TO OUR FRIENDS:

Without a doubt, 2008 was a difficult year. The Kohlberg Foundation recognizes that all of the organizations we support and care about have experienced challenge, change and probably disappointments during the year, and the next several years will continue to be challenging. Going forward, we have made a special effort to honor all of our existing pledges and financial obligations in 2008 and 2009. While our endowment lost value in 2008, the decline was moderate and some recovery is already evident. We are rebuilding carefully, trimming expenses, checking in with our grantees often, and paying attention to our ongoing process of evaluation. We are also pausing in our process of funding new programs and reflecting on the kinds of new programs and projects we will undertake. While grantmaking continues in 2009, there have been changes in our operations, and given the new financial reality, the annual grants budget has decreased. Hopefully, this will cause us to be ever more thoughtful about the work we choose to do and the way we do it.

We have come to the end of several important multi-year programs pioneered by the Vision Fund. A five year cycle of grants to strengthen land conservation in Western MA has achieved a landmark partnership led by Open Space Institute with land trusts, stage agencies, and a coalition of other foundations. Land conservation and human ecology in Baja CA made important progress as we worked with large and small organizations to protect the land and create sustainable communities. Over several years, a cluster of pediatric integrative medicine leaders have launched important new programs for children and families, and farm-to-table organic food was introduced to enthusiastic new audiences in both urban and rural communities. We thank everyone who has worked to make these collaborative programs so successful.
Large signature programs have also emerged in the Kohlberg portfolio. Leadership in integrative medicine is represented by the superb programs at the University of Maryland under the leadership of Brian Berman. Dr. Berman’s team is focused on new ways of treating trauma, disease, but more importantly, a renewed emphasis on health, prevention and a strong relationship between patients and health care professionals. Care and empowerment at the end of life is championed by our grantee, Compassion and Choices, and our work with several hospitals to strengthen their nursing staff was important. We continued our substantial support of Bill Moyers as a critical voice during volatile times, and the Foundation reaffirmed the path breaking work of The Jacob Burns Film Center with a major grant for their new education center for visual and media literacy. We also take pride in the Kohlberg family’s support for the Veterans returning home from Iraq and Afghanistan. Through the Fund for Veterans Education, Jerome Kohlberg has taken a leadership position in securing education benefits for Veterans and brought together a coalition of Veterans organizations to work on issues important to returning GIs and military families.

As our nation moves toward recovery, we operate from a position of hope and a commitment to action. We will look for new ways to work with organizations and people who are poised to do extraordinary things.

**JEROME KOHLBERG**  
Chairman

**NANCY MCCABE**  
Executive Director
In 2008, The Kohlberg Foundation granted awards totaling $14,499,079 to support Arts & Culture, Civic, Public Policy & Community, Education, Environment, Human Services, Medical, and Youth-At-Risk.
2008 GRANT SUMMARIES

**CENTER FOR INTEGRATIVE MEDICINE, UNIVERSITY OF MARYLAND, BALTIMORE, SCHOOL OF MEDICINE**  
$1,042,500

This grant supports core operations and will develop dedicated space at the University of Maryland, Baltimore campus for the new Center for Integrative Medicine. The Center, led by Dr. Brian Berman, is a national leader in the use of integrative therapies and the policy work that will make holistic practice an accepted part of modern medicine.

**JACOB BURNS FILM CENTER**  
$1,000,000

Jacob Burns Film Center, an educational and cultural institution dedicated to independent, documentary and world cinema, received this grant as part of their Campaign for 21st Century Education. This campaign was used to fund the construction of the center’s Media Arts Lab, a teaching facility which provides filmmaking courses for all ages.

**MARLBORO COLLEGE**  
$1,000,000

This grant was awarded to support the college’s Fund for Inspired Teaching, specifically supporting faculty salary and retirement benefits.
**THE JANE GOODALL INSTITUTE**

The Jane Goodall Institute aims to empower people to make a difference for all living things. Working with young people to create positive social change through the Roots and Shoots program, this grant expands the program’s efforts in California and New England ($460,000).

Funding was also awarded to support the Institute’s community-centered ecosystem conservation in Western Tanzania, which is accomplished through a combination of conservation, education and the promotion of sustainable livelihoods in local African communities ($250,000).

An additional grant was awarded to support a lecture given by Dr. Jane Goodall at the Joan B. Kroc Institute at the University of San Diego ($50,000).

**INSTITUTE FOR INTEGRATIVE HEALTH**

The Institute for Integrative Health, run by Dr. Brian Berman, seeks to optimize people’s health and wellbeing across the life spectrum by harnessing knowledge, aligning with key partners, supporting innovation through frontier projects and implementing dynamic strategies to inspire change in medical paradigms. This funding was awarded to launch the Institute and its programs.
Swarthmore College was awarded a grant to support the Philip Evans Scholarship Endowment. These scholarships assist students with academic costs and provide them with funds to pursue their interests and aspirations ($500,000).

A grant was also awarded to support the college’s Educating Socially Responsible Leaders initiative, which provides activities and events for Swarthmore students that introduce them to careers in business ($100,000).

Open Space Institute protects scenic, natural, and historic landscapes throughout the northeastern and southeastern United States through the use of land acquisition, conservation easements, regional loan programs, fiscal sponsorship, creative partnerships, and analytical research. This grant was awarded to support the Western Massachusetts Land Protection Fund.

Compassion and Choices works to improve end-of-life care and choices to the dying through education, advocacy and support services. This grant was awarded to advance their client services and advocacy efforts.

This funding was provided to support the PBS broadcast, Moyers on America, a public affairs series on which journalist Bill Moyers engages citizens in important issues facing democracy.

THIRTEEN - Bill Moyers interviews history and international relations expert and former US Army Colonel Andrew J. Bacevich to identify three major problems facing our democracy: the crises of economy, government and militarism.
**THE ENERGY FOUNDATION**

The Energy Foundation is a partnership of major donors interested in promoting clean energy technologies to solve the world’s energy problems. The Kohlberg Foundation’s grant provided support for advancing energy efficiency and renewable energy through both policy and new technology.

**ROCKY MOUNTAIN INSTITUTE**

An environmental think-and-do tank that implemented the Accelerating Campus Climate-Change Initiatives, a project which brought together institutions of higher education from around the United States to research barriers and solutions to reducing greenhouse gas emissions on their campuses.

