



The Wenner-Gren Foundation

supporting worldwide research in all branches of anthropology

2008 Annual Report

Financial Statements

OWEN J. FLANAGAN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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OWEN J. FLANAGAN, CPA
(1925-1995)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS

Independent Auditors' Report

Board of Trustees
Wenner-Gren Foundation for
Anthropological Research, Inc.

We have audited the balance sheets of the Wenner-Gren Foundation for Anthropological Research, Inc. as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wenner-Gren Foundation for Anthropological Research, Inc. as of December 31, 2008 and 2007, and its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Owen J. Flanagan & Co.

April 24, 2009



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Exhibit A

WENNER-GREN FOUNDATION FOR
ANTHROPOLOGICAL RESEARCH, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007
(IN THOUSANDS)

	<u>2008</u>	<u>2007</u>
<u>Revenues and Gains (Losses)</u>		
Interest and dividends	\$ 2,054	\$ 3,784
Net gain (loss) on investment activities	<u>(50,972)</u>	<u>23,077</u>
	(48,918)	26,861
Investment expenses (Schedule 1)	<u>(808)</u>	<u>(794)</u>
Net Investment Income (Loss)	(49,726)	26,067
Other	<u>69</u>	<u>37</u>
<u>Total Revenues and Gains (Losses)</u>	<u>(49,657)</u>	<u>26,104</u>
<u>Grants and Expenses</u>		
Program		
Research grants	3,389	3,294
Programs (including other grants and fellowships of \$1,556 in 2008 and \$1,377 in 2007)	1,955	1,866
Program support, planning and development (Schedule 1)	<u>1,629</u>	<u>1,553</u>
<u>Total Program Expenses</u>	6,973	6,713
General and administration (Schedule 1)	<u>544</u>	<u>582</u>
<u>Total Grants and Expenses</u>	<u>7,517</u>	<u>7,295</u>
Change in Net Assets for Year	(57,174)	18,809
Net Assets, Beginning of Year	<u>188,308</u>	<u>169,499</u>
Net Assets, End of Year	<u>\$131,134</u>	<u>\$188,308</u>

The accompanying notes are an integral part of these statements.



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Exhibit B

WENNER-GREN FOUNDATION FOR
ANTHROPOLOGICAL RESEARCH, INC.

BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(IN THOUSANDS)

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 26	\$ 44
Accrued investment income receivable	20	-
Other receivables	16	13
Prepaid expenses and deposits	379	193
Investments (Note 3)	<u>132,676</u>	<u>190,084</u>
	133,177	190,334
Fixed Assets		
Furniture, equipment, and leasehold improvements (net of accumulated depreciation and amortization of \$465 in 2008 and \$417 in 2007)	<u>344</u>	<u>392</u>
<u>Total Assets</u>	<u>\$133,461</u>	<u>\$190,726</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Grants payable	\$ 1,822	\$ 1,819
Accounts payable and accrued expenses	285	372
Post-retirement medical benefits	<u>220</u>	<u>227</u>
<u>Total Liabilities</u>	2,327	2,418
Net Assets - unrestricted (Exhibit A)	<u>131,134</u>	<u>188,308</u>
<u>Total Liabilities and Net Assets</u>	<u>\$133,461</u>	<u>\$190,726</u>

The accompanying notes are an integral part of these statements.



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WENNER-GREN FOUNDATION FOR
ANTHROPOLOGICAL RESEARCH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(IN THOUSANDS)

	<u>2008</u>	<u>2007</u>
<u>CASH FLOWS PROVIDED (USED)</u>		
FROM OPERATING ACTIVITIES:		
Change in Net Assets for Year	\$(57,174)	\$ 18,809
Adjustments to reconcile change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and amortization	48	78
Net loss (gain) on investment activities	50,972	(23,077)
Decrease (increase) in assets		
Accrued investment income receivable	(20)	13
Other receivables	(3)	(13)
Prepaid expenses and deposits	(186)	51
Increase (decrease) in liabilities		
Grants payable	3	525
Accounts payable and accrued expenses	(87)	98
Post-retirement medical benefits	(7)	23
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(6,454)</u>	<u>(3,493)</u>
FROM INVESTING ACTIVITIES:		
Purchases of investments	(53,940)	(45,589)
Proceeds from sales and distributions of investments	<u>69,540</u>	<u>52,443</u>
<u>Net Cash Provided by Investing Activities</u>	<u>15,600</u>	<u>6,854</u>
Net Increase in Cash	9,146	3,361
Cash, beginning of year	<u>20,193</u>	<u>16,832</u>
Cash, End of Year	<u>\$ 29,339</u>	<u>\$ 20,193</u>
Composition of Cash		
Operating	\$ 26	\$ 44
Investment	<u>29,313</u>	<u>20,149</u>
	<u>\$ 29,339</u>	<u>\$ 20,193</u>
<u>Supplemental Disclosure</u>		
Unrelated business income taxes paid	<u>\$ 5</u>	<u>\$ 28</u>

The accompanying notes are an integral part of these statements.



