



To help solve the complicated problems the poor face, we seek to empower the powerless by investing in bold, tactical, and innovative social entrepreneurs and organizations.



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CREATING REAL AND PERMANENT CHANGE

As the years go by, the issues we address may change, but we hope to always look beyond the easy wins and take on risky projects that aim for lasting impact.



In 2013, the foundation supported many organizations that put in leading-edge thinking, tremendous dedication, and hard work to help fulfill their missions.

Kristen and I started the Satter Foundation 17 years ago to help the underprivileged—whether they be in our local communities or around the world. Our focus is on creating real and permanent change in their lives and in the environment we all share. It's simply not enough to “put Band-Aids on bullet holes,” as Shannon Sedgwick Davis, CEO of one of our grantees, the Bridgeway Foundation, says. To help solve the complicated problems the poor face, we seek to empower the powerless by investing in bold, tactical, and innovative social entrepreneurs and organizations.

Our approach to philanthropy is similar to venture funding: success lies in backing individuals with big ideas who are doing something important, in having the patience to help grow organizations, and in being comfortable with shifting approaches when progress isn't made and initiatives are stuck outside the winner's circle. We're not afraid to take on big, difficult issues—spreading democracy and human rights; creating economic opportunities for the poor, including supporting access to quality education; preventing atrocities; and protecting the environment—even as we also recognize the importance of addressing immediate and local needs.

In 2013, the foundation supported many organizations that put in leading-edge thinking, tremendous dedication, and hard work to help fulfill their missions. Their achievements include:

- *Helping to reduce violence in Uganda by 97 percent*
- *Confronting dictators around the world*
- *Preserving over 310,000 acres of land in northwestern Montana*

We also started the foundation as a way to pass on a legacy of giving to our daughters. My own introduction to philanthropy was through my mother's work as a civil rights activist. Today, she'd be proud of our work to improve educational opportunities—a core human right—in the United States and to increase the opportunities available to girls around the world. As the years go by, the issues we address may change, but we hope to always look beyond the easy wins and take on risky projects that aim for lasting impact.

We invite you to read in these pages about the innovative and inspiring people the foundation supports, and we welcome your thoughts.

Sincerely,

A handwritten signature in black ink that reads "Muneer A. Satter". The signature is fluid and cursive.

Muneer Satter



The Nature Conservancy has preserved the Swan Mountain Range in Montana, which remains one of the most intact places on earth; it hasn't experienced animal extinction in 200 years. Read more about the organization's work on page 10.



An Evanston High School student and Beyond Sports Foundation participant trains for a college athletic career. Read more about the organization's work on page 13.

HELPING OTHERS OVERCOME CHALLENGES

My personal experiences have shaped the education, medical research, and social-service issues I invest in and have inspired my reason for giving: so that others can avoid or overcome challenges similar to those I have faced.

While Muneer's interests are often globally focused, mine center on bold leaders who are working locally and who are actively growing their grassroots endeavors.



As Muneer and I strive to achieve our goal of making meaningful and lasting change in the lives of the poor, we do so in complementary ways. While Muneer's interests are often globally focused, mine center on bold leaders who are working locally and who are actively growing their grassroots endeavors. These efforts resonate with me because I know what it's like to not have two nickels to rub together, to depend on a scholarship for a college education, to struggle with depression, and to spend long hours in the NICU. My personal experiences have shaped the education, medical research, and social-service issues I invest in and have inspired my reason for giving: so that others can avoid or overcome challenges similar to those I have faced.

The foundation's approach, however, is the same no matter the grantee's size or location: we take a careful look at its organizational leadership, its capacity to achieve the impact it seeks, and its ability to leverage our grants to ensure that our support will build capacity, catalyze fund-raising and partnerships, and magnify impact. Take, for example, the research on preterm labor the foundation supports at Evanston Hospital. Our grants allowed the lab to bring on research staff. This, in turn, positioned the lab to receive significantly more funding from the National Institutes of Health (NIH). Another lab, this one at the University of Chicago, is researching the use of adult stem cells to repair, and even grow, organs. Our support has helped this lab expand its funding base and continue its important, potentially revolutionary work. Regardless of their size, our investments in these types of grantees will have profound effects on the world.

Of course, people from disadvantaged backgrounds need more than financial support to overcome the many hurdles they face, which is why the foundation also invests in organizations that provide the education, mentorship, and guidance that is critical to children's ability to succeed in life. You can read more about one such organization, the Beyond Sports Foundation, on page 13.

Our local grantees have accomplished much in 2013. For example:

- *NorthShore University HealthSystem Foundation's postpartum depression program continues to expand its free perinatal support groups to low-income women. It also has extended its screening pilot program so women can be screened for depression up to one year after giving birth.*
- *Two NIH-funded physician scientists have leveraged the foundation's gifts to obtain subsequent federal funding to support their research on preventing preterm labor.*
- *With our support, Project Excite, which previously only worked with students up to the eighth grade, has hired a high-school counselor. This is allowing the organization to work with students all the way through high school, better preparing them for collegiate success.*

I look forward to seeing the work of our grantees take root in our communities and to supporting them, with both grant making and guidance, as they grow. I would welcome the opportunity to tell you more about their efforts.

Sincerely,

Kristen Hertel

MISSION

The Satter Foundation aims to empower the powerless and to preserve our world's land and water by investing in bold, tactical, and innovative social entrepreneurs and organizations.

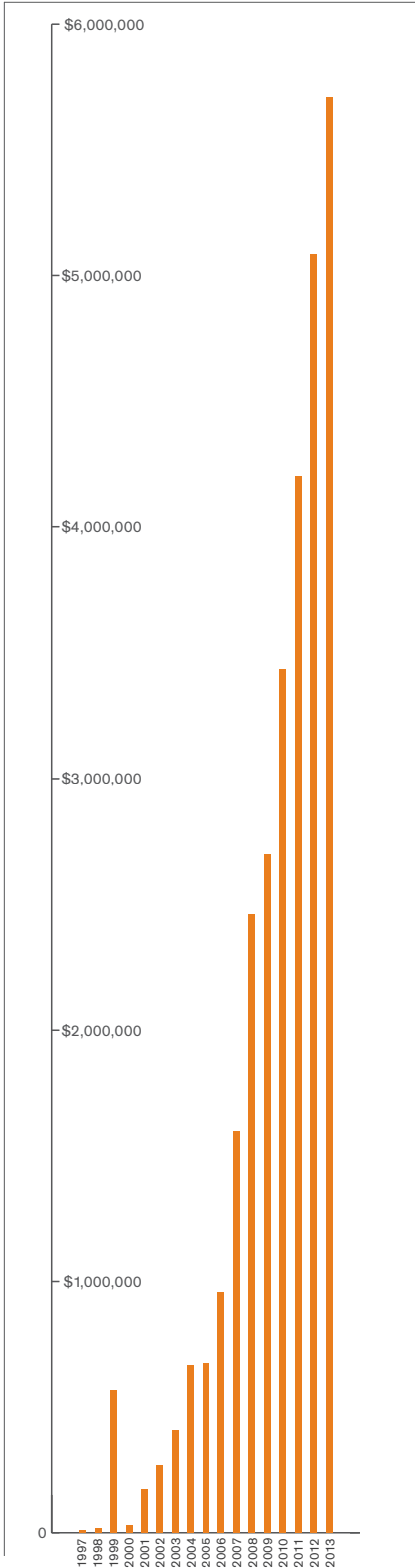
VISION

We envision a world where all people—no matter where or in what circumstances they are born—have the resources and opportunities to live a free, educated, prosperous, and healthy life.