**MANHATTANVILLE COLLEGE**

A grant was awarded to support the Elizabeth J. McCormack Scholars program, established in 2004 to honor Elizabeth J. McCormack ($330,000). Dr. McCormack graduated from Manhattanville in 1944, served as the academic dean from 1962 to 1966 and as president from 1966 to 1974. The program provides need-based tuition, room and board and access to opportunity grants for research, study abroad, volunteer and travel experiences.

Manhattanville also received support for the Duchesne Center ($50,000). The center serves as the coordinator, catalyst, and incubator for community outreach, cultural and leadership initiatives at the college.
**WILDCOAST**

WILDCOAST protects and preserves coastal ecosystems and wildlife in the Californias and Latin America by building grassroots support, conducting media campaigns and establishing protected areas. WILDCOAST received this grant to support their coastal land conservation efforts within Baja California’s Valle de Los Cirios.

**MARThA’S VINEYARD VISION FELOWSHIP**

The Martha’s Vineyard Vision Fellowship supports Martha’s Vineyard residents who are working in or pursuing careers related to the sustainability of the island. Areas of concentration include environmental conservation, healthcare, alternative energy, affordable housing and social services.

**ST. LAWRENCE UNIVERSITY**

St. Lawrence received a grant to provide program support for the Alfred C. Viebranz Endowment for Creative Writing ($250,000). Mr. Viebranz served as a trustee of the Kohlberg Foundation from 1996-2005.

An additional grant was awarded for the Piskor/Viebranz Fund for the Archives, a collection of rare books developed in honor of St. Lawrence Alumni, Dr. Frank Piskor and Mr. Alfred Viebranz ($25,000).

**NORTHERN WESTCHESTER HOSPITAL CENTER**

Northern Westchester Hospital, located in Mount Kisco, NY, received funding towards:

- The in-hospital integrative medicine program ($100,000)
- The nursing education program ($100,000)
- General support for the hospital ($60,000)
**Rady Children’s Hospital San Diego**

Rady Children’s Hospital, the only hospital dedicated solely to pediatric care in the San Diego area, was awarded this grant to support their integrative medicine pilot programs for the hematology/oncology care center and chronic pain program.

**The Food Project**

The Food Project works to create positive social change in the areas of youth development and sustainable agriculture by bringing together youth and adults from diverse backgrounds to build a sustainable food system. The Food Project was awarded this grant to support their Grow Boston Now initiative.

**Tariq Khamisa Foundation**

The Tariq Khamisa Foundation is dedicated to breaking the cycle of youth violence by empowering kids, saving lives and teaching peace. This grant was awarded to support their Peace Empowerment Project, which focuses on best educational techniques and tools to promote non-violence in schools.

**Dana-Farber Cancer Institute/The Jimmy Fund**

Experts in providing care and advancing the diagnosis, treatment and cure for adult and pediatric cancers, Dana-Farber Cancer Institute and its affiliate, The Jimmy Fund, were awarded this grant to support scholarships for their Pediatric Integrative Medicine program at the Zakim Center ($133,333) and the 2008 Jimmy Fund Walk ($105,000).
COMMUNITY HEALTH CONNECTIONS, INC.  
This grant funded the renovation of The Greater Gardner Community Health Center in Gardner, Massachusetts. The center, which was built to address service gaps and barriers to care experienced by the residents of the Gardner area, provides comprehensive medical and mental health care, preventive and restorative dental care, and pharmacy services.

ISLAND AFFORDABLE HOUSING FUND  
Island Affordable Housing provides grants and loans to create affordable year-round housing opportunities to residents of Martha’s Vineyard. This grant was awarded to support the Jenney Way project in Edgartown, the first affordable housing community in Massachusetts to achieve LEED platinum certification.

MOUNT VERNON EDUCATION FOUNDATION, INC.  
The Mount Vernon Education Foundation is a not-for-profit public corporation created to support the students and teachers of Mount Vernon Schools. This grant was awarded to support the re-instatement of the sports programs at the Mount Vernon High School.

UNIVERSITY OF SAN DIEGO  
A grant was awarded to support the Darlene Shiley Scholarship for Veterans ($100,000).

Funding was also given to support lectures and workshops featuring The Faith Club and Dr. Jane Goodall as part of the series, Women Peacemakers, at the Joan B. Kroc Institute for Peace and Justice. The Kroc Center offers programs that advance scholarship and practice in conflict resolution and human rights through education, research and peacemaking activities ($62,564).
<table>
<thead>
<tr>
<th>Organization Name</th>
<th>Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Tennis and Education Foundation</td>
<td>$150,000</td>
</tr>
<tr>
<td>The USTA/National Junior Tennis and Learning Network, a nationwide group of community tennis organizations developing the character of young people through tennis and education, was awarded this grant for the Community Building Through Recreational Facilities Programming initiative.</td>
<td></td>
</tr>
</tbody>
</table>

| International Community Foundation, San Diego, CA   | $130,000     |
| To support organizations that are involved in environmental education and advocacy as well as anti-human trafficking efforts in Baja, Mexico. |

| Montefiore Medical Center                            | $125,000     |
| To support the Integrative Medicine Program for Pediatric Oncology run by Dr. Karen Moody at the Children’s Hospital at Montefiore, which provides a broad array of healing resources to children with life threatening and life limiting illness. |

| Sponsors, Inc.                                       | $125,000     |
| Sponsors Inc. provides re-entry services to men and women on parole and probation in Lane County, Oregon. This grant supported new housing and program services and helped Sponsors develop new fundraising strategies. |

| Conservation Resource Network                        | $121,202     |
| This grant was awarded to empower local land trusts in the San Diego Region. |

| Boston Medical Center                                 | $120,000     |
| Program support for the continued expansion of patient navigation services to cancer patients. |
2008 Grant Summaries

**Communities Collaborative**

- To support program development and operations of the school-based and therapeutic Respite House/Family Care program. $105,000

**Massachusetts Audubon Society**

- Support for the collaborative project between Massachusetts Audubon, the Student Conservation Association, and local land trusts in Western Massachusetts for land stewardship ($75,000)
- Program support for oyster reef restoration at the Wellfleet Bay Wildlife Sanctuary ($25,000)
- General support for the Felix Neck Wildlife Sanctuary ($1,000) $101,000

**Massachusetts Land Trust Coalition**

- Program support for the Empowering Local Land Trusts in Western Massachusetts initiative. $100,000

**Red Tomato**

- To support work that improves local food sourcing through marketing, trade and education in Western Massachusetts and the Northeastern states. $100,000

**Sports and Arts in Schools Foundation**

- Sports and Arts in Schools, enhancing the lives of low-income New York City school students, was given this grant to support required training and licensing for staff. $100,000

**Virginia Thurston Healing Garden**

- To support the facility’s expansion as well as Candace Anderson’s ARTS program, which provides education and healing workshops to breast cancer patients, healthcare providers and caregivers. $95,000
RE-INVENTING SCHOOLS COALITION
Program support for the Delivering on the Promise Through Distance Learning initiative. This program provides technical assistance to school districts using interactive tools and processes that focus on improving the use of teaching methods tailored to individual students.

