Grant Thornton

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Skoll Foundation

December 31, 2010

Contents

Grant Thornton

Report of Independent Certified Public Accountants

Audit • Tax • Advisory

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Board of Directors
Skoll Foundation

We have audited the accompanying consolidated statement of financial position of Skoll Foundation (the "Foundation") as of December 31, 2010 and the related consolidated statements of activities and cash flows 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 as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Skoll Foundation as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

San Jose, California
August 22, 2011

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd

Skoll Foundation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2010

ASSETS		
Assets		
Cash	$	5,209,335
Prepaid expenses and deposits		120,857
Federal excise tax refund receivable		348,011
Investments, at fair value		479,674,592
Investments receivable		19,953,590
Interest and dividend receivable		260,614
Program related investments		9,584,873
Property and equipment, net		332,959
Total assets	$	515,484,831
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable		278,543
Investment purchases payable		2,622,487
Accrued expenses and other liabilities		893,122
Line of credit		10,180,714
Grants payable, net		6,025,327
Deferred federal excise tax payable		886,012
Total liabilities		20,886,205
Net assets		494,598,626
Total liabilities and net assets	$	515,484,831

Skoll Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2010

Revenue		
Contributions	$	4,113,295
Investment income, net		59,207,011
Federal excise tax expense		(1,303,532)
Total revenue		62,016,774
Expenses		
Grants		6,557,331
Direct charitable expenses		4,066,324
Program and administrative expenses		8,336,085
Total expenses		18,959,740
Change in net assets		43,057,034
Net assets, beginning of year		451,541,592
Net assets, end of year	$	494,598,626

The accompanying notes are an integral part of this financial statement.

Skoll Foundation

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2010

Cash flows from operating activities	
Change in net assets	$ 43,057,034
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	56,954
Net realized and unrealized gains on investments	(54,444,473)
Investment management expenses	778,741
Noncash contributions	(1,643,398)
Deferred excise taxes	843,640
Changes in operating assets and liabilities:	
Investment sales receivable	(19,921,972)
Interest and dividend receivable	(3,820)
Prepaid expenses and deposits	(77,934)
Federal excise tax refund receivable	459,893
Accounts payable	(36,995)
Investment purchases payable	2,584,904
Accrued expenses and other liabilities	358,322
Grants payable, net	(3,681,136)
Net cash (used in) operating activities	(31,670,240)
Cash flows from investing activities	
Purchase of fixed assets	(348,396)
Purchases of program related investments	(1,239,285)
Proceeds from program related investments	1,206,846
Redemption of of time deposits	3,496,390
Purchases of investments	(296,683,879)
Proceeds from the sale of investments	318,850,817
Net cash provided by investing activities	25,282,493
Cash flows from financing activities	
Net proceeds from line of credit	8,987,399
Net cash provided by financing activities	8,987,399
Net increase in cash	2,599,652
Cash, beginning of year	2,609,683
Cash, end of year	$ 5,209,335
Supplemental data for non-cash activities	
Cash paid for interest	$ 67,166

NOTE 1 – THE ORGANIZATION

Skoll Foundation (the "Foundation") is a private foundation established by Jeffrey Skoll in 2002. The Foundation's mission is to drive large-scale change by investing in, connecting and celebrating social entrepreneurs and other innovators dedicated to solving the world's most pressing problems.

The Foundation is organized as a non-profit charitable corporation and operates from its office in Palo Alto, California. The Foundation is the sole member of the Skoll Global Threats Fund, a private foundation and membership organization established by Jeffrey Skoll in 2009. The mission of the Skoll Global Threats Fund is to confront global threats imperiling humanity by seeking solutions, strengthening alliances, and spurring the actions needed to safeguard the future. The Skoll Global Threats Fund is consolidated with the Foundation for financial statement purposes. All significant inter-entity transactions have been eliminated in consolidation.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

The Foundation recognizes contributions as revenue in the period received. For the year ended December 31, 2010, all activities of the Foundation were classified as unrestricted due to the lack of donor-imposed restrictions.

