

**CLEVELAND H. DODGE FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
MODIFIED CASH BASIS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2009**

## **TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	3
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis	4
Statement of Revenues Collected, Expenses Paid and Changes in Net Assets - Modified Cash Basis	5-6
Notes to Financial Statements - Modified Cash Basis	7-14

**INDEPENDENT AUDITOR'S REPORT**

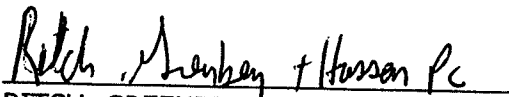
**Board of Directors  
Cleveland H. Dodge Foundation, Inc.  
New York, New York**

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of the Cleveland H. Dodge Foundation, Inc. as of December 31, 2009, and the related statement of revenues collected, expenses paid and changes in net assets - modified cash basis for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - modified cash basis of the Cleveland H. Dodge Foundation, Inc. as of December 31, 2009 and its revenues collected, expenses paid and changes in net assets - modified cash basis for the year then ended, on the basis of accounting as described in Note 2.

  
RITCH, GREENBERG & HASSAN, P.C.  
Certified Public Accountants

Shelton, Connecticut  
May 19, 2010

**CLEVELAND H. DODGE FOUNDATION, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2009**

<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$	40,749
Prepaid taxes		27,193
<b>TOTAL CURRENT ASSETS</b>		<u>67,942</u>
<b>INVESTMENTS</b>		
United States Treasury obligations		4,060,305
Corporate obligations		2,152,689
Common stocks		27,202,099
Mutual fund		825,176
Cash and money market funds		1,897,392
<b>TOTAL INVESTMENTS</b>		<u>36,137,661</u>
<b>PROPERTY AND EQUIPMENT</b>		592,411
<b>OTHER ASSETS</b>		
Collections, artwork		537,000
Security deposit		28,868
<b>TOTAL OTHER ASSETS</b>		<u>565,868</u>
<b>TOTAL ASSETS</b>		<b><u>\$37,363,882</u></b>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>		
Credit card payable	\$	1,381
Payroll taxes payable		10,121
<b>TOTAL CURRENT LIABILITIES</b>		<u>11,502</u>
<b>LONG TERM LIABILITY</b>		
Security deposit		10,200
<b>TOTAL LIABILITIES</b>		21,702
<b>NET ASSETS</b>		
Unrestricted		36,805,180
Permanently restricted		537,000
<b>TOTAL NET ASSETS</b>		<u>37,342,180</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$37,363,882</u></b>

The accompanying notes are an integral part of these statements.

**CLEVELAND H. DODGE FOUNDATION, INC.  
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID  
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	
<b>REVENUES</b>	
Interest	\$ 292,354
Dividends	455,164
Rent	49,150
Miscellaneous	<u>783</u>
<b>TOTAL REVENUES</b>	<b>797,451</b>
<b>EXPENSES</b>	
<b>Programs</b>	
Grants	1,301,529
Contributions	<u>97,200</u>
<b>Total Programs</b>	<b>1,398,729</b>
<b>Investment fees</b>	210,518
<b>Occupancy</b>	
Rent	128,868
Maintenance	17,761
Utilities	29,716
Property taxes	<u>6,095</u>
<b>Total Occupancy</b>	<b>182,440</b>
<b>Administrative</b>	
Salaries and payroll taxes	148,480
Retirement	750
Insurance	20,987
Annual meeting expense	41,415
Office, web-site design and miscellaneous	9,502
Depreciation	39,756
Professional fees	21,300
Auto, travel, conferences, and meetings	45,799
Federal excise tax	7,073
Foreign and state taxes	<u>6,478</u>
<b>Total Administrative</b>	<b>341,540</b>
<b>TOTAL EXPENSES</b>	<b><u>2,133,227</u></b>
<b>CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>( 1,335,776)</b>

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

**CLEVELAND H. DODGE FOUNDATION, INC.  
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID  
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**OTHER CHANGES IN NET ASSETS**

Net realized loss on sales of investments (\$ 1,436,318)

Net unrealized gains on investments 6,244,861

**TOTAL OTHER CHANGES IN NET ASSETS** 4,808,543

**CHANGES IN UNRESTRICTED NET ASSETS** 3,472,767

**NET ASSETS, BEGINNING OF YEAR**

Unrestricted 33,332,413

Permanently restricted 537,000

**TOTAL NET ASSETS, BEGINNING OF YEAR** 33,869,413

**NET ASSETS, END OF YEAR**

Unrestricted 36,805,180

Permanently restricted 537,000

**TOTAL NET ASSETS, END OF YEAR** **\$37,342,180**

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

**CLEVELAND H. DODGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2009**

**NOTE 1: NATURE OF OPERATIONS**

Cleveland H. Dodge Foundation, Inc. (The Foundation) was established in 1917. The purpose of The Foundation is to distribute its income and, when The Foundation so determines, principal or such property as The Foundation may from time to time possess, to recognized charitable organizations. All grants are authorized by the Board of Directors or the Executive Committee. The Foundation is supported by investment income.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, The Foundation has not recognized receivables from investments, accounts payable to vendors, and their related effects on the changes in net assets in the accompanying financial statements.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues collected, expenses paid and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with maturities, when purchased, of three months or less to be cash equivalents.

