CARNEGIE INSTITUTION OF WASHINGTON

Financial Statements and Schedule

June 30, 2009 and 2008

(With Independent Auditors' Report Thereon)

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

The Audit Committee
Carnegie Institution of Washington:

We have audited the accompanying statements of financial position of the Carnegie Institution of Washington (Carnegie) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Carnegie'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Carnegie's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Carnegie Institution of Washington as of June 30, 2009 and 2008, and its changes in net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in notes 3, 7 and 10 to the financial statements, Carnegie adopted the provisions of FASB Statement No. 157, *Fair Value Measurements*, and FASB Staff Position No. FAS 117-1: *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures of All Endowment Funds,* in 2009.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedules of expenses 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 presented in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

December 11, 2009

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CARNEGIE INSTITUTION OF WASHINGTON

Statements of Financial Position

June 30, 2009 and 2008

Assets		2009	2008
Cash and cash equivalents	$	3,587,777	957,861
Accrued investment income		46,430	138,050
Contributions receivable, net (note 2)		5,519,038	6,885,460
Accounts receivable and other assets (note 7)		16,750,719	6,474,614
Bond proceeds held by trustee (note 6)		39	121,904
Investments (notes 3 and 14)		633,525,474	895,939,989
Property and equipment, net (notes 4, 5, and 6)		157,980,529	162,108,756
Total assets	$	817,410,006	1,072,626,634
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses (note 7)	$	9,759,780	27,217,376
Deferred revenue (note 5)		40,746,194	36,539,753
Bonds payable (note 6)		65,358,062	65,303,339
Accrued postretirement benefits (note 8)		14,560,478	14,486,199
Total liabilities		130,424,514	143,546,667
Net assets (notes 9 and 10):			
Unrestricted		206,347,417	264,490,808
Temporarily restricted		425,774,379	609,844,386
Permanently restricted		54,863,696	54,744,773
Total net assets		686,985,492	929,079,967
Commitments and contingencies (notes 8, 11, 12, and 13)			
Total liabilities and net assets	$	817,410,006	1,072,626,634

See accompanying notes to financial statements.

CARNEGIE INSTITUTION OF WASHINGTON

Statements of Activities

Years ended June 30, 2009 and 2008

	2009				2008			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Revenues and support:								
External revenue:								
Grants and contracts	$ 34,257,350	—	—	34,257,350	33,051,740	—	—	33,051,740
Contributions and gifts (note 14)	454,649	9,545,639	102,500	10,102,788	713,216	9,406,411	107,577	10,227,204
Net losses on disposals of property	—	—	—	—	(49,772)	—	—	(49,772)
Other income (note 7)	11,514,006	20,438,621	13,478	31,966,105	(18,624,082)	—	—	(18,624,082)
Net external revenue	46,226,005	29,984,260	115,978	76,326,243	15,091,102	9,406,411	107,577	24,605,090
Investment (loss) income, net (note 3)	(56,947,004)	(179,591,058)	2,945	(236,535,117)	25,747,268	55,472,235	25,917	81,245,420
Net assets released from restrictions (note 9)	34,463,209	(34,463,209)	—	—	35,078,878	(35,078,878)	—	—
Total revenues and other support	23,742,210	(184,070,007)	118,923	(160,208,874)	75,917,248	29,799,768	133,494	105,850,510
Expenses:								
Program expenses:								
Terrestrial magnetism	11,584,642	—	—	11,584,642	11,635,917	—	—	11,635,917
Observatories	19,460,830	—	—	19,460,830	18,455,315	—	—	18,455,315
Geophysical laboratory	14,202,009	—	—	14,202,009	14,125,190	—	—	14,125,190
Embryology	8,925,327	—	—	8,925,327	8,593,858	—	—	8,593,858
Plant biology	10,506,356	—	—	10,506,356	10,518,171	—	—	10,518,171
Global ecology	8,087,259	—	—	8,087,259	4,263,800	—	—	4,263,800
Other programs	1,273,575	—	—	1,273,575	661,776	—	—	661,776
Total program expenses	74,039,998	—	—	74,039,998	68,254,027	—	—	68,254,027
Administrative and general expenses	8,654,348	—	—	8,654,348	6,853,537	—	—	6,853,537
Total expenses	82,694,346	—	—	82,694,346	75,107,564	—	—	75,107,564
Change in net assets before net asset reclassification based on endowment legislation	(58,952,136)	(184,070,007)	118,923	(242,903,220)	809,684	29,799,768	133,494	30,742,946
Pension related changes other than net periodic postretirement benefit cost (note 8)	808,745	—	—	808,745	631,205	—	—	631,205
Net asset reclassification based on recently enacted endowment legislation (note 10)	—	—	—	—	(551,908,806)	552,054,493	(145,687)	—
Change in net assets	(58,143,391)	(184,070,007)	118,923	(242,094,475)	(550,467,917)	581,854,261	(12,193)	31,374,151
Net assets at beginning of year	264,490,808	609,844,386	54,744,773	929,079,967	814,958,725	27,990,125	54,756,966	897,705,816
Net assets at end of year	$ 206,347,417	425,774,379	54,863,696	686,985,492	264,490,808	609,844,386	54,744,773	929,079,967

See accompanying notes to financial statements.

