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A close-up photograph of two young children. The child in the foreground is a young boy with short dark hair, wearing black-rimmed glasses and a dark blue jacket with a green patterned lining. He is smiling and giving a thumbs-up gesture. The child in the background is a young girl with dark hair, also smiling and giving a thumbs-up gesture. The background is softly blurred, showing hints of other people and a bright, colorful environment.

## our mission

The Brinson Foundation is a privately funded philanthropic organization that provides an opportunity to focus our family's common interests in encouraging personal initiative, advancing individual freedoms and liberties and positively contributing to society in the areas of education and scientific research.

We envision a society that cares for all of its members and endeavors to enhance individual self worth and dignity. We also envision a world where all people are valued and productive members of society, where everyone is committed to improving their life and the quality of their environment.

## our vision

**Ounce of Prevention Fund**  
*Educare's early childhood work led us to add Ounce of Prevention to our portfolio in 2013.*



**Chicago Horticultural Society – Chicago Botanic Garden**  
*We have been supporting the Garden's Education and Community programs since 2005.*



## our beliefs

There are no higher values than integrity, truth and honesty.

We seek to form strong, collegial and collaborative relationships with the people we serve.

Individuals, families and communities are best positioned to define and solve their own problems.

We believe that sustainable, long-term solutions to societal problems require

comprehensive and multi-disciplined approaches.

Programs that rely on the incentives of the free enterprise system provide significant potential for long-term success and sustainability and have many advantages over government programs.

We encourage innovative and experimental ideas that target preventative measures rather than the treatment of existing symptoms.

Education is essential to the human mind and spirit and provides the basis for people to reach their full potential.

Advances in science and technology can be harnessed to materially improve the human condition.

Successful programs need to be communicated to broader audiences to maximize the potential impact on society.





**Art Institute of Chicago**  
*We have been funding this Endorsement grantee since our founding.*

As I observed my tenth anniversary with the Foundation last November, it seemed like a good time to reflect on the progress we have made at the Foundation over the past ten years. I am keenly aware of Gary Brinson's admonition that the process of defining, refining and advancing the mission of the Foundation must be viewed as an iterative one that takes time and patience.

Thankfully this reflection provided some clarity about how far we have come as a foundation over the past decade. It is energizing to see headway in terms of the articulation of our grantmaking guidelines, goals and strategies; the quality of our grant portfolio; and the efficacy of our governance structure. While it is encouraging to see this iterative process generating results, it would be of little comfort if forward momentum were not evident in the past year.

There is encouraging evidence of continued progress in 2014. One example is the successful launch of our funding initiative with the Namaste Charter School. This plan, which we announced last August, is still in its early stages, but it has proven to be an excellent opportunity for us to learn about the challenges associated with creating a high impact urban learning environment. Although we have not had the opportunity to fully evaluate the initial grants we made as part of this initiative (which are highlighted on page 17 of this Report), preliminary feedback suggests that our support has the potential to help Namaste promote the academic development and personal growth of its students.

In addition to the launch of the Namaste initiative, we completed a strategic review of our Education focus areas which provided us with greater clarity about the interests and goals of our Board in each of these areas. This review led us to retitle two focus areas (High School and College Access is now High School, College and Career Success while Reading and Literacy is now simply Literacy) and substantively modify the goal statements of five of the seven Education focus areas. The deliberations that led to these changes are helping us do a better job of evaluating the work of existing grantees and ensuring that the grantseekers with which we engage are closely aligned with the interests of our Board.

Finally, as is highlighted on the cover of this report, our Board has approved a new logo that is more reflective of the Foundation today. Borrowing equity from our prior logo, we have created a more distinct diamond shape that has been equated in a variety of settings with the concepts of clarity, wisdom and aspiring to succeed. Thus, the logo attempts to capture our desire to bring clarity and wisdom to our grantmaking as we seek to motivate others to reach their full potential. At the same time, the logo is designed to create a more expressive image that embodies the family's interest in science, innovation, the evolutionary nature of learning and the dynamic properties of the universe.

While encouraged by our progress, I recognize that the challenges of effective philanthropy constantly increase as the issues we seek to address become increasingly complex and philanthropy comes under closer scrutiny each year. Given this setting, we are fortunate to partner with so many extraordinary organizations as they tackle these issues with such amazing conviction and insight.

Sincerely,



James D. Parsons  
President



**The University of Chicago  
Department of Organismal Biology and Anatomy**  
*We support the research of Neil Shubin's team in the field of evolutionary developmental biology.*

I was born in 1943 and raised in a small home just south of Seattle, Washington. My father was a bus driver and my mother a store clerk. My parents had meager financial income and little resources to cover the costs of raising three boys. I was an average student early in life but realized that I needed an advanced education if I was to break away and achieve my goals of financial independence. I was fortunate to be able to achieve success in the investment management world and eventually formed Brinson Partners where I applied my experience and training until my retirement in 2000. The Brinson Foundation was created in 2001 as the residual result of my decisions regarding wealth transfer to my heirs. After addressing the interests of my family, including a limited generational line of heirs that follow; the remaining fraction of my wealth goes to the Foundation for philanthropic purposes.

In point of fact, I am placing limits on the size of wealth transfer to my heirs. My reasons for limiting the size of the wealth transfer for my heirs stem from my strong belief that "excessive" amounts of this form of largess diminish individual initiative and self esteem. If I had no opinion with respect to limiting the size of wealth transfer to my heirs, there would be no Foundation.

The Brinson Foundation has been funded to date with approximately \$100 million and is likely to receive considerable future funding; the size of which will be a function of investment returns, targeted allocations for my heirs and deductions for estate taxes and administrative expenses. The government's estate tax policy will not impact the size of the wealth transfer to my heirs, but will impact the remaining residual for philanthropy. Higher estate tax rates will mean less for philanthropy; lower rates will mean more. If estate taxes become onerous, there will be no further funding for the Foundation at my expiration other than that already included in my estate plan.

My reasons for creating the Foundation as distinct from pursuing personal philanthropic activity are twofold:

- » The Foundation provides a formal structure for the family to interact as members of the board of directors and to work cooperatively with each other in shaping the direction of our philanthropic interests.
- » The Foundation can have more of a targeted and focused set of priorities that can evolve with the family's growing knowledge and understanding of philanthropic initiatives. In this sense, my personal beliefs stand a better chance of surviving with the passing of time.

The assets of the Foundation must be considered a scarce resource with an investment objective of moderate risk that should satisfy the goal of earning a 4.0% to 4.5% real (inflation adjusted) return over time. This moderate risk objective is to be defined at the aggregate portfolio level and derived from a globally diversified asset mix across all investible asset classes. I am not concerned with the risk of individual securities or asset classes, but only with the aggregate risk of the entire portfolio which is "optimal," expressed in terms of return per unit of risk. With a payout requirement set by law at 5%, this investment goal suggests that there will likely be some diminishment in the real value of the assets for future years. Adopting a more aggressive risk profile is not appropriate as I view the risk of shortfalls in returns to be more detrimental for grantees than any benefits from higher returns. I believe foundations should always keep this "utility function," as economists call it, firmly in mind.