Cash

Cash consists of demand deposits maintained at a major commercial bank.

Time Deposits

Time deposits consist of two short term foreign currency denominated deposits maintained at a major commercial bank.

Investments

Investments are recorded at fair value, determined in accordance with the provisions of ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 establishes a fair value hierarchal disclosure framework which prioritizes and ranks the level of market price observable inputs used in measuring investments at fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs based on quoted market prices for identical assets or liabilities in an active market. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data. Price inputs are quoted prices for identical or similar financial instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value drivers are observable in active markets.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

- Level 3 – Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. These inputs into the determination of fair value require significant management judgment or estimation. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include private fund investment structures and limited interests.

Investments in equity and debt securities with readily determinable fair values are stated at fair value. A financial instrument's categorization in the hierarchy is based upon the lowest level input that is significant to the fair value measurement based on quoted market prices. Private investments that do not carry publicly observable prices are valued utilizing a variety of valuation methodologies. These private investments most usually represent direct ownership in a formed entity or corporation and are likewise assigned a value according to the overall determination of value of the formed entity or corporation. The most common methodologies of valuation which are applied include, but are not limited to, liquidation of stockholders equity (accounting value), observable pricing, and external qualified opinions of valuation. Inputs that are used in internal valuation will vary according to investment characteristics, but most common forms of input include, but are not limited to, audited financial statements, ownership capitalization tables, purchase and sales agreements, limited liability company agreements, debt covenant agreements, and public comparables. Additionally, publicly unobservable inputs learned thru confidential and insider relationships with invested entities or corporations factors may be employed in valuation.

The securities for which fair values are estimated using the pricing models described above are generally classified as private equity investments within Level 2 of the fair value hierarchy. Securities are classified within Level 3 when there is limited activity or less transparency around inputs to the valuation, such as when there is a lack of information related to equity securities held in nonpublic companies. Equity securities classified in Level 3 include non-publicly held companies. If quoted market prices are not available or accessible for debt securities, then fair values are estimated using pricing models or matrix pricing. The pricing models or matrices used in internal valuation of private debt investments most generally compare the relevant characteristic of an observed comparable to the valued investment, and will apply a relationship between the comparable and valued investment over a time period, or at a certain period in time to derive estimates of value. Various factors considered in comparison evaluation, include, but are not limited to, the following: market price activity, yield (spread) momentum, callability features, and capital structure amendments. The fair values of corporate debt securities estimated using pricing models or matrix pricing include observable prices of corporate debt securities that do not trade in active markets and are generally classified within Level 2 of the fair value hierarchy. Securities are classified within Level 3 when there is limited activity or less transparency around inputs to the valuation.

Financial derivative instruments are recorded at fair value based on the last reported sale price or, if they are traded over-the-counter, at the most recent bid price in the accompanying consolidated statement of financial position with changes in the fair value reflected in the accompanying consolidated statement of activities.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Investments in partnerships and limited liability companies that do not have readily available market values are stated at fair value as reported by the general partner. These investments include a diverse range of vehicles, including private equity, absolute return funds, real estate and commodity funds. The valuation of these investments is based on the most recent value provided by the general partner, usually with a December 31 "as of" date. To evaluate the overall reasonableness of the valuation carrying value, management obtains and considers the audited financial statements of such investments. Management believes this method provides a reasonable estimate of fair value. However, the recorded value may differ from the market value had a readily available market existed for such investments, and those differences could be material. These investments are classified within Level 3 with the exception of those that can be redeemed within ninety days of December 31, 2010. Investment transactions are recorded on trade date which results in both investment receivables and payables on unsettled investment trades. Gains and losses on investments resulting from market fluctuations are recorded in the statement of activities in the period that such fluctuations occur. Realized gains or losses on sales of investments are calculated on an adjusted cost basis. Dividend and interest income are accrued when earned.