CARNEGIE INSTITUTION OF WASHINGTON

Statements of Cash Flows

Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	$ (242,094,475)	31,374,151
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	8,754,473	8,495,566
Net losses (gains) on investments	242,419,138	(74,010,578)
Contributions of stock	(838,632)	(548,871)
Losses on disposals of property	—	—
Amortization of bond issuance costs and discount	54,723	54,644
Contributions and investment income restricted for long-term investment	(5,829,961)	(803,968)
(Increase) decrease in assets:		
Receivables	(3,931,643)	4,254,229
Accrued investment income	91,620	127,054
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(22,435,636)	16,908,842
Deferred revenue	4,206,441	1,552,161
Accrued postretirement benefits	74,279	158,226
Net cash used in operating activities	(19,529,673)	(12,438,544)
Cash flows from investing activities:		
Acquisition of property and equipment	(4,134,896)	(4,596,938)
Construction of telescope, facilities, and equipment	(491,350)	(1,710,963)
Investments purchased	(159,396,712)	(235,974,543)
Proceeds from investments sold or matured	180,230,721	252,978,078
Proceeds from sales of investments by bond trustee	121,865	202
Net cash provided by investing activities	16,329,628	10,695,836
Cash flows from financing activities:		
Proceeds from contributions and investment income restricted for:		
Investment in endowment	207,488	153,968
Investment in property and equipment	5,622,473	650,000
Net cash provided by financing activities	5,829,961	803,968
Net increase (decrease) in cash and cash equivalents	2,629,916	(938,740)
Cash and cash equivalents at beginning of year	957,861	1,896,601
Cash and cash equivalents at end of year	$ 3,587,777	957,861
Supplementary cash flow information:		
Cash paid for interest	$ 973,924	1,900,866
Noncash activity – contributions of stock	838,632	548,871

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Carnegie Institution of Washington (Carnegie) conducts advanced research and training in the sciences. It carries out its scientific work in six research centers located throughout the United States and at an observatory in Chile. The centers are the Departments of Embryology, Plant Biology, Global Ecology, Terrestrial Magnetism, the Geophysical Laboratory, and the Observatories.

Income from investments represented approximately 77% of Carnegie's total revenues for the year ended June 30, 2008. For the year ended June 30, 2009, Carnegie had net investment losses of $237 million. Carnegie's other sources of income are primarily from gifts and federal grants and contracts.

(b) Basis of Accounting and Presentation

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

(c) Investments and Cash Equivalents

Carnegie's debt and equity investments are reported at fair value based on quoted market prices, or with respect to alternative investments, at estimated values provided by the general partners of limited partnerships or other external investment managers. These estimated values are reviewed and evaluated by Carnegie. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been reported had a ready market for such investments existed.

All investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. All changes in fair value are recognized in the statements of activities.

Carnegie considers all highly liquid debt instruments purchased with remaining maturities of 90 days or less to be cash equivalents. Money market and other highly liquid instruments held by investment managers are reported as investments.

(d) Income Taxes

Carnegie has been recognized by the Internal Revenue Service as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) except for amounts from unrelated business income. Carnegie is also an educational institution within the meaning of Section 170(b)(1)(A)(ii) of the Code. The Internal Revenue Service has classified Carnegie as other than a private foundation, as defined in Section 509(a) of the Code.

On July 1, 2007, Carnegie adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 requires that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of FIN 48 had no impact on the statement of financial

position or statement of activities. Carnegie does not believe its financial statements include (or reflect) any uncertain tax positions.

(e) Fair Value of Financial Instruments

Financial instruments of Carnegie include cash equivalents, receivables, investments, bond proceeds held by trustee, accounts payable, and bonds payable. The fair value of investments in debt and equity securities is based on quoted market prices. The fair value of investments in limited partnerships is based on information provided by the general partners as discussed in note 1(c) above.

The fair value of the 1993 Series B, 2002 revenue and 2006 Series A refunding revenue bonds payable is estimated to be the carrying value, since these bonds bear adjustable market interest rates (see note 6).

Interest rate and commodity swap agreements are entered into by Carnegie to mitigate the risk of changes in interest rates associated with variable interest rate indebtedness and changes in the price of crude oil and natural gas. Carnegie applies the provisions of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. This standard requires certain derivative financial instruments to be recorded at fair value.

Carnegie adopted Statement of Financial Accounting Standards (SFAS) No. 157, *"Fair Value Measurements,"* for the fiscal year beginning July 1, 2008. In conjunction with the adoption of SFAS No. 157, Carnegie elected to early adopt the measurement provisions of Accounting Standards Update No. 2009-12, *"Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)"* to certain investments in funds that do not have readily determinable fair values including private equity, hedge funds, real estate, and other absolute return funds. This guidance amends SFAS No. 157 and permits, as a practical expedient, fair value of investments within its scope to be estimated using net asset value or its equivalent.

SFAS No. 157 establishes, among other things, a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3 measurements).

Under SFAS No. 157, financial instruments are categorized in one of the following three categories:

Level 1 – Pricing inputs are unadjusted quoted prices available in active markets for identical assets or liabilities.

Level 2 – Pricing inputs are quoted prices for identical assets or liabilities in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The level of a value determined for a financial instrument within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement in its entirety. Determination of what constitutes "observable" input requires judgment by Carnegie. In general, Carnegie considers observable inputs to be market data that are readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

In general, Carnegie includes funds in which its ownership interests are publicly traded in an active market under Level 1 of the valuation hierarchy. Carnegie classifies under Level 2 investments in a fund where its ownership interests are not publicly traded, but the pricing inputs are directly observable either directly or indirectly. To the extent that net asset value (NAV) measurements for investments are based on unobservable inputs and/or include obligations to meet cash calls, Carnegie classifies these investments in Level 3 of the valuation hierarchy.

