

THE HEINZ ENDOWMENTS
AND SUBSIDIARY

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Table of Contents

| | <u>Page number</u> |
|--|------------------------|
| Independent Auditor's Report | 1 |
| Financial Statements: | |
| Consolidated Statements of Net Assets | 2 |
| Consolidated Statements of Changes in Net Assets | 3 |
| Consolidated Statements of Cash Flows..... | 4 |
| Notes to Consolidated Financial Statements | 5 |

Independent Auditor's Report

To the Board of Directors
of The Heinz Endowments

We have audited the accompanying consolidated statements of net assets of The Heinz Endowments and Subsidiary (the "Endowments") as of December 31, 2009 and 2008, and the related consolidated statements of changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Endowments' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 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 consolidated net assets of the Endowments as of December 31, 2009 and 2008, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Sisterson + Co. LLP

June 29, 2010

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Consolidated Statements of Net Assets

(In thousands)

| | December 31, | |
|---|----------------------------|----------------------------|
| | <u>2009</u> | <u>2008</u> |
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 39,134 | \$ 82,416 |
| Investment income receivable | 288 | 372 |
| Receivable for investments sold | -- | 38,779 |
| Refundable federal excise tax | 1,781 | -- |
| Investments at fair value (Note 3) | 1,297,079 | 1,049,168 |
| Investment properties | 11,020 | 11,020 |
| Program-related investments | 18,632 | 18,382 |
| Rental income receivable and other assets | 4,578 | 4,577 |
| Fixed assets, net of accumulated depreciation of \$2,615 and \$2,485 | <u>915</u> | <u>814</u> |
| Total assets | <u><u>1,373,427</u></u> | <u><u>1,205,528</u></u> |
| <u>Liabilities and Unrestricted Net Assets</u> | | |
| Grants payable | 48,568 | 63,113 |
| Accounts payable and accrued liabilities | 224 | 362 |
| Deferred federal excise tax | 3,061 | -- |
| Accrued pension expense | <u>2,261</u> | <u>3,434</u> |
| | 54,114 | 66,909 |
| Unrestricted net assets | <u>1,319,313</u> | <u>1,138,619</u> |
| Total liabilities and unrestricted net assets | <u><u>\$ 1,373,427</u></u> | <u><u>\$ 1,205,528</u></u> |

See accompanying notes to consolidated financial statements.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Consolidated Statements of Changes in Net Assets

(In thousands)

| | Year ended December 31, | |
|--|-------------------------|---------------------|
| | <u>2009</u> | <u>2008</u> |
| Income (loss) | | |
| Investment income, net of related management and custodial fees of \$1,328 and \$2,166 | \$ 7,057 | \$ 13,376 |
| Net gain (loss) on investments | 223,190 | (422,138) |
| Rental operations, net | <u>823</u> | <u>926</u> |
| Total income (loss) | <u>231,070</u> | <u>(407,836)</u> |
| Expense | | |
| Grants approved | 40,006 | 74,713 |
| Administrative expense | 9,192 | 10,821 |
| Accrued pension (credit) expense | (102) | 1,784 |
| Federal excise and income tax expense (benefit) | <u>1,280</u> | <u>(3,921)</u> |
| Total expense | <u>50,376</u> | <u>83,397</u> |
| Increase (decrease) in unrestricted net assets | 180,694 | (491,233) |
| Unrestricted net assets, beginning of year | <u>1,138,619</u> | <u>1,629,852</u> |
| Unrestricted net assets, end of year | <u>\$ 1,319,313</u> | <u>\$ 1,138,619</u> |

See accompanying notes to consolidated financial statements.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Consolidated Statements of Cash Flows

(In thousands)

