

**KHODORKOVSKY FOUNDATION**  
**ACCOUNTS FOR THE YEAR**  
**ENDED 31 DECEMBER 2006**

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Company No 4988238

Charity No 1106885



**KHODORKOVSKY FOUNDATION**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

The Trustees submit their annual report and audited accounts for the year ended 31 December 2006

**REFERENCE AND ADMINISTRATIVE DETAILS**

Trustees	A Tulloch A Smith B Saltykov A Dalton
Company secretary	A Bentinck
Registered office	4 Hill Street London W1J 5NE
Company registration number	4988238
Charity number	1106885
Bankers	Lloyds TSB Bank Plc Berkeley Square Branch London W1J 6AF
Investment managers	Morgan Stanley & Co International Limited 25 Cabot Square Canary Wharf London E14 4QA  Black Rock 33 King William St London EC4R 9AS
Auditors	Critchleys Greyfriars Court Paradise Square Oxford OX1 1BE

**KHODORKOVSKY FOUNDATION**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The charity is governed by its Memorandum and Articles of Association

No new trustees were appointed in the year to 31 December 2006. Existing trustees were selected on the basis of the skills and experience they were able to contribute in the fields of education in Russia and the UK, investment management and charity administration and have been drawn from persons known to the trustees as supportive of the charity's work. New trustees were inducted into their role as trustees in a series of briefings on the work of the charity.

**Organisational structure**

The charity is managed by its Board of Trustees

The charity supports the work in Russia of the Oxford Russia Fund, another UK Charity, the majority of whose trustees are also trustees of the charity. The Oxford Russia Fund focuses on grants to Russian universities for the provision of scholarships, the distribution of English language academic books to Russian universities and the support of conferences on topics of current relevance to Russian universities.

**Risk management**

The trustees conduct the overall supervision and monitoring of the financial position of the charity. There are risks to income as a result of fluctuations in world equity and bond markets but the charity's investment policy adapted should minimise the risks to an acceptable level.

Internal Risks are mitigated by the implementation of procedures for the authorisation of all transactions by at least two of the trustees.

**OBJECTIVES AND ACTIVITIES**

The main objects of the charity are to advance education in the Russian Federation through the provision of scholarships to students and the making of donations to educational establishments.

Other than the support of the Oxford Russia Fund, the charity supports the Podmoskovny Lyceum, a boarding school for socially deprived children, situated outside of Moscow. As a result of the charity's support, the Lyceum has increased the number of pupils from 144 (2005) to over 168 (2006).

**Grant-making policy**

The Foundation was endowed with \$500 million for the purpose of advancing education in Russia and thus supporting the development of a robust and active civil society in Russia.

The Trustees consider that these objects would be advanced by

- a) the provision of scholarships for students (of Russian nationality) attending Russian universities in the Humanities,

The Foundation will not entertain individual applications for scholarships and will only provide scholarships through other UK Charities and Russian universities that are willing to administer the scholarships.

## KHODORKOVSKY FOUNDATION

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

#### Grant-making policy (continued)

- b) the support of Russian educational institutions and non-profit organisations focused on education,
- c) the support of educational institutions in the UK, which indirectly advance education in Russia through the provision of training, research programmes, student/teacher exchange programmes and cultural activities, and
- d) the support of conferences, wheresoever held, on topics related to Russian education and other initiatives which might advance education in Russia

The Trustees are of the view that the majority of their grant making will lie in the provision of scholarships to Russian students and the support of educational institutions in Russia

The Trustees will avoid too hasty a disbursement of income derived from its endowment in the Foundation's early years whilst it builds up expertise and experience

The Trustees' current policy is normally to accept grant proposals which have been initiated by the Foundation

These policies will be annually reviewed in the light of the growing understanding of the needs of Russia and the Trustees intend to respond flexibly to the newly identified needs of succeeding generations of Russian citizens

#### ACHIEVEMENTS AND PERFORMANCE

Through the grant making activities of the Oxford Russia Fund which is supported by the charity,