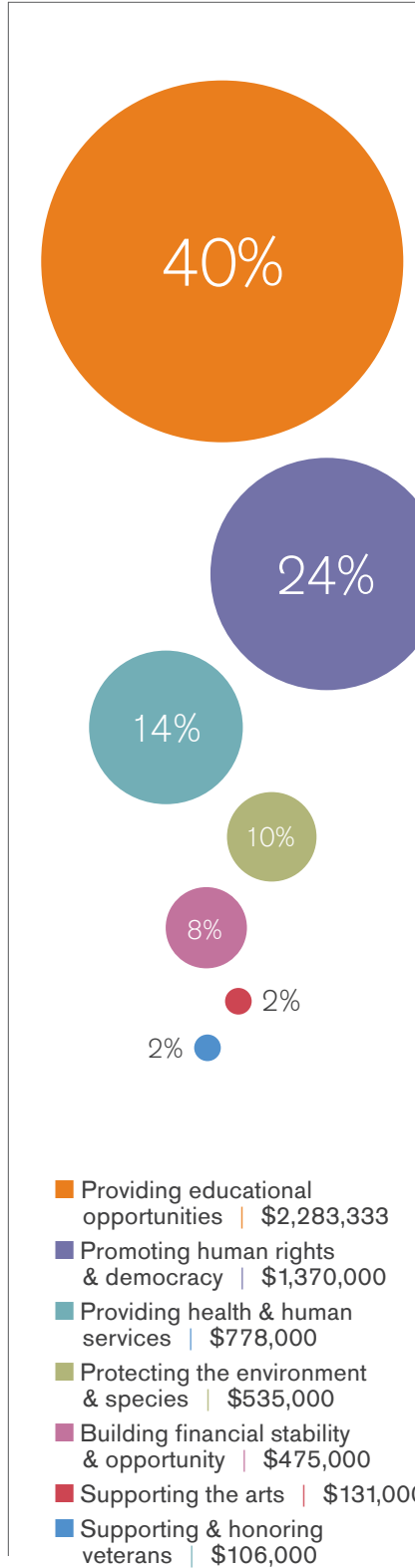
HISTORICAL GRANT-MAKING TRENDS

TOTAL DOLLARS GRANTED TO DATE: \$28.7 MILLION

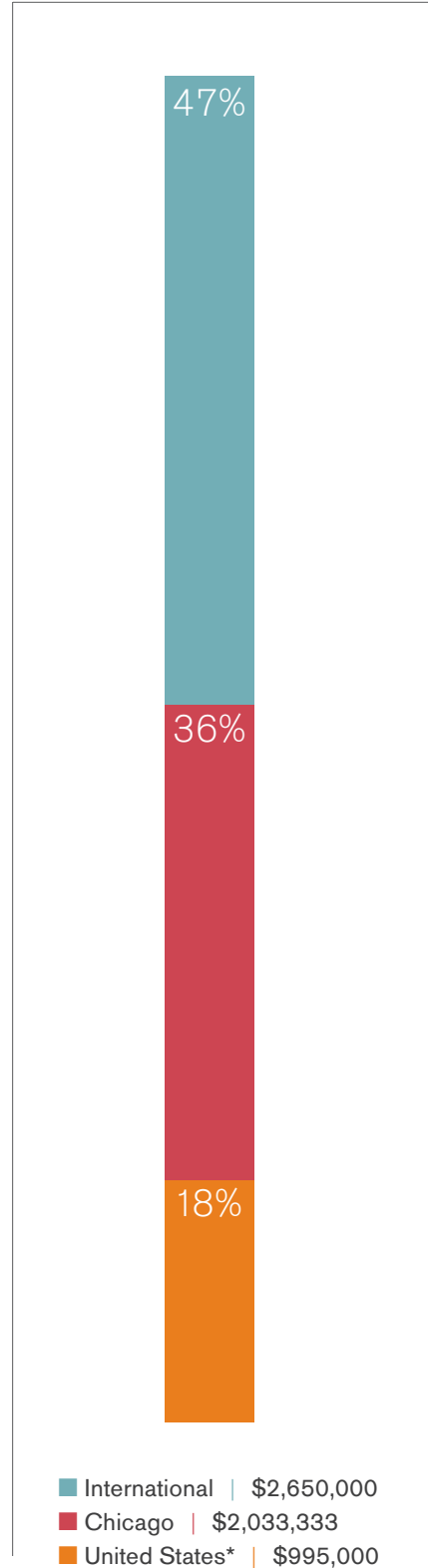
Total Dollars Awarded per Year 1997–2013



2013 Funding by Issue Area



2013 Funding Distribution by Location



* excluding Chicago funding



Room to Read
is helping
to rebuild
Cambodia's
educational
system.

ROOM TO READ

Room to Read's motto is "World change starts with educated children." It works to improve literacy and gender equality in education in 10 Asian and African countries, reversing the notion that where you are born determines your success in life. It establishes libraries, constructs classrooms, publishes local-language children's books, trains educators, and supports girls' education. In its 14 years of operation, the organization has reached 8.8 million children.

The foundation has given \$3.1 million since 2004, which has helped educate approximately 80,000 children, setting them on a sturdy path to success.

Its methods: "Room to Read is what venture capitalists call a 'pure play,'" says John Wood, the organization's founder. "We do one thing—education for the poorest of the poor—and we do it well." The organization focuses on scaling its work and keeps overhead low. In particular, it takes an entrepreneurial approach to crowdsourcing. "We were on this trend early, but instead of concentrating efforts online, we built on-the-ground networks. We now have more than 50 fund-raising chapters worldwide that are staffed by professionals who volunteer their time to fund-raise for the organization," he says.

Its impact: Room to Read has established 16,000 libraries and constructed 1,800 schools. It has published 1,029 original children's books and distributed more than 14 million copies. It has also used tutoring and mentoring to prepare girls to thrive through secondary school. To date, 27,000 young women have participated in this program. Of these, 96 percent have graduated from secondary school and 73 percent have moved on to higher education.

How the Satter Foundation has helped:

The foundation was an early supporter of Room to Read and Muneer was co-chairman of the board for four years. Wood says that Muneer's support extends to offering crucial advice and organization-defining guidance. "As we were expanding into our first African country, we discovered two staff members had stolen some funding. We fired them, but I wondered if I should tell our investors. Many people said no, but Muneer told me my decision would be a test of what kind of organization Room to Read was going to be. So I called our major donors, which gained the organization respect among important stakeholders."

Muneer's advice also helped when Wood was deciding whether to give up his role as CEO in favor of becoming chairman and driving fund-raising. "He pointed out that I was the only person who could tell my specific story, but we could find someone else to fill the CEO position." Muneer has also been generous with his introductions to other significant donors, which Wood says magnifies his impact.

"What's key about the Satter Foundation's support is that it provides unrestricted, large donations early in the year. This allows us to have some flexibility with where we deploy the money, and to have the security of knowing we'll have funds throughout the year," says Wood, who points to this approach as a model for other large donors. The foundation has given \$3.1 million since 2004, and Wood estimates that it has helped educate 80,000 children, setting them on a sturdy path to success.

What's next for Room to Read: Room to Read is developing new ways to quickly scale its success beyond the 10 countries in which it currently works. In addition, it aspires to reach its 10 millionth child by the end of 2015. To achieve this goal, it has launched Destination Literacy—a \$20 million, 20-month initiative—to support its literacy and girls' education work. It also seeks to expand its girls' education program to 34,000 participants, helping these students become fluent readers by the end of second grade.

THE NATURE CONSERVANCY

The Nature Conservancy (TNC) preserves the critical lands and waters upon which all life depends. With such an ambitious goal and a remarkable record of success, it's no surprise that the 62-year-old organization is the biggest environmental organization in the world, with 4,000 employees, 600 of whom are scientists, and more than one million members. Because of its reach and resources, it concentrates on sizable and significant challenges. To date, TNC has protected more than 119 million acres of land and thousands of miles of rivers worldwide, and operates more than 100 marine conservation projects.

TNC developed a structured deal to purchase 310,000 acres of land in northwest Montana. This land is an important habitat along a grizzly bear migration route.