| | Year ended December 31, | |
|--|-------------------------|------------------|
| | <u>2009</u> | <u>2008</u> |
| Cash flows from operating activities | | |
| Increase (decrease) in unrestricted net assets | \$ 180,694 | \$ (491,233) |
| Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash used in operating activities | | |
| Net (gain) loss on investments | (223,190) | 422,138 |
| Depreciation and amortization expense | 161 | 59 |
| Increase (decrease) in cash from changes in: | | |
| Investment income receivable | 84 | 250 |
| Receivable for investments sold | 38,779 | (16,672) |
| Refundable federal excise tax | (1,781) | -- |
| Rental income receivable and other assets | (1) | (9) |
| Grants payable | (14,545) | 9,713 |
| Accounts payable and accrued liabilities | (138) | (202) |
| Deferred federal excise tax | 3,061 | (7,359) |
| Accrued pension expense | (1,173) | 1,123 |
| | <u>(18,049)</u> | <u>(82,192)</u> |
| Net cash used in operating activities | | |
| Cash flows from investing activities: | | |
| Purchases of investments | (173,633) | (336,993) |
| Proceeds from sales and redemptions of investments | 148,912 | 454,862 |
| Purchases of program-related investments | (250) | -- |
| Proceeds from program-related investments | -- | 1,050 |
| Net purchases of fixed assets | (262) | (96) |
| | <u>(25,233)</u> | <u>118,823</u> |
| Net cash provided by (used in) investing activities | | |
| Net increase (decrease) in cash and cash equivalents | (43,282) | 36,631 |
| Cash and cash equivalents, beginning of year | <u>82,416</u> | <u>45,785</u> |
| Cash and cash equivalents, end of year | <u>\$ 39,134</u> | <u>\$ 82,416</u> |

See accompanying notes to consolidated financial statements.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements

(1) **Organization**

The Heinz Endowments was formed from the merger of the Howard Heinz Endowment and the Vira I. Heinz Endowment, effective January 1, 2007. The consolidated financial statements at December 31, 2009 and 2008 include The Heinz Endowments (the "Endowments") and its wholly owned subsidiary, Penn-Liberty Holding Company (the "Company").

The Howard Heinz Endowment was created in 1993 as a Pennsylvania nonprofit corporation, to perform the charitable activities of its predecessor organization, a testamentary charitable trust of the same name established under the Will of Howard Heinz in 1941. The Vira I. Heinz Endowment was created in 1995 as a Pennsylvania nonprofit corporation, to perform the charitable activities of its predecessor organization, a testamentary charitable trust of the same name established under the Will of Vira I. Heinz in 1983.

The Endowments was determined to be exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and has been classified as an organization which is a private foundation as defined in Section 509(a) of the Code.

The Company is a "title holding company" organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to the Endowments. The Company is exempt from federal income taxes under Section 501(c)(2) of the Code. In the event of dissolution of the Company, all of its remaining assets shall be distributed to or for the use of the Endowments.

(2) **Summary of Significant Accounting Policies**

Cash and cash equivalents - Cash and cash equivalents consist of cash in banks, money market accounts, and cash reserve accounts, which are highly liquid and have no stated maturity. The Endowments maintains its cash in bank accounts, which, at times, may exceed federally insured limits. The Endowments does not believe it is exposed to any significant credit risk related to cash and cash equivalents.

Investment properties - Investment properties include land and related development costs and are carried at the lower of cost or estimated fair values.

Fixed assets - Fixed assets are recorded at cost and depreciated or amortized on the straight-line method over their estimated useful lives of seven or ten years.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements

(continued)

Grants - The Endowments recognizes a liability and corresponding expense for grants in the amount expected to be paid when approved by the Board of Directors. At December 31, 2009 and 2008, such liabilities are not recorded at their present values using a discount rate commensurate with the risks involved because the present value is not materially less than the amounts expected to be paid.

Rental operations, net - Revenues from rental operations are recognized on a monthly basis over the lease term. Expenses are recognized when incurred.

Investments - Investments in equity securities and corporate and foreign obligations with readily determinable fair values are carried at their fair values in the consolidated statements of net assets. The Endowments' alternative investments are also carried at their fair values. These alternative investments include investments in privately-placed nonmarketable equity securities, hedge and other equity funds and partnerships, fine art and other investments. Realized gains or losses on investments and unrealized gains or losses from changes in the fair values of investments are included in net gain (loss) on investments in the consolidated statements of changes in net assets.

The fair values of alternative investments are estimated in good faith by management due to the absence of quoted market values. These estimates are made primarily by using information provided by general partners and by taking into consideration valuations reported by the Endowments' independent investment advisor. However, because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for those investments existed, and the differences could be material.

The fair values of investments are subject to changes in market conditions, and as such, future fair values may differ significantly from those reported in the consolidated financial statements. Investments considered to be permanently impaired in value are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments.

Realized gains and losses on disposals of investments are determined by the specific identification method, except for certain equity securities for which the cost of shares sold is determined by the average cost method.

Interest and dividend income are recognized on the accrual basis. Distributions from partnerships are recognized as income to the extent of the Endowments' share of undistributed income of such partnerships.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements

(continued)

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events - The Endowments evaluates events and transactions occurring subsequent to the date of the consolidated financial statements. The accompanying consolidated financial statements consider events through June 29, 2010, the date on which the consolidated financial statements were available to be issued.