The fair values of cash equivalents, receivables, bond proceeds held by trustee, and accounts payable approximate their carrying values based on their short maturities.

(f) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates.

(g) Property and Equipment

Carnegie capitalizes expenditures for land, buildings and leasehold improvements, telescopes, scientific and administrative equipment, and projects in progress. Routine replacement, maintenance, and repairs are charged to expense.

Depreciation is computed on a straight-line basis, generally over the following estimated useful lives:

Buildings and telescopes	50 years
Scientific and administrative equipment	2 – 10 years, based on scientific life of equipment

(h) Contributions

Contributions are classified based on the existence or absence of donor-imposed restrictions. Contributions are classified in categories of net assets as follows:

Unrestricted – includes all contributions received without donor-imposed restrictions on use or time.

Temporarily restricted – includes contributions with donor-imposed restrictions as to purpose of gift and/or time period expended.

Permanently restricted – generally includes endowment gifts in which donors stipulated that the corpus be invested in perpetuity. Only the investment income generated from endowments may be spent. Certain endowments require that a portion of the investment income be reinvested in perpetuity.

Contributions include unconditional promises to give. In instances where such promises are to be received after one year or more from the date of the gift, they are recorded at a discounted amount at an appropriate risk-adjusted rate commensurate with the expected collection period. Amortization of the discount is recorded as additional contribution revenue. Satisfaction of donor-imposed restrictions are reported as releases of restrictions in the statements of activities.

Gifts of long-lived assets, such as buildings or equipment, are considered unrestricted when placed in service. Cash gifts restricted for investment in long-lived assets are released from restriction when the asset is acquired or as costs are incurred for asset construction.

(i) Grants

Carnegie records revenues on grants from federal agencies only to the extent that reimbursable expenses are incurred. Accordingly, funds received in excess of reimbursable expenses are recorded as deferred revenue, and expenses in excess of reimbursements are recorded as accounts receivable. Reimbursement of indirect costs is based upon provisional rates which are subject to subsequent audit by Carnegie's federal cognizant agency, the National Science Foundation.

(j) Allocation of Costs

The costs of providing programs and supporting services have been summarized in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Fundraising expenses of $746,592 and $983,418 for the years ended June 30, 2009 and 2008, respectively, have been included in administrative and general expenses in the accompanying statements of activities.

(k) Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

(2) Contributions Receivable

Contributions receivable are summarized as follows at June 30, 2009:

Unconditional promises expected to be collected in:		
Less than one year	$	3,105,500
One year to five years		2,755,601
		5,861,101
Less:		
Allowance for uncollectible amounts		(8,717)
Discount to present value		(333,346)
	$	5,519,038

Pledges receivable as of June 30, 2009 and 2008 were discounted based on the estimated risk-free rate of return on the pledge date at rates ranging from 2% to 6%. The allowance for uncollectible amounts and discount to present value were $11,860 and $542,801, respectively, as of June 30, 2008

(3) Investments

Investments at fair value consisted of the following at June 30, 2009 and 2008:

		2009	2008
Time deposits and money market funds	$	38,678,328	13,855,014
Debt securities		26,671,619	48,731,519
Equity securities		212,600,924	274,169,234
Real assets & natural resources		137,105,018	281,211,225
Alternative investments		218,469,585	277,972,997
	$	633,525,474	895,939,989

Investment (loss) income, net consisted of the following for the years ended June 30, 2009 and 2008:

		2009	2008
Interest and dividends	$	6,646,579	8,177,520
Net realized gains		11,504,609	29,984,015
Net unrealized (losses) gains		(253,923,747)	44,026,563
Less investment management expenses		(762,558)	(942,678)
	$	(236,535,117)	81,245,420

(Continued)

The following table represents investments that are measured at fair value on a recurring basis at June 30, 2009:

		2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Time deposits and money market funds	$	38,678,328	38,678,328	—	—
Debt securities		26,671,619	—	26,671,619	—
Equity securities		212,600,924	80,518,147	130,920,439	1,162,338
Real assets and natural resources		137,105,018	—	—	137,105,018
Alternative investments		218,469,585	—	140,859,504	77,610,081
	$	633,525,474	119,196,475	298,451,562	215,877,437

Investments in debt securities of approximately $26.7 million, investments in equity securities of approximately $168.8 million, investments of real assets and natural resources of approximately $137.1 million and investments in alternative investments of approximately $218.5 million are reported at estimated fair value utilizing net asset values as of June 30, 2009.

The following table presents Carnegie's activity for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in SFAS No. 157 for the year ended June 30, 2009:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Equity securities	**Real assets and natural resources**	**Alternative investments**	**Total**
Beginning balance	$ 907,842	$ 230,921,902	$ 97,284,253	$ 329,113,997
Total realized and unrealized losses	(19,715)	(77,021,676)	(19,225,152)	(96,266,543)
Purchases, issuance and settlements (net)	274,211	(16,795,208)	(449,020)	(16,970,017)
Ending balance	$ 1,162,338	$ 137,105,018	$ 77,610,081	$ 215,877,437
Total losses for the period included in income attributable to the change in unrealized losses at June 30, 2009	$ (19,715)	$ (87,796,588)	$ (20,541,999)	$ (108,358,302)

(4) Property and Equipment

Property and equipment placed in service consisted of the following at June 30, 2009 and 2008:

	2009	2008
Buildings and improvements	$ 87,753,442	87,575,983
Scientific equipment	44,632,163	41,581,390
Telescopes	93,507,095	93,338,387
Construction in progress	5,683,980	5,192,630
Administrative equipment	3,294,434	2,914,018
Land	817,117	817,117
Art	70,805	70,805
	235,759,036	231,490,330
Less accumulated depreciation	(77,778,507)	(69,381,574)
	$ 157,980,529	162,108,756

Construction in progress consisted of scientific equipment of approximately $5.7 million and $5.2 million at June 30, 2009 and 2008, respectively.