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WENNER-GREN FOUNDATION FOR
ANTHROPOLOGICAL RESEARCH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(IN THOUSANDS)

Note 1 NATURE OF ORGANIZATION

The Wenner-Gren Foundation for Anthropological Research, Inc. is a private operating foundation, exempt from federal income tax and excise tax on its net investment income; however, it pays unrelated business income tax on the income from certain limited partnerships. Its sphere of interest is the support of research in all branches of anthropology throughout the world. Its primary source of revenues is income from its investments.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants - Grants are recorded as an expense when approved by the President of the Foundation and the recipient is notified.

Fixed assets - Fixed assets are stated at cost. Furniture and equipment are depreciated on the straight-line method over their estimated useful lives of 3 to 10 years, leasehold improvements are amortized over the life of the lease.

Functional expenses - Expenses are reported on a functional basis. Grants and other programs expenses are charged directly to those functions. Administrative expenses are allocated based on the nature and purpose of the expenses.

Definition of cash - For purposes of the statements of cash flows, the Foundation defines cash as cash in operating accounts, short-term investment cash and pending security trades.

Investments - Investments are recorded at fair value. The methods used are as follows and as described in Note 4. Cash and Cash Equivalents are recorded at cost which is its fair value. Fixed Income and Equity securities are stated at fair value, based on quoted market prices. Equity funds are stated at the most recent value provided by the fund's management. The alternative investments are stated at fair value based upon financial information provided by the entities



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Note 3 INVESTMENTS

Investments at December 31, 2008 and 2007 are comprised of the following:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 29,313	\$ 29,313	\$ 20,149	\$ 20,149
Fixed income	1,695	1,856	-	-
Equities	88,856	75,595	101,311	142,433
Alternative assets	<u>23,604</u>	<u>25,912</u>	<u>13,987</u>	<u>27,502</u>
Total	<u>\$143,468</u>	<u>\$132,676</u>	<u>\$135,447</u>	<u>\$190,084</u>

At December 31, 2008 investment cash included \$15,514 for proceeds in transit from investment sales. In 2007, investment cash included \$731 of a portion proceeds due on the sale of funds which will not be released until the completion of the funds' audit.

Cash and cash equivalents includes cash in custody accounts.

Fixed income includes publicly traded corporate bonds.

Equities include individual investments in addition to commingled equity funds.

Alternative assets include venture capital/private equity, and real estate investments. As of December 31, 2008 and 2007 the Foundation has total unpaid commitments in various venture capital/private equity and real estate limited partnerships of \$16,958 and \$15,314 respectively.

The Foundation's net gain (loss) on investment activities is as follows:

	<u>2008</u>	<u>2007</u>
Realized gain on sale of securities	\$ 14,457	\$19,254
Change in unrealized appreciation (depreciation) on investments	<u>(65,429)</u>	<u>3,823</u>
	<u>\$(50,972)</u>	<u>\$23,077</u>



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Note 4 FAIR VALUE OF INVESTMENTS

The Foundation adopted FASB Statement No. 157, *Fair Value Measurements*, ("SFAS 157") as of January 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Fair value of an investment is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date.

SFAS 157 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories.

Level 1 Inputs

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. SFAS 157 requires entities to measure fair value using quoted market prices whenever available, unless the active market is not readily available to the entity (for example the entity holds a large block), in which case a Level 2 or Level 3 valuation methodology maybe appropriate.

Level 2 Inputs

Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. The types of investments which may be included in this category include less liquid and restricted equity securities, bonds, commingled funds and certain over-the-counter derivatives.

Level 3 Inputs

Level 3 inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. The types of investments which would generally be included in this category include equity and/or debt securities issued by private entities and some partnership investments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.



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Note 4 FAIR VALUE OF INVESTMENTS (continued)

Investments are categorized as follows:

	<u>2008</u>			<u>TOTAL</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and cash equivalents	\$29,313	\$ -	\$ -	\$ 29,313
Fixed income	-	1,856	-	1,856
Equities	5,943	48,606	21,046	75,595
Alternative assets	-	4,931	20,981	25,912
	<u>\$35,256</u>	<u>\$55,393</u>	<u>\$42,027</u>	<u>\$132,676</u>

	<u>2007</u>			<u>TOTAL</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and cash equivalents	\$20,149	\$ -	\$ -	\$ 20,149
Equities	14,319	101,299	26,815	142,433
Alternative assets	-	10,966	16,536	27,502
	<u>\$34,468</u>	<u>\$112,265</u>	<u>\$43,351</u>	<u>\$190,084</u>