Its methods: "The Nature Conservancy is guided by science and is local in orientation, which allows the organization to appeal to those who aren't necessarily conservationists but who care deeply about the land and water in their communities," says Mark Tercek, president and CEO. The organization also puts a strong emphasis on pragmatism. "We're not interested in ideological debates—we just want to get things done," says Tercek. To this end, it partners with seemingly strange bedfellows, including ranchers and major chemical companies, and buys land outright in order to protect it. "We also take a businesslike approach to conservation. We have a balance sheet and a credit rating. We're basically an investment bank for nature," he says.

Its impact: In 2013 alone, TNC has safeguarded and restored land and waters on multiple continents. Its efforts include expanding Australia's natural reserve system by more than 20 million acres; helping to support Indonesia's declaration of nearly 11.4 million acres of marine waters as a shark sanctuary; protecting drinking water for more than 70,000 residents in Bloomington, IL; and establishing China's first land trust reserve.

How the Satter Foundation has helped:

"The Satter Foundation is a superb and strategic supporter of TNC," says Tercek. "As the leader of our finance committee, Muneer oversees the investment of the organization's \$1.8 billion long-term portfolio, including the organization's \$1.1 billion endowment. He's highly engaged and brings incredibly valuable financial and business acumen to the board." The foundation's support has been especially valuable because it often is given for projects that are vitally important but difficult to fund. For example, the foundation recently supported the Montana Legacy project. "We developed a structured deal to purchase 310,000 acres of land in northwest Montana for \$500 million. This land is an important habitat along a grizzly bear migration route. Muneer was instrumental in helping ensure we weren't taking undue financial risk. The foundation also agreed to donate a million dollars to make it happen. As a result, all species that were there when Lewis and Clark traveled through are still—and will continue to be—found there," Tercek says.

The Satter Foundation was also a strategic partner in TNC's efforts in Costa Rica. The foundation gave a million-dollar gift to help

TNC, the Costa Rican government, and other partners protect 10 percent of the country's land and marine ecosystems. TNC is also working in Borneo's rain forests to show that it's possible both to preserve vital habitat and generate a revenue stream that ensures economic and natural-resource sustainability. "This project is important as it will demonstrate the feasibility of our market-based approach to conservation. The political climate has made funding this project challenging, but because of the Satter Foundation's leadership, we have been able to attract other donors as well," says Tercek.

What's next for the Nature Conservancy:

"We are launching an initiative that uses our science to work with big business to show how it can incorporate sustainability into its business model to maintain or improve financial benefits," says Tercek. The organization is building a team that understands the science and has the skill set to talk to those in the business sector. It aims for this project eventually to become self-sufficient and produce its own returns. The Satter Foundation has agreed to provide seed funding for this project.



In Los Rios, Chile, the Nature Conservancy acquired and manages the nearly 150,000-acre Valdivian Coastal Reserve, home to *alerce* trees (*Fitzroya cupressoides*). These trees can live to be 4,000 years old, making them the second-longest-lived tree species in the world.

The Satter Foundation contributed a million dollars to help fund this critical acquisition.



A Beyond Sports Foundation student-athlete has her sights on a track scholarship.

BEYOND SPORTS FOUNDATION

Beyond Sports Foundation believes in the power of sport to transform lives. The organization helps athletically talented, underserved Chicago high-school students secure college athletic scholarships. Its student-athletes have the potential to play at the college level but lack the resources to navigate the complexities of college recruiting. Beyond Sports Foundation provides the academic assistance, skills, and support these student athletes need to help them through the competitive acceptance process, position them to excel in their college careers, and empower them to succeed as young adults.

1000%

One hundred percent of the organization's student-athletes have graduated high school and matriculated to college.

Its methods: "Our mission is to turn athletic ability into economic opportunity to help underserved student-athletes succeed in life," says Kim Michelson, Beyond Sports Foundation's executive director. The organization also recognizes that students need more than athletic talent to reach their full potential, so it employs a four-pillar program that provides a spectrum of necessary services: athletic development, academic development, mentorship, and social programming.

In addition to providing state-of-the-art athletic facilities, coaching, and tailored training and nutrition programs, the organization provides customized tutoring services to help student-athletes excel in school. Beyond Sports also pairs student-athletes with mentors to increase their adult support systems. Finally, it creates programming to instill social skills that prepare them for college and beyond, including responsible citizenship, women's empowerment, and job interviewing.

Its impact: Because of the organization's small scale, staff members are able to customize their process for each athlete, including sport-specific training, tailored academic support, recruiting guidance, and

other support as needed. The organization intentionally works with a small pool of students, which helps it achieve a deeper individual impact. "A cookie-cutter program won't help kids make it out of their underserved neighborhood," says Elias Karras, the organization's founder. "Every student has different needs, and we bring on a village of people to offer custom, encompassing support—including mentors, coaches, and parents."

One hundred percent of the student-athletes have graduated high school and matriculated to college. One hundred percent have also received athletic scholarships or other financial aid, and all Beyond Sports grads participate in college athletics. Its graduates have gone on to join football, track, basketball, and baseball teams at schools such as the University of Notre Dame, the University of Iowa, and the University of California, Berkeley. Currently, 15 Beyond Sports Foundation graduates are playing at the NCAA Division I level.

How the Satter Foundation has helped: Kristen has been deeply involved with the organization since it was just a concept and is a founding member of the board of directors. "Kristen shares our commitment

to local impact and is a very hands-on board member. She offers a valuable voice and both her financial support and board service have been critical for our operations," says Michelson. The Satter Foundation has donated \$400,000 to the organization since 2008. Its dedication has been an important part of Beyond Sports Foundation's growth, especially given the grassroots nature of the organization. "Kristen's steady support, guidance, and confidence in us have allowed us to stay on course," says Karras.

What's next for Beyond Sports Foundation: The organization aims to increase the number of student-athletes it supports, especially female athletes. It has recently hired a dedicated staff person to run the organization's college program. With this additional capacity, it will be better able to support its student-athletes through the college search, recruitment, and application process, and provide support to program graduates while they are in college. It is also creating a career development program to show "that you don't need to be a professional athlete to escape poverty," says Karras. It is working to diversify its funding base to ensure it will be able to support local student-athletes for years to come.

ONE ACRE FUND

Seventy-five percent of the world's poor are small farmers trying to eke out enough food to feed their families. They are hampered by outdated farming techniques, lack of quality materials, and inability to reach a market. One Acre Fund provides the support that 180,000 farm families in Kenya, Rwanda, Burundi, and Tanzania need to overcome these challenges and propel themselves out of poverty.

43,440

Since 2007, Satter Foundation support has reached approximately 43,440 people, including 7,240 female farmers who participated in One Acre Fund's program.

Its methods: One Acre Fund offers farmers a comprehensive bundle of services that helps them from planting to harvest to market. One Acre Fund provides seed and fertilizer, extends credit, conducts training on farm techniques, offers post-harvest and market support, and furnishes crop insurance. "This bundling is unique," says Matthew Forti, the organization's managing director. "Usually an NGO will come in and help with one small part of the process, but farmers need all the elements to be successful."

Once in the program, farmers tend to stay for the continual education and access to seed and fertilizer. "Farmers grow with us. A farmer who has been with us for a few seasons starts to lease additional land from neighbors and purchase other innovative products that can help them be even more productive," says Forti.

Despite its NGO status, One Acre Fund operates like a business. "Farmers repay the fund for its services at the end of every season, which covers 70 to 80 percent of our field costs. Philanthropy covers the gap. Over the years, our model has become even more efficient, and that gap has narrowed," says Forti. "When we first started, the difference was \$100 per farmer. Now it's closer to \$25, making our donors' gifts go further."

This business-like approach has enabled One Acre Fund to scale quickly. "Our emphasis on measurement keeps the organization transparent and helps us focus on getting results. We also treat our farmers like customers, further motivating us to achieve good outcomes for them," says Forti.