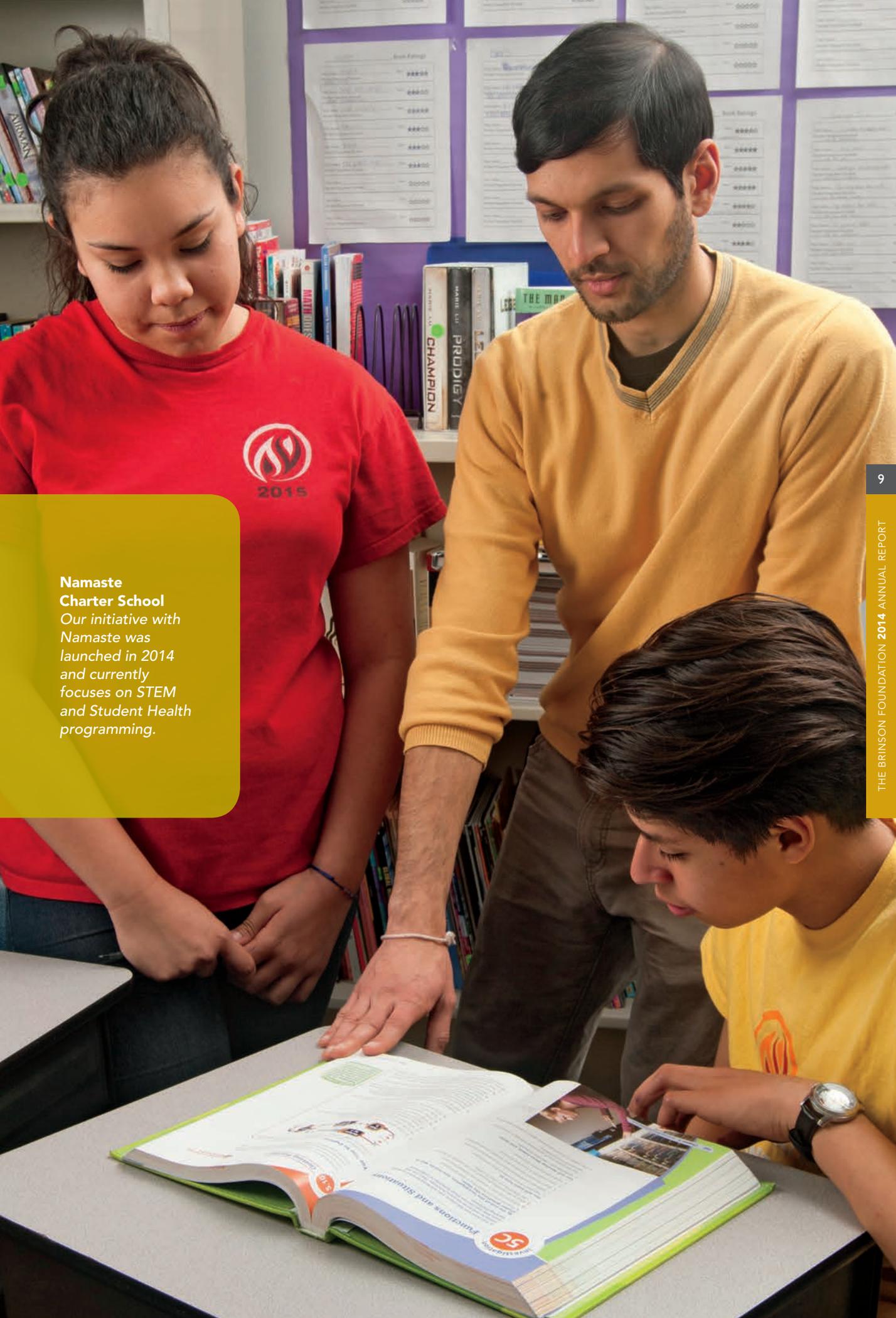
## Founder's Statement

Some of my personal beliefs which guide the grantmaking activities of The Brinson Foundation are noted below:

- » The embracement of philanthropy is different than that of charity. The Foundation should avoid "charitable grantmaking," by which I mean grants that deal with symptoms rather than causes.
- » The scope of the Foundation's activities should be as narrow as possible given the diverse interests of its directors. My hope is that, over time, the Foundation will operate with a limited set of priorities and strive to make an impact and contribution within that self constrained focus. These priorities will likely change and evolve over time. Maintaining a discipline of a narrow set of focus areas will be a necessary challenge.
- » I am a libertarian who values individual liberty and what Ayn Rand calls objectivism. I am convinced of the merits of Darwinism and deeply troubled by the general societal ignorance of this reality as it relates to the development of mankind. I am opposed to all forms of egalitarianism that try to diminish individual freedom in the name of some misplaced societal notion. Equal opportunity, which I support, does not mean equal results for all, which I oppose. The Foundation should stress the importance of individual accountability for action or inaction.
- » Science, scientific research and rational thinking should always receive the Foundation's attention and grantmaking support.
- » The fact that the Foundation is a U.S.-based organization should not prevent it from defining its role in a global context if that can be accomplished without compromising our standards of practice.
- » Sensible funding of "higher risk" programs where the likelihood of failure is evident is appropriate for a moderate portion of the grantmaking portfolio.
- » I have worked closely with the other directors to ensure that my personal convictions are reflected in the Foundation's grantmaking guidelines. These include my view that we should avoid funding religious and "faith based" programs; my preference for market-based solutions over government programs; my belief that medical research should focus on quality of life rather than the extension of life; and my opposition to racial, ethnic and gender specific programs (excluding medical) as a result of my fervent belief that discrimination of any form is antithetical to mankind's progress and further evolution.



Gary P. Brinson  
Founder and Chairman of the Board

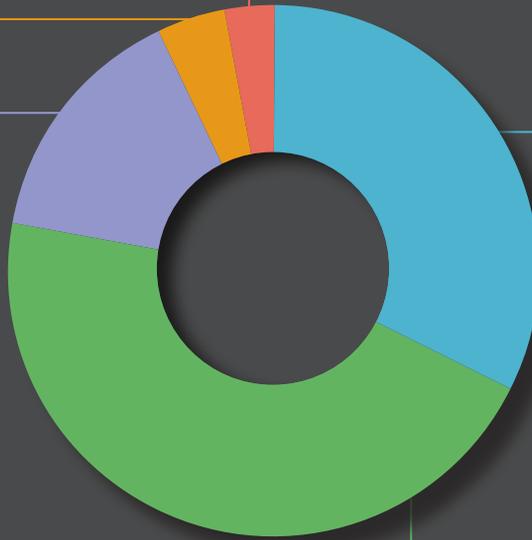


**Namaste  
Charter School**  
*Our initiative with  
Namaste was  
launched in 2014  
and currently  
focuses on STEM  
and Student Health  
programming.*

## Grantmaking Overview

2014 Grants by Priority<sup>1</sup>

Total Grants 149 | Total Amount \$4,148,500



14.9%

Scientific Research 14.9%  
12 Grants | \$620,000

32.4%

Endorsement 32.4%  
21 Grants | \$1,345,000

4.3%

Board Special Interest 4.3%  
8 Grants | \$180,000

45.4%

Education 45.4%  
60 Grants | \$1,885,000

2.9%

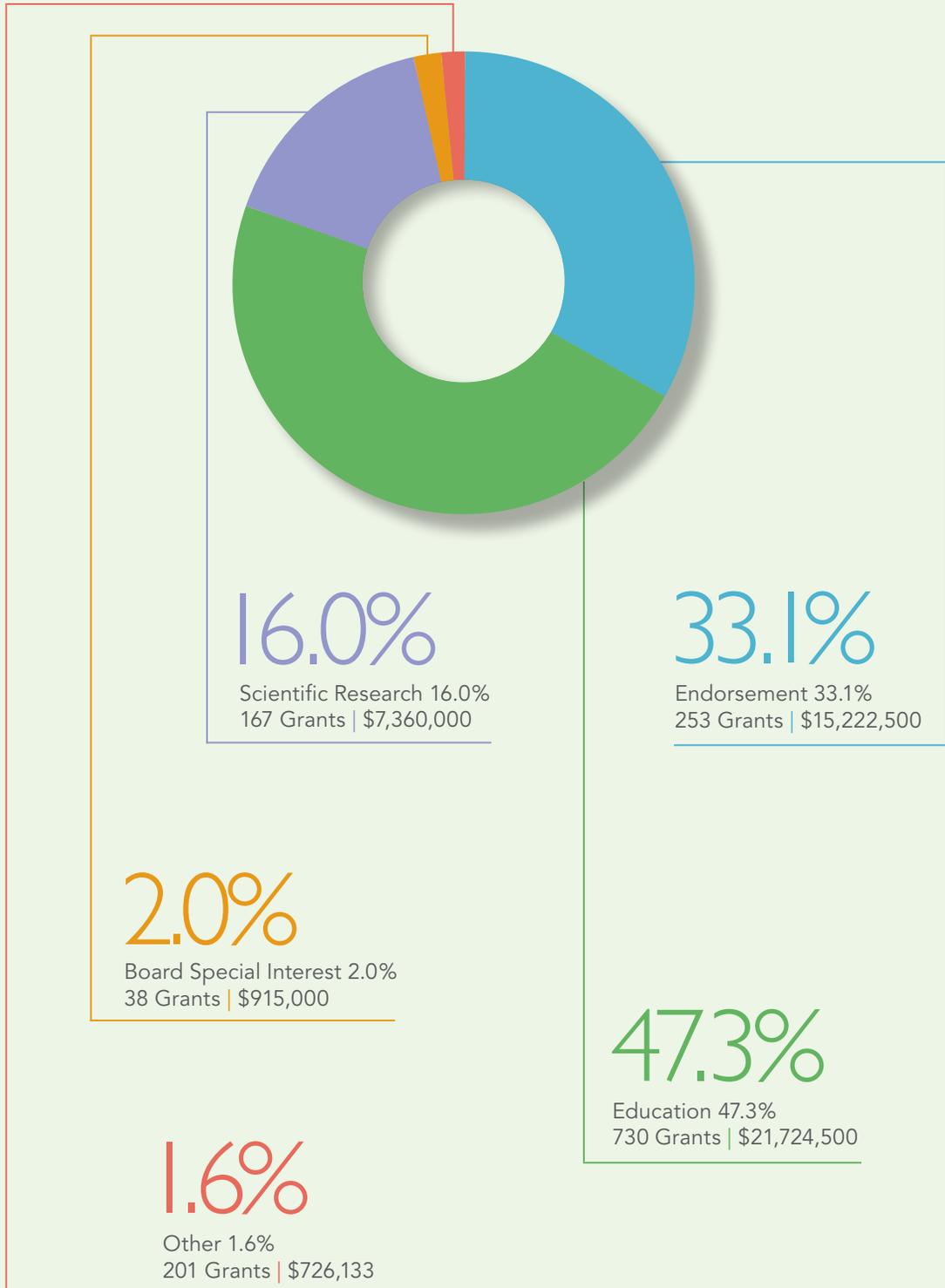
Other<sup>2</sup> 2.9%  
48 Grants | \$118,500

<sup>1</sup> Percentage totals do not add due to rounding.