- 1,500 undergraduate students at 10 Russian universities were in 2006 awarded a scholarship of approx USD1,000 (USD2,000, Moscow) The scholarships are awarded on merit and are designed to encourage the study of the humanities in Russian universities In 2007, the number of undergraduate scholarships is set to rise to 3,000 at 15 Russian universities
- Over 2,000 English language academic books on across the humanities disciplines have been distributed to each of 10 Russian universities and in 2007a further 5 Russian universities will be provided with books
- Two conferences on Student loans and on one on peer group review were organised by the Oxford Russia Fund and attended by Russian academics

#### Podmoskovny Lyceum

As a result of the support of the Podmoskovny Lyceum, a boarding school outside of Moscow for socially deprived children, 168 children now receive a secondary school education of the highest quality in a caring environment The charity has provided financial support for the provision of child protection training (by a UK children's charity) for all staff accompanied by consultancy to senior management in further developing local knowledge and procedures for dealing with child welfare In September 2007, the number of pupils at the Lyceum is set to rise to 200

Apart from Financial constraints and the need to expand the work of the charity and that of the Oxford Russia Fund in a prudent manner so as to ensure that the grants are used in the most effective manner, the trustees do not feel that there are factors inside or outside of the charity constraining the work of the charity in the above areas

**KHODORKOVSKY FOUNDATION**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**FINANCIAL REVIEW**

***Funding Sources***

The charity was provided in December 2003 with an expendable endowment of USD500m and the funds for the work of the charity is derived from the income and capital gains generated by the endowment

***Investment policy***

The charity has adopted as its long term current target return for its investment portfolio 4% over increases in the US Consumer Price Index (currently 2.4%), (though this target rate is under review) and it is recognised that this policy envisages fluctuations in investment returns over the business cycle

Two international investment banks manage the bulk of the charity's funds, with certain specialist managers managing smaller portfolios

***Currency***

There is an inherent mismatch between the majority of the charity's expenditure being directly or indirectly to Russian institutions (the needs of which are Russian rouble based) and using as the charity's reference currency the US dollar. However for prudent investment management, the USD has been chosen as the reference currency though this is under review

***Anticipated Disbursements***

The long term aim of the charity is to make annual grants of at least 3% of the charity's funds though in the early years, the trustees will expand the grant making activity of the charity in a prudent manner and the amount expended each year will initially be less than 3% of the charity's assets. The above spending rate is designed to preserve the real value of the charity's funds over the long term

***Risk***

The investment policy has a conservative attitude to risk

***Administration***

The monitoring of the performance of the charity's investment portfolio has been delegated by the Trustees to an investment committee whose members include experienced investment management practitioners. The investment committee also reviews performance of the managers and the allocation between all classes of assets from time to time to ensure that the total portfolio is prudently invested

***Performance***

Over the year, due to the favourable investment climate, invested assets increased from USD541m to USD589m which before expenditure of USD8m represents an increase of 10%pa, thus exceeding the target return referred to above. Expenditure as a percentage of invested assets is below 2% but forecasted expenditure in USD13m (2007) and USD15m (2008) as the Podmoskovny Lyceum expands and the work of the Oxford Russia Fund grows, as referred to above, thus annual expenditure will rise to close to 3% of invested assets by 2008

**KHODORKOVSKY FOUNDATION****TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)****Reserves policy**

Having regard to the charity's endowment based income, the reserves to cover fluctuations in donations are not required. Instead the charity's investment policy plans for fluctuations in income and capital growth and the need for funds to meet on-going commitments of the charity during periods of low dividend yield and nil or negative capital growth.

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the annual report and the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Trustees are required to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those accounts, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Trustees are aware, there is no relevant audit information (information needed by the charity's auditors in connection with preparing their report) of which the charity's auditors are unaware, and

Each Trustee has taken all the steps that he ought to have taken as Trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This report was approved by the Trustees on 16 May 2007



Trustee

**KHODORKOVSKY FOUNDATION**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHODORKOVSKY FOUNDATION**

We have audited the accounts of Khodorkovsky Foundation for the year ended 31 December 2006 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The responsibilities of the Trustees (who are also the directors of Khodorkovsky Foundation for the purposes of company law) for preparing the Annual Report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Trustees' Report is consistent with the accounts.