At June 30, 2009 and 2008, approximately $74.2 million and $76.4 million, respectively, of property and equipment, net of accumulated depreciation, was located in Las Campanas, Chile.

(5) Magellan Consortium

During the year ended June 30, 1998, Carnegie entered into an agreement (Magellan Agreement) with four universities establishing a consortium to build and operate the Magellan telescopes. The two Magellan telescopes are located on Manqui Peak, Las Campanas in Chile. The first telescope, with a cost of approximately $41.7 million, was placed in service during 2001. The other, with a cost of approximately $30.1 million, was placed in service in 2003.

The university members of the consortium, by contribution to the construction and operating costs of Magellan, acquire rights of access and oversight as described in the Magellan Agreement. Total contributions by the university members for construction, which amounted to $36.0 million, covered approximately 50% of the total construction costs. These monies were used by Carnegie to finance part of the Magellan Telescopes’ construction costs. The contributions were recorded as deferred revenue and are being recognized ratably as income over the remaining estimated useful lives of the telescopes. As of June 30, 2009 and 2008, the deferred revenue totaled $29.2 million and $29.5 million, respectively.

(6) Bonds Payable

(a) 1993 California Educational Facilities Authority Revenue Bonds

On November 1, 1993, Carnegie issued $17.5 million of 1993 Series B California Educational Facilities Authority Revenue tax-exempt bonds. Bond proceeds were used to finance the Magellan telescope project and the renovation of the facilities of the Observatories at Pasadena. The balances

outstanding at June 30, 2009 and 2008, on the 1993 Series B issue totaled $17.5 million and $17.5 million, respectively.

Series B bonds bear interest at variable money market rates (ranging from 0.10% to 4.75% during the year) in effect from time to time, up to a maximum of 12% over the applicable money market rate period of between 1 and 270 days and have a stated maturity of October 1, 2023. At the end of each money market rate period, 1993 Series B bondholders are required to offer the bonds for repurchase at the applicable money market rate. When repurchased, the Series B bonds are resold at the current applicable money market rate and for a new rate period.

Carnegie is not required to repay the 1993 Series B bonds until the October 1, 2023, maturity date. Sinking fund redemptions begin in 2019 in installments for 1993 Series B as follows:

Due October 1:		
2019	$	3,100,000
2020		3,400,000
2021		3,600,000
2022		3,600,000
2023		3,800,000

The fair value of 1993 Series B bonds payable at June 30, 2009 and 2008 is estimated to approximate carrying value as the mandatory tender dates on which the bonds are repriced are generally within three months of year end.

Standby credit facilities have been established with SunTrust Bank in the aggregate amount of $17.5 million for the period ending January 31, 2010. Carnegie pays 1% per annum on the amount of the available commitment, payable quarterly in arrears. SunTrust Bank has the option to extend the agreement, but Carnegie is not required to maintain a liquidity facility for any bonds. The standby credit facility has not been used as of June 30, 2009.

(b) 2002 Maryland Health and Higher Education Facilities Authority Revenue Bond

On October 23, 2002, the Maryland Health and Higher Education Facilities Authority (MHHEFA) issued $30 million of its Revenue Bonds on behalf of Carnegie. Bond proceeds were used to construct and equip a new facility for Carnegie's Department of Embryology on the Johns Hopkins Homewood Campus in Baltimore, Maryland. Construction began in April 2003, and the facility was occupied in September 2005.

The balance outstanding at June 30, 2009 and 2008 on the Carnegie 2002 Series totaled $29.9 million and $29.8 million, respectively. The balance outstanding is net of unamortized bond issue costs.

The bonds were issued in the weekly mode and bear interest at a variable rate determined by the remarketing agent, Barclays Capital. The rates fluctuated between 7.75% and 0.40% during the year ended June 30, 2009 (see note 7). The rate at June 30, 2009 was 1.75%. Rates on remarketed bonds are selected in such a manner that the selling price will closely approximate the face value, but under

(Continued)

no circumstances will the rate exceed 12% per annum. Interest is payable on the first business day of each month. Bonds in the weekly mode are subject to redemption at the request of Carnegie on any interest payment date. Bonds in weekly mode can be changed to daily, commercial paper, term rate or fixed rate mode at the request of Carnegie. Bonds are subject to mandatory tender for purchase prior to any change in the interest rate mode.

Scheduled maturities and sinking fund requirements are as follows:

Due October 1:		
2033	$	6,000,000
2034		6,000,000
2035		6,000,000
2036		6,000,000
2037		6,000,000
	$	30,000,000

Standby credit facilities have been established with SunTrust Bank in the aggregate amount of $30 million as of June 30, 2003, for a period of 364 days. Carnegie pays 1% per annum on the amount of the available commitment, payable quarterly in arrears. SunTrust Bank has extended the agreement through January 31, 2010, but Carnegie is not required to maintain a liquidity facility for any bonds. The standby credit facility has not been used as of June 30, 2009.