The change in Level 3 assets is as follows:

	<u>Equities</u>	<u>Alternative</u>	<u>TOTAL</u>
Beginning of year	\$26,815	\$16,536	\$43,351
Realized gain (loss) and change in unrealized	(7,386)	(4,859)	(12,245)
Net investments (redemptions)	1,617	9,304	10,921
End of year	<u>\$21,046</u>	<u>\$20,981</u>	<u>\$42,027</u>



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WENNER-GREN FOUNDATION FOR
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NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

Note 5 PENSION PLAN

The Foundation has a defined contribution pension plan covering all full-time employees. Contributions are 10% of each covered employee's salary within the social security earnings base and 15.7% for salaries above the base. Pension expense was \$133 in 2008 and \$122 in 2007.

Note 6 LEASE

Effective October 2003, the Foundation entered into a fifteen year lease for office space located at 470 Park Avenue South, New York City.

Future minimum lease payments are as follows:

2009	\$	340
2010		346
2011		351
2012		361
2013		381
2014 and thereafter		<u>1,886</u>
		<u>\$3,665</u>

Rent expense under this lease was \$367 in 2008.

Note 7 FIXED ASSETS

The detail of fixed assets is as follows:

	<u>2008</u>	<u>2007</u>
Furniture	\$279	\$279
Office equipment	223	223
Leasehold improvements, net of landlord contribution of \$417	<u>307</u>	<u>307</u>
	809	809
Accumulated depreciation and amortization	<u>465</u>	<u>417</u>
	<u>\$344</u>	<u>\$392</u>



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Note 8 POST-RETIREMENT MEDICAL BENEFITS

The Foundation provides post-retirement medical benefits to senior management and long-serving staff.

The plan provides post-retirement medical benefits to employees who retire with medicare eligibility and 15 years of service. The 15 year requirement is reduced to five years for persons serving as President of the Foundation. The Foundation will pay an annual maximum of \$1,100 (this number not rounded) towards either the cost of Medicare B coverage or supplemental medicare coverage. The annual dollar maximum is waived for persons who have served as President or Chief Operating Officer.

Accumulated post-retirement medical benefit obligations are as follows:

	<u>2008</u>	<u>2007</u>
Retirees	\$116	\$119
Active employees	<u>104</u>	<u>108</u>
	<u>\$220</u>	<u>\$227</u>

The following assumptions were used in calculating this liability.

Health care cost trend (For senior management)	6.5%
Discount rate	6.0%

The expected payments to be made over the next 10 years are as follows:

2009	\$ 9
2010	9
2011	10
2012	10
2013	10
2014 to 2018	<u>85</u>
	<u>\$133</u>

The benefit obligation is not funded.

Note 9 CURRENT ANTHROPOLOGY

Effective July 1, 2007 the Foundation entered into a full-service business arrangement with the University of Chicago Press for the publication of *Current Anthropology*. Under the new business arrangement, the Press is responsible for the financial operations of the journal and the Foundation receives 50% of any net income earned. Any deficit is the full responsibility of the Press.



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Schedule 1

WENNER-GREN FOUNDATION FOR
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SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008
 (With Summarized Financial Information for 2007)
 (IN THOUSANDS)

	Investment	Program Support, Planning and Development	General and Administrative	Total	
				2008	2007
Salaries	\$ 133	\$ 816	\$253	\$1,202	\$1,115
Payroll taxes	9	54	16	79	74
Employee benefits	36	223	69	328	332
Equipment purchases, repairs and maintenance	6	40	12	58	58
Office services purchased	3	18	6	27	20
Rent, electricity and office maintenance	40	250	77	367	349
Warehouse and storage	2	14	4	20	19
Travel and meetings	6	39	12	57	39
Staff expenses	1	5	1	7	5
Stationery and office supplies	2	14	4	20	28
Postage	1	4	1	6	2
Telecommunications and website	2	13	4	19	18
Insurance	2	15	5	22	23
Directly reported					
investment management fees	224	-	-	224	248
Investment consulting fee	277	-	-	277	226
Unrelated business income tax	5	-	-	5	103
Bank custodian fees	3	-	-	3	22
Audit fee	-	-	18	18	18
Research library	-	2	1	3	3
Board of Trustees	19	38	19	76	43
Legal	30	-	30	60	66
Dues and memberships	1	4	1	6	4
Advisory council	-	44	-	44	34
Depreciation and amortization	5	33	10	48	78
Miscellaneous	1	3	1	5	2
	<u>\$ 808</u>	<u>\$1,629</u>	<u>\$544</u>	<u>\$2,981</u>	<u>\$2,929</u>
Total (Exhibit A)					

The accompanying notes are an integral part of these statements.