ELLA BAKER COMMUNITY CENTER FOR HUMAN RIGHTS
A strategy and action center which works towards justice, opportunity and positive alternatives to violence and incarceration, this grant provided support for the Soul of the City, Books Not Bars and Green-Collar Jobs Campaign.

MOUNT GRACE LAND CONSERVATION TRUST
Mount Grace works to preserve the rural landscape and natural resources of North Central and Western Massachusetts from overdevelopment. This grant supported the Western Massachusetts Conservation Strategy.

TENACITY
Tenacity, which combines literacy, life-skills and tennis instruction to enable at-risk Boston youth to succeed, was awarded this grant to support their capacity building efforts.

THE TRUSTEES OF RESERVATIONS
Program support for capacity building in the Highlands region of Western Massachusetts through landowner outreach and the utilization of conservation resources.

COUNCIL ON FOUNDATIONS
The Council on Foundations is a non-profit membership organization that supports grantmakers in various aspects of foundation management. This funding provided general support.
### 2008 Grant Summaries

<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nature Conservancy</strong></td>
<td>$64,000</td>
<td>Funding provided project support focusing on <em>Enhancing Landscape Connectivity in Western Massachusetts</em> ($44,000). In addition, this funding provided general support to the Nature Conservancy ($20,000).</td>
</tr>
<tr>
<td><strong>American Farmland Trust</strong></td>
<td>$60,000</td>
<td>American Farmland Trust works to protect farm and ranch land throughout the U.S. They received funding to support new momentum around farmland protection and the sustainability of Massachusetts’s food production capacity.</td>
</tr>
<tr>
<td><strong>Arabella Legacy Fund</strong></td>
<td>$60,000</td>
<td>Program support for the <em>Climate Lab</em> to support an interactive wiki (website) designed to provide tools, resources and a discussion platform for climate change related issues.</td>
</tr>
<tr>
<td><strong>Franklin Land Trust</strong></td>
<td>$60,000</td>
<td>Franklin Land Trust assists farmers and other landowners who seek to protect their land from unwanted development. This funding went to support the <em>Western Massachusetts Conservation Strategy</em>.</td>
</tr>
<tr>
<td><strong>Mount Kisco Child Care Center</strong></td>
<td>$60,000</td>
<td>To support the <em>Mount Kisco Child Care Scholarship Fund</em>.</td>
</tr>
<tr>
<td><strong>White Plains Hospital Center</strong></td>
<td>$50,000</td>
<td>To support the purchase and implementation of a new ultrasound system.</td>
</tr>
<tr>
<td><strong>American Association for Cancer Research</strong></td>
<td>$50,000</td>
<td>To support research in childhood cancers by scientists who are in the early stages of their careers.</td>
</tr>
</tbody>
</table>
ARTS ENGINE, INC.
Program support for *The City Dark*, a feature documentary exploring the practical and philosophical implications of light pollution.

BILATERAL SAFETY CORRIDOR COALITION
Bilateral works to combat slavery and human trafficking along the U.S.-Mexico border. This funding provided program support to address the legal facets in combating human trafficking and commercial sexual exploitation. Support also went to Marist Guest House to provide shelter to victims of human trafficking and help them transition back into the community.

EARTHJUSTICE
Earthjustice works to protect the environment through the courts on behalf of the community. This funding provided program support for education and outreach programs regarding genetically modified organisms in Hawaii.

GLOBAL GREENGRAANTS FUND
Global Greengrants Fund helps link donors to grassroots groups in the developing world. This grant went to support small grant funding for environmental programs in Baja, Mexico.

HOSPITAL FOR SPECIAL SURGERY
Support for the Autoimmunity and Inflammation Program’s research project, “Mechanisms of Aging-Associated Joint Inflammation in Osteoarthritis,” led by Dr. Stephen Paget, MD.
2008 GRANT SUMMARY

THE MILLERS RIVER EDUCATION COOPERATIVE
Support for the Village School, a pre-kindergarten through 6th grade school located in Royalston, MA that offers a hands-on, cooperative learning-based curriculum. $50,000

UNIVERSITY OF CALIFORNIA, BERKELEY SCHOOL OF LAW
To support the William K. Coblentz Civil Rights Endowment Fund, which supports innovative research on civil rights. $50,000

WAKE FOREST UNIVERSITY HEALTH SCIENCES
To support the Healthy Lives, Healthy Minds project led by Dr. Kathi Kemper, which is focused on creating, evaluating and disseminating tools to empower families and health professionals to promote pediatric mental health. $50,000

NATIONAL COUNCIL FOR SCIENCE & ENVIRONMENT
Program support for The Sustainable Endowment Institute to produce The College Sustainability Report Card, which provides in-depth sustainability profiles for hundreds of colleges in the U.S and Canada. $40,000

TEATOWN LAKE RESERVATION
General support and sponsorship of the Hudson Hills and Highlands Environmental Leaders Alliance, a local land trust project in the Hudson Valley, in honor of David Swope. $40,000

REASON TO SURVIVE
A Reason To Survive, which provides art programs to kids facing life challenges, was given this grant to support the Ride to the ARTS transportation program, which provides free transportation to help youth access their programs and events. $38,170

FAMILY SERVICES OF WESTCHESTER
Scholarships to help support adult day care programs at My Second Home, which is part of an intergenerational day care center for seniors and children. $35,000

FAMILY SERVICES OF WESTCHESTER -
Art is one of the many activities that the children and older adults of the JEWEL program (Joining Elders with Early Learners) enjoy together.
- **MARTHA’S VINEYARD HOSPITAL, INC.**
  To support both inpatient acute-care needs as well as the ambulatory medical care and ancillary medical service needs of the community.

- **NEW YORK JUNIOR TENNIS LEAGUE**
  The New York Junior Tennis League, the official New York City Chapter of the United States Tennis Association, is dedicated to transforming youth lives through tennis. This grant was awarded to provide support for after-school programs.

- **THE NEW ROCHELLE FUND FOR EDUCATIONAL EXCELLENCE**
  The New Rochelle Fund for Educational Excellence was founded to preserve the New Rochelle school district’s tradition of excellence in education. Grants were awarded for general support as well as to support the MAC Legacy Program.