(c) 2006 California Educational Facilities Authority Refunding Revenue Bonds

On February 9, 2006 Carnegie issued 2006 Series A California Educational Facilities Authority Refunding Revenue tax-exempt bonds totaling $18.3 million. Bond proceeds were used to refund all outstanding 1993 Series A California Educational Facilities Authority Revenue tax-exempt bonds that were used to finance the Magellan telescope project and the renovation of the facilities of the Observatories at Pasadena and to pay certain costs incurred in connection with the issuance of the bonds.

The balance outstanding, net of unamortized bond issue costs and bond discount, at June 30, 2009 and 2008 is $18.0 million and $18.0 million, respectively. Bond proceeds held by the trustee and unexpended at June 30, 2009 and 2008 totaled $39 and $121,904, respectively.

The bonds were issued in the weekly mode and bear interest at a variable rate determined by the remarketing agent, Barclays Capital. The rates fluctuated between 7.75% and 0.20% during the year ended June 30, 2009 (see note 7). The rate at June 30, 2009 was 1.75%. Rates on remarketed bonds are selected in such a manner that the selling price will closely approximate the face value, but under no circumstances will the rate exceed 12.00% per annum. Interest is payable on the first business day of each month and upon change in interest rate mode. Bonds in the weekly mode are subject to redemption at the request of Carnegie on any interest payment date. Bonds in weekly mode can be changed to daily, commercial paper, term rate, or fixed rate mode at the request of Carnegie. Bonds are subject to mandatory tender for purchase prior to any change in the interest rate mode.

Carnegie is not required to repay the 2006 Series A bonds until the October 1, 2040 maturity date. Standby credit facilities have been established with SunTrust Bank in the aggregate amount of $18.3 million for the period ending January 31, 2010. Carnegie pays 1% per annum on the amount of the available commitment, payable quarterly in arrears. SunTrust Bank has the option to extend the agreement, but Carnegie is not required to maintain a liquidity facility for any bonds. The standby credit facility has not been used as of June 30, 2009.

(7) Interest Rate and Commodity Swap Agreements

(a) 2002 Maryland Health and Higher Education Facilities Authority Revenue Bonds

Carnegie originally entered into a swap agreement related to this debt with an effective date of October 23, 2002. This swap agreement related to $15 million face amount of its Series 2002 Maryland Health and Higher Education Facilities Authority Revenue Bonds (see note 6).

On December 10, 2008, Carnegie terminated its interest rate swap agreement related to these bonds with Lehman Brothers Special Financing, Inc. based upon an event of default under the Master Agreement due to the bankruptcy filing by Lehman Brothers Holdings Inc. Under the termination, Carnegie made payment to Lehman Brothers Special Financing, Inc. of the required close-out amounts. Also on December 10, 2008, Carnegie entered into a new and separate swap transaction with Barclays Bank PLC to replace the interest rate swap that was terminated. The replacement off-market swaps with Barclays Bank PLC provide for Barclays Bank PLC to receive 3.717% in interest on a notional amount of $15 million and to pay interest at a floating rate of 68% of the three-month LIBOR rate, reducing on the dates and in the amounts as follows:

October 1:		
2033	$	3,000,000
2034		3,000,000
2035		3,000,000
2036		3,000,000

The interest rate swap agreement described above is a derivative instrument that is required to be recorded at fair value. The estimated fair value at year end was a liability of $2,322,854 in 2009; the previously held swap with Lehman Brothers was a liability of $873,004 at year end in 2008. These amounts are included in accounts payable and accrued expenses in 2009 and 2008 on the accompanying statements of financial position. The change in fair value for the years ended June 30, 2009 and 2008 was a loss of $1,449,850 and a loss of $1,310,090, respectively, and is reported as other income.

(b) 2006 Series A California Educational Facilities Authority Refunding Revenue Bonds

Carnegie originally entered into a swap agreement related to this debt with an effective date of February 15, 2006. This swap agreement related to $18.3 million face amount of its 2006 Series A California Educational Facilities Authority Refunding Revenue tax-exempt bonds (see note 6).

On December 10, 2008, Carnegie terminated its interest rate swap agreement related to these bonds with Lehman Brothers Special Financing, Inc. based upon an event of default under the Master Agreement due to the bankruptcy filing by Lehman Brothers Holdings Inc. Under the termination, Carnegie made payment to Lehman Brothers Special Financing, Inc. of the required close-out amounts. Also on December 10, 2008, Carnegie entered into a new and separate swap transaction with Barclays Bank PLC to replace the interest rate swap that was terminated. The replacement off-market swaps with Barclays Bank PLC provide for Barclays Bank PLC to receive 3.603% in interest on a notional amount of $18.3 million and to pay interest at a floating rate of 68% of the three-month LIBOR rate.

The interest rate swap agreement described above is a derivative instrument that is required to be recorded at fair value. The estimated fair value at year end was a liability of $2,655,186 in 2009; the previously held swap with Lehman Brothers was a liability of $777,875 at year end in 2008. These amounts are included in accounts payable and accrued expenses in 2009 and 2008 on the accompanying statements of financial position. The change in fair value for the years ended June 30, 2009 and 2008 was a loss of $1,877,311 and a loss of $1,649,172 respectively, and is reported as other income.

(c) Commodity Swaps

Carnegie entered into a series of fixed-floating commodity swap agreements with Lehman Brothers Commodity Services and J.Aron & Company for NYMEX West Texas Intermediate Crude Oil (WTI-Oil) and NYMEX Natural Gas.