The Foundation's basis in contributions of appreciated property equals fair value on the date of contribution. The fair value of contributed stock is established as the average of the market high and low transaction prices on the date the gift is received. However, for tax purposes, the Foundation's basis is equal to that of the donor. This difference in the basis of contributions for financial statements and tax purposes results in larger net realized gains on investments for tax purposes, which increases taxable investment income correspondingly.

Cash equivalents categorized as investments represent money market mutual funds.

Program Related Investments

The Foundation makes investments which advance its charitable mission and qualify as charitable distributions by the Internal Revenue Service. Such investments earn below risk-adjusted market rates of return. Program related investments at December 31, 2010 include 4,999,999 of loans made directly to organizations and valued at loan principal amount; $2,618,262, invested in private equity funds and valued at cost which approximates fair value; and $1,966,612 in a pledged deposit to collateralize a loan in the same amount to fund a fleet of health care service vehicles in Gambia and valued at principal amount using the exchange rate of December 31, 2010. Management has reviewed all program related investments and believes no impairment allowance is necessary as of December 31, 2010.

Property and Equipment

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated lives of the respective assets, as follows:

Computers and software:	3 years
Furniture and fixtures:	5 years

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants

Grants expenditures are recognized in the period the grant is approved provided the grant is not subject to future contingencies. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

Contributed Services

Contributed services are recognized as revenues and costs if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The fair value of contributed services recorded in the accompanying statements of activities, consisting of investment management and facility use services provided by a related party, totaled $2,469,897 for the year ended December 31, 2010. Contributed investment management services are reflected as contributions revenue and as contributed investment management expenses which are netted against investment income. Contributed facility use services are reflected in contributions revenue and in direct charitable and program and administrative expenses.

Presentation of Expenses on the Statements of Activities

The Foundation's operating costs have been allocated between direct charitable and program and administrative expenses in the accompanying statement of activities. Direct charitable expenses are charitable costs incurred by the Foundation largely for the benefit of others, where the Foundation initiates and conducts the activity in part or in whole. Direct charitable expenses reported in the accompanying statements of activities represent the contribution of services, such as grantmaking and program coordination, to the Skoll Fund. The Skoll Fund awarded $14,747,580 (unaudited) of grants during the twelve month period ending December 31, 2010. The Skoll Fund is a supporting organization affiliated with the Silicon Valley Community Foundation. The Silicon Valley Community Foundation appoints the majority of the Skoll Fund's Directors. Together with Skoll Foundation, the Skoll Fund seeks to drive large-scale change by investing in, connecting and celebrating social entrepreneurs and other innovators dedicated to solving the world's most pressing problems.

The allocation between direct charitable and program administrative expenses are based on the assignment of payroll, employment taxes and benefits based on staff estimates of the time spent on the relevant programs; direct assignment of non-payroll expenses to the relevant activities; and. an allocation of remaining expenses based on the value and number of grants awarded and paid by the Skoll Fund and Skoll Foundation during the reporting period.

Fair Value of Financial Instruments

The carrying amounts of cash, investment sales receivable and purchases payable, interest and dividends receivable, program related investments, accounts payable, accrued expenses and other liabilities, and grants payable approximate fair value because of the short maturity of these items. Investments are carried at estimated fair value as described above.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to credit risk consist primarily of cash, investments, and program related investments. The Foundation maintains cash primarily with one major financial institution. Such cash amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Foundation monitors its investments and has not experienced any significant credit losses.

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, liabilities, revenue, expenses and the disclosure of commitments at the date of the financial statements. Actual results could differ from those estimates.

Foreign Currencies

Foreign currency amounts are translated into U.S. Dollars based on exchange rates as of December 31, 2010. Transactions in foreign currencies are translated into U.S. Dollars at the exchange rate prevailing on the transaction date.

Income Taxes

ASC 740-10-25, *Accounting for Uncertainty in Income Taxes,* clarifies the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and provides guidance on the recognition, re-recognition and measurement of benefits related to an entity's uncertain tax positions, if any. The Foundation adopted ASC 740-10-25 on July 1, 2009 and the adoption of this standard had no material effect on the Foundation's consolidated financial statements as of adoption, or at December 31, 2009 or at December 31, 2010. As such, the Foundation does not have a deferred tax asset on the Consolidated Statement of Financial Position and there have been no related tax penalties or interest which would be classified as tax expense in the Consolidated Statement of Activities.