- **THE ALLIANCE FOR JUSTICE**
  The Alliance for Justice works to advance the cause of justice for all Americans and was awarded this grant to support the Judicial Selection Project.

- **AMERICAN ACADEMY OF ARTS & SCIENCES**
  Funding to support the organization’s work to mobilize the intellectual resources needed to anticipate, examine and confront the critical challenges facing society.

- **EARTH ISLAND INSTITUTE**
  Program support to help the Energy Action Coalition develop an organizational strategic plan and fundraising strategy. The coalition is an alliance that supports and strengthens the student and youth clean and just energy movement.

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**EARTH ISLAND INSTITUTE - Action Coalition partners Global Exchange and League of Young Voters rally for clean energy in San Francisco, 7/22/08.**
**2008 GRANT SUMMARIES**

**LA COCINA, INC.**

Program support for La Cocina, which cultivates food entrepreneurs from low-income and immigrant communities by providing them with affordable commercial kitchen space, industry-specific technical assistance and access to market opportunities.

![La Cocina cooking class](image)

**MOUNT SINAI SCHOOL OF MEDICINE**

Program support for clinical trial research in Osteoporosis.

**NEIGHBORS LINK**

Support for programs and services to educate, empower and employ immigrant residents of Mount Kisco, NY, who have been economically impoverished and educationally deprived.

![Clients “give back”](image)

**NEW JERSEY CONSERVATION FOUNDATION**

To support the Franklin Parker Preserve in honor of New Jersey conservationist Franklin E. Parker III.
OPEN DOOR FAMILY MEDICAL CENTERS

Open Door’s mission is to provide quality health care and human services at an affordable price to residents of Westchester County, NY, particularly the economically disadvantaged. This grant was awarded to provide clinical program support.

OXFAM-AMERICA

Oxfam-America works to end poverty and injustice. This grant was awarded to support the Dhakat Small-Scale Irrigation Project in Ethiopia to improve the livelihood of Ethiopian farmers.

VIPASSANA HAWAII

Vipassana Hawaii received funding to assist in the development of their business and fundraising strategies for their new meditation center, The Halawa Center.

WORLD EDUCATION

World Education provides training and technical assistance in non-formal education across the globe. This grant supported the Migrating Safely program to develop the knowledge and life skills of young Nepalese girls, enabling them to migrate safely for work and protect themselves against traffickers and HIV/AIDS.

HAMPSHIRE COUNTRY SCHOOL

General support to enhance opportunities for students with Asperger Syndrome and nonverbal learning disabilities.
**MARIN COUNTY SERVICES FOR WOMEN**
Support for substance abuse treatment programs and services for women. $20,000

**SCRIPPS FOUNDATION FOR MEDICINE AND SCIENCE**
To support educational programs at the Scripps Center for Integrative Medicine, run by Dr. Erminia M. Guarneri. $20,000

**FOUR ONE FIVE SOCIETY**
This grant provided general support for the Four One Five Society’s youth-at-risk programs. $15,000

**BRANDEIS UNIVERSITY**
Program support for the Environmental Field Semester Initiative being run by Professor Dan Perlman. $15,000

**DEVEREUX FOUNDATION**
To support Project BRITE, which gives teachers, guidance counselors and other educators a “toolbox” of interventions for disruptive behavior in classrooms. $15,000

**LISTENING, THE BARRE INTEGRATED HEALTH CENTER, INC.**
Listening, the Barre Integrated Health Center, is focused on providing access to complementary care as well as community education on health and self-care. This grant provided program support for movement, mind and body health programs. $15,000

**PROSTATE CANCER RESEARCH AND EDUCATION FOUNDATION**
To support prostate cancer research. $15,000

**UNIVERSITY OF SOUTH FLORIDA FOUNDATION**
To support the Amy Kohlberg Quinlan Summer Internship Program focused on non-traditional education and youth-at-risk initiatives. $15,000
**VINEYARD HOUSE, INC.**  
To support programs and services for men and women living on Martha's Vineyard who are in the early stages of recovery from substance abuse.  

**GILDA’S CLUB OF WESTCHESTER**  
Gilda’s Club provides support for people of all ages who are living with cancer. This grant went to support the Celebration of Life Fund in honor of Amy Kohlberg Quinlan.  

**ACCESSURF HAWAII**  
This grant provided general support to AccesSurf in their efforts to provide adaptive surfing, shoreline flotation and swimming to adults and children with disabilities.  

**AMAZON CONSERVATION TEAM**  
Amazon Conservation team works in partnership with indigenous people in conserving biodiversity, health and culture in Amazonia. This grant provided support for the Women’s Traditional Medicine Program for women healers, shamans and historians in the Colombian Amazon.  

**BOYS AND GIRLS CLUB OF NORTHERN WESTCHESTER**  
Boys and Girls Club received this funding to provide support for their youth programs.  

**BRENNAN CENTER FOR JUSTICE AT NEW YORK UNIVERSITY SCHOOL OF LAW**  
To support the Brennan Center for Justice, a non-partisan public policy and law institute that focuses on the fundamental issues of democracy and justice.  

**HARVARD MEDICAL SCHOOL CENTER FOR HEALTH AND THE GLOBAL ENVIRONMENT**  
Support for the Center’s Healthy and Sustainable Food program, which is focused on increasing public awareness about food choices that are both healthy for humans and the environment.
HUMAN RIGHTS FIRST  $10,000
For general support.

MALAMA LEARNING CENTER CORP  $10,000
Malama Learning Center Corp, which brings together art, science, conservation and culture to promote sustainable living throughout Hawaii, received this grant for program support.

METTA INSTITUTE  $10,000
To support the End-of-Life Practitioner Program, which trains health care professionals to provide alternative and improved end of life services.

NORTH HAWAII COMMUNITY HOSPITAL  $10,000
General support for North Hawaii Community Hospital to improve access to quality care at affordable prices.

SHELBURNE FARMS  $10,000
This grant provided support to The Farm-Based Education Association, which provides networking and professional development opportunities to programs and professionals that offer hands-on experiences to the public on working farms.

SLOW FOOD USA  $10,000
To support the Slow Foods in Schools program, which introduces children to nutritious food and healthy eating practices.

THE ECONOMIC CLUB OF NEW YORK  $10,000
This grant provided general support to The Centennial Society, a group of members committed to ensuring the Economic Club’s existence as the nation’s premier non-partisan forum for discourse on economic and public policy issues.