In addition we report to you if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2006, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the Trustees' Report is consistent with the accounts.

Oxford

21 May 2007



Critchleys  
Chartered Accountants  
Registered Auditors

**KHODORKOVSKY FOUNDATION**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	Unrestricted Funds \$	Endowment Funds \$	Total 2006 \$	Total 2005
<b>Incoming Resources</b>					
Incoming resources from generated funds					
Investment income	2	<u>10,264,616</u>	<u>-</u>	<u>10,264,616</u>	<u>5,397,110</u>
Total incoming resources		<u>10,264,616</u>	<u>-</u>	<u>10,264,616</u>	<u>5,397,110</u>
<b>Resources Expended</b>					
Costs of generating funds					
Investment management costs	3	<u>-</u>	<u>1,548,124</u>	<u>1,548,124</u>	<u>875,125</u>
Charitable activities	4	<u>6,536,351</u>	<u>-</u>	<u>6,536,351</u>	<u>5,899,500</u>
Governance costs	6	<u>89,405</u>	<u>-</u>	<u>89,405</u>	<u>48,261</u>
Total resources expended		<u>6,625,756</u>	<u>1,548,124</u>	<u>8,173,880</u>	<u>6,822,886</u>
Net incoming/(outgoing) resources		3,638,860	(1,548,124)	2,090,736	(1,425,776)
Gains/(losses) on investment assets		<u>-</u>	<u>46,056,816</u>	<u>46,056,816</u>	<u>31,993,495</u>
Net movement in funds		3,638,860	44,508,692	48,147,552	30,567,719
Total funds brought forward		<u>1,804,921</u>	<u>535,027,912</u>	<u>536,832,833</u>	<u>506,265,114</u>
Total funds carried forward		<u>5,443,781</u>	<u>579,536,604</u>	<u>584,980,385</u>	<u>536,832,833</u>

All activities are continuing



## KHODORKOVSKY FOUNDATION

BALANCE SHEET  
AT 31 DECEMBER 2006

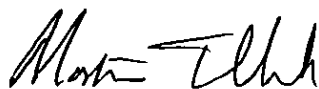
	Note	2006 \$	2005 \$
<b>Fixed assets</b>			
Investments	8	<u>586,508,954</u>	<u>540,904,896</u>
<b>Current assets</b>			
Cash at bank and in hand		2,458,981	261,459
Creditors amounts falling due within one year	9	<u>(3,693,760)</u>	<u>(3,819,022)</u>
<b>Net current liabilities</b>		<u>(1,234,779)</u>	<u>(3,557,563)</u>
<b>Total assets less current liabilities</b>		585,274,175	537,347,333
Creditors amounts falling due after more than one year	10	<u>(293,790)</u>	<u>(514,500)</u>
<b>Net assets</b>		<u>584,980,385</u>	<u>536,832,833</u>
<b>Funds</b>			
Endowment funds (expendable)	12	579,536,604	535,027,912
Unrestricted income funds		<u>5,443,781</u>	<u>1,804,921</u>
		<u>584,980,385</u>	<u>536,832,833</u>

These accounts are prepared in United States Dollars

The rate of exchange at 31 December 2006 is £1 = \$1 9586 (2005 £1 = \$1 715)

These accounts were approved and authorised for issue by the Trustees on

16 May 2007



Trustee

**KHODORKOVSKY FOUNDATION**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 \$	2005 \$
Net cash inflow from operating activities	A	1,744,764	2,709,938
Financial investment			
Purchase of investments		(562,419,500)	(2,693,633,439)
Proceeds from sales of investments		<u>535,868,917</u>	<u>2,817,747,792</u>
		<u>(26,550,583)</u>	<u>124,114,353</u>
(Decrease)/increase in cash in the year	B	<u>(24,805,819)</u>	<u>126,824,291</u>