On October 1, 2008, Carnegie terminated its fixed-floating commodity swaps with Lehman Brothers Commodity Services based upon an event of default under the Master Agreement due to the bankruptcy filing by Lehman Brothers Holdings Inc. Under the termination, Carnegie made payment to Lehman Brothers Special Financing, Inc. of the required close-out amounts. In addition, on October 1, 2008, Carnegie entered into a separate transaction with J.Aron & Company to replace the commodity swaps with Lehman Brothers Commodity Services that were terminated.

Under the series of fixed-floating commodity swap agreements, for WTI-Oil, the floating price for each determination period will be the average of the closing settlement price(s) on the NYMEX for the Nearby Light Crude Futures Contract. For natural gas, the floating price for each determination period will be the average of the closing settlement prices for the pricing days of the NYMEX Natural Gas Henry Hub Futures Contract for the reference month.

If, with respect to each determination period, the fixed price exceeds the floating price, the fixed price payer shall pay Carnegie the difference between the two such amounts multiplied by the quantity, and if the floating price exceeds the fixed price, Carnegie will pay the fixed price payer the difference between the two amounts multiplied by the quantity. If the prices are equal, no payment shall be made.

The commodity swap agreements described above are derivative instruments that are required to be recorded at fair value. The estimated fair value at year end was a receivable of $9,569,684 and a liability of $20,691,170, respectively. These amounts are included in accounts receivable and other assets and accounts payable and accrued expenses in 2009 and 2008, respectively, on the

accompanying statements of financial position. The change in fair value for the years ended June 30, 2009 and 2008 was a gain of $11,121,486 and a loss of $18,853,634 respectively, and is reported as other income.

For the valuation of interest rate and commodity swaps at June 30, 2009, Carnegie used pricing models based on significant observable inputs as of the valuation date (Level 2), including prices of instruments with similar maturities and characteristics, interest rate yield curves, measures of interest rate volatility, and oil and natural gas pricing. The value was determined and adjusted to reflect nonperformance risk of both the counterparty and Carnegie. See note 1(e) for definitions of Levels 1, 2 and 3. The following table represents the interest rate swap liabilities and the commodity swap receivable that are measured at fair value on a recurring basis at June 30, 2009:

	Fair Value Measurements at June 30, 2009		
	Level 1	**Level 2**	**Level 3**
Interest rate swaps	—	(4,978,040)	—
Commodity swaps	—	9,569,684	—

(8) Employee Benefit Plans

(a) Retirement Plan

Carnegie has a noncontributory, defined contribution, money-purchase retirement plan in which all U.S. personnel are eligible to participate. After one year of participation, an individual's benefits are fully vested. The Plan has been funded through individually owned annuities issued by Teachers' Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF). Contributions made by Carnegie totaled approximately $3.6 million for each of the years ended June 30, 2009 and 2008.

(b) Postretirement Benefits Plan

Carnegie provides postretirement medical benefits to all employees who retire after age 55 and have at least 10 years of service. Cash payments made by Carnegie for these benefits totaled approximately $362,000 and $332,000 for the years ended June 30, 2009 and 2008, respectively.

(Continued)

The expense for postretirement benefits for the years ended June 30, 2009 and 2008 consists of the following:

		2009	2008
Service cost – benefits earned during the year	$	622,373	632,939
Interest cost on projected benefit obligation		922,554	841,543
Amortization of prior service costs		(18,000)	(18,000)
Amortization of gain		(281,564)	(334,602)
Postretirement benefit cost	$	1,245,363	1,121,880

The 2009 postretirement benefits expense was approximately $883,000 more than the cash payments of $362,339 and the 2008 postretirement benefits expense was approximately $789,000 more than the cash payments of $332,478. The postretirement benefits expense was allocated among program and supporting services expenses in the accompanying statements of activities.

The reconciliation of the Plan's funded status to amounts recognized in the financial statements at June 30, 2009 and 2008 follows:

		2009	2008
Change in benefit obligation:			
Benefit obligation at beginning of year	$	14,486,199	14,327,973
Service cost		622,373	632,939
Interest cost		922,554	841,543
Actuarial gain		(1,108,309)	(983,807)
Benefits paid		(362,339)	(332,449)
Benefit obligation at end of year		14,560,478	14,486,199
Change in plan assets:			
Fair value of plan assets at beginning of year		—	—
Actual return on plan assets		—	—
Contribution to plan		362,339	332,449
Benefits paid		(362,339)	(332,449)
Fair value of plan assets at end of year		—	—
Funded status	$	(14,560,478)	(14,486,199)

Pension related changes other than net periodic postretirement benefit cost under SFAS No. 158 consisted of the following at June 30, 2009 and 2008:

		2009	2008
Unrecognized net actuarial gain	$	(826,745)	(649,205)
Unrecognized prior service cost		18,000	18,000
	$	(808,745)	(631,205)

The net gain and prior service cost that will be amortized into net periodic benefit cost over the next fiscal year:

		2009	2008
Unrecognized net actuarial gain	$	(333,995)	(281,564)
Unrecognized prior service cost		(18,000)	(18,000)
	$	(351,995)	(299,564)

The unrecognized net gain and prior service cost remaining as of June 30, 2009 is approximately $6,693,000 and $239,000, respectively.

The present value of the benefit obligation as of June 30, 2009 and 2008 was determined using an assumed discount rate of 6.0% and 6.5%, respectively. The present value of the net periodic postretirement benefit cost as of June 30, 2009 and 2008 was determined using an assumed discount rate of 6.5% and 6.0%, respectively. Carnegie's policy is to fund postretirement benefits as claims and administrative fees are paid.