UMASS MEMORIAL FOUNDATION  $10,000
Support for the new Barre Family Health Center located in Barre, Massachusetts, which provides comprehensive family health care services within the Mount Wachusett and Quabbin regions.

VINEYARD CONSERVATION SOCIETY  $10,000
To support the legal defense fund for land preservation on Martha’s Vineyard.
<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>WAIANAE COMMUNITY RE-DEVELOPMENT CORPORATION</strong></td>
<td>$10,000</td>
</tr>
<tr>
<td>Program support for the <em>Ma'O Organic Farm College Internship Program</em>, which empowers youth by providing a relevant and meaningful work experience while supporting them as full-time college students.</td>
<td></td>
</tr>
<tr>
<td><strong>WASHINGTON TENNIS AND EDUCATION FOUNDATION</strong></td>
<td>$10,000</td>
</tr>
<tr>
<td>To support the Arthur Ashe Children's Program and the Center for Excellence, which help disadvantaged Washington D.C. youth through tennis.</td>
<td></td>
</tr>
<tr>
<td><strong>WATERKEEPER ALLIANCE</strong></td>
<td>$10,000</td>
</tr>
<tr>
<td>To support programs to protect communities, ecosystems, and water quality on the Hudson River.</td>
<td></td>
</tr>
<tr>
<td><strong>ZEN HOSPICE PROJECT</strong></td>
<td>$10,000</td>
</tr>
<tr>
<td>To support the hospice’s <em>Volunteer Caregiver Program</em>, an intense training program to provide volunteers with the skillful means to serve at the bedside of those who are dying.</td>
<td></td>
</tr>
<tr>
<td><strong>THE FUND FOR CONDUCTIVE EDUCATION</strong></td>
<td>$7,500</td>
</tr>
<tr>
<td>To support the Cerebral Palsy therapy program.</td>
<td></td>
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<tr>
<td><strong>HOSPICE CARE IN WESTCHESTER &amp; PUTNAM</strong></td>
<td>$6,000</td>
</tr>
<tr>
<td>To support the <em>Healing Arts Program</em> offered to terminally ill patients.</td>
<td></td>
</tr>
<tr>
<td><strong>RANCHO SANTA FE FOUNDATION</strong></td>
<td>$6,000</td>
</tr>
<tr>
<td>To support the growth of the Sean Eduardo Sanchez Tennis Center serving the children of Tecate, Mexico.</td>
<td></td>
</tr>
<tr>
<td><strong>SHERIFF'S MEADOW FOUNDATION</strong></td>
<td>$6,000</td>
</tr>
<tr>
<td>To support land conservation on Martha's Vineyard.</td>
<td></td>
</tr>
<tr>
<td><strong>ABILITY BEYOND DISABILITY</strong></td>
<td>$5,000</td>
</tr>
<tr>
<td>Support for programs and services which enable individuals whose independent living skills are impaired by disability, illness or injury to develop a life for themselves.</td>
<td></td>
</tr>
</tbody>
</table>
A-HOME
General operating support for A-HOME, which provides affordable housing in Northern Westchester, NY to older adults, disabled individuals and single parent families.

THE BACHMANN-STRAUSS DYSTONIA AND PARKINSON FOUNDATION
Program support for the foundation, which provides seed money to help scientists in the early stages of research on the neurological disorders Dystonia and Parkinson’s.

CITY SLICKERS
General support for City Slickers, which teaches youth about horses while at the same time helping them develop in educational and social areas.

FOOD BANK FOR WESTCHESTER, INC.
To support the Kid’s Café program, an after-school hot meal program that also offers homework assistance, sports, arts and crafts and nutrition education to children who are at-risk for hunger.

KA’ALA FARM
Program support for educational programs at The Cultural Learning Center, which provides hands-on opportunities to learn about traditional Hawaiian culture.

MARTHA’S VINEYARD PRESERVATION TRUST
To support the preservation of the Union Chapel in Oak Bluffs and general support to keep the Vineyard’s definitive landmarks in the mainstream of community life.

PARTNERSHIP FOR CHILDREN’S RIGHTS
Support of programs and services that advocate for the rights of New York City’s disabled and disadvantaged children.
<table>
<thead>
<tr>
<th><strong>Population Council</strong></th>
<th>$5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Council, which conducts research to influence population, health and development policies and programs in the areas of HIV/AIDS, poverty, gender and reproductive health, received this grant for general operating support in honor of former trustee Dr. Elizabeth McCormack.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Surfrider Foundation</strong></th>
<th>$5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surfrider Foundation, which works to protect the world’s oceans, waves and beaches, was awarded this grant for general program support for their environmental programs in Hawaii.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>The Burke Rehabilitation Hospital</strong></th>
<th>$5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Burke Rehabilitation Hospital, which is dedicated to helping individuals who have experienced a disabiling illness or injury regain mobility and independence, received this grant for general support in honor of Jean Stone.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>The Polly Hill Arboretum</strong></th>
<th>$5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General operating support for the Arboretum’s programs devoted to the cultivation of native plants on Martha’s Vineyard.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Thirteen WNET</strong></th>
<th>$5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for the New York public television station.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>United States Holocaust Memorial Museum</strong></th>
<th>$5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide general support to the museum.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>The Vineyard Energy Project</strong></th>
<th>$5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>This grant provided general support for The Vineyard Energy Project, which provides education and advocacy for energy efficiency and renewable energy on the island of Martha’s Vineyard.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>World Ocean School</strong></th>
<th>$4,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide scholarships for the Summer Ambassador Program aboard the schooner Roseway, on which students age thirteen through sixteen learn seamanship, navigation and community building.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>New York Historical Society</strong></th>
<th>$4,400</th>
</tr>
</thead>
<tbody>
<tr>
<td>This grant provided general support to the society.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>National Center for Family Philanthropy</strong></th>
<th>$2,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide general support to the center, which serves as a resource to donor families and those who work with them.</td>
<td></td>
</tr>
</tbody>
</table>
2008 GRANT SUMMARIES

- **PUPPIES BEHIND BARS**
  This grant provided general operating support to Puppies Behind Bars, which teaches prison inmates to train service dogs for the disabled.

- **MARCH OF DIMES**
  March of Dimes is dedicated to improving the health of babies by preventing birth defects, preterm birth and infant mortality. This grant sponsored participation in the *March for Babies* event.

- **WESTCHESTER ARC**
  Support for programs which help children and adults with disabilities reach their personal potential.

- **AMERICAN LIVESTOCK BREEDS CONSERVANCY**
  To support the protection of over 150 breeds of livestock and poultry from extinction.