<sup>2</sup> The Foundation provided Professional Development and Technical Assistance grants and skill sharing micro-grants totaling \$75,000 to 43 existing grantees.

## Grantmaking Overview

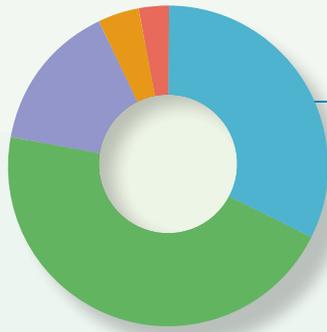
Total Grants by Priority Since Inception<sup>3</sup>  
Total Grants 1,389 | Total Amount \$45,948,133



<sup>3</sup> Inception date of December 31, 2000

## 2014 Endorsement Grants

Endorsement grants are made to a limited number of leading institutions selected by the Foundation's Directors. These grants often involve ongoing core support of the institution rather than specific programmatic support pursuant to the Foundation's grantmaking priorities. The Foundation does not accept inquiries or applications relating to the Endorsement grant category, as decisions to make these grants are made on a discretionary basis by the Foundation's Board of Directors.



**Endorsement 32.4%**  
21 Grants | \$1,345,000

32.4%

**Adler Planetarium**  
Chicago, IL  
adlerplanetarium.org  
*Cosmology and Astrophysics  
Research*  
\$80,000

**America's Foundation  
for Chess**  
Bellevue, WA  
af4c.org  
*General Support*  
\$40,000

**Ann & Robert H. Lurie  
Children's Hospital  
of Chicago**  
Chicago, IL  
luriechildrensresearch.org  
*Medical Research - Junior  
Investigator Award*  
\$60,000

**Art Institute of Chicago**  
Chicago, IL  
artic.edu  
*General Support*  
\$80,000

**Chicago Academy of Sciences  
Peggy Notebaert Nature  
Museum**  
Chicago, IL  
naturemuseum.org  
*General Support*  
\$40,000

**Chicago Architecture  
Foundation**  
Chicago, IL  
architecture.org  
*General Support*  
\$50,000

**Chicago History Museum**  
Chicago, IL  
chicagohs.org  
*General Support*  
\$60,000

**Chicago Horticultural Society  
Chicago Botanic Garden**  
Glencoe, IL  
chicagobotanic.org  
*Education and Community  
Programs*  
\$50,000

**Chicago Symphony Orchestra**  
Chicago, IL  
cso.org  
*General Support*  
\$60,000

**Eisenhower Medical Center**  
Rancho Mirage, CA  
emc.org  
*Nursing Education and  
General Support*  
\$50,000

**The Field Museum**  
Chicago, IL  
fieldmuseum.org  
*Education Programs*  
\$80,000

**Joffrey Ballet**  
Chicago, IL  
joffrey.org  
*General Support*  
\$40,000

**John G. Shedd Aquarium**  
Chicago, IL  
sheddaquarium.org  
*General Support*  
\$80,000

**La Rabida Children's  
Hospital**  
Chicago, IL  
larabida.org  
*General Support*  
\$80,000

**Lincoln Park Zoological  
Society**  
Chicago, IL  
lpzoo.org  
*General Support*  
\$60,000

**Lyric Opera of Chicago**  
Chicago, IL  
lyricopera.org  
*NEXT – Discount Student  
Tickets for the Next Generation*  
\$60,000

**Museum of Science  
and Industry**  
Chicago, IL  
msichicago.org  
*General Support and the  
Science Minors and Science  
Achievers Programs*  
\$80,000

**Northwestern Memorial  
Foundation**  
Chicago, IL  
nmh.org  
*Neonatal Nurse Practitioner and  
Neuroscience Nursing Education  
Programs*  
\$70,000

**Rehabilitation Institute  
of Chicago**  
Chicago, IL  
ric.org  
*Brinson Stroke Fellowship*  
\$75,000

**Special Olympics Illinois**  
Normal, IL  
soill.org  
*General Support*  
\$50,000

**The University of  
Chicago Medicine**  
Chicago, IL  
medicine.uchicago.edu  
*Medical Research - Junior  
Investigator Award*  
\$100,000



**Eisenhower Medical Center**  
*We have been supporting  
Eisenhower's nursing education  
programs since 2006.*

## 2014 Programmatic Grants

### EDUCATION

We believe education provides people with the opportunity to expand their talents and capabilities. Through our grantmaking, we hope to inspire them to reach their full potential both as individuals and as contributing citizens of a greater community. We are especially interested in programs that make quality education accessible to those who are personally committed.

*Our education grants fall into seven focus areas. These areas are:*

**Financial Literacy** – programs that provide middle and high school students and adults with basic financial and investment skills to help them become financially self-sufficient.

**Health Care Career Development** – programs that spark interest among high school and college students in health care-related career paths or enhance the skills of health care professionals to equip individuals to have careers that offer opportunities for economic advancement while also positively impacting societal health.

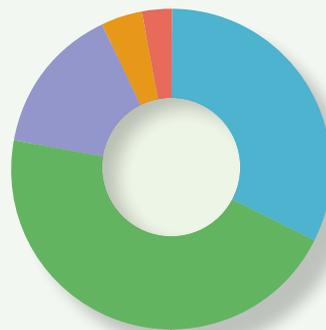
**High School, College and Career Success** – programs that provide motivated students and young adults of limited means with the academic support, personal skills and financial resources needed to reach their full potential in school and careers.

**Liberty, Citizenship and Free Enterprise** – programs that educate and promote the principles of liberty, citizenship and free enterprise to elementary through graduate school students and adults.

**Literacy** – programs that develop the literacy skills of children, birth through elementary school age, improve the pedagogy of teachers and ensure support for this learning among parents so that young children become functionally literate and are prepared for success in their future education and in life.

**Science, Technology, Engineering and Math (STEM)** – programs that provide STEM education to pre-school through graduate school students or professional development for teachers, promote STEM careers or deliver engaging STEM content to the general public.

**Student Health** – programs that foster the physical health of pre-school through high school students to help them stay enrolled and be productive in school.



**Education 45.4%**  
60 Grants | \$1,885,000

45.4%

**A Better Chicago**

Chicago, IL  
 abetterchicago.org  
 General Support  
 \$25,000

**Accion**

Cambridge, MA  
 accion.org  
 Microfinance Initiatives in Africa  
 \$30,000

**Acumen**

New York, NY  
 acumen.org  
 Global Fellows Program  
 \$50,000

**Advance Illinois**

Chicago, IL  
 advanceillinois.org  
 General Support  
 \$20,000

**After School Matters**

Chicago, IL  
 afterschoolmatters.org  
 Science Out-of-School Time  
 Programming  
 \$25,000

**Alan Alda Center for Communicating Science**

Stony Brook, NY  
 centerforcommunicatingscience.org  
 General Support  
 \$30,000

**Associated Colleges of Illinois**

Chicago, IL  
 acifund.org  
 College Readiness and Completion  
 Initiative  
 \$25,000

**The Ayn Rand Institute**

Irvine, CA  
 aynrand.org  
 Free Books to Teachers Program  
 \$35,000

**The Cara Program**

Chicago, IL  
 thecaraprogram.org  
 General Support  
 \$30,000

**Carole Robertson Center for Learning**

Chicago, IL  
 crcl.net  
 General Support  
 \$25,000

**Cato Institute**

Washington, DC  
 cato.org  
 Student Briefing Program  
 \$25,000

**Center for Economic Progress**

Chicago, IL  
 economicprogress.org  
 Financial Capability Program  
 \$25,000

**CERGE – EI Foundation**

Teaneck, NJ  
 www.cerge-ei.cz/donors/foundation  
 Brinson Fellows Ph.D. Scholarship  
 Program  
 \$30,000

**The Chicago Public Education Fund**

Chicago, IL  
 thefundchicago.org  
 Fund IV  
 \$100,000

**Chicago Public Library Foundation**

Chicago, IL  
 cplfoundation.org  
 Winter and Spring Learning  
 Challenge  
 \$25,000

**Chicago Shakespeare Theater**

Chicago, IL  
 chicagoshakes.com  
 Bard Core Curriculum  
 \$25,000

**Chicagoland Entrepreneurial Center**

Chicago, IL  
 chicagolandec.org  
 General Support  
 \$25,000

**Citizen Schools – Chicago**

Chicago, IL  
 citizenschools.org  
 General Support  
 \$25,000

**Communities in Schools of Chicago**

Chicago, IL  
 chicagocis.org  
 General Support for Student  
 Health Programs  
 \$35,000

**Constitutional Rights Foundation Chicago**

Chicago, IL  
 crfc.org  
 Lawyers in the Classroom Program  
 – U.S. Constitution and Legal  
 System Education for Grades 2-8  
 and General Support  
 \$30,000

**The Ayn Rand Institute**

*Our funding provides free books to teachers and students in schools in the Chicago area.*

