,924	—
Increase (decrease) in accounts payable and accrued expenses	1,542,423	737,090	51,947	(36,059)	—	2,295,401
Net cash (used in) provided by operating activities	(25,561,798)	(5,013,007)	35,962	407,094	—	(30,131,749)
Cash flows from investing activities:						
Proceeds from sale of investment securities	314,092,640	20,825,073	—	—	—	334,917,713
Purchases of investment securities	(392,214,000)	(87,861,143)	—	—	—	(480,075,143)
Purchases of equipment and improvements	—	(2,881,677)	—	(407,094)	—	(3,288,771)
Net cash used in investing activities	(78,121,360)	(69,917,747)	—	(407,094)	—	(148,446,201)
Net (decrease) increase in cash and cash equivalents	(103,683,158)	(74,930,754)	35,962	—	—	(178,577,950)
Cash and cash equivalents, beginning of year	214,177,930	76,079,249	37,740	—	—	290,294,919
Cash and cash equivalents, end of year	$ 110,494,772	1,148,495	73,702	—	—	111,716,969

See accompanying independent auditors' report.

ROBERT R. MCCORMICK FOUNDATIONS

Consolidating Statement of Cash Flows Information

Year ended December 31, 2009

	Robert R. McCormick Foundation	Cantigny Foundation	Cantigny First Division Foundation	McCormick Freedom Project	Eliminations	Consolidated Total
Cash flows from operating activities:						
Increase (decrease) in net assets	$ 141,098,497	13,056,473	606,002	(1,196,814)	—	153,564,158
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:						
Net realized loss on sales of investments	33,612,904	4,370,486	—	—	—	37,983,390
Unrealized net loss on investments	(211,205,176)	(16,196,780)	(348,931)	—	—	(227,750,887)
Depreciation expense	286,202	3,689,023	69,719	2,071,460	—	6,116,404
Permanently restricted reduction	127	—	—	—	—	127
Net amortization of bond premium	(255,845)	(41,431)	—	—	—	(297,276)
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable and other assets	(1,566,122)	472,741	16,591	101,644	—	(975,146)
Decrease in grants payable	(5,059,875)	—	—	—	—	(5,059,875)
Decrease (increase) in due from affiliated organizations	—	155,313	—	—	(155,313)	—
Increase (decrease) in due to affiliated organizations	381,704	—	(243,965)	(293,052)	155,313	—
Increase (decrease) in accounts payable and accrued expenses	188,597	327,413	(61,758)	(464,980)	—	(10,728)
Net cash (used in) provided by operating activities	(42,518,987)	5,833,238	37,658	218,258	—	(36,429,833)
Cash flows from investing activities:						
Proceeds from disposition of investment securities	38,375,441	17,170,077	—	—	—	55,545,518
Purchases of investment securities	(167,790,651)	(21,416,502)	—	—	—	(189,207,153)
Purchases of equipment and improvements	(377,769)	(2,773,632)	—	(219,058)	—	(3,370,459)
Net cash used in investing activities	(129,792,979)	(7,020,057)	—	(219,058)	—	(137,032,094)
Cash flows from financing activities:						
Permanently restricted reduction	(127)	—	—	—	—	(127)
Net (decrease) increase in cash and cash equivalents	(172,312,093)	(1,186,819)	37,658	(800)	—	(173,462,054)
Cash and cash equivalents, beginning of year	386,490,023	77,266,068	82	800	—	463,756,973
Cash and cash equivalents, end of year	$ 214,177,930	76,079,249	37,740	—	—	290,294,919

See accompanying independent auditors' report.