The Foundation is subject to income taxes in the U.S. and California on unrelated business income. The Foundation's federal returns are currently open under the statute of limitations for the years ended after June 30, 2007 and subsequent years and California returns are open for the years ending June 30, 2006 and subsequent years.

The Foundation does not anticipate that there will be any material changes in the unrecognized tax positions over the next twelve months.

Recently Adopted Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This amends ASC 820 (formerly FAS 157-4) to require additional disclosures. The guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers. In addition, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation; which is effective January, 2011. The Foundation has adopted this guidance and it did not have a material impact on the Foundation's financial statements.

NOTE 3 – INVESTMENTS

The investment goals of the Foundation include inflation adjusted preservation of capital and providing funds for pursuing the Foundation's charitable mission. The Foundation diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies. As a general practice, all financial assets of the Foundation are managed by external investment management firms.

The Foundation's investments consisted of the following at December 31, 2010:

Cash equivalents	$ 3,227,272
Credit strategies	52,780,599
Derivatives	10,977,345
Fixed income	39,004,711
Global equities	144,068,201
Hedge fund strategies	51,683,411
Private equity	116,157,126
Real assets	61,775,927
	$ 479,674,592

Credit Strategies are investments in debt-related instruments or in funds that are actively purchasing and selling debt-related instruments on an opportunistic basis. Investments may include bank loans, high yield debt, real estate debt, mezzanine and second lien debt, distressed debt, emerging market debt, preferred stock and similar securities. Derivative instruments consist of investments in treasury swaps, and put and call options on commodities. Fixed Income consists of investments that provide a return in the form of fixed periodic payments and the eventual return of principal at maturity. Most of the investments in this category are U.S. Treasuries. Global Equities consist of investments in funds or made directly that focus in equity securities listed in or with exposure to: United States, Europe, Asia and other developing and emerging markets around the world. Hedge Fund Strategies are investments in funds that are expected to be multi-disciplinary and with managers that have the expertise to engage in both event-driven and hedged positions. Private Equity includes investments in funds that make investments directly in private companies; some of which are made through underlying funds while others are made directly in the private company. Real Assets consist of investments in funds or made directly that focus on real estate, energy, commodities, renewable resources and hard tradable assets.

NOTE 3 – INVESTMENTS (continued)

The following table presents the assets that are measured at fair value on the statement of financial position by level within the valuation hierarchy at December 31, 2010:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 3,227,272	$ -	$ -	$ 3,227,272
Credit strategies	-	1,606,991	51,173,608	52,780,599
Derivatives	-	10,977,345	-	10,977,345
Fixed income	39,004,711	-	-	39,004,711
Global equities	60,374,263	33,352,096	50,341,842	144,068,201
Hedge fund strategies	-	11,282,586	40,400,825	51,683,411
Private equity	25,281	630,070	115,501,775	116,157,126
Real assets	-	30,629,936	31,145,991	61,775,927
Total investments	$102,631,527	$88,479,024	$288,564,041	$479,674,592

The following table includes a roll-forward of the amounts for the year ended December 31, 2010 for investments classified within Level 3:

	Beginning Balance at January 1, 2010	Realized Gains (Losses)	Change in Unrealized Gains	Purchases	Sales and Settlement	Net Transfers In (Out) Level 3	Ending Balance at December 31, 2010
Credit strategies	$37,868,635	$2,355,498	$5,745,798	$15,892,861	$(16,467,415)	$5,778,231	$51,173,608
Global equites	41,842,651	440,981	7,393,312	5,484,170	(7,053,807)	2,234,535	50,341,842
Hedge fund strategies	42,779,565	(572,274)	5,147,265	4,700,000	(21,502,288)	9,848,557	40,400,825
Private equity	88,168,934	2,462,853	15,130,306	19,494,877	(9,099,844)	(655,351)	115,501,775
Real assets	37,872,140	(1,787,570)	471,996	8,532,270	(10,196,587)	(3,746,258)	31,145,991
Total	$248,531,925	$2,899,488	$33,888,677	$54,104,178	$(64,319,941)	$13,459,714	$288,564,041