**Council for the Advancement of Science Writing**

Hedgesville, WV  
 casw.org  
 Graduate School Science Writing  
 Fellowship Stipends and General  
 Support  
 \$20,000

**Daniel Murphy Scholarship Fund**

Chicago, IL  
 dmsf.org  
 General Support  
 \$45,000

**Donors Forum**

Chicago, IL  
 donorsforum.org  
*Education Group Initiatives*  
 \$10,000

**DuPage Children's Museum**

Naperville, IL  
 dupagechildrens.org  
*General Support*  
 \$35,000

**Econ Illinois**

DeKalb, IL  
 econed-il.org  
*Financial Literacy*  
 \$25,000

**Harvard School of Public Health**

Boston, MA  
 hsph.harvard.edu  
*Harnessing Private Enterprise for Public Health Project*  
 \$35,000

**Healthy Schools Campaign**

Chicago, IL  
 healthyschoolscampaign.org  
*Change for Good Student Health Program*  
 \$35,000

**High Jump**

Chicago, IL  
 highjumpchicago.org  
*General Support*  
 \$45,000

**Institute for Humane Studies**

Arlington, VA  
 theihs.org  
*Learn Liberty Academy*  
 \$30,000

**Jack Miller Center for Teaching America's Founding Principles and History**

Philadelphia, PA  
 jackmillercenter.org  
*Newberry Library Series on American Political Thought and Chicago Initiative Lectures*  
 \$35,000

**Lake Forest Academy**

Lake Forest, IL  
 lfanet.org  
*"Class of '93 Scholarship" Fund for High School Students*  
 \$20,000

**Literacy Works**

Chicago, IL  
 litworks.org  
*General Support*  
 \$25,000

**Loyola University Medical Center**

Maywood, IL  
 luhs.org  
*Pediatric Mobile Health Unit*  
 \$25,000

**Mercatus Center at George Mason University**

Arlington, VA  
 mercatus.org  
*F. A. Hayek Program for Advanced Study in Philosophy, Politics and Economics*  
 \$25,000

**Merit School of Music**

Chicago, IL  
 meritmusic.org  
*General Support*  
 \$30,000

**MetroSquash**

Chicago, IL  
 metrosquash.org  
*General Support and Capital Campaign*  
 \$50,000

**One Million Degrees**

*Our grant helps support community college students succeed in school and beyond.*

**Erie Family Health Center**

Chicago, IL  
 eriefamilyhealth.org  
*General Support for the Teen Center*  
 \$25,000

**Foundation for Teaching Economics**

Davis, CA  
 fte.org  
*Economics for Leaders Program*  
 \$25,000

**The Horatio Alger Association**

Alexandria, VA  
 horatioalger.org  
*Illinois College Scholarship Program*  
 \$50,000

**Illinois Caucus for Adolescent Health**

Chicago, IL  
 icah.org  
*General Support*  
 \$20,000

**Inner-City Computer Stars Foundation**

Chicago, IL  
 icstars.org  
*General Support*  
 \$30,000



**Mikva Challenge Grant Foundation**

Chicago, IL  
mikvachallenge.org  
Teen Health Council  
\$25,000

**The Morton Arboretum**

Lisle, IL  
mortonarb.org  
STEM Programs  
\$35,000

**Northwestern Memorial Foundation**

Chicago, IL  
scholars.nm.org  
Northwestern Medicine Scholars Program at Westinghouse College Prep  
\$25,000

**One Million Degrees**

Chicago, IL  
onemilliondegrees.org  
General Support  
\$35,000

**OneGoal**

Chicago, IL  
onegoalgraduation.org  
General Support  
\$25,000

**Ounce of Prevention Fund**

Chicago, IL  
ounceofprevention.org  
General Support for Educare  
\$25,000

**The Posse Foundation – Chicago**

Chicago, IL  
possefoundation.org  
General Support  
\$50,000

**Room to Read**

San Francisco, CA  
roomtoread.org  
General Support for International Literacy Programs  
\$25,000

**Rush University Medical Center**

Chicago, IL  
rush.edu  
Adolescent Family Center Reproductive Health Program  
\$40,000

**St. John's Medical Center**

Jackson, WY  
tetonhospital.org  
Nursing Education Program  
\$40,000

**Teach for America – Chicago**

Chicago, IL  
teachforamerica.org/chicago  
General Support  
\$50,000

**Teton Science Schools**

Jackson, WY  
tetonscience.org  
General Support  
\$30,000

**The University of Chicago Urban Education Institute**

Chicago, IL  
uei.uchicago.edu  
Science and Math Learning Community  
\$40,000

**Wilderness Classroom**

Western Springs, IL  
wildernessclassroom.com  
General Support  
\$15,000

**WTTW Channel 11**

Chicago, IL  
wttw.com  
Local Broadcast of NOVA and NOVA ScienceNOW  
\$70,000



**The Cara Program**

*We have been helping Cara transform lives and promote self-reliance since 2003.*

**Namaste Funding Initiative**

*Namaste is a K-8 charter school located in the McKinley Park neighborhood on the southwest side of Chicago.*

**Namaste Charter School**

Chicago, IL  
namastecharterschool.org  
STEM Curriculum and General Support  
\$25,000

**Playworks**

Chicago, IL  
illinois.playworks.org  
Fitness and Noncognitive Skills Development  
\$25,000

**Chicago Academy of Sciences Peggy Notebaert Nature Museum**

Chicago, IL  
naturemuseum.org  
STEM Teacher Professional Development and Intercession  
STEM Programming  
\$25,000

2014 Programmatic Grants  
SCIENTIFIC RESEARCH

We are interested in programs on the cutting edge of research in specific areas of interest to our Directors that are underfunded or not yet eligible for funding by governmental programs. These programs are typically sponsored by top research institutions, which provide quality assurance oversight and accountability that may not be possible in a less structured environment. Further, the programs often involve pre-doctoral and post-doctoral scientists who are beginning their research careers. In addition to promoting the work of young researchers, we are particularly interested in programs that encourage them to remain engaged in research in their field of interest.

*Specific areas in which we currently have interest are:*

**PHYSICAL SCIENCES**

**Astrophysics** – the study of the behavior, physical properties and dynamic processes of celestial objects and related phenomena.

**Cosmology** – the study of the origin, structure and space-time relationships of the universe.

**Evolutionary Developmental Biology** – a field of biology which synthesizes embryology, molecular and population genetics, comparative morphology, paleontology and molecular evolution to understand the evolution of biodiversity at a mechanistic level.

**Geophysics** – the study of the physical processes and phenomena occurring in and on the Earth and in its vicinity.

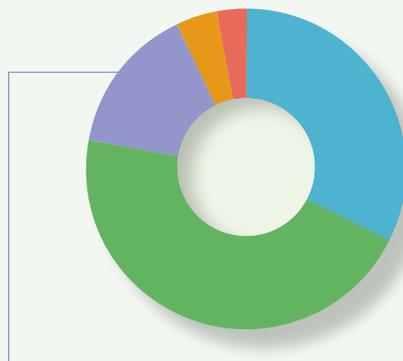
**MEDICAL RESEARCH**

We partner with leading medical research institutions to fund programs that seek to develop new, innovative clinical interventions for chronic conditions as well as highly treatable conditions which negatively impact the productivity of large segments of the population.

In all cases, we focus our medical research funding in areas that improve the quality of life as distinct from solely extending life.

Our Directors review this grant category annually and request the staff to pursue grant opportunities in areas of specific interest.

*The Foundation does not accept grantseeker inquiries in medical research.*



**Scientific Research 14.9%**  
12 Grants | \$620,000

14.9%

**California Institute of Technology**  
Pasadena, CA  
astro.caltech.edu  
*Theoretical Gravitational Wave Research*  
\$70,000

**Carnegie Institution for Science**  
Washington, DC  
carnegieinstitution.org  
*Icelandic Volcano Seismology Monitoring Research*  
\$55,000

**Columbia University Lamont-Doherty Earth Observatory**  
Palisades, NY  
ldeo.columbia.edu  
*Seismology Research*  
\$55,000

**Cornell University ExtraGalactic Group**  
Ithaca, NY  
egg.astro.cornell.edu  
*Arecibo Legacy Fast Alpha Cosmology Research Program*  
\$40,000

**National Geographic Society**  
Washington, DC  
nationalgeographic.com  
*Young Explorers Grants Program*  
\$40,000

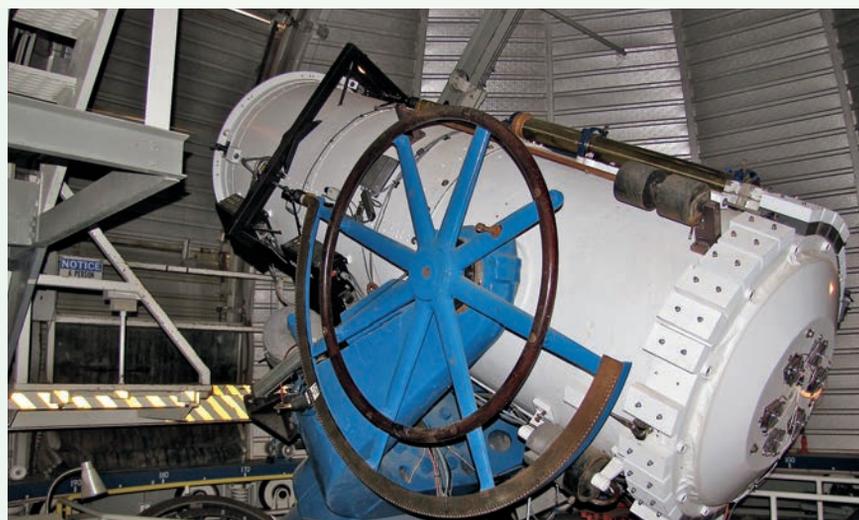
**Northwestern Memorial Foundation**  
Chicago, IL  
nucats.northwestern.edu  
*Medical Research - Junior Investigator Award*  
\$60,000