Investments: Investments are carried at the quoted market value of the securities. Realized and unrealized gains and losses are included in the statement of revenues collected, expenses paid and changes in net assets as increases or decreases in the changes in net assets.

Income and Excise Taxes: The Foundation is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code. However, net investment income is taxed at 1 or 2 percent as an excise tax to the private foundation.

The Foundation adopted the provisions of Financial Accounting Standard Board ASC 740-10, *Accounting for uncertainty in Income Taxes*, on January 1, 2009. There was no effect on the financial statements as a result of this adoption of this standard.

**CLEVELAND H. DODGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2009**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment: Purchased property and equipment are recorded at cost. Contributed items are recorded at their fair market value on the date the contribution is made. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is incurred in the results of operations. The Foundation capitalizes purchases with a cost of \$1,000 or more with a useful life of greater than one year.

Collections: The Foundation has capitalized its collections which consist of paintings donated to The Foundation. Donated works of art are stated at fair value at the time of the donation.

Depreciation: Depreciation of fixed assets is computed using the straight-line method over the following estimated useful lives:

Land improvements	10 years
Building and improvements	20 – 31.5 years
Furniture and equipment	5 – 25 years

Financial Statement Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958-225. Under this standard, The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: Net assets consisting of resources that are not subject to donor-imposed restrictions and are used for general purposes.

Temporarily Restricted Net Assets: Net assets consisting of resources restricted by donors either for a particular purpose or stipulated time. When a donor restriction expires, that is, when the stipulated purpose restriction is accomplished or time expires, the temporarily restricted net assets are reclassified or released to unrestricted net assets. Contributions received with donor imposed restrictions that are met in the same year in which the contribution is received are reported as unrestricted net assets in the year of receipt. The Foundation does not have any temporarily restricted net assets.



**CLEVELAND H. DODGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2009**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Permanently Restricted Net Assets: Net assets consisting of resources restricted by donors in perpetuity. Income from the assets held is available for either general or specific purposes, in accordance with donor stipulations. The Foundation's permanently restricted assets consist of its collections (See Note 10).

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at year end:

Land and improvements	\$ 115,059
Building and improvements	957,445
Furniture and equipment	<u>242,049</u>
	1,314,553
Less: Accumulated depreciation	( <u>722,142</u> )
<b>Total Property and Equipment</b>	<b><u>\$ 592,411</u></b>

**NOTE 4: INVESTMENTS**

The Foundation's investments as of December 31, 2009 are as follows:

	Fair Value	Cost
United States Treasury obligations	\$ 4,060,305	\$ 3,864,160
Corporation obligations	2,152,689	2,087,752
Common stocks	27,202,099	20,817,025
Mutual fund	825,176	813,432
Cash and money market funds	<u>1,897,392</u>	<u>1,897,392</u>
	<b><u>\$36,137,661</u></b>	<b><u>\$29,479,761</u></b>
Components of investment return:		
Interest income		\$ 292,354
Dividend income		455,164
Net realized losses		( 1,436,318 )
Net unrealized gains		<u>6,244,861</u>
<b>Total Investment Return</b>		<b><u>\$5,556,061</u></b>

**CLEVELAND H. DODGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2009**

**NOTE 5: FAIR VALUE MEASUREMENTS**

The Financial Accounting Standards Board issued an accounting standard requiring certain assets to be reported at fair value. The standard defined fair value, established valuation techniques and required disclosures about fair value measurements. The standard provided for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

**Level 1** - Inputs consisting of unadjusted quoted prices in active markets for identical assets and have the highest priority.

**Level 2** - Inputs to the valuation methodology consisting of quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** - Inputs to the valuation methodology which are unobservable and significant to fair value measurements.

The level within the hierarchy, at which the fair value measurement is calculated, is based upon the lowest level of any input that is significant to the fair value measurements. When available, Level 1, observable inputs are used because they provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Level 1 measurements include United States Treasury and corporate obligations, common stock, mutual funds, cash and money market funds valued at the quoted market price of the investment held by the Foundation at December 31, 2009.

Level 2 measurements include collections valued by third party expert appraisals.

The following summarizes The Foundation's assets at fair value by level within the fair value hierarchy as of December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
United States Treasury obligations	\$ 4,060,305	\$ --	\$ --	\$ 4,060,305
Corporate obligations	2,152,689	--	--	2,152,689
Common stocks	27,202,099	--	--	27,202,099
Mutual fund	825,176	--	--	825,176
Cash and money market funds	1,897,392	--	--	1,897,392
Collections	--	537,000	--	537,000
	<u>\$36,137,661</u>	<u>\$537,000</u>	<u>\$ --</u>	<u>\$36,674,661</u>

**CLEVELAND H. DODGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2009**

**NOTE 6: GRANTS**

The Foundation's policy is to record grants when paid. The following is a list of authorized and unpaid grants at December 31, 2009:

American University of Beirut	\$ 200,000
Wildlife Conservation Society	50,000
American University in Cairo	40,000
American Museum of Natural History	50,000
New York Botanical Garden	300,000
Teacher's College	400,000
Wave Hill, Inc.	200,000
YMCA of Greater New York	400,000
<b>Total</b>	<b><u>\$1,640,000</u></b>

These commitments are not reflected in the accompanying financial statements as an expense or liability.