Reclassifications - Certain amounts previously reported in the 2008 consolidated financial statements have been reclassified for comparative purposes.

(3) **Investments**

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on the extent of market price observability.

Level I - Inputs are quoted prices in active markets for identical assets as of the reporting date. The type of investments included in Level I include listed equities.

Level II - Inputs are other than quoted market prices included within Level I, however, are observable, either directly or indirectly. The Endowments includes its investments in corporate and foreign obligations and other investments in Level II since the values are based on recently executed transactions, market price quotations (where observable), and valuation models. The Endowments also include any fund investments which are redeemable pursuant to a 90 day or less notice in Level II.

Level III - Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Endowments includes its investments in non-redeemable fund investments in this category.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements
(continued)

The valuations of the Endowments' investments by the above fair value hierarchy levels and the corresponding cost of the investments are as follows (in thousands):

| | December 31, 2009 | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> | <u>Total value</u> | <u>Cost</u> |
| Equity securities | | | | | |
| Domestic | \$ 188,052 | \$ 37,575 | \$ -- | \$ 225,627 | \$ 193,793 |
| Foreign | 153,175 | 120,839 | -- | 274,014 | 222,256 |
| Corporate and foreign obligations | -- | 109,417 | -- | 109,417 | 85,610 |
| Alternative investments | | | | | |
| Absolute return | -- | 285,436 | 41,705 | 327,141 | 244,414 |
| Private equity | | | 180,726 | 180,726 | 214,155 |
| Inflation hedging | -- | 117,417 | 61,756 | 179,173 | 182,801 |
| Other investments | -- | 981 | -- | 981 | 981 |
| Total investments | <u>\$ 341,227</u> | <u>\$ 671,665</u> | <u>\$ 284,187</u> | <u>\$ 1,297,079</u> | <u>\$ 1,144,010</u> |

| | December 31, 2008 | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> | <u>Total value</u> | <u>Cost</u> |
| Equity securities | | | | | |
| Domestic | \$ 162,846 | \$ 26,594 | \$ -- | \$ 189,440 | \$ 248,943 |
| Foreign | 110,790 | 80,490 | -- | 191,280 | 217,256 |
| Corporate and foreign obligations | -- | 74,593 | -- | 74,593 | 58,000 |
| Alternative investments | | | | | |
| Absolute return | -- | 267,884 | 37,605 | 305,489 | 258,440 |
| Private equity | | | 161,347 | 161,347 | 197,240 |
| Inflation hedging | -- | 57,116 | 68,923 | 126,039 | 125,086 |
| Other investments | -- | 980 | -- | 980 | 980 |
| Total investments | <u>\$ 273,636</u> | <u>\$ 507,657</u> | <u>\$ 267,875</u> | <u>\$ 1,049,168</u> | <u>\$ 1,105,945</u> |

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements
(continued)

The changes in investments measured at fair value for which the Endowments has used Level III inputs to determine fair value are as follows (in thousands):

| | 2008 | | | | 2009 | | | |
|----------------|-----------------|----------------|-------------------|------------|-----------------|----------------|-------------------|------------|
| | Absolute return | Private equity | Inflation hedging | Total | Absolute return | Private equity | Inflation hedging | Total |
| January 1 | \$ 39,456 | \$ 173,730 | \$ 67,567 | \$ 280,753 | \$ 37,605 | \$ 161,347 | \$ 68,923 | \$ 267,875 |
| Gains (losses) | | | | | | | | |
| Realized | (1,503) | 4,969 | 103 | 3,569 | 251 | 3,251 | 49 | 3,551 |
| Unrealized | 186 | (40,403) | (10,812) | (51,029) | 10,131 | 2,466 | (17,156) | (4,559) |
| Cash flows | | | | | | | | |
| Purchases | 30,000 | 31,373 | 14,980 | 76,353 | 6,025 | 19,428 | 10,217 | 35,670 |
| Dispositions | (30,534) | (8,322) | (2,915) | (41,771) | (12,307) | (5,766) | (277) | (18,350) |
| December 31 | \$ 37,605 | \$ 161,347 | \$ 68,923 | \$ 267,875 | \$ 41,705 | \$ 180,726 | \$ 61,756 | \$ 284,187 |

The following additional information is provided regarding the Endowments' Level II and Level III fund investments included in the above tables.