Its impact: One Acre Fund can help farmers in Africa double their profits. "Our goal is to end chronic hunger in these areas, enable farmers to both feed their family and have enough surplus crops to sell for money they can then use for school, clothing, shelter, and more," says Forti. Indeed, 33 percent of participants spend their surplus on school fees, 31 percent invest in new business and farm activities, 24 percent pay for medical expenses and improved housing, and 12 percent buy more and better food. "When the burden of hunger is lifted, people become able to think bigger and move forward," says Forti.

How the Satter Foundation has helped: The foundation offered support to the organization when it was still in start-up mode. "Despite it being risky capital, the foundation provided \$30,000 to cover the outstanding costs for women's groups, who are the majority of our customers," says Forti. "It has given us \$30,000 each year for

the last six years. And though the amount hasn't changed, because we've honed our model, the funds go further."

Forti points to three characteristics that make the foundation's approach effective. "First, the funding has been unrestricted, which is really helpful. Secondly, it's trust-based funding—the foundation doesn't ask us to spend time creating separate reports just for it. Finally, the foundation has provided consistent support. Being able to count on a donor is invaluable." Since 2007, the Satter Foundation's support has reached approximately 43,440 people, including 7,240 female farmers who participated in One Acre Fund's program.

What's next for One Acre Fund: The organization aims to reach one million families by 2020. "We have proven the program works, and we are now trying to scale direct programs as quickly as we can by expanding into new countries and regions," says Forti. One Acre Fund is also entering into policy work by trying to get the US Congress and others to invest in small farmers (rather than in temporary fixes like dropping food aid), partnering with microfinance and financial institutions to help them enter rural areas, and advising African governments on how to better support farmers.



A farmer collects high-quality seed and fertilizer during One Acre Fund's first distribution of the planting season in Kisii, Kenya.



Members of the Joffrey Ballet's rigorous two-year trainee program work toward professional dance careers. They perform classical and contemporary works from the ballet's repertoire and work with world-renowned guest choreographers.

JOFFREY BALLET

Based in Chicago, the Joffrey Ballet is dedicated to artistic excellence and innovation and is committed to providing arts education and accessible dance training through its academy and community engagement programs. It aims to be the ballet company for and of the 21st century, engaging a wide and varied audience in the world of dance.

The Joffrey's community outreach efforts reach about 7,000 Chicago children each year.

Its methods: "People today want to be transported in a short space of time, and so we have to present our audiences with something that will instantly move them," says Ashley Wheeler, the Joffrey's artistic director. "We have to speak to our younger audience by showing them their contemporaries onstage and helping them identify with the story, which was one of our focuses with our recent production of *Romeo & Juliet*." Engaging a younger audience builds an important patron base for the future while expanding appreciation for dance.

The Joffrey operates a professional dance academy, which provides scholarships to underserved children and teens. The academy offers a pre-professional program, hosts open classes for the public, and runs the Lemonis Bridge Residency Program, which introduces first and second graders in local public schools to the basic elements of classical ballet.

"To remain a world-class company, we need to nurture and retain excellent talent from all backgrounds," says Wheeler. "The company now is an amazing tapestry of African

American, Asian, Latino, and international dancers, and we're committed to finding the financial support to ensure that children from all walks of life can become professional dancers."

Its impact: The Joffrey's community outreach efforts reach about 7,000 Chicago children each year, and its trainee program has matured. Nine current company members have come up through the academy. Half were able to do so because they had received financial support. The program's impact grows as these company members contribute their time and expertise to teaching and choreographing for the Lemonis Bridge Residency Program. This program and its community outreach activities teach self-expression, teamwork, and self-discipline. What's more, says Wheeler, "this exposure to art also has an impact on the child's family, since many become more focused on nutrition and health."

How the Satter Foundation has helped: The Satter Foundation has provided \$401,000 in unrestricted grants from 2006 to 2013. The nature of these grants

allows the Joffrey to apply the funds where it most needs them. It has used them to increase dancers' compensation so the ballet can attract and retain high-quality dancers, and to provide opportunities for young, under-resourced people to dance, increasing diversity in the field. "Without unrestricted giving, we would not be able to accomplish all that we need to do," says Wheeler.

The foundation's multiyear support is also vital to the organization. "It builds stability and allows us to plan respectful and impactful ways to use the resources," says Wheeler, who also points out how ongoing, unrestricted funding allows the ballet to focus on bringing on new donors.

What's next for the Joffrey Ballet: Wheeler is developing more creative works for the company. In particular, he wants to bring more women choreographers and designers into the creative process. The Rudolf Nureyev Dance Foundation awarded the Joffrey a \$500,000 matching grant to create a narrative work that will help expand its audience and funding base.

SATTER FOUNDATION 2013 GRANTEES

100 Club of Chicago

Chicago, IL

www.100clubchicago.org

Supporting and honoring veterans

2013 Grant Amount: \$1,000

Historical Grants Total: \$14,500

Academy for Urban School Leadership

Chicago, IL

www.auslchicago.org

Providing educational opportunities

2013 Grant Amount: \$200,000

Historical Grants Total: \$600,000

Alain Locke Charter School

Chicago, IL

www.alainlocke.org

Providing educational opportunities

2013 Grant Amount: \$100,000

Historical Grants Total: \$200,000

American Enterprise Institute

Washington, DC

www.aei.org

Promoting human rights and democracy

2013 Grant Amount: \$100,000

Historical Grants Total: \$356,000

AmeriCares Foundation

Stamford, CT

www.americares.org

Providing health and human services

2013 Grant Amount: \$100,000

Historical Grants Total: \$286,000

Ann & Robert H. Lurie Children's Hospital

Chicago, IL

www.luriechildrens.org

Providing health and human services

2013 Grant Amount: \$25,000

Historical Grants Total: \$75,000

The Art Institute of Chicago

Chicago, IL

www.artic.edu

Supporting the arts

2013 Grant Amount: \$1,000

Historical Grants Total: \$30,000

Berea College

Berea, KY

www.berea.edu

Providing educational opportunities

2013 Grant Amount: \$10,000

Historical Grants Total: \$205,000

Beyond Sports Foundation

Highland Park, IL

www.beyondsports.org

Providing educational opportunities

2013 Grant Amount: \$125,000

Historical Grants Total: \$400,000

Center for Safety and Change

New City, NY

www.centerforsafetyandchange.org

Providing health and human services

2013 Grant Amount: \$25,000

Historical Grants Total: \$25,000

Chi Psi Educational Trust

Nashville, TN

www.chipsi.org/?page=Governance_trust

Providing educational opportunities

2013 Grant Amount: \$1,000

Historical Grants Total: \$25,000

Chicago Botanic Garden

Glencoe, IL

www.chicagobotanicgarden.org

Protecting the environment and species

2013 Grant Amount: \$5,000

Historical Grants Total: \$40,000

Chicago Community Trust

Chicago, IL

www.cct.org

Providing educational opportunities

2013 Grant Amount: \$100,000

Historical Grants Total: \$100,000

Chicago Council on Global Affairs

Chicago, IL

www.thechicagocouncil.org

Promoting human rights and democracy

2013 Grant Amount: \$25,000

Historical Grants Total: \$180,000

Chicago Lakeshore Global Health Initiative

Chicago, IL

www.clsma.com/ghi

Providing health and human services

2013 Grant Amount: \$25,000

Historical Grants Total: \$105,000

Beyond Sports Foundation's student-athletes come from high schools all over Chicago.



SATTER FOUNDATION 2013 GRANTEES

Chicago Lyric Opera

Chicago, IL

www.lyricopera.org

Supporting the arts

2013 Grant Amount: \$5,000

Historical Grants Total: \$28,000

Chicago Symphony Orchestra

Chicago, IL

www.cso.org

Supporting the arts

2013 Grant Amount: \$25,000

Historical Grants Total: \$86,000

Chicago Zoological Institute

Chicago, IL

www.brookfieldzoo.org

Protecting the environment and species

2013 Grant Amount: \$25,000

Historical Grants Total: \$25,000

Child Mind Institute

New York, NY

www.childmind.org

Providing health and human services

2013 Grant Amount: \$25,000

Historical Grants Total: \$80,000

Comprehensive Development, Inc.