Currently, The Foundation makes grants in five categories:

1. *Major Annual Grants* are made to three institutions that were either founded by a member of the Dodge Family or received founding support from the family at the time of inception.
2. *Regular Annual Grants* are made to a number of organizations that were supported by Cleveland H. Dodge during his lifetime and continue to be supported by members of the family. In rare instances, the Board of Directors have added a few agencies to this list as the nature of their activities has deemed fitting and appropriate to the objectives of the Founder.
3. *Professional Fees and Grants* are made to a few organizations in the form of membership dues and support on an annual basis.
4. *Special Grants* are made to agencies and institutions that clearly fit The Foundation's guidelines for grant-making. Proposals are fully reviewed and considered by The Foundation's Executive Committee and later by its Board of Directors. In addition, priority is given to qualified agencies that have a family member directly involved with its activities.
5. *Matching Plan Grants* are made to qualified institutions which have received donations from direct descendants of Cleveland H. Dodge. The Executive Committee oversees the administration of the Matching Plans and makes recommendations to the Board.

**CLEVELAND H. DODGE FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 MODIFIED CASH BASIS  
 DECEMBER 31, 2009**

**NOTE 7: GRANTS (Continued)**

Grants are made in two categories, known as Plan A and Plan B.

- **Plan A** divides the descendants of Cleveland H. Dodge into thirteen family units each with a unit-chosen head who is responsible for coordinating matching gifts made by members of the unit. Notification of the gifts granted, which are to be matched must reach The Foundation on or before November 1<sup>st</sup> of the year in which the matching gift is to be made. Under special circumstances, extensions can be arranged through The Foundation's office.
- **Plan B** has been instituted by the Board of Directors to encourage Cleveland H. Dodge descendants to take an active volunteer role in the support, direction and administration of charitable institutions. This plan provides for The Foundation to contribute two dollars for each dollar donated to an organization under the following circumstances:
  - The descendant's personal minimum gift to be matched is \$250 and maximum is \$10,000.
  - The descendant who makes the gift is or has been actively engaged as a volunteer in the affairs of the recipient institution within the last twelve months.

The total matching amount of Plan B to be granted by The Foundation shall not exceed \$300,000. In case applications come to more than \$300,000, the grants and amounts to be matched will be determined by the Executive Committee, using the same procedures and guidelines applied to consideration of special grants. This amount can be increased with Board approval. Requests for Plan B grants must be received at The Foundation before October 1<sup>st</sup> of the year in which the matching gift is to be made.

Following is a schedule of the Grants paid for the year ended December 31, 2009:

Major annual	\$ 55,000
Regular annual	127,500
Professional fees and grants	9,380
Special Grants	745,000
Matching Plan A	102,929
Matching Plan B	261,720
<b>Total Grants</b>	<b><u>\$1,301,529</u></b>

**CLEVELAND H. DODGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MODIFIED CASH BASIS  
DECEMBER 31, 2009**

**NOTE 8: EXCISE TAXES**

The Foundation is exempt from federal income taxes and classified as a private foundation under Section 501 of the Internal Revenue Code (IRC). It is subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income, including realized gains, as defined by the IRC.

The Foundation's Form 990-PFs, *Federal Return of Private Foundation*, for 2007, 2008, and 2009 are subject to examination by the IRS, generally for three years after they were filed.

**NOTE 9: CONCENTRATION OF CREDIT RISK**

The Foundation maintains a single bank account. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at December 31, 2009 exceeded federally insured limits by \$189,313. The off-balance-sheet risk to the Foundation was \$189,313 for the year ended December 31, 2009.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

Operating Leases: The Foundation entered into a lease of a vehicle whereby monthly payments of \$485 per month are to be made through May of 2010. Rental expense was \$3,997 for the year ended December 31, 2009. The future minimum payments are as follows:

2010	\$ 2,427
------	----------

The Foundation entered into an operating lease agreement for office space for a five year term ending on January 31, 2013. The future minimum payments for the term of the lease is as follows:

2010	\$ 122,208
2011	125,874
2012	129,650
2013	<u>10,831</u>
<b>Total:</b>	<b><u>\$ 388,563</u></b>

Collections: The Foundation is required, under the terms of the gift instrument, to continually display the donated artwork. If the artwork can no longer be displayed or for any other reason the artwork cannot be owned, preserved or maintained by the Foundation, it is required to be donated to the American Museum of Natural History in New York City.

**CLEVELAND H. DODGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MODIFIED CASH BASIS  
DECEMBER 31, 2009**

**NOTE 11: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 19, 2010, the date on which the financial statements were available to be issued, and concluded that there were no items requiring adjustment to or disclosure in these financial statements.