- **LONG LIVE THE KINGS**
  Long Live the Kings is committed to restoring wild salmon and steelhead to the waters of the Pacific Northwest. This grant was awarded to support the *Hood Canal Steelhead Project*.

- **NARAL PRO-CHOICE AMERICA FOUNDATION**
  This grant provided general support to NARAL.

- **NEW YORK LEAGUE OF CONSERVATION VOTERS EDUCATION FUND**
  To provide general operating support to the education fund.

- **FOUNDATION CENTER**
  This grant provided general support to the Foundation Center, which is a national non-profit service agency that assists non-profits and grant makers.

- **THE RODMAN RIDE FOR KIDS**
  General support for the operations of the “Big Brothers Big Sisters of Cape Cod and the Islands” program on Martha’s Vineyard.

- **WESTCHESTER LAND TRUST**
  General support to the Westchester Land Trust, which works to protect land in partnership with private landowners.
PER SCHOLAS, INC.  
To support an e-waste recycling project. Per Scholas, a South Bronx and Miami-based non-profit, provides environmentally sound electronic recycling services while at the same time offering vocational training and access to home computers for low-income communities.  

CHILMARK PUBLIC LIBRARY  
General support for the library located on Martha’s Vineyard.  

COLUMBIA LAW SCHOOL  
To support the Fund for the School of Law.  

MARTHA’S VINEYARD HISTORICAL SOCIETY  
This grant was awarded to support the Vineyard Voices documentary film project.  

MOUNT KISCO VOLUNTEER AMBULANCE CORPS  
To provide general support to the volunteer ambulance corps of Mount Kisco, NY.  

MOUNT KISCO VOLUNTEER FIRE DEPARTMENT  
This grant provided general support to the volunteer fire department of Mount Kisco, NY.  

ENVIRONMENTAL GRANTMAKERS ASSOCIATION  
General support for the Association, which helps its member foundations become more effective environmental grant makers.  

EDGARTOWN FIREMEN’S ASSOCIATION  
To support the Edgartown Fireman’s Association Scholarship Program for students from Edgartown, MA.  

YORKTOWN HEIGHTS ENGINE COMPANY #1  
General support for new firefighting technology for Yorktown Heights, NY.
<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Investments, at quoted market value</td>
<td>$10,521</td>
<td>$54,775</td>
</tr>
<tr>
<td>Limited Partnerships/Limited Liability Companies/Other Investment Vehicles</td>
<td>219,676</td>
<td>215,966</td>
</tr>
<tr>
<td>Cash and Cash Equivalents (including funds held by investment custodians)</td>
<td>41,259</td>
<td>62,624</td>
</tr>
<tr>
<td>Fixed Income Investments</td>
<td>-</td>
<td>4,408</td>
</tr>
<tr>
<td>Other Assets</td>
<td>7,141</td>
<td>11,817</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$278,597</td>
<td>$349,590</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>$44</td>
<td>$49</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$44</td>
<td>$49</td>
</tr>
<tr>
<td><strong>UNRESTRICTED NET ASSETS</strong></td>
<td>278,553</td>
<td>349,541</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$278,597</td>
<td>$349,590</td>
</tr>
</tbody>
</table>

See Auditors’ Report and accompanying notes to financial statements.
### STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - TAX BASIS

*December 31, 2008 and 2007 (Thousands of Dollars)*

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTRIBUTIONS RECEIVED:</strong></td>
<td>$4,514</td>
<td>$14,824</td>
</tr>
<tr>
<td><strong>REVENUE AND GAINS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends/Interest/Other</td>
<td>155</td>
<td>2,039</td>
</tr>
<tr>
<td>Income &amp; Appreciation/(Depreciation) on Fixed Income Portfolio</td>
<td>-</td>
<td>2,479</td>
</tr>
<tr>
<td>Income &amp; Appreciation/(Depreciation) on Equity Portfolio</td>
<td>(7,099)</td>
<td>6,821</td>
</tr>
<tr>
<td>Income &amp; Appreciation/(Depreciation) of Limited Partnerships/Limited Liability Companies/Other Investment Vehicles</td>
<td>(51,650)</td>
<td>12,871</td>
</tr>
<tr>
<td>Other Income (Expense)</td>
<td>(85)</td>
<td>(28)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE AND GAINS</strong></td>
<td>(58,679)</td>
<td>24,182</td>
</tr>
<tr>
<td><strong>GRANTS &amp; OTHER EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants Authorized</td>
<td>$14,449</td>
<td>$15,605</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>1,413</td>
<td>1,283</td>
</tr>
<tr>
<td>Excise Taxes</td>
<td>961</td>
<td>1,785</td>
</tr>
<tr>
<td><strong>TOTAL GRANTS AND EXPENSES</strong></td>
<td>16,823</td>
<td>18,673</td>
</tr>
<tr>
<td><strong>INCREASE/(DECREASE) IN NET ASSETS</strong></td>
<td>(70,988)</td>
<td>20,333</td>
</tr>
<tr>
<td><strong>UNRESTRICTED NET ASSETS (BOY)</strong></td>
<td>349,541</td>
<td>329,208</td>
</tr>
<tr>
<td><strong>UNRESTRICTED NET ASSETS (EOY)</strong></td>
<td>$278,553</td>
<td>$349,541</td>
</tr>
</tbody>
</table>

*See Auditors’ Report and accompanying notes to financial statements.*
### STATEMENTS OF CASH FLOWS - TAX BASIS

*December 31, 2008 and 2007 (Thousands of Dollars)*

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions Received</td>
<td>$4,514</td>
<td>$4,501</td>
</tr>
<tr>
<td>Investment Income</td>
<td>155</td>
<td>2,039</td>
</tr>
<tr>
<td>Cash Grants Paid</td>
<td>(14,249)</td>
<td>(15,405)</td>
</tr>
<tr>
<td>Cash Paid for Administrative Expenses</td>
<td>(1,358)</td>
<td>(1,228)</td>
</tr>
<tr>
<td>Federal Excise Tax Paid</td>
<td>(961)</td>
<td>(1,785)</td>
</tr>
<tr>
<td><strong>NET CASH USED BY OPERATING ACTIVITIES</strong></td>
<td><strong>(11,899)</strong></td>
<td><strong>(11,878)</strong></td>
</tr>
</tbody>
</table>

|                                |          |          |
| **CASH FLOW FROM INVESTING ACTIVITIES:** |          |          |
| Proceeds from Sale of Investments | 102,573  | 121,863  |
| Purchase of Investments         | (112,039)| (96,093) |
| **NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES** | **(9,466)** | **25,770** |

|                                |          |          |
| **NET INCREASE (DECREASE):**   |          |          |
| Cash and Cash Equivalents      | (21,365) | 13,892   |
| Cash and Cash Equivalents (BOY)| 62,624   | 48,732   |
| **CASH AND CASH EQUIVALENTS (EOY)** | **$41,259** | **$62,624** |

See Auditors’ Report and accompanying notes to financial statements.
DECEMBER 31, 2008 (THOUSANDS OF DOLLARS)
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose
The Kohlberg Foundation, Inc. ("The Foundation") is a private family foundation. The Foundation’s primary focus is to provide support for health and medical research, education and the environment.