New York, NY

www.cdi-ny.org

Providing educational opportunities

Historical Grants Total: \$22,000

Conservation Fund

Arlington, VA

www.conservationfund.org

Protecting the environment and species

2013 Grant Amount: \$5,000

Historical Grants Total: \$30,000

Council on Foreign Relations

New York, NY

www.cfr.org

Promoting human rights and democracy

2013 Grant Amount: \$50,000

Historical Grants Total: \$231,000

Doctors Without Borders

New York, NY

www.doctorswithoutborders.org

Providing health and human services

2013 Grant Amount: \$100,000

Historical Grants Total: \$251,000

Edify

San Diego, CA

www.edify.org

Providing educational opportunities

2013 Grant Amount: \$50,000

Historical Grants Total: \$75,000

Fairview Foundation

Minneapolis, MN

www.fairview.org/giving

Providing health and human services

2013 Grant Amount: \$1,000

Historical Grants Total: \$10,000

Family Focus

Chicago, IL

www.family-focus.org

Providing health and human services

2013 Grant Amount: \$1,000

Historical Grants Total: \$9,000

Family Service of Winnetka - Northfield

Winnetka, IL

www.familyservicewn.org

Providing health and human services

2013 Grant Amount: \$5,000

Historical Grants Total: \$21,500

Foundation for the Defense of Democracies

Washington, DC

www.defenddemocracy.org

Promoting human rights and democracy

2013 Grant Amount: \$25,000

Historical Grants Total: \$37,000

Friedman Brain Institute

New York, NY

www.icahn.mssm.edu/institutes/friedman-brain-institute

Providing health and human services

2013 Grant Amount: \$200,000

Historical Grants Total: \$475,000

The Joffrey Ballet's community engagement program teaches children from underserved communities life skills through dance.



SATTER FOUNDATION 2013 GRANTEES

Girls Incorporated

New York, NY

www.girlsinc.org

Providing educational opportunities

2013 Grant Amount: \$35,000

Historical Grants Total: \$103,000

Greater Chicago Food Depository

Chicago, IL

www.chicagosfoodbank.org

Providing health and human services

2013 Grant Amount: \$25,000

Historical Grants Total: \$176,000

Greeley School

Winnetka, IL

www.winnetka36.org/greeley

Providing educational opportunities

2013 Grant Amount: \$50,000

Historical Grants Total: \$61,000

Harvard Business School

Boston, MA

www.hbs.edu

Providing educational opportunities

2013 Grant Amount: \$100,000

Historical Grants Total: \$488,000

Harvard Law School

Cambridge, MA

www.law.harvard.edu

Providing educational opportunities

2013 Grant Amount: \$100,000

Historical Grants Total: \$622,500

Heifer International

Little Rock, AR

www.heifer.org

Building financial stability and opportunity

2013 Grant Amount: \$15,000

Historical Grants Total: \$60,000

Human Rights Watch

New York, NY

www.hrw.org

Promoting human rights and democracy

2013 Grant Amount: \$100,000

Historical Grants Total: \$427,000

Illinois Policy Institute

Chicago, IL

www.illinoispolicy.org

Building financial stability and opportunity

2013 Grant Amount: \$25,000

Historical Grants Total: \$80,000

Invest for Kids

Chicago, IL

www.investforkidschicago.org

Building financial stability and opportunity

2013 Grant Amount: \$5,000

Historical Grants Total: \$15,000

Joffrey Ballet

Chicago, IL

www.joffrey.org

Supporting the arts

2013 Grant Amount: \$100,000

Historical Grants Total: \$401,000

Jumpstart

Boston, MA

www.jstart.org

Providing educational opportunities

2013 Grant Amount: \$10,000

Historical Grants Total: \$20,000

KIPP Ascend Charter School

Chicago, IL

www.kippchicago.org

Providing educational opportunities

2013 Grant Amount: \$25,000

Historical Grants Total: \$90,000

Mayo Foundation for Medical Education and Research

Rochester, MN

www.mayo.edu

Providing health and human services

2013 Grant Amount: \$100,000

Historical Grants Total: \$1,700,500

Moving Picture Institute

New York, NY

www.thempi.org

Promoting human rights and democracy

2013 Grant Amount: \$25,000

Historical Grants Total: \$25,000

A One Acre Fund farmer in Busia, Kenya, harvests her maize.



SATTER FOUNDATION 2013 GRANTEES

Navy Seal Foundation

Virginia Beach, VA
www.navysealfoundation.org
Supporting and honoring veterans
2013 Grant Amount: \$100,000
Historical Grants Total: \$175,000

New England Disabled Sports

Lincoln, NH
www.nedisabledsports.org
Supporting and honoring veterans
2013 Grant Amount: \$5,000
Historical Grants Total: \$16,000

New Schools for Chicago

Chicago, IL
www.newschoolsnow.org
Providing educational opportunities
2013 Grant Amount: \$250,000
Historical Grants Total: \$500,000

New Venture Fund

Washington, DC
www.newventurefund.org
Promoting human rights and democracy
2013 Grant Amount: \$500,000
Historical Grants Total: \$2,000,000

Noble Network of Charter Schools

Chicago, IL
www.noblenetwork.org
Providing educational opportunities
2013 Grant Amount: \$100,000
Historical Grants Total: \$100,000

NorthShore University HealthSystems Foundation

Evanston, IL
www.foundation.northshore.org
Providing health and human services
2013 Grant Amount: \$80,000
Historical Grants Total: \$580,000

Northwestern University

Evanston, IL
www.northwestern.edu
Providing educational opportunities
2013 Grant Amount: \$483,333
Historical Grants Total: \$2,406,733

One Acre Fund

New York, NY
www.oneacrefund.org
Building financial stability and opportunity
2013 Grant Amount: \$30,000
Historical Grants Total: \$180,000

Opportunity International

Oak Brook, IL
www.opportunity.org
Building financial stability and opportunity
2013 Grant Amount: \$200,000
Historical Grants Total: \$1,002,000

Perspectives Charter Schools

Chicago, IL
www.pcsedu.org
Providing educational opportunities
2013 Grant Amount: \$25,000
Historical Grants Total: \$50,000

Planned Parenthood

Washington, DC
www.plannedparenthood.org
Providing health and human services
2013 Grant Amount: \$4,000
Historical Grants Total: \$24,000

Rehabilitation Institute of Chicago

Chicago, IL
www.ric.org
Providing health and human services
2013 Grant Amount: \$50,000
Historical Grants Total: \$55,000

Restoring the Art, Inc.

Denver, CO
www.starkeyintl.com/restoring-the-art.html
Providing educational opportunities
2013 Grant Amount: \$18,000
Historical Grants Total: \$69,000

Robin Hood Foundation

New York, NY
www.robinhood.org
Building financial stability and opportunity
2013 Grant Amount: \$25,000
Historical Grants Total: \$415,000

Room to Read

San Francisco, CA
www.roomtoread.org
Providing educational opportunities
2013 Grant Amount: \$455,000
Historical Grants Total: \$3,129,000

In 2014, on average, Room to Read will establish a new library—like this one in Cambodia—every nine hours.