The amount included in the statement of activities for the period attributable to the change in unrealized gains related to Level 3 assets still held at the reporting date was $31,414,451. There were transfers of securities in the amount of $39,004,711 from Level 2 to Level 1 classification as the documented trade prices which were not available in prior periods were published during the year. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period.

NOTE 3 – INVESTMENTS (continued)

The Foundation uses Net Asset Value ("NAV") to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists the attributes of investments valued using NAV.

	Fair Value	Number of Funds	Remaining Life	Unfunded Commitments	Timing to Drawdown Commitments	Redemption Frequency (if Current Eligible)	Redemption Restrictions in Place at Year End
Credit strategies	$45,544,297	11	3 – 8 years	$12,772,649	0 – 4 years	Monthly, quarterly, annually, multi-annually or not redeemable.	Notification days ranging from 1-120 days subject to lock up conditions where applicable, or not redeemable.
Global equities	$50,341,842	8	4 – 10 years	$1,532,573	0 – 1 years	Quarterly, annually, semi-annually, multi-annually	Notification days ranging from 45 – 120 days subject to lock-up conditions where applicable.
Hedge fund strategies	$40,400,825	11	4 – 10 years	$-	N/A	Quarterly, annually, semi-annually, multi-annually	Notification days ranging from 45 – 120 days subject to lock-up conditions where applicable.
Private equity	$104,098,667	51	3 – 9 years	$30,856,650	0 – 3 years	Not redeemable.	Not redeemable.
Real assets	$26,469,335	13	2 – 7 years	$9,264,607	0 – 2 years	Quarterly, annually with 30 days notification or not redeemable subject to lock-up conditions where applicable.	None or not redeemable.
Total	$266,854,966	94		$54,426,479			

NOTE 3 – INVESTMENTS (continued)

The Foundation has authorized its investment manager to use derivatives in the active management of the investment portfolio. In the opinion of the Foundation's management, the use of financial derivative instruments in its investment program is appropriate and customary for the investment strategy employed. Using such instruments reduces certain investment risks and may add value to the portfolio. Financial derivative instruments are recorded at fair value in the accompanying statements of financial position along with other investments and changes in the fair value are reflected in the accompanying statements of activities within investment income, net.

The following table lists the fair value of derivatives by contract type as included in the statement of financial position at December 31, 2010. This table excludes exposures relating to derivatives held indirectly through comingled funds. The derivative instruments are not designated as hedging instruments under ASC 815.

	Notional Amount/ Number of Contracts	Fair Value
Interest rate swaps*	22	$ 11,573,907
Gold collars	$ 19,468,453	(596,562)
Total derivatives		$ 10,977,345

*These derivative instruments are reported based on the number of contracts.

The only realized gain (loss) recognized for derivative instruments for the twelve months ended December 31, 2010, relates to gold collars for which a gain of $2,341,856 was realized.

The Foundation may enter into hedge contracts to manage exposure to changes in the prices of U.S. Treasury debt securities noted as interest rate swaps above. The Foundation may enter into put and call contracts to manage exposure to change in the price of gold noted as gold collars above. The Foundation has additional exposure to derivatives through commingled funds. Individual derivative contracts involve, to varying degrees, risk of loss arising from the possible inability of counterparties to meet the terms of the contracts. However, the Foundation minimizes such risk exposure by limiting counterparties to major financial institutions. The Foundation does not expect to record any losses as a result of counterparty default.

The investment assets of the Foundation are held in custody by a major financial services firm, except for assets invested with partnerships and commingled funds, which have separate arrangements related to their legal structure.