| Type | Fair value | | Redemption frequency (if currently eligible) | Redemption notice period |
|---|---------------|---------------|---|--------------------------|
| | Dec. 31, 2009 | Dec. 31, 2008 | | |
| Non-directional (a) | \$ 445,270 | \$ 320,629 | daily, monthly, quarterly, annually | 1 - 180 days |
| Global long short equity (b) | 263,882 | 214,984 | monthly, quarterly, semi-annually, annually | 6 - 90 days |
| Strategic private investments funds (c) | 180,726 | 161,347 | non-redeemable | -- |
| Real assets (d) | 61,867 | 69,034 | non-redeemable | -- |
| Non-directional (a) | 3,237 | 8,669 | non-redeemable | -- |
| Personal assets (e) | 870 | 869 | not applicable | -- |
| | \$ 955,852 | \$ 775,532 | | |

- (a) Non-directional primarily comprises of strategies investing in sovereign, corporate, mortgage, and other debt instruments, securities, and derivatives in developed markets, seeking to profit from capital appreciation of securities held "long" and capital depreciation of securities sold "short".
- (b) Global long short equity primarily comprises of strategies investing in equity securities of companies seeking to profit from capital appreciation of securities held "long" and capital depreciation of securities sold "short".

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements
(continued)

- (c) Strategic private investment funds comprises of passive investments in private equity and certain fixed income funds which invest in a wide range of industries. As of December 31, 2009, the Endowments is committed to invest \$95,814,000 for these investments.
- (d) Real assets comprise of limited partnership interests in real estate, energy and timber funds. As of December 31, 2009 the Endowments is committed to invest \$62,121,000 for these investments.
- (e) Other investments comprise of personal property generally including fine arts.

The nature of the investments classified in (c), (d), and the non-redeemable portion of (a) above are such that distributions are received by the Endowments upon the liquidation of the underlying assets of the funds. It is estimated that underlying assets of the funds are typically liquidated over 2 to 10 years.

(4) Grants Payable

| Program Area | Payable at 12/31/2008 | 2009 | | Payable at 12/31/2009 |
|------------------------------|--------------------------|------------------|------------------|--------------------------|
| | | Approved | Paid | |
| Arts and Culture | \$ 23,974 | \$ 4,203 | \$ 15,166 | \$ 13,011 |
| Children, Youth and Families | 7,778 | 7,228 | 10,183 | 4,823 |
| Education | 7,618 | 5,098 | 7,431 | 5,285 |
| Environment | 7,879 | 15,550 | 13,815 | 9,614 |
| Innovation Economy | 15,864 | 7,927 | 7,956 | 15,835 |
| | <u>\$ 63,113</u> | <u>\$ 40,006</u> | <u>\$ 54,551</u> | <u>\$ 48,568</u> |

Grants payable at December 31, 2009 are due to be paid as follows: \$24,772,204 in 2010; \$9,078,432 in 2011; \$6,217,000 in 2012; \$4,500,000 in 2013; and \$4,000,000 in 2014.

(5) Federal Taxes

In accordance with the applicable provisions of the Code, the Endowments is subject to an excise tax on net investment income, including net realized gains. The Endowments provides for deferred excise taxes resulting from net unrealized gains, which become taxable in the year they are realized. The increase (decrease) in the deferred federal excise tax liability relating to the net unrealized gain (loss) at December 31, 2009 and 2008 was \$3,061,361 and (\$7,359,208). As a private foundation, the Endowments is also required to make certain minimum distributions in accordance with a specified formula and within one year of the close of the tax year. The Endowments must distribute approximately \$18,216,000 by December 31, 2010 to satisfy this requirement.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements

(continued)

The Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") in Income Taxes clarifies recognition, measurement, presentation and disclosure relating to uncertain tax positions. As permitted, the Endowments adopted these provisions as of January 1, 2009. The change did not have a material impact on the Endowments's financial position or results of operations. For financial statements covering periods prior to 2009, the Endowments evaluates uncertain tax positions in accordance with existing accounting principles and makes such accruals and disclosures as might be required. The Endowment's federal income tax and excise tax returns for tax year 2006 and beyond remain subject to examination by the Internal Revenue Service.

(6) **Defined Benefit Pension Plan**

The Endowments sponsors a qualified defined benefit pension plan covering only full-time employees hired prior to January 1, 2008. The benefits are based on years of service and the employee's highest average annual compensation during five of the last ten years of service before retirement.