**Rush University Medical Center**  
Chicago, IL  
rush.edu  
*Medical Research - Junior Investigator Award*  
\$60,000

**Smithsonian Astrophysical Observatory**  
Cambridge, MA  
cfa.harvard.edu/sao  
*Exoplanet Biosignature Programming Project*  
\$35,000

**The University of Arizona Foundation – Spacewatch**  
Tucson, AZ  
spacewatch.lpl.arizona.edu  
*Asteroid Composition Research*  
\$30,000

**The University of Chicago Department of Astronomy and Astrophysics**  
Chicago, IL  
astro.uchicago.edu  
*Brinson Fellowship Program*  
\$85,000



**The University of Arizona Foundation – Spacewatch**  
*Spacewatch observes asteroids and comets including potentially hazardous objects that hypothetically might impact the Earth.*

**The University of Chicago Department of Organismal Biology and Anatomy**  
Chicago, IL  
pondside.uchicago.edu/oba  
*Evolutionary Developmental Biology Research*  
\$30,000

**The University of Utah**  
Salt Lake City, UT  
uusatrg.utah.edu  
*Yellowstone Seismology and Tectonophysics Research*  
\$60,000

## 2014 Board Special Interest & Other Grants

### Board Special Interest

These grants represent special family interests and are either one time grants or fall outside of the Foundation's grantmaking priorities. The Foundation does not accept inquiries related to this category.

**Grand Teton National Park Foundation**  
Jackson, WY  
gtnpf.org  
*The Campaign for Jenny Lake*  
\$30,000

**Jackson Hole Land Trust**  
Jackson, WY  
jhlandtrust.org  
*General Support*  
\$35,000

**The Living Desert**  
Palm Desert, CA  
livingdesert.org  
*General Support*  
\$20,000

**MetroSquash**  
Chicago, IL  
metrosquash.org  
*General Support*  
\$15,000

**Moneythink**  
Chicago, IL  
moneythink.org  
*General Support*  
\$15,000

**National Museum of Wildlife Art**  
Jackson, WY  
wildlifeart.org  
*General Support*  
\$20,000

**Open Books Ltd.**  
Chicago, IL  
open-books.org  
*General Support*  
\$15,000

**Teton County Integrated Solid Waste & Recycling Jackson Community Recycling**  
Jackson, WY  
tetonwyo.org/recycling  
*General Support*  
\$30,000

### Other Grants

**Chicago Scholars**  
Chicago, IL  
chicagoscholars.org  
*Honorarium*  
\$2,500

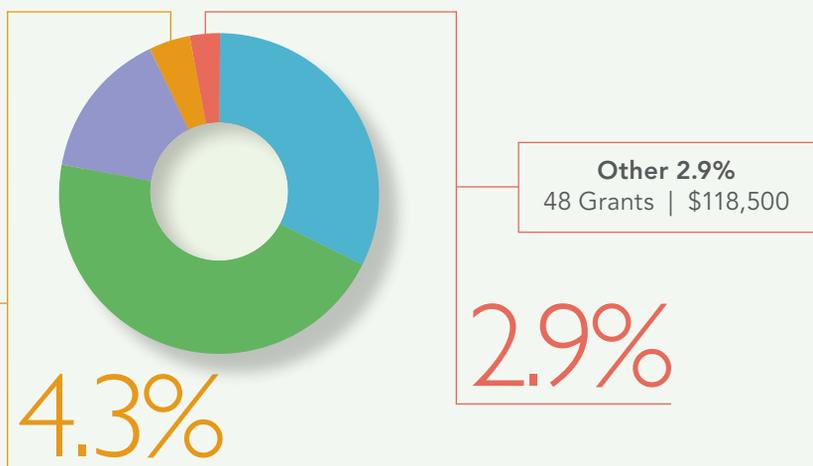
**Children First Fund: The Chicago Public Schools Foundation**  
Chicago, IL  
cps.edu  
*Honorarium*  
\$2,500

**Council on Foundations**  
Arlington, VA  
cof.org  
*General Support*  
\$10,000

**Donors Forum**  
Chicago, IL  
donorsforum.org  
*General Support*  
\$26,000

**The University of Chicago Center for Elementary Mathematics and Science Education**  
Chicago, IL  
cemse.uchicago.edu  
*Honorarium*  
\$2,500

**Professional Development and Technical Assistance Grants**  
The Foundation provided Professional Development and Technical Assistance grants and skill sharing micro-grants to 43 existing grantees.  
\$75,000



**FINANCIAL STATEMENTS**  
**Statement of Financial Position (Unaudited)**  
**Modified Cash Basis**  
December 31, 2014

<b>ASSETS</b>	
Cash	\$ 91,522
Investments, at Fair Value	101,662,838
Property and Equipment, Net	138,902
<b>Total Assets</b>	<b>\$ 101,893,262</b>
<b>NET ASSETS</b>	
<b>Unrestricted Net Assets</b>	<b>\$ 101,893,262</b>

***Note to the Reader:** In an effort to comply with best practices for private foundations, The Brinson Foundation will be undergoing a financial statement audit for the year ended December 31, 2014. Audited financial statements will be available upon request later in 2015.*

**Statement of Activities (Unaudited)**

**Modified Cash Basis**

For the Year Ended December 31, 2014

<b>REVENUES</b>	
Investment Income	\$ 149,655
Realized and Unrealized Gains (Losses) on Investments	4,309,994
<b>Total Revenues</b>	<b>4,459,649</b>
<b>EXPENSES</b>	
Grants and Donations	4,148,500
Private Foundation Excise Tax	103,600
Investment Management Fees	261,690
Employee Services	665,471
Rent	46,129
Professional Fees	82,795
Other Administrative Expenses	53,809
Depreciation Expense	7,372
<b>Total Expenses</b>	<b>5,369,366</b>
<b>CHANGE IN NET ASSETS</b>	<b>(909,717)</b>
Net Assets, Beginning of Year – Unrestricted	102,802,979
<b>Net Assets, End of Year – Unrestricted</b>	<b>\$ 101,893,262</b>

**Note to the Reader:** In an effort to comply with best practices for private foundations, The Brinson Foundation will be undergoing a financial statement audit for the year ended December 31, 2014. Audited financial statements will be available upon request later in 2015.

## Notes to Financial Statements (Unaudited)

For the Year Ended December 31, 2014

### 1. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The financial statements of The Brinson Foundation (the "Foundation") are prepared on a modified cash basis; consequently certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

#### *Investments*

Investments in mutual fund and exchange-traded fund investments are stated at fair value based on quoted market prices. The estimated fair values of alternative investment securities that do not have readily determined fair values (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications or exchanges) are based on estimates developed by external investment managers. Realized gains and losses are determined on the basis of the carrying value of specific securities sold and investment transactions are recorded on a trade-date basis.

Investments in property and equipment held for charitable purposes are stated at historical cost less applicable accumulated depreciation. Leasehold improvements are depreciated using the MACRS method over an estimated useful life of 39 years. Furniture and computer equipment are depreciated using the MACRS method over useful lives of 7 and 5 years, respectively.

### 2. Grant and Donation Commitments

As of December 31, 2014, the Foundation's Board of Directors has approved grants and/or donations of \$260,000 payable through 2017. Disbursements are scheduled to be made as follows:

Year Ending December 31,

2015	\$110,000
2016	\$ 75,000
2017	\$ 75,000

### 3. Tax Status

The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is, however, liable for the private foundation excise tax of 1% or 2% on its net investment income. In addition, the Foundation is required to make minimum qualifying distributions based on a percentage of its assets.

### 4. Net Assets

Beginning of the year Net Assets represent the value from the audited financial statements for the year ended December 31, 2013. This balance differs from the amount in the prior year annual report which was estimated prior to completion of the audit for the year then ended.

**Note to the Reader:** In an effort to comply with best practices for private foundations, The Brinson Foundation will be undergoing a financial statement audit for the year ended December 31, 2014. Audited financial statements will be available upon request later in 2015.

## Investment Portfolio

### Objectives

The objectives of the Foundation's investment portfolio are to produce a long-term rate of return that provides sufficient funds to meet the Foundation's required grantmaking target, cover all reasonable and necessary expenses and compensate for inflation. The assets will be invested in a well-diversified global investment portfolio that accepts reasonable risk consistent with the desired return.