NOTE 3 – INVESTMENTS (continued)

The Foundation holds a variety of investments, the underlying securities of which are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investment securities would occur in the near term and that such change could materially affect the amounts reported in the financial statements.

As of December 31, 2010, the Foundation is committed to invest additional funding of $57,091,170 in limited partnerships and similar interests.

As of December 31, 2010, the Foundation's Board had approved funding an additional $9,763,529 in program related investments in the form of loans and other investments.

As of December 31, 2010, the Foundation had signed letters of intent to sell non-marketable securities for proceeds totaling $10,998,396. The Foundation used this negotiated sales price to value these securities as of December 31, 2010. The sale was finalized and completed at this sales price within 60 days of December 31, 2010.

Investment income reported in the statements of activities was comprised of the following for the year ended December 31, 2010:

Dividend and interest income	$ 7,204,505
Net realized and unrealized gain/(loss) on investments	54,444,473
Investment expenses:	
Contributed investment management expenses	(1,846,917)
Third party investment management expenses	(778,741)
PRI Investment and other expenses	183,691
Investment income, net	$ 59,207,011

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2010:

Computers and software	$ 293,508
Leasehold Improvements	209,906
Furniture and furnishings	281,964
	785,378
Less accumulated depreciation and amortization	(452,419)
Property and equipment, net	$ 332,959

NOTE 5 – GRANTS PAYABLE

Grants are recorded as grants payable when they are approved. Some of the grants are payable in installments, generally over a three-year period. At December 31, 2010, grants payable were discounted using rates ranging from 3.25% to 5.00%. Grants authorized but unpaid at December 31, 2010 were payable as follows:

	Due in 1 Year	Due in 1-5 Years	Total
Grants outstanding	$ 4,959,997	$ 1,130,806	$ 6,090,803
Discount	-	65,476	65,476
Grants payable, net	$ 4,959,997	$ 1,065,330	$ 6,025,327

NOTE 6 – LINE OF CREDIT

As of December 31, 2010 the Foundation had drawn $10,180,714 against a line of credit with a major financial institution. The line of credit is fully collateralized by the Foundation's investments in U.S. Treasury debt securities. The interest rate on the line equals the 30-day London Interbank Offering Rate plus 1% and the rate is reset monthly. The maximum amount of this margin credit facility is 95% of the value of the Foundation's U.S. Treasury debt securities. Interest paid on the line of credit during the period ending December 31, 2010 was $67,166.

NOTE 7 – FEDERAL EXCISE TAX

The Internal Revenue Service has determined that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and the California Franchise Tax Board has determined that the Foundation is exempt from California franchise and/or income tax under section 23701(d) of the Revenue and Taxation Code. The Foundation is subject to federal excise tax imposed on private foundations at 2% or at 1% if certain conditions are met. The excise tax is imposed on net investment income, as defined by federal regulations. The Foundation qualified for a 2% excise tax rate for fiscal 2010. The Foundation provides for deferred federal excise tax on unrealized gains on investments at a rate of 2%, which is an estimate of the effective rate expected to be paid. The components of the Foundation's federal excise tax expense in the statements of activities are as follows:

Current	$ 459,893
Deferred	843,639
Federal excise tax expense	$ 1,303,532

NOTE 8 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, the Foundation purchased tax and accounting services from a firm, a principal of which is also a Director of the Foundation. The Foundation paid an immaterial amount for these services. In addition, investment management and facility services were contributed by a firm, as discussed in Note 2, a principal of which is also a Director of the Foundation. The Foundation's contribution of services to the Skoll Fund is also discussed in Note 2. Certain board members of the Skoll Fund also sit on the board of the Foundation.

NOTE 9 – RETIREMENT PLAN

The Foundation sponsors a defined contribution plan (the "Plan") under Internal Revenue Code Section 403(b). The Plan covers all employees who meet eligibility requirements. Employer contributions to the 403(b) Plan are made monthly and vest immediately. Total expenses related to the Plan were approximately $629,074 and for the period ended December 31, 2010.

NOTE 10 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through August 22, 2011, the date the financial statements were issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.