For measurement purposes, a 10.50% annual rate of increase in medical claims was assumed for 2009; the rate of increase was assumed to decrease at 1% per year, eventually reaching 5% in 2015. The healthcare cost trend rate assumption has a significant effect on the amounts reported. An one-percentage point change in assumed annual healthcare cost trend rate would have the following effects:

		One-percentage point increase	One-percentage point decrease
Effect on total of service and interest cost components	$	300,250	(234,729)
Effect on postretirement benefit obligation		2,260,128	(1,815,578)

The measurement date used to determine postretirement benefit obligations is July 1.

Carnegie expects to contribute approximately $512,000 to its postretirement benefit plan during the year ended June 30, 2010.

(Continued)

The following benefit payments (net of retiree contributions), which reflect expected future service, are expected to be paid in future years ending June 30:

2010	$ 512,396
2011	556,147
2012	625,374
2013	668,011
2014	735,292
2015 – 2017	4,418,409

The prescription drug benefits offered by Carnegie are determined to not be actuarially equivalent to Medicare Plan D, and the effects of the Medicare Prescription Drug Improvement and Modernization Act, excluding the subsidy, do not have a significant impact on the per capita claims cost.

(9) Net Assets

(a) Unrestricted Net Assets

Unrestricted net assets consisted of the following at June 30, 2009 and 2008:

	2009	2008
Board-designated quasi-endowments	$ 67,808,334	90,800,760
Undesignated	138,539,083	173,690,048
	$ 206,347,417	264,490,808

(b) Temporarily Restricted Net Assets

Temporarily restricted net assets were available to support the following donor-restricted purposes at June 30, 2009 and 2008:

	2009	2008
Endowment assets available for future appropriation	$ 410,237,021	593,738,993
Specific research programs	11,390,996	9,762,286
Equipment acquisition and construction	1,335,785	2,347,663
Passage of time	2,810,577	3,995,445
	$ 425,774,379	609,844,387

(c) Permanently Restricted Net Assets

Permanently restricted net assets consisted of endowed gifts, the income from which is available to support the following donor-restricted purposes at June 30, 2009 and 2008:

		2009	2008
Specific research programs	$	14,991,319	14,873,887
Operation of Maxine Singer Building		15,000,050	15,000,050
Equipment acquisition and construction		2,764,719	2,764,719
General support (Carnegie endowment)		22,107,608	22,106,117
	$	54,863,696	54,744,773

(d) Net Assets Released from Restrictions

During 2009 and 2008, Carnegie met donor-imposed requirements on certain gifts and, therefore, released temporarily restricted net assets as follows:

		2009	2008
Appropriation of endowment assets	$	25,490,235	29,845,575
Specific research programs		7,456,312	4,379,740
Equipment acquisition and construction		17,062	853,563
Passage of time		1,499,600	—
	$	34,463,209	35,078,878

(10) Endowment

Carnegie's endowment consists of a number of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments to support the purposes of the Institution. Net assets associated with endowment funds are classified and reported based on the existence or absences of donor-imposed restrictions.

Carnegie adopted FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds (FSP)*for the year ended June 30, 2009.

Interpretation of Relevant Law

Effective January 23, 2008, the District of Columbia enacted the Uniform Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, Carnegie is required to act prudently when making decisions to spend or accumulate donor-restricted endowment funds. As a result of this interpretation, Carnegie classifies as permanently restricted net assets the original value of gifts donated to

the permanent endowment and subsequent gifts to the endowment. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Carnegie in a manner consistent with the standard of prudence prescribed by UPMIFA. For the fiscal year ending June 30, 2008, Carnegie reclassified approximately $552 million from unrestricted net assets to temporarily restricted net assets for donor-restricted endowment funds that have not been appropriated for expenditure as of July 1, 2007.

In accordance with UPMIFA, Carnegie considers the following factors in make a determination to appropriate or accumulate donor-restricted endowment fund:

1) The duration and preservation of the fund

2) The purposes of the organization and the donor-restricted endowment fund

3) General economic conditions, including the possible effects of inflation

4) The expected total return from income and the appreciation of investments

5) Other resources of the organization

6) The investment and spending policies of the organization

Return Objectives and Risk Parameters

Carnegie's Board of Trustees has adopted an investment policy, including return objectives, for its endowment. This policy has identified: an appropriate risk posture; stated expectations and objectives; asset allocation guidelines; and criteria to monitor and evaluate the performance results of the Endowment fund's managers. Carnegie expects the Endowment fund to provide an average rate of return of approximately 8-9 percent annually, while recognizing that performance in any given year may vary from this goal.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Carnegie relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Carnegie employs a diversified asset allocation strategy that allocate investments among four broad asset classes: common stock, alternative assets, fixed income, and cash. Common stock is subdivided into domestic and international categories. Alternative assets are subdivided into absolute return partnerships, real assets, and private equity funds.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The current Board-approved spending rule requires that the amounts appropriated for spending from the endowment be comprised of: a) 70% of the previous year's budget, adjusted for inflation, and b) 30% of the most recent year-end endowment value, adjusted for debt, and then multiplied by the determined spending rate, currently 5.00%, and adjusted for inflation. The rule functions to smooth annual contributions from the endowment in support of the operating budget. In establishing this policy, Carnegie

(Continued)

considered the long-term expected return on its funds. Carnegie expects the current spending and investment policies to grow its endowment at an average of 3-4 percent annually.