### General Standards of Care

The Foundation's Investment Policy provides that the management and investment of the Foundation's assets shall meet the standards of care outlined by the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) and U.S. Treasury Regulations

Section 53.4944-1(a)(2) (regarding "jeopardizing investments"). Pursuant to these standards, the Foundation's assets must be managed and invested with reasonable care and prudence. Decisions regarding individual investments must not be made in isolation but in context of the portfolio as a whole and as part of an overall investment strategy.

### Benchmark

The Foundation has adopted a globally diversified benchmark, the Multiple Markets Index (MMI), comprised of stocks, bonds, real estate and private markets. The actual portfolio's risk and return will be measured against this benchmark over full market cycles. The Foundation's benchmark composition and ranges are shown below:

#### MULTIPLE MARKETS INDEX (MMI) COMPONENTS

Asset Class	Benchmark Index Component	Normal Weight	Ranges (95% Frequency)
Global Equity	MSCI All Country World Index	55.00%	+/- 30%
	<i>Developed Markets</i>	49.18%	
	<i>Emerging Markets</i>	5.82%	
Private Markets	Private Equity Performance Indicator	5.00%	+/- 5%
Real Estate	NCREIF Property Index	10.00%	+/- 5%
Global Bonds		25.00%	0 to +30%
	Citigroup World Government Bond ex-U.S. Index	12.50%	
	Citigroup U.S. Government Bond Index	12.50%	
High Yield Bonds	Merrill Lynch U.S. High Yield Cash Pay Constrained Index	3.00%	0 to +10%
Emerging Market Debt	J.P. Morgan EMBI Global	2.00%	0 to +10%
Cash Equivalents	Three Month Eurodollar	0.00%	0 to +50%
<b>Total</b>		<b>100.00%</b>	

Source: UBS Global Asset Management

### Investment Market Conditions

Global investment market conditions in 2014 were dominated by central bank activity and rhetoric as each of the four major global central banks (the Federal Reserve, the European Central Bank, the Bank of England and the Bank of Japan) continued to engage in policies that artificially influenced financial markets. This intervention resulted in unnaturally depressed developed market government bond yields and a strong U.S. dollar. Investments whose performance was positively influenced by these two factors experienced attractive returns. Consistent with the last couple years, investment market performance and economic conditions in 2014 were a function of exogenous risks, or uncertainties, associated with central bank intervention rather than endogenous risks normally associated with markets and economies.

Endogenous risks are variables from *inside* the financial and economic system, whereas exogenous risks are associated with variables from *outside* the financial system. Unlike traditional endogenous risks such as cash flows, discount rates, inflation and tax rates, central bank policy and intervention is an exogenous risk. Although central bank policy is readily observable and has dominated global headlines for years, it is difficult to analyze or model; that is why exogenous risks are more aptly termed uncertainties.

Central bank intervention has been extant since the Great Recession when its original objective was to prevent a global financial market meltdown. By the end of 2009, it was apparent that central banks were successful in that justified endeavor. Subsequently, the objective of this coordinated policy has been to stimulate economic growth with moderate inflation. Although it is clear that central bank policies have played a fundamental role in asset value appreciation, it is less clear they have been successful in their economic growth and inflation objectives. Despite meaningful increases in government debt-to-GDP ratios in the developed economies pursuing interventionist policies, economic growth has been relatively anemic since the bursting of the credit bubble. U.S. economic growth has improved from depressed levels while weaker Eurozone constituents and Japan remain at or near recession levels.

The market's reaction to and judgment of central bank intervention was most evident in the developed government bond market in 2014. Nominal 10-year government bond yields declined appreciably in the U.S. (from 3.03% to 2.17%), Germany (from 1.93% to 0.54%), and Japan (from 0.74% to 0.32%). Importantly, the decline in nominal yields was attributable to declines in *both* components of a government bond yield: real rates *and* implied inflation. At the end of 2014, both 10-year real rates *and* implied inflation for the U.S., Germany and Japan were depressed: real rates were 0.47%, -0.43% and -0.46% and implied inflation was 1.70%, 0.97% and 0.78% respectively. Government interest rates at these levels are in stark contrast to a successful growth or moderate inflation policy. Current rates are a conundrum of their own, but are being influenced by two factors - one direct and the other indirect - that inhibit traditional price discovery. The first is central bank financial repression, an active policy that subtly erodes the real value of government debt by keeping nominal interest rates (often accompanied by negative real rates) below nominal GDP growth. Financial repression is a tax on *all* savers and investors and a transfer from lenders to borrowers. The second factor is related to the first: the exogenous risks associated with these policies which includes their impact on the real economy and how long they will be extant. Investors are being forced to accept unusually low or negative real yields.

Although coordinated central bank intervention has been apparent in the synchronous direction of government bond yields since the bursting of the credit bubble, currency movements in 2014 were asynchronous. In an effort to establish a competitive export advantage, countries devalued their currencies relative to the U.S. dollar. In 2014 the U.S. dollar appreciated against every major currency. This appreciation was represented by a 12.79% increase in the Dollar Index, an indicator of the dollar's value against a basket of major world currencies. Unlike financial repression, a coordinated central bank policy that lowers global benchmark interest rates for all borrowers, currency devaluation is not coordinated and has "zero sum game"

characteristics that generally help a subset of economies at the expense of others.

In many aspects, 2014 was confounding for investors. By the end of the year interest rates were depressed and risk premiums were compressed. Interest rates at the end of 2014 appeared to reflect subdued economic growth and inflation, as well as the magnitude of uncertainties surrounding the exogenous risks associated with central bank intervention. Risk assets have been inflated. Although it is difficult to determine the precise allocation, a subset of this inflation is a rational response to the underlying earnings environment and another portion is attributable to central bank policy. This apparent disconnect between the message government bond yields are communicating and observed price levels of risk assets is an example of a conundrum associated with a policy that distorts asset prices but does not promote sustainable real economic growth. Ultimately, such a policy fails in its objective and *increases* rather than *decreases*, exogenous risks.

### Investment Returns in 2014

As indicated earlier, asset performance in 2014 was largely influenced by low and declining developed government bond yields and a strong U.S. dollar. As illustrated by investment returns in Exhibit A, there was a marked distinction between unhedged and dollar-hedged asset returns. Dollar denominated investment grade risk assets, both liquid and illiquid, experienced attractive returns, while unhedged and below investment grade asset returns were relatively unattractive or negative.

In 2014 Cash provided a nominal return of 0.02%. This is a clear example of the confounding nature of central bank policy. Investors holding cash knowingly accept a negative real return; that is a “tax” on all savers and a transfer to the government and the financial system. Savers with a real return objective are forced either to bear this tax, which acts as a drag on their real return objective, or to increase their risk posture. This is one of the many uncomfortable choices

confronting investors today. Bond market returns were driven by three distinct vectors in 2014: dependence on central bank policy, currency and credit. As pointed out earlier, although Global Government Bond yields decreased markedly in 2014, U.S. dollar appreciation against all major currencies was the critical determinant in the difference between the -0.48% return for unhedged Global Government Bonds compared to the 8.35% return for the dollar hedged index. The 5.91% return for U.S. Investment Grade Bonds reflects the positive impact of lower government benchmark yields that more than offset the negative impact of slightly wider credit spreads. High yield credit spreads widened more than investment grade credits, resulting in a 2.45% return for U.S. High Yield Bonds. The 5.53% Emerging Market Debt return was largely attributable to declining government bond yields across the globe.

U.S., Global, and ex-U.S. equity markets had respective returns of 13.69%, 10.12% and 6.13% on a dollar-hedged basis in 2014, with the S&P 500 setting new record levels. Developed market equities benefitted from an environment characterized by abnormally low interest rates combined with earnings that were generally at or above expectations. Earnings, especially in the U.S., have been supported by equity buy backs which in turn are a by-product of financial repression: companies can borrow at attractive rates and use the proceeds to buy back stock. The -2.16% Emerging Markets Equities return is emblematic of investor concerns, expressed as a multiple of earnings, regarding growth and stability in these markets. U.S. equity performance compared to the ex-U.S. and Emerging Markets Equities performance in 2014 was a function of the multiple investors were willing to pay for forward earnings. By the end of the year, investors were paying a premium multiple for U.S. earnings when compared to these other geographies.

Real Estate and Private Markets had respective returns of 11.81% and 19.42% in 2014. Investors need to be mindful that these attractive returns cannot be viewed in isolation or as sustainable. Realized returns in these markets are highly correlated with

liquidity alternatives in these otherwise illiquid asset classes. Liquidity alternatives were abundant last year: these asset classes benefitted from the combination of ultra-low interest rates, increasingly complete credit markets, and investor demand for alternative sources of return given the unacceptable yields resulting from financial repression.

As mentioned earlier, non-dollar currency exposure had a notable impact on global asset returns in 2014, entirely attributable to U.S. dollar appreciation against all major currencies. The U.S. dollar appreciated meaningfully versus the euro and the Japanese yen (for the second year in a row), and to a lesser extent against the pound sterling. Non-dollar currency in global bonds (ex-U.S.), which have a disproportionate exposure to Japanese yen, had a negative contribution of -11.34% versus the dollar-hedged portfolio, while the impact of currency exposure in the more balanced global equities (ex-U.S.) was -9.82%.