Accounting Basis
The Foundation’s policy is to prepare its’ financial statements on the tax basis of accounting, which is similar to a modified cash basis. Consequently, certain revenue is recognized when received rather than when earned, and certain expenses and grants recognized when cash is disbursed rather than when the obligation is incurred. The Foundation’s financial statements are prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, and 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. The Foundation follows SFAS No. 116, Accounting for Contributions Received and Contributions Made, under which contributions are recognized as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The Foundation has no temporary or permanently restricted net assets.

Investments
The Foundation adopted FASB Statement No. 157, Fair Value Measurements, ("SFAS 157") as of January 1, 2008, which, among other things, defines fair value, establishes a hierarchal framework for measuring fair value and expands disclosure about fair value measurements. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability, as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, with fair value being determined through the use of models or other valuation methodologies. 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, corporate debt securities, and certain alternative investments.
Level 3 Inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation.

Factors considered include the purchase cost, prices of recent private placements of the same issuer; liquidity of the investment, changes in financial condition of the issuer; and valuations of similar companies.

The Foundation values all of its investments using Level 1 and Level 3 inputs. Investments are presented at fair value as determined by methodologies relevant to each asset class with any related gain or loss reported in the statement of activities. Equities and fixed income securities listed or traded on a securities exchange are valued at the last sale price on the primary exchange where the security is traded. Money market accounts are valued as determined by the bank or money market manager.

Marketable securities held by a custodian, either in The Foundation’s name or held for The Foundation’s account in a street name, are valued by the custodian using a valuation methodology similar to the above. Marketable securities held by mutual fund, pooled investment funds and hedge funds are valued by the fund manager using a valuation methodology similar to the above. Alternative investments, which include private equity interests and hedge funds, are valued using the most recent valuation available by the respective external fund manager. The Foundation reports investment income and gains and losses as increases or decreases in unrestricted net assets in the Statement of Revenues, Expenses, and Other Changes in Net Assets unless a donor or law temporarily or permanently restricts their use.

The Foundation reviews and evaluates the values provided by the general partner or fund manager and assesses the valuation methods and assumptions used in determining the fair value of the investments. The asset allocation of The Foundation’s portfolio is intended to provide exposure to a diverse set of markets. These markets are subject to various risks such as interest rate, market, sovereign, and credit risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate as a result of these risks and anticipates that the structured diversification will mitigate market risks. The Foundation believes the carrying value of these financial instruments is a reasonable estimate of fair value.

Use of Estimates
The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures 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. The Foundation regularly assesses these estimates and while actual results may differ from these estimates, management believes that material changes will not occur in the near term.
The accounting policy concerning investment valuations relies on data from fund managers that cannot be substantiated by third parties, and it is considered to have the largest potential for significant financial impact. Valuations for investments, principally alternative investments, are subjective and require judgment regarding significant matters such as the comparability to similar investments, liquidity, interest rates, and the determination of external events adequate to quantify changes in value. Changes in assumptions could have a significant effect on the fair value of these instruments.

Cash Equivalents
For purposes of the Statement of Cash Flows, The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**NOTE 2: INVESTMENTS**

The following table presents The Foundation’s fair value hierarchy for those assets measured at fair value as of December 31, 2008 and 2007. At December 31, 2008 and 2007, Level 3 assets comprised approximately 95% and 80% of The Foundation’s total investment portfolio fair value, respectively.

<table>
<thead>
<tr>
<th>Financial Assets 2008:</th>
<th>Fair value</th>
<th>Level 1</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity investments</td>
<td>$ 10,521</td>
<td>$ 10,521</td>
<td>$ -</td>
</tr>
<tr>
<td>Hedge funds/limited partnership interests</td>
<td>219,676</td>
<td>-</td>
<td>219,676</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$ 230,197</td>
<td>$ 10,521</td>
<td>$ 219,676</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Assets 2007:</th>
<th>Fair value</th>
<th>Level 1</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity investments</td>
<td>$ 54,775</td>
<td>$ 54,775</td>
<td>$ -</td>
</tr>
<tr>
<td>Hedge funds/limited partnership interests</td>
<td>215,966</td>
<td>-</td>
<td>215,966</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$ 270,741</td>
<td>$ 54,775</td>
<td>$ 215,966</td>
</tr>
</tbody>
</table>
The following is a reconciliation of the beginning and ending balances for not readily marketable securities, all valued using Level 3 Inputs, during the periods ended December 31, 2008 and 2007:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$215,966</td>
<td>$152,234</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>829</td>
<td>373</td>
</tr>
<tr>
<td>Net unrealized losses</td>
<td>(52,155)</td>
<td>2,142</td>
</tr>
<tr>
<td>Net realized gains</td>
<td>3,937</td>
<td>10,755</td>
</tr>
<tr>
<td>Purchases</td>
<td>107,063</td>
<td>101,105</td>
</tr>
<tr>
<td>Sales</td>
<td>(83,550)</td>
<td>(50,820)</td>
</tr>
<tr>
<td>Management fees and other</td>
<td>(2,202)</td>
<td>177</td>
</tr>
<tr>
<td>Transfers in and/or out of Level 3</td>
<td>29,788</td>
<td>-</td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td>$219,676</td>
<td>$215,966</td>
</tr>
</tbody>
</table>

Quoted market values are used to value investments other than index funds, which are carried based on fair values provided by fund managers. Limited partnerships/Limited liability companies/Other investment vehicles use market values established by their managers, where quoted market values are not available. The investment’s tax basis has been used for certain investments where market values were not available. Realized gains or losses are determined by comparison of cost, determined on a first-in, first-out basis, to proceeds from sales. Investment transactions are recorded in the accounts on the trade date. The cost of investment securities represents the amount paid for securities purchased, adjusted for accretion of discount or amortization of premium on bonds purchased. Investment income related to each investment vehicle is included within the income and appreciation on that investment in the Statement of Revenues, Expenses, and Other Changes in Net Assets. Total interest and dividend income for the years ended December 31, 2008 and 2007, respectively, was $2,364 and $6,462. Total investment gains for the years ended December 31, 2008 and 2007 was $2,887 and $20,817 respectively. Investment fee expenses, which are included with investment returns, were $224 in 2008 and $500 in 2007.