SATTER FOUNDATION 2013 GRANTEES

Salvation Army

Alexandria, VA

www.salvationarmyusa.org

Building financial stability and opportunity

2013 Grant Amount: \$25,000

Historical Grants Total: \$133,400

Samahope

San Francisco, CA

www.samahope.org

Providing health and human services

2013 Grant Amount: \$5,000

Historical Grants Total: \$5,000

Samasource

San Francisco, CA

www.samasource.org

Building financial stability and opportunity

2013 Grant Amount: \$25,000

Historical Grants Total: \$60,000

Teach for America

New York, NY

www.teachforamerica.org

Providing educational opportunities

2013 Grant Amount: \$25,000

Historical Grants Total: \$62,000

The Jimmy Fund

Brookline, MA

www.jimmyfund.org

Providing health and human services

2013 Grant Amount: \$1,000

Historical Grants Total: \$11,500

The Nature Conservancy

Arlington, VA

www.nature.org

Protecting the environment and species

2013 Grant Amount: \$400,000

Historical Grants Total: \$2,893,800

United Way

Alexandria, VA

www.unitedway.org

Building financial stability and opportunity

2013 Grant Amount: \$25,000

Historical Grants Total: \$230,500

Wildlife Conservation Society

Washington, DC

www.wcs.org

Protecting the environment and species

2013 Grant Amount: \$100,000

Historical Grants Total: \$250,000

Winnetka Community House

Winnetka, IL

www.winnetkacommunityhouse.org

Providing health and human services

2013 Grant Amount: \$1,000

Historical Grants Total: \$28,000

Winnetka Historical Society

Winnetka, IL

www.winnetkahistory.org

Providing educational opportunities

2013 Grant Amount: \$1,000

Historical Grants Total: \$24,500

Winnetka Public Schools Foundation

Winnetka, IL

www.wpsf.org

Providing educational opportunities

2013 Grant Amount: \$5,000

Historical Grants Total: \$25,000

Witness

Brooklyn, NY

www.witness.org

Promoting human rights and democracy

2013 Grant Amount: \$5,000

Historical Grants Total: \$325,000

World Business Chicago

Chicago, IL

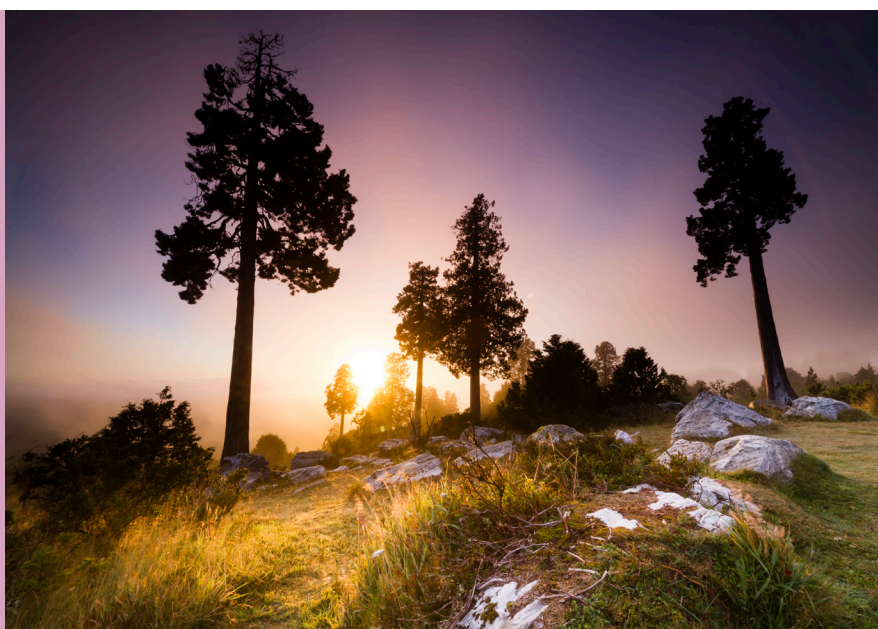
www.worldbusinesschicago.com

Building financial stability and opportunity

2013 Grant Amount: \$100,000

Historical Grants Total: \$200,000

In the Valdivian Coastal Reserve in Chile, a Nature Conservancy initiative will plant more than 2.5 million trees, recovering up to 3,500 hectares that were planted with nonnative eucalyptus. It's Chile's first project designed to generate carbon credits from preservation of native forest and the avoidance of deforestation and forest degradation.





To: Management
The Satter Foundation
Chicago, IL

Accountants' Compilation Report

We have compiled the accompanying statements of financial position of The Satter Foundation as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management by presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplemental schedule of investments held at year end as of December 31, 2013 and 2012 is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

We are not independent with respect to the Satter Foundation.

Topel Forman, L.L.C.

Certified Public Accountants
Chicago, Illinois

November 20, 2014

SATTER FOUNDATION STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

(See Accountants' Compilation Report)

| | 2013 | 2012 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 11,154,853 | \$ 14,513,681 |
| Distribution receivable | 259,957 | — |
| Refundable income taxes | 173,000 | 40,000 |
| Marketable securities, at fair value | 18,780,399 | 21,156,263 |
| Alternative investments, at fair value | 20,422,462 | 21,870,481 |
| Other investments, at fair value | 9,783,009 | 6,168,406 |
| Investments, at cost | 10,023,244 | 4,240,044 |
| TOTAL ASSETS | \$ 70,596,924 | \$ 67,988,875 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Deferred federal excise taxes | \$ 222,000 | \$ 150,000 |
| Net Assets, unrestricted | 70,374,924 | 67,838,875 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 70,596,924 | \$ 67,988,875 |

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

SATTER FOUNDATION STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2013 AND 2012

(See Accountants' Compilation Report)

| | 2013 | 2012 |
|--|---------------|----------------|
| INVESTMENT INCOME AND LOSS | | |
| Net unrealized gains (losses) on investments | \$ 7,194,480 | \$ (274,403) |
| Net realized gains on investments | 2,281,155 | 3,580,092 |
| Dividends and interest | 286,036 | 614,409 |
| Investment management fees | (666,301) | (496,767) |
| Partnership income (loss) | (111,650) | 756,739 |
| Income tax expense | (114,887) | (208,661) |
| Net investment income | \$ 8,868,833 | \$ 3,971,409 |
| EXPENSES | | |
| Charitable contributions | \$ 5,709,583 | \$ 5,085,740 |
| Administrative expenses | 623,201 | 38,637 |
| Total expenses | \$ 6,332,784 | \$ 5,124,377 |
| CHANGE IN UNRESTRICTED NET ASSETS | \$ 2,536,049 | \$ (1,152,968) |
| NET ASSETS, UNRESTRICTED | | |
| Beginning of year | \$ 67,838,875 | \$ 68,991,843 |
| End of year | \$ 70,374,924 | \$ 67,838,875 |

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

SATTER FOUNDATION STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 AND 2012

(See Accountants' Compilation Report)

| | 2013 | 2012 |
|---|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in unrestricted net assets | \$ 2,536,049 | \$ (1,152,968) |
| Adjustments to reconcile change in unrestricted net assets to cash used in operating activities: | | |
| Deferred federal excise taxes | 72,000 | (3,000) |
| Net realized gain on investments | (2,281,155) | (3,580,092) |
| Net change in unrealized appreciation of investments | (7,194,480) | 274,403 |
| Income from investments in partnerships | (95,122) | (884,529) |
| Changes in operating assets | | |
| Increase in: | | |
| Refundable income taxes | (133,000) | (34,000) |
| Net Cash Used in Operating Activities | \$ (7,095,708) | \$ (5,380,186) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | \$ 11,382,197 | \$ 4,377,407 |
| Purchase of marketable securities | (6,051,142) | (3,021,566) |
| Distributions received from alternative and other investments | 6,704,160 | 6,143,162 |
| Purchases of alternative and other investments | (8,298,335) | (5,979,503) |
| Net Cash Provided by Investing Activities | \$ 3,736,880 | \$ 1,519,500 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | \$ (3,358,828) | \$ (3,860,686) |
| CASH AND CASH EQUIVALENTS, BEGINNING | 14,513,681 | 18,374,367 |
| CASH AND CASH EQUIVALENTS, ENDING | \$ 11,154,853 | \$ 14,513,681 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid during the year for: | | |
| Income and excise taxes | \$ 175,887 | \$ 245,661 |
| Non-cash investing activities: | | |
| Distributions receivable from alternative investment | \$ 259,957 | \$ — |
| Stock distribution from alternative investment | \$ — | \$ 950,412 |

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

SATTER FOUNDATION NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

1. NATURE OF ORGANIZATION

The Satter Foundation is a private foundation established and funded by Muneer A. Satter. The fund's primary purpose is to make contributions to a variety of charities throughout the world.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of financial presentation: The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash and cash equivalents: The foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of money market funds at December 31, 2013 and 2012.