### Current Investment Market Conditions

The exogenous risk associated with central bank intervention was well summarized in the following observation from Charles Plosser, President of the Federal Reserve Bank of Philadelphia, shortly after the Swiss National Bank surprised markets by removing their currency peg to the euro:

“The history is that monetary policy is not ultimately a very effective tool at solving real economic structural problems. It can try for a while but the problem then is that it’s only temporarily effective, and when you can’t do it anymore you get the explosion yesterday in the Swiss market. One of the things I’ve tried to argue is look, if we believe that monetary policy is doing what we say it’s doing and depressing real interest rates and goosing the economy, and we’re in some sense distorting what might be the normal market outcomes, at some point we’re going to have to stop doing it. At some point the pressure is going to be too great. The market forces are going to overwhelm us. We’re not going to be able to hold the line anymore. And then you get that rapid snapback in premiums as the market realizes that central banks can’t do this forever. And that’s going to cause volatility and disruption.”

Until markets realize central bank intervention must end and interest rates inevitably normalize, financial repression exacerbates another structural problem in the U.S., the ongoing asset liability mismatch in pension plans and government entitlement programs. Financial repression diminishes expected investment returns by dampening nominal and real interest rates, and extending the tax base to *all* investors while coincidentally increasing the present value of unfunded liabilities. Unless or until assets and liabilities are restructured to realizable and sustainable levels, the impact of central bank distortions and its associated financial repression tax is squandered. Whether they like it or not or even know it or not, central bankers, policy makers and investors all face difficult choices with challenging consequences.

Although current government bond market yields suggest future inflation risks are low, they ignore the fact that structural problems such as elevated debt-to-GDP levels and unfunded liabilities must ultimately be confronted. Financial repression is one form of debt restructuring that addresses elevated debt-to-GDP ratios but exacerbates the unfunded obligations problem. Institutions have yet to adjust their return expectations to reflect the current interest rate and prospective return environment. Not adjusting return expectations only postpones the inevitable reckoning when realized returns fall short of imbedded return expectations. Unfunded liabilities require restructuring so they can be matched within a realistic set of risk and return expectations. Restructuring requires political will, courage and short term sacrifice for a long term benefit. Inflation is one subtle restructuring alternative that is acceptable to highly levered economies and coincidentally reduces the real value of future obligations without requiring a political confrontation. Governments do not need to default on their obligations if they can insidiously diminish their value through inflation.

Since the depths of the credit crisis global central bankers have been able to communicate and provide liquidity in a synchronous

manner that has minimized tail risk and resulted in unnaturally low interest rates. At the beginning of 2015 and in recognition of slowing economic growth, the People's Bank of China eased policy by reducing the reserve ratio required by their banks. Looking forward into 2015, however, there may be divergence in central bank policy as the U.S. Federal Reserve considers removing policy accommodation. How events unfold in an environment of divergent central bank policies is an increasing exogenous risk that may be a source of "volatility and disruption" in the coming year.

### Investment Strategy

Relative to our Multiple Markets Index benchmark (see MMI Components on page 24), The Brinson Foundation began 2014 with a small underweight in Global Equity, a normal weight in High Yield Bonds, and a notable overweight in Cash funded by reduced exposures to Real Estate and to a greater extent, Global Bonds. The Cash overweight and Global Bond underweight substantially reduced the portfolio's duration risk. During the summer, High Yield Bond exposure was reduced with proceeds going to Cash. As illustrated in Exhibit B, the portfolio ended the year with a decidedly less than neutral risk posture, specifically attributable to the meaningful underweight in Global Bonds in combination with smaller underweights in Global Equity, Real Estate and High Yield Bonds, all offset by the higher Cash position. This risk posture reflects our concerns regarding the exogenous risks surrounding central bank distortions and how the transition to normalization may unfold.

### Performance Results

For the calendar year, the portfolio experienced a 4.76% return, versus 4.90% for our MMI benchmark (see Exhibit C). The inflation rate, using the Consumer Price Index, was 0.76% for the year, making the portfolio's real (inflation adjusted) return 3.97% versus 4.11% for the MMI. Compared to the benchmark, the portfolio's performance was positively influenced by currency allocation; it was negatively impacted by security selection and the bond market underweight.

The Brinson Foundation's real return objective is 4.0% to 4.5% with moderate risk exposure. From where we find ourselves today with existing yields and prices, we do not believe that larger long-term real returns are attainable without substantial risk and are reconciled to the fact that forward looking real returns will likely fall short of our objective in an environment of financial repression and a starting point of compressed risk premiums.

The portfolio's real annualized performance since inception (12/31/00) has been 5.20%, compared to the benchmark's 3.73%, producing 1.47% of added value with most of this contribution coming from Market Allocation decisions. The portfolio's nominal return since inception has been 7.47% versus the benchmark's 5.97% return. Since inception, the portfolio's volatility is 9.44% compared to the benchmark's 9.60%. Please refer to Exhibit D for a graphic display that includes a wealth index for both the benchmark and the portfolio.

We expect some modest improvement relative to the benchmark after we receive final end of year valuations from our managers in the Private Markets and Real Estate asset classes. Performance revisions take place for *both* the portfolio and the benchmark from the original estimates published in this report each year. Revised historical performance and volatility statistics for the portfolio and the benchmark are included in Exhibit E.

## Investment Market Overview

2014 and Inception to Date  
Global Capital Market Returns

<b>EXHIBIT A</b>			<b>Annualized 12/31/2000 through 12/31/2014</b>
<b>NOMINAL RETURNS</b>			<b>2014</b>
Multiple Markets Index	MMI (Unhedged)	4.90%	5.97%
	MMI (\$ Hedged)	8.83%	5.73%
U.S. Inflation (CPI)	CPI	0.76%	2.16%
<b>REAL RETURNS</b>			
Multiple Markets Index	MMI (Unhedged)	4.11%	3.73%
	MMI (\$ Hedged)	8.01%	3.49%
<b>MARKET INDEX</b>			
Cash Equivalents	U.S. Treasury Bills (1 Month)	0.02%	1.52%
Global Government Bonds	Citigroup WGBI (Unhedged)	-0.48%	5.19%
	Citigroup WGBI (\$ Hedged)	8.35%	4.76%
Non-U.S. Government Bonds	Citigroup WGBI Global ex-U.S. (Unhedged)	-2.68%	5.19%
	Citigroup WGBI Global ex-U.S. (\$ Hedged)	9.77%	4.78%
U.S. Bonds (Investment Grade)	Citigroup U.S. BIG	5.91%	5.37%
U.S. High Yield Bonds	Merrill Lynch High Yield, Cash Pay		
	Constrained Index	2.45%	8.31%
Emerging Market Debt	J.P. Morgan EMBI Global	5.53%	9.08%
Global Equities	MSCI World Free Index (Unhedged)	5.30%	4.73%
	MSCI World Free Index (\$ Hedged)	10.12%	4.16%
U.S. Equities	S&P 500	13.69%	5.27%
Non-U.S. Equities	MSCI World Free ex-U.S. Index (Unhedged)	-4.29%	4.10%
	MSCI World Free ex-U.S. Index (\$ Hedged)	6.13%	2.90%
Emerging Market Equities	MSCI EM Emerging Markets Free	-2.16%	10.40%
Real Estate	NCREIF Property Index	11.81%	8.65%
Private Equity Performance Indicator		19.42%	7.41%

**Investment Strategy**  
**Market & Currency Allocation**  
As of December 31, 2014

**EXHIBIT B**

<b>MARKET ALLOCATION</b>	<b>BENCHMARK</b>	<b>THE BRINSON FOUNDATION</b>	<b>DIFFERENCE</b>
Global Equity	55.00%	49.92%	-5.08%
<i>Developed Markets</i>	49.18%	44.65%	-4.53%
<i>Emerging Markets</i>	5.82%	5.27%	-0.55%
Private Markets	5.00%	5.81%	0.81%
Real Estate	10.00%	8.61%	-1.39%
Global Bonds	25.00%	10.44%	-14.56%
High Yield Bonds	3.00%	0.00%	-3.00%
Emerging Market Debt	2.00%	0.90%	-1.10%
Cash Equivalents	0.00%	24.32%	24.32%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

<b>CURRENCY ALLOCATION</b>	<b>BENCHMARK</b>	<b>THE BRINSON FOUNDATION</b>	<b>DIFFERENCE</b>
North America	63.62%	74.08%	10.46%
<i>U.S.</i>	60.86%	71.98%	11.12%
<i>Canada</i>	2.30%	1.22%	-1.08%
<i>Mexico</i>	0.46%	0.88%	0.42%
Euro	11.83%	8.78%	-3.05%
Other Europe	3.35%	1.88%	-1.47%
UK	5.10%	3.33%	-1.77%
Japan	8.06%	6.42%	-1.64%
Asia (Ex-Japan)	0.93%	0.89%	-0.04%
Australia / New Zealand	1.65%	-0.65%	-2.30%
Thai Baht	0.15%	0.01%	-0.14%
Other Emerging Markets	5.31%	5.26%	-0.05%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