**NOTES TO THE CASH FLOW STATEMENT**

**A RECONCILIATION OF NET INCOMING RESOURCES  
TO NET INFLOW FROM OPERATING ACTIVITIES**

	\$	\$
Net incoming resources	2,090,736	(1,425,776)
(Decrease)/increase in creditors	<u>(345,972)</u>	<u>4,135,714</u>
Net cash inflow from operating activities	<u>1,744,764</u>	<u>2,709,938</u>

**B ANALYSIS OF NET FUNDS**

	31 December 2005 \$	Cash flow \$	31 December 2006 \$
Cash at bank	261,459	2,197,522	2,458,981
Cash within investment portfolio	<u>126,840,982</u>	<u>(27,003,341)</u>	<u>99,837,641</u>
	<u>127,102,441</u>	<u>(24,805,819)</u>	<u>102,296,622</u>

## KHODORKOVSKY FOUNDATION

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**1 ACCOUNTING POLICES****a) Basis of preparation**

The accounts have been prepared in accordance with the historical cost convention (with exception of investments that are included at market value) and applicable accounting standards. The accounts have also been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 and the Companies Act 1985. Where relevant the comparatives have been restated to comply with the revised Charities SORP.

**b) Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the objects of the charity and which have not been designated for other purposes.

Expendable endowment funds represent assets where the intention is for the assets to be held long term for the benefit of the charity. However, as it is an expendable endowment, assets can be utilised to cover resources expended that exceed the balance on unrestricted funds.

Income arising on the endowment fund can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management costs are charged against the fund.

**c) Incoming resources**

Voluntary and investment income are included in the Statement of Financial Activities when they are received.

**d) Grants payable**

Grants are included in resources expended when they are approved by the Trustees and the commitment has been communicated to the beneficiaries. Any such grants not paid by the year end are included in creditors.

**e) Resources expended**

All expenditure is accounted for on an accruals basis under the appropriate expense category. Expenditure includes irrecoverable VAT where appropriate. Any support costs specific to one of the activities is allocated wholly to the activity. The remaining support costs are allocated to that activity in proportion to the combined costs of activities undertaken directly and grants.

**f) Investments**

Investments are stated at market value at the balance sheet date. Market value includes accrued interest where applicable. The Statement of Financial Activities includes net gains and losses arising on revaluations and disposals throughout the year. Due to the number of investment transactions in the year it is not possible, easily and accurately to split the investment gains between realised and unrealised and hence this split has not been shown on the face of the Statement of Financial Activities.

**g) Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

**KHODORKOVSKY FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

<b>2</b>	<b>INVESTMENT INCOME</b>			<b>2006</b>	<b>2005</b>	
				\$	\$	
	Interest receivable			7,619,623	5,048,954	
	Other investment income			<u>2,644,993</u>	<u>348,156</u>	
				<u>10,264,616</u>	<u>5,397,110</u>	
<b>3</b>	<b>INVESTMENT MANAGEMENT COSTS</b>			<b>2006</b>	<b>2005</b>	
				\$	\$	
	Investment management fees			1,505,218	875,125	
	Professional fees			<u>42,996</u>	<u>-</u>	
				<u>1,548,124</u>	<u>875,125</u>	
<b>4</b>	<b>CHARITABLE ACTIVITIES</b>	<b>Activities undertaken directly</b>	<b>Grant funding of activities</b>	<b>Support costs (Note 5)</b>	<b>Total 2006</b>	<b>Total 2005</b>
		\$	\$	\$	\$	\$
	Advancement of Education in Russia					
	- Oxford Russia Fund	-	3,539,558	73,163	3,612,721	779,471
	- Cross Industrial Institute of Technology Podmoskovny Lyceum	-	2,403,651	256,303	2,659,954	4,046,152
	- Other specific projects and grants	<u>41,285</u>	<u>217,051</u>	<u>5,340</u>	<u>263,676</u>	<u>1,073,877</u>
		<u>41,285</u>	<u>6,160,260</u>	<u>334,806</u>	<u>6,536,351</u>	<u>5,899,500</u>
Included in 2005 within other specific projects and grants was a commitment of \$1,029,000 St Antony's College Due to changes in exchange rate the liability increased by \$146,160 and this reflected in grant funding of activities above						
<b>5</b>	<b>SUPPORT COSTS</b>			<b>2006</b>	<b>2005</b>	
				\$	\$	
	Charity administration and monitoring of activities			299,045	59,104	
	Salaries			24,394	-	
	Other expenses			<u>11,367</u>	<u>8,021</u>	
				<u>334,806</u>	<u>67,125</u>	