The primary emphasis of the investment policy is to safeguard and preserve the principal of the endowment after inflation. Accordingly, the investment process seeks to achieve a total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution in accordance with the spending policy (currently 5.5%), while growing the funds. Therefore, The Foundation’s goal is for its endowment assets, over time, to produce a long-term real rate of return, after inflation and net of fees, of approximately 6-7% annually. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. In light of current market conditions, The Foundation will be reassessing its investment and spending policies.
NOTE 3: CHARITABLE LEAD TRUST

In 1996, a member of the Kohlberg family established a Charitable Lead Trust. Under the terms of the trust agreement, the Trust shall make annuity payments to The Foundation annually for a period of twenty years, commencing in 1996. After the Trust term ends, The Foundation has no remainder interest in the assets of the Trust.

NOTE 4: TAXES

The Foundation is exempt from federal income taxes and qualifies as a private foundation under Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to a federal excise tax of two percent on net investment income, as defined. If the average payout ratio for the past five years plus one percent of net investment income in the current year, as defined, is less than the current year’s charitable distributions, federal excise tax is payable at one percent of net investment income, as defined. The Foundation paid federal excise tax of one percent in each of the years ended December 31, 2008 and 2007. The Foundation is also subject to the unrelated business income tax, (“UBIT”) on certain income from pass through investments. Taxes paid in 2008 and 2007 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excise Tax</td>
<td>$961</td>
<td>$230</td>
</tr>
<tr>
<td>UBIT</td>
<td>-</td>
<td>1,555</td>
</tr>
<tr>
<td>Total</td>
<td>$961</td>
<td>$1,785</td>
</tr>
</tbody>
</table>

NOTE 5: GRANT COMMITMENTS

The Foundation has authorized but unpaid grants outstanding as of December 31, 2008 as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$10,635</td>
</tr>
<tr>
<td>2010</td>
<td>4,120</td>
</tr>
<tr>
<td>2011</td>
<td>815</td>
</tr>
<tr>
<td>Total</td>
<td>$15,570</td>
</tr>
</tbody>
</table>

Payments on authorized but unpaid grants may be accelerated upon mutual agreement between The Foundation and the grantees.

NOTE 6: RETIREMENT PLANS

The Foundation participates in two defined contribution retirement plans. The plans cover all employees. The salary deferral plan allows employees to defer a portion of their salary into the plan. The plan contains a matching contribution provision where The Foundation may match the participants’ contributions up to two percent of compensation. The money purchase plan requires The Foundation to contribute eight percent of annual eligible compensation, as defined, and is integrated with social security. Total pension expense, under both plans, for the years ended December 31, 2008 and 2007 are $51 and $49, respectively.
NOTE 7: CONCENTRATIONS OF CREDIT RISKS

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. Efforts are made to keep balances within federally insured limits; however, due to timing differences the balances, at times, may exceed federally insured limits. Additionally, The Foundation maintains money market accounts at major investment firms.

NOTE 8: ADMINISTRATIVE COSTS

A related entity charges The Foundation a management fee on the assets under investment and for additional administrative costs. The fees for amounts under investment for the years ended December 31, 2008 and 2007 were $269 and $254, respectively. Other costs charged by the related entity were $98 in 2008 and $67 in 2007.
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of
The Kohlberg Foundation, Inc.

We have audited the accompanying statements of assets, liabilities, and net assets-tax basis of The Kohlberg Foundation, Inc. as of December 31, 2008 and 2007, and the related statements of revenues, expenses, and other changes in net assets-tax basis and cash flows for the years 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of accounting The Kohlberg Foundation, Inc. uses for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The Kohlberg Foundation, Inc. as of December 31, 2008 and 2007, and its revenues, expenses, and other changes in net assets and its cash flows for the years then ended on the basis of accounting described in Note 1.

Dylewsky, Goldberg & Brenner, LLC

October 22, 2009
DIRECTORS (2008)
Jerome Kohlberg
Karen Kohlberg Davis
Pamela Kohlberg
Andrew Kohlberg
David Davis
Karen Boetch Kohlberg
Curt Greer
Les Fagen
Curtis Viebranz
David Officer

OFFICERS (2008)
Jerome Kohlberg, Chairman
Nancy McCabe, Executive Vice President
David Davis, Vice President and Treasurer
Eileen M. Capone, Secretary

STAFF (2008)
Nancy McCabe, Executive Director
Pamela Franco, Administrative Program Officer
Renu Saini, Program Officer
Amanda DeHaan, Office Manager
Lynn Gatti, Intern
Alex Jacobson, Intern
PHOTO CREDITS:
Jacob Burns Film Center
The Jane Goodall Institute
Thirteen
The Energy Foundation
Manhattanville College
Martha’s Vineyard Vision Fellowship
The Food Project
Dana-Farber Cancer Institute/Jimmy Fund
Community Health Connections
Sponsors Inc
Boston Medical Center
Massachusetts Audubon Society
Ella Baker Community Center For Human Rights
Mount Kisco Child Care Center
Arts Engine, Inc.
Bilateral Safety Corridor Coalition
Family Services of Westchester
Earth Island Institute
La Cocina, Inc.
Neighbors Link
Open Door Family Medical Centers
Hampshire Country School
Brandeis University
Boys and Girls Club of Northern Westchester
A-Home
Susan Todd
The Jane Goodall Institute
Robin Holland/Courtesy of Bill Moyers Journal
SunEdison
Carolyn Champ
Carolyn Champ
The Food Project
Len Rubenstein
Dawn Casavant
Paul Solomon
Alissa Thuotte
Gabe Roxy
Ella Baker Community Center For Human Rights
Mount Kisco Child Care Center
Ian Cheney/Wicked Delicate Films
Heidi Hermann
Margaret DeRose
Nina Rizzo
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NOTICE

The Kohlberg Foundation, Inc. – The annual report and copy of the IRS Form 990 (return of a private foundation) are available for inspection at our principal office at 111 Radio Circle, Mount Kisco, NY 10549. Requests for a copy may be made in writing to the Executive Director by mail, email at info@kohlbergfoundation.org, or in person during business hours.

The Kohlberg Foundation is not currently accepting unsolicited proposals.