**Investment Performance (Net of Fees)**  
For the Period Ending December 31, 2014

**EXHIBIT C**

<b>2014 PORTFOLIO PERFORMANCE</b>	<b>2014</b>	<b>INFLATION RATE</b>	<b>REAL RETURN</b>	
Brinson Foundation Portfolio	4.76%	0.76%	3.97%	
Multiple Markets Index	<u>4.90%</u>	0.76%	<u>4.11%</u>	
Added Value	-0.14%		-0.14%	

<b>SINCE INCEPTION (12/31/2000) PORTFOLIO PERFORMANCE (Annualized)</b>	<b>SINCE INCEPTION</b>	<b>INFLATION RATE</b>	<b>REAL RETURN</b>	<b>VOLATILITY*</b>
Brinson Foundation Portfolio	7.47%	2.16%	5.20%	9.44%
Multiple Markets Index	<u>5.97%</u>	2.16%	<u>3.73%</u>	9.60%
Added Value	1.50%		1.47%	

\* Annualized standard deviation of monthly logarithmic returns  
Source: UBS Global Asset Management

**The Brinson Foundation Portfolio & Multiple Markets Index Benchmark**  
December 31, 2000 – December 31, 2014

**EXHIBIT D**



	<b>Portfolio</b>	<b>Benchmark</b>	
Annualized Return	7.47%	5.97%	<span style="color: blue;">—</span> The Brinson Foundation Portfolio
Volatility*	9.44%	9.60%	<span style="color: red;">—</span> MMI

\* Annualized standard deviation of monthly logarithmic returns  
Source: UBS Global Asset Management

## EXHIBIT E

The Brinson Foundation Portfolio and Multiple Markets Index Benchmark return numbers that are **bold** and *italicized* remain subject to revision. The Multiple Markets Index is subject to revision for 18 months.

	The Brinson Foundation Portfolio			Multiple Markets Index Benchmark		
	Annual Return	Annualized Return Since Inception	Annualized Volatility Since Inception	Annual Return	Annualized Return Since Inception	Annualized Volatility Since Inception
2001	9.70%	9.70%	0.00%	-7.13%	-7.13%	0.00%
2002	-1.70%	3.85%	8.12%	-7.02%	-7.08%	10.19%
2003	25.32%	10.56%	8.27%	23.35%	2.13%	9.95%
2004	13.17%	11.21%	7.75%	13.24%	4.80%	9.08%
2005	7.60%	10.48%	7.31%	9.40%	5.70%	8.40%
2006	16.23%	11.41%	6.95%	15.32%	7.25%	7.91%
2007	6.51%	10.70%	6.84%	10.59%	7.72%	7.57%
2008	-24.91%	5.46%	8.89%	-24.22%	3.09%	9.52%
2009	24.43%	7.41%	9.86%	18.59%	4.70%	10.19%
2010	12.05%	7.87%	10.06%	11.61%	5.37%	10.33%
2011	-3.62%	6.77%	10.17%	0.20%	4.89%	10.30%
2012	12.90%	7.27%	10.02%	12.02%	5.47%	10.10%
2013	12.74%	7.68%	9.73%	<b>13.28%</b>	<b>6.05%</b>	<b>9.85%</b>
2014	<b>4.76%</b>	<b>7.47%</b>	<b>9.44%</b>	<b>4.90%</b>	<b>5.97%</b>	<b>9.60%</b>

### Grantseeker Inquiries

**The Brinson Foundation does not accept unsolicited grant applications.** Rather, we ask grantseekers to review our mission, vision, beliefs, priorities and focus areas as well as these guidelines. If a grantseeker believes its request matches one or more of our grantmaking priorities and focus areas, it can make an inquiry by submitting our Grantseeker Information Form (GIF). The GIF is available on the "For Grantseekers - Inquiries" or the "Library & Resources" pages of our website at [brinsonfoundation.org](http://brinsonfoundation.org). We accept inquiries throughout the year.

The completed form should be emailed to [mail@brinsonfoundation.org](mailto:mail@brinsonfoundation.org). We will send a confirmation email, usually within 3-5 business days, advising the grantseeker of the anticipated timetable for review of the inquiry.

**The Grantseeker Information Form is not an application.** It simply provides us preliminary information about the grantseeker's organization and the proposed grant request. We review the information provided in the form to determine whether the organization and the grant request qualify for further consideration. In all cases, we communicate the outcome of the review to the grantseeker. For a description of the process followed if we determine that an inquiry merits further review, see "Process and Calendar" on the following page.

**The Brinson Foundation Board of Directors has sole authority to approve grant requests.** The Foundation's staff is responsible for reviewing, screening, performing due diligence and recommending grants to the Board. See the "Process and Calendar" section on the following page regarding the sequence and timing of our grant cycles.

### Legal Requirements

The Brinson Foundation will consider inviting grant applications from organizations:

- Located in the United States of America that are exempt from tax under Section 501(c)(3) of the Internal Revenue Code and are public charities described in Section 509(a)(1), (2) or (3) of the Internal Revenue Code. Organizations classified under Section 509(a)(3) may be required to submit additional information.

- Located outside of the United States of America if they can provide a written legal opinion or affidavit stating "charitable equivalency" to a qualifying U.S. organization, or if they are carrying out similar charitable or educational activities.

### Grant Limitations and Other Considerations

The Brinson Foundation will not consider grant inquiries from organizations that:

Discriminate on the basis of race, gender, religion, ethnicity or sexual orientation

Request funding for:

- Activities that attempt to influence public elections
- Voter registration
- Political activity
- Lobbying efforts
- Programs that promote religious faith, include religious content or are based on religious or spiritual values
- Programs that are limited to members of a specific race, gender, religion or ethnic group (excluding medical research programs where such limitations may be necessary and appropriate)

*The Brinson Foundation discourages grant inquiries requesting funds for:*

- Capital improvements
- Endowments
- Fundraising events

### Grantmaking Priority Updates

The Board of Directors periodically reviews and updates a statement of the Foundation's Grantmaking Priorities. This statement, which can be found on our website's "Who We Are – Our Priorities" page, is intended to provide guidance to grantseekers regarding the types of organizations and programs the Foundation is currently considering for funding. It does not represent a complete statement of the types of organizations and programs that are represented in the Foundation's grant portfolio.

**Geographic Considerations**

**Education Programs.** The Foundation’s education grants are generally made to organizations that serve individuals and communities in the greater Chicago area. We also consider leading U.S.-based programs that reach broader populations across the U.S. and internationally or have the potential to have a meaningful impact on best practices at the national or international level.

Organizations that do not serve populations in the Chicago area and do not meet the foregoing standards are rarely considered by our Board. As a result, we generally discourage them from submitting inquiries to the Foundation. If you

have a question as to whether your organization or program qualifies for consideration, please call our office and speak to a program officer about whether it is appropriate to submit a Grantseeker Information Form.

**Scientific Research Programs.** The Foundation’s physical science research grants are made to leading organizations across the United States. In this priority area, the location of the program is less critical than the match with the Foundation’s grantmaking priorities.

*The Foundation does not accept inquiries with regard to medical research.*

**Process and Calendar**

If our initial review of a grantseeker inquiry indicates there may be a sufficient priority and focus area match, we assign one of our program officers to communicate with the grantseeker to learn more about the organization and its programs. If a grantseeker remains under consideration, our spring and fall due diligence, application and grantmaking cycles proceed as follows:

**For New Grantseekers:** We generally conduct due diligence discussions with grantseekers that are being considered for spring cycle invitations between December and February.

Following these due diligence discussions, the staff determines whether to invite the grantseeker

to submit a grant application. If so, we email the grantseeker a formal application invitation. Spring cycle applications are generally due on the last business day in February.

The staff reviews all applications and prepares recommendations for our Board of Directors. The Board meeting usually occurs in late April or early May. Following the Board meeting, we contact each applicant and advise them of the Board’s decision. If the grant is approved, we generally send out the grant agreement within two weeks following the Board meeting and mail out the check upon receipt of the signed agreement.

The fall cycle activities are the same as the spring cycle but they begin in June - August and end in November - December.

	Due Diligence Discussion(s) and Application Submission	All Applications Completed	Board Meeting Application Review	Grant Disbursement
Spring Cycle	December - February	February (last business day)	April - May	May - June
Fall Cycle	June - August	August (last business day)	October - November	November - December

**For Current Grantees:** We have adopted a simplified renewal process for current grantees which combines the evaluation questionnaire and renewal application. The process generally follows the cycle calendars shown above. Details can be found in the “For Grantees” section of our website.

## Directors & Staff

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### Board of Directors

Gary P. Brinson, CFA  
Suzann A. Brinson  
Monique B. Demery  
Thomas R. Demery  
Andrew H. Melone  
Tally S. Melone

### Staff

James D. Parsons, *President*  
James P. Barnes, *Senior Program Officer*  
Christy Uchida, *Senior Program Officer*  
Harriett V. Edmonds, *Grants Manager*

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