The table below sets forth the financial status of the plan at December 31:

| | <u>2009</u> | <u>2008</u> |
|--------------------------------|---------------------|---------------------|
| Projected benefit obligation | \$ 10,359,712 | \$ 9,303,064 |
| Plan assets at fair value | <u>8,098,562</u> | <u>5,869,408</u> |
| Underfunded status | <u>\$ 2,261,150</u> | <u>\$ 3,433,656</u> |
| Accumulated benefit obligation | \$ 9,249,094 | \$ 7,924,464 |
| Employer contributions | 1,070,680 | 661,431 |
| Benefits paid | 108,286 | -- |

Accrued pension (credit) expense recognized by the Endowments in the consolidated statements of changes in net assets during 2009 and 2008 was (\$101,826) and \$1,784,112. The accrued pension credit of \$101,826 at December 31, 2009 includes net periodic pension cost of \$377,050. The Endowments expect to recognize approximately \$190,129 of net periodic cost during 2010.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements

(continued)

Weighted-average assumptions used to determine benefit obligations are as follows:

| | <u>2009</u> | <u>2008</u> |
|-------------------------------|-------------|-------------|
| Discount rate | 5.75% | 6.25% |
| Rate of compensation increase | 3.50% | 3.50% |

Weighted-average assumptions used to determine net periodic pension cost for the years ended December 31, 2009 and 2008 are as follows:

| | <u>2009</u> | <u>2008</u> |
|--------------------------------|-------------|-------------|
| Discount rate | 6.25% | 6.00% |
| Expected return on plan assets | 8.50% | 9.00% |
| Rate of compensation increase | 3.50% | 5.00% |

The expected long-term rate of return on plan assets is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The expected return is based exclusively on long-term historical returns.

The Endowments' investment policies and strategies for the plan use target allocation ranges of 40-70% for equity securities and 30-60% for fixed income securities. The Endowments' investment goals are to maximize returns subject to specific risk management policies. The Endowments addresses diversification by the use of mutual fund investments whose underlying investments are in domestic fixed income securities and domestic or international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

The Endowments reviews the percentage allocation to each asset class periodically. The plan's assets as of December 31, 2009 and 2008 are allocated as follows:

| | <u>2009</u> | <u>2008</u> |
|-------------------------|-------------|-------------|
| Equity securities | 59% | 53% |
| Fixed income securities | 35% | 44% |
| Other | 6% | 3% |

The Endowments makes contributions to the plan that are at least sufficient to meet the federally legislated minimum funding requirements for defined benefit pension plans. Under this method, the Endowments expects to contribute \$579,657 to the plan in 2010.

THE HEINZ ENDOWMENTS AND SUBSIDIARY

Notes to Consolidated Financial Statements

(continued)

Based on the December 31, 2009 actuarial report, the benefits projected to be paid in each year 2010-2014 are \$833,702, \$463,819, \$516,387, \$523,835, and \$787,032. The aggregate benefits expected to be paid in the five years from 2015-2019 are \$3,892,270. The benefits projected to be paid are based on the same assumptions used to measure the Endowments' benefit obligation at December 31, 2009 and 2008, and include employees' estimated future service and retirement at the Plan's normal retirement date of 65 years of age.

(7) Defined Contribution Plans

Effective January 1, 2008, the Endowments began to sponsor a 401(a) defined contribution plan, eligible only to employees hired on or after January 1, 2008. The Endowments contributes 13% of the employees' annual compensation to the plan. The Endowments made contributions of \$136,493 and \$40,734 during the years ended December 31, 2009 and 2008.

The Endowments sponsors a 403(b) defined contribution plan, in which employees may make deferred salary contributions up to the maximum amount allowable by the IRS. Employees must have thirty days of continuous service to be eligible to participate. After one year of continuous service, the Endowments matches 100% of the first 2% of an employee's contribution up to the statutory limitation. The Endowments made matching contributions of \$65,559 and \$56,750 during the years ended December 31, 2009 and 2008.

(8) Rental Operations

One of the Company's investment properties holds an operating lease with a term of 52 years beginning November 1, 1984, with eight ten-year renewal options and an additional ninth renewal option with an eight-year term. Future annual lease revenues amount to \$1,050,000 in 2010-2014; and \$22,925,000 cumulative for all years thereafter.

(9) Commitments

The Endowments has an operating lease for office space that expires on April 30, 2018. Future base lease payments are \$440,000 in 2010; \$447,000 in 2011; \$455,000 in 2012; \$477,000 in 2013; \$492,000 in 2014; and \$1,702,000 cumulative for all years thereafter. Rent expense for the operating lease during 2009 and 2008 was \$442,000 and \$498,000.

The Endowments is the loan guarantor on both a \$3,000,000 and \$718,000 note for two unrelated nonprofit corporations. The balances of the loans as of December 31, 2009 were \$1,300,000 and \$673,326.