Marketable securities: Securities traded on a national securities exchange are valued at their last sales price on the date of determination (or the most recent trading day), or, if no sales occurred on such day, at the average of the closing bid and asked prices on such day. Securities traded over the counter are valued at their last sales price on the date of determination (or the most recent trading date) as reported by the National Association of Securities Dealers Automated Quotations (NASDAQ) National Market System.

Investment income on marketable securities is recognized as earned, and dividend income is recognized on the ex-dividend date.

Alternative investments: Alternative investments consist of investments in various hedge funds, private equity and limited partnerships, and a real estate investment trust which are reported at fair value as estimated by the foundation's management based upon information provided by the administrators of each underlying fund. Partnership loss includes equity earnings from these investments, where appropriate.

Other investments: Other investments consists of investments in privately held companies which are reported at fair value on a nonrecurring basis as estimated by the foundation's management, based upon information provided by the administrators of the underlying companies.

Investments, at cost: Investments, at cost represents various investments in privately owned companies which are valued using the founda-

tion's initial investment as adjusted for subsequent contributions paid and distributions received. There is no active market to estimate the fair value of these investments and it is not practical for the foundation to obtain a valuation of its investments in these entities.

Accounting 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes: The foundation follows the provisions for the Income Taxes Topic of FASB Accounting Standards Codification (Topic 740) which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. Topic 740 also provides guidance on de-recognition, classification, recording of interest and penalties, accounting in interim periods, disclosure, and transition. The foundation files a US federal return of a private foundation. With few exceptions, the foundation is no longer subject to examination by US federal tax authorities for years ended before 2010. There were no unrecognized tax positions as of December 31, 2013 or 2012. If applicable, the foundation would recognize penalties and interest related to income taxes in income tax expense.

The foundation is subject to tax on unrelated business income, which is generated primarily from the foundation's pass-through income received from its investment in various partnerships.

Excise taxes: The foundation has received an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRS Code). However, the foundation is subject to a federal excise tax on net investment income, as defined under Section 4940 of the IRS Code.

Deferred taxes are provided on a liability method whereby deferred tax assets and liabilities are recognized for taxable temporary differences.

SATTER FOUNDATION NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Concentrations: The foundation has concentrated its credit risk for cash by limiting the number of banks and brokerage money market accounts in which it maintains cash deposits. The maximum amount of cash and cash equivalents not covered by federal deposit insurance as of December 31, 2013 and 2012 is approximately \$10,931,000 and \$14,263,000, respectively.

3. INVESTMENTS

Fair Value Measurements: Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Generally accepted accounting principles defined a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- **Level 1** – Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- **Level 2** – Valuations based on quoted prices for similar assets or liabilities, quoted prices that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
- **Level 3** – Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Following is a description of the valuation methodologies used for assets measured at fair value:

- **Marketable Securities (Level 1):** Valued at the quoted market prices of the shares held by the foundation at year end.
- **Alternative investments (Level 3):** Valued based on net asset value of the partnership interest held by the foundation at year end. For the valuation of alternative investments (hedge funds, certain limited partnerships, and certain limited liability companies), the foundation used net asset value as a practical expedient to estimate the fair value. 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 funds, long-short equity funds, absolute return funds, and real estate funds. The valuation of these investments is based on the most recent value provided by the general partner, usually as of December 31, which corresponds to the foundation's year end.

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 if 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, which are classified as Level 2.

- **Other investments (Level 3):** Valued based at the estimated fair value on a nonrecurring basis when a triggering event occurs such as a capital raise, offer to repurchase from the company, initial public offering price when going public, or other financial information becomes available from the company. When a triggering event occurs, the estimated fair value is based on the price offered by the company to repurchase the foundation's shares, the per share price offered to investors when an additional capital raise occurs or other information provided by the company.

SATTER FOUNDATION NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

The following presents the fair value of investments at December 31, 2013:

| | Cost | Fair Value (Level 1) | Fair Value (Level 3) |
|--|----------------------|-------------------------|-------------------------|
| Marketable Securities: | | | |
| Heartware International Inc. | \$ 3,833,128 | \$ 18,780,399 | \$ — |
| Alternative Investments | 17,106,520 | — | 20,422,462 |
| Other Investments | 5,861,652 | — | 9,783,009 |
| Total investments at fair value | \$ 26,801,300 | \$ 18,780,399 | \$ 30,205,471 |

The following presents the fair value of investments at December 31, 2012:

| | Cost | Fair Value (Level 1) | Fair Value (Level 3) |
|--|----------------------|-------------------------|-------------------------|
| Marketable Securities: | | | |
| Heartware International Inc. | \$ 4,219,240 | \$ 18,049,250 | \$ — |
| Las Vegas Sands Corp. | 987,870 | 1,246,320 | — |
| Apple Inc. | 1,013,788 | 931,303 | — |
| Philip Morris International Inc. | 999,537 | 929,390 | — |
| Alternative Investments | 22,158,513 | — | 21,870,481 |
| Other Investments | 4,858,088 | — | 6,168,406 |
| Total investments at fair value | \$ 34,237,036 | \$ 21,156,263 | \$ 28,038,887 |

The following is a reconciliation of the beginning and ending balance of the Level 3 investment activity that is measured at fair value using unobservable inputs as of December 31, 2013 and 2012:

| | 2013 | 2012 |
|---|----------------------|----------------------|
| Balance—Beginning of year | \$ 28,038,887 | \$ 27,533,851 |
| Total realized and unrealized gains included in change in net assets | 6,520,444 | (1,491,163) |
| Partnership loss included in change in net assets | 95,122 | 884,529 |
| Distributions received | (6,514,117) | (3,093,574) |
| Purchases | 2,065,135 | 4,205,244 |
| Balance—End of year | \$ 30,205,471 | \$ 28,038,887 |

SATTER FOUNDATION NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

During the years ended December 31, 2013 and 2012, the foundation's investments in marketable securities and partnerships (including gains and losses on investments bought, sold, and held during the year) appreciated (depreciated) in value as follows:

| | 2013 | 2012 |
|--|--------------|--------------|
| Marketable securities | \$ 2,955,191 | \$ 5,294,549 |
| Alternative investments, at fair value | 3,941,380 | (2,801,481) |
| Other investments, at fair value | 2,579,064 | 1,310,318 |
| Investments, at cost | — | (497,697) |
| Net Realized and Unrealized Gain | \$ 9,475,635 | \$ 3,305,689 |

The foundation uses Net Asset Value (NAV) to determine the fair value of all the 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 provides information for investments using NAV to determine fair value as of December 31, 2013 and 2012:

| | No. of Funds | Fair Value | | Redemption |
|---------------------------------|--------------|---------------|---------------|------------|
| | | 2013 | 2012 | |
| US private equity funds (a) | 3 | \$ 2,029,782 | \$ 2,010,510 | c |
| Global private equity funds (b) | 17 | 18,392,680 | 19,859,971 | c |
| Total | | \$ 20,422,462 | \$ 21,870,481 | |

- (a) These funds' investment strategies include growth recapitalizations, growth equity investments, and real estate investment trusts.
- (b) These funds' investment strategies are made up of global investment strategies and a number of long- and short-range strategies that may have directional risk.
- (c) Redemption frequency and notice period: Typically these investments can only be redeemed when the fund sells an underlying investment. The foundation generally does not have the ability to redeem the investments at their option.