**KHODORKOVSKY FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

<b>6</b>	<b>GOVERNANCE COSTS</b>	<b>2006</b>	<b>2005</b>
		\$	\$
	Auditors' remuneration - audit and accountancy	16,156	12,000
	- other services	770	-
	Annual Report	30,789	-
	Professional services	<u>41,690</u>	<u>36,261</u>
		<u>89,405</u>	<u>48,261</u>
	No Trustee received any remuneration or reimbursement of expenses in the year other than disclosed in note 11		
<b>7</b>	<b>STAFF COSTS</b>	<b>2006</b>	<b>2005</b>
		\$	\$
	Wages and salaries	22,265	-
	National Insurance costs	<u>2,129</u>	<u>-</u>
		<u>24,394</u>	<u>-</u>
		No	No
	Average number of employees by category Support	<u>1</u>	<u>-</u>
	No employees' emoluments exceeded £60,000 in the year		
<b>8</b>	<b>INVESTMENTS (AT VALUATION)</b>	<b>2006</b>	<b>2005</b>
		\$	\$
	Short term instruments	-	10,855,725
	Debt instruments	113,003,408	184,836,671
	Equities and similar funds	350,457,207	194,788,398
	Hedge funds	<u>23,210,698</u>	<u>23,583,120</u>
		486,671,313	414,063,914
	Cash within investment portfolio	<u>99,837,641</u>	<u>126,840,982</u>
		<u>586,508,954</u>	<u>540,904,896</u>
	Analysis of movement in investments (excluding cash)	\$	
	Value at 1 January 2006	414,063,914	
	Additions at cost	562,419,500	
	Sale proceeds	(535,868,917)	
	Net gain on revaluation	<u>46,056,816</u>	
		<u>486,671,313</u>	

## KHODORKOVSKY FOUNDATION

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

9	CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	2006 \$	2005 \$
	Accruals	398,172	304,522
	Grants payable	<u>3,295,588</u>	<u>3,514,500</u>
		<u>3,693,760</u>	<u>3,819,022</u>

10	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2006 \$	2005 \$
	Grants payable	<u>293,790</u>	<u>514,500</u>

## 11 RELATED PARTIES

A solicitor's practice of which A Tulloch (a Trustee) is the principal provided professional services in connection with the charity's administration. For this work Tulloch & Co charged the charity a VAT inclusive amount of \$172,666 (£88,158) (2005 \$72,522 (£42,287)), of which disbursements and VAT amounted to £47,033 (2005 £17,287).

The charity is related to Oxford Russia Fund by virtue of all Trustees being common to both charities. Grants of \$3,539,558 (2005 \$770,580) were paid to Oxford Russia Fund in the year.

## 12 ENDOWMENT FUNDS (EXPENDABLE)

The fund balance represents the original donation of \$500,000,000, which the donor specified was to be treated as an expendable endowment, together with movements on the funds since that date.

## 13 ANALYSIS OF NET ASSETS BY FUND

	Unrestricted Funds \$	Endowment Fund \$	Total \$
Investments	6,972,350	579,536,604	586,508,954
Net current liabilities	(1,234,779)	-	(1,234,779)
Creditors amounts falling due after one year	<u>(293,790)</u>	<u>-</u>	<u>(293,790)</u>
	<u>5,443,781</u>	<u>579,536,604</u>	<u>584,980,385</u>

## 14 PRIOR YEAR ADJUSTMENT

In previous years all funds were classified as unrestricted. However this has been reconsidered and the original donation of \$500,000,000, together with transactions to date is now shown as an expendable endowment. There has been no affect on net assets but \$535,027,912 of the opening funds have been reclassified as expendable endowment rather than unrestricted funds.