The total unfunded commitments for these investments was \$5,484,997 and \$6,039,158 as of December 31, 2013 and 2012, respectively.

The following table summarizes the foundation's investments carried at cost by sector:

| Industry | No. of Companies | Fair Value | |
|--------------------------------|------------------|---------------|--------------|
| | | 2013 | 2012 |
| Health-care and pharmaceutical | 4 | \$ 9,923,244 | \$ 4,240,044 |
| Real estate and other | 1 | 100,000 | — |
| Total | | \$ 10,023,244 | \$ 4,240,044 |

SATTER FOUNDATION NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

4. TAXES

The foundation's deferred excise tax liability relates to the excess of market value over costs of investments subject to a tax rate of one percent.

Under the provisions of the Internal Revenue Code, if certain minimum distributions are not made, the foundation is subject to a 30 percent tax on the undistributed portion. The foundation was required to distribute \$3,124,719 and \$3,227,155 in 2013 and 2012, respectively. Actual distributions of the foundation totaled \$6,251,449 and \$5,109,815 in 2013 and 2012, respectively, leaving a distribution carryforward of \$2,772,961 and \$1,882,660 in 2013 and 2012, respectively.

Any future distributions in excess of the minimum may be carried forward for five years and used to reduce taxable undistributed amounts. Remaining distribution carryforwards expiring over the next five years are as follows:

| December 31 | |
|-------------|--------------|
| 2017 | \$ 1,353,532 |
| 2018 | 2,772,961 |
| | \$ 4,126,493 |

The components of income tax expense for the year ended December 31, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|------------------|------------|------------|
| Current | | |
| Federal – Income | \$ 20,000 | \$ 25,000 |
| Federal – Excise | 8,000 | 95,000 |
| State | 4,000 | 6,000 |
| Foreign | 10,887 | 82,661 |
| Total | \$ 42,887 | \$ 208,661 |
| Deferred | | |
| Federal | 72,000 | – |
| Total | \$ 114,887 | \$ 208,661 |

Deferred tax asset and liabilities at December 31, 2013 and 2012 consist of the following:

| | 2013 | 2012 |
|---------------------------------------|--------------|--------------|
| Deferred tax asset, all current | \$ – | \$ – |
| Deferred tax liabilities, all current | (222,000) | (150,000) |
| Total | \$ (222,000) | \$ (150,000) |

SATTER FOUNDATION NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

5. RELATED PARTY TRANSACTIONS

The foundation paid Satter Investment Management, LLC, a company owned by the foundation's trustee, management fees for investment advisory services of \$666,301 and \$496,767 for the years ended December 31, 2013 and 2012, respectively, and administration fees of \$333,150 for the year ended December 31, 2013. In addition, the foundation paid an entity controlled by the foundation's trustee \$86,143 and \$9,485 for the years ended December 31, 2013 and 2012, respectively, for travel-related expenses.

6. RETURN ON INVESTMENT

The following represents the return on investment for the years ended December 31, 2013 and 2012:

| | 2013 | 2012 |
|-----------------------------------|--------|--------|
| Return on investment | 15.77% | 7.93% |
| S&P 500 return | 32.39% | 16.00% |
| Private foundation average return | 15.20% | 12.00% |
| University endowment benchmark | 11.70% | -0.30% |

Return on investment is calculated as net investment income divided by average total investments.

7. SUBSEQUENT EVENTS

In March 2014, April 2014, and September 2014, three of the foundation's private investments (Akebia Therapeutics Inc., Vital Therapies Inc., and Tokai Pharmaceuticals Inc.) went through an initial public offering and became publicly traded marketable securities. The investments were carried in the Statement of Financial Position at a combined cost of \$7,730,704 as of December 31, 2013. The fair value of these securities as of the report date was \$18,457,477.

The foundation has evaluated subsequent events through November 20, 2014, the date on which the financial statements were available to be issued.

SATTER FOUNDATION SCHEDULE OF INVESTMENTS HELD AT YEAR END

DECEMBER 31, 2013 AND 2012

(See Accountants' Compilation Report)

| | 2013 | 2012 |
|--|----------------------|----------------------|
| MARKETABLE SECURITIES | | |
| Heartware Limited | \$ 18,780,399 | \$ 18,049,250 |
| Apple Inc. | — | 931,303 |
| Las Vegas Sands Corp. | — | 1,246,320 |
| Philip Morris International Inc. | — | 929,390 |
| Total Marketable Securities | \$ 18,780,399 | \$ 21,156,263 |
| ALTERNATIVE INVESTMENTS | | |
| IREO Fund II Ltd. | \$ 2,768,203 | \$ 2,826,761 |
| GS Capital Partners VI LP QP Fund Offshore | 2,335,878 | 1,940,754 |
| GS Mezzanine Partners V PIA PMD Fund Offshore Ltd. | 2,288,750 | 1,972,400 |
| Biomedical Offshore Value Fund | 2,108,664 | 1,452,085 |
| GS Capital Partners V LP | 1,545,500 | 1,428,000 |
| Redmile Capital Offshore Fund Class A Sub 7 | 1,534,079 | 1,246,740 |
| Great Point Partners I LP | 1,385,535 | 1,198,202 |
| GS Mezzanine Partners 2006 LP | 1,268,800 | 1,511,550 |
| Redwood Offshore Fund | 1,240,448 | 1,070,984 |
| GS MBD 2011 Offshore LLP | 1,131,800 | 898,400 |
| Value Partners (Asia LP) | 978,761 | 891,314 |
| GS Loan Partners I Employee Fund LP | 828,400 | 774,200 |
| Biotechnology Value Fund LP | 575,545 | 812,308 |
| GS Employee Fund 2000 Offshore LP | 168,025 | 205,160 |
| TPG-Axon Ptrs (Offshore) Ltd. | 97,851 | 138,963 |
| Great Point Partners II LP | 68,702 | — |
| GS Mezzanine Partners III LP | 66,600 | 235,314 |
| Solamere Fund II-A LP | 25,000 | — |
| Hermitage Global Class A (Combined Series 4 & 7) | 5,921 | 749,220 |
| Cevian Capital II Ltd. Euro Class A | — | 1,168,162 |
| Verde Realty LP | — | 1,349,964 |
| Total Alternative Investments | \$ 20,422,462 | \$ 21,870,481 |

SATTER FOUNDATION SCHEDULE OF INVESTMENTS HELD AT YEAR END

DECEMBER 31, 2013 AND 2012

(See Accountants' Compilation Report)

| | 2013 | 2012 |
|--------------------------------------|----------------------|----------------------|
| OTHER INVESTMENTS | | |
| Oxford Nanopore Technologies Limited | \$ 5,311,015 | \$ 3,579,930 |
| Pangea Properties | 2,307,718 | 1,327,500 |
| LINQ3 LLC | 1,200,000 | 850,000 |
| Restorsea Holdings LLC | 932,301 | 410,976 |
| Festival Transactions Services | 31,975 | — |
| Total Other Investments | \$ 9,783,009 | \$ 6,168,406 |
| INVESTMENTS AT COST | | |
| Akebia Therapeutics Inc. | \$ 3,407,081 | \$ 766,553 |
| Tokai Pharmaceuticals Inc. | 2,440,227 | 890,228 |
| Vital Therapies Inc. | 1,884,290 | 1,193,574 |
| Aerpio Therapeutics Inc. | 1,190,396 | 388,439 |
| American Well | 1,001,250 | 1,001,250 |
| Rane Corp. | 100,000 | — |
| Total Investments at Cost | \$ 10,023,244 | \$ 4,240,044 |
| TOTAL INVESTMENTS | \$ 59,009,114 | \$ 53,435,194 |

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SATTER FOUNDATION | CHICAGO, ILLINOIS