Appropriation of Endowment Assets for Next Fiscal Year

For 2010, Carnegie has appropriated $34,659,710 of its Endowment Funds assets to be distributed for spending. In accordance with the endowment spending policy described above, this amount is calculated based upon an endowment spending rate of five percent (5.00%).

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Carnegie to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were approximately $1.4 million as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. There were no such deficiencies as of June 30, 2008.

Net asset classification by type of endowment as of June 30, 2009:

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	(1,350,210)	410,237,021	54,863,696	463,750,507
Board-designated endowment funds	67,808,334	—	—	67,808,334
	$ 66,458,124	$ 410,237,021	$ 54,863,696	$ 531,558,841

Changes in endowment net assets for the year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 90,800,760	$ 593,725,253	$ 54,744,773	$ 739,270,786
Investment return:				
Investment income	3,490,531	24,900,368	16,423	28,407,322
Net depreciation (realized and unrealized gains and losses)	(25,783,954)	(184,052,805)	—	(209,836,759)
Total investment return	(22,293,423)	(159,152,437)	16,423	(181,429,437)
Contributions	10,000	208,805	102,500	321,305
Appropriation of assets for expenditure	(709,003)	(25,894,810)	—	(26,603,813)
Transfer due to deficiency	(1,350,210)	1,350,210	—	—
	$ 66,458,124	$ 410,237,021	$ 54,863,696	$ 531,558,841

Net asset classification by type of endowment as of June 30, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	—	593,725,753	54,744,773	648,470,526
Board-designated endowment funds	90,800,760	—	—	90,800,760
	$ 90,800,760	$ 593,725,753	$ 54,744,773	$ 739,271,286

(Continued)

Changes in endowment net assets for the year ended June 30, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 635,233,346	$ 17,456,274	$ 54,756,966	$ 54,756,966
Net asset reclassification based on change in law	(551,908,806)	552,054,493	(145,687)	—
Endowment net assets after reclassification	83,324,540	569,510,767	54,611,279	54,756,966
Investment return:				
Investment income	659,491	4,938,953	3,107	5,601,551
Net depreciation (realized and unrealized gains and losses)	6,746,428	50,533,282	22,810	57,302,520
Total investment return	7,405,919	55,472,235	25,917	62,904,071
Contributions	100,000	—	107,577	207,577
Appropriation of assets for expenditure	(29,699)	(31,257,249)	—	(31,286,948)
	$ 90,800,760	$ 593,725,753	$ 54,744,773	$ 739,271,286

(11) Commitments

Carnegie has outstanding commitments to invest approximately $128 million in limited partnerships at June 30, 2009.

(12) Lease Arrangements

Carnegie leases a portion of the land it owns in Las Campanas, Chile to other organizations. These organizations have built and operate telescopes on the land. Most of the lease arrangements are not specific and some are at no cost to the other organizations. The value of the no-cost leases could not be determined and is not considered significant and, accordingly, contributions have not been recorded in the financial statements.

Carnegie also leases a portion of one of its laboratories to another organization for an indefinite term. Rents to be received under the agreement are approximately $742,000 annually, adjusted for CPI increases.

(Continued)

Carnegie leases land and buildings for various research departments. The monetary terms of the leases are considerably below fair value; however, these terms were developed considering other nonmonetary transactions between Carnegie and the lessors. The substance of the transactions indicates arm's-length terms between Carnegie and the lessors.

(13) Contingencies

Costs charged to the federal government under cost-reimbursement grants and contracts are subject to government audit. Therefore, all such costs are subject to adjustment. Management believes that adjustments, if any, would not have a significant effect on the financial statements.

(14) Related-Party Transactions

Carnegie recorded contributions from its trustees, officers, and directors of approximately $1.2 million and $2.6 million, for the years ended June 30, 2009 and 2008, respectively.

A trustee of Carnegie is also the Chairman of an investment entity with which Carnegie has invested $82.6 million and $199 million in four of its investment funds, as of June 30, 2009 and 2008, respectively. Another trustee of Carnegie is the Managing Director of an investment entity with which Carnegie has invested $22.7 million and $31.8 million in one of its investment funds, as of June 30, 2009 and 2008, respectively.

(15) Subsequent Events

Carnegie has evaluated subsequent events through the date the financial statements were issued, December 11, 2009.

Schedule

CARNEGIE INSTITUTION OF WASHINGTON

Schedules of Expenses

Years ended June 30, 2009 and 2008

	2009			2008		
	Carnegie funds	**Federal and private grants**	**Total expenses**	**Carnegie funds**	**Federal and private grants**	**Total expenses**
Personnel costs:						
Salaries	$ 18,846,711	7,174,724	26,021,435	17,765,445	6,554,523	24,319,968
Fringe benefits and payroll taxes	10,482,003	3,474,155	13,956,158	9,987,031	3,162,672	13,149,703
Total personnel costs	29,328,714	10,648,879	39,977,593	27,752,476	9,717,195	37,469,671
Fellowship grants and awards	2,100,224	1,958,675	4,058,899	2,312,601	1,388,777	3,701,378
Depreciation	8,754,473	—	8,754,473	8,495,566	—	8,495,566
General expenses:						
Educational and research supplies	2,065,023	1,727,961	3,792,984	2,407,285	1,663,919	4,071,204
Building maintenance and operation	3,607,571	202,626	3,810,197	3,354,034	334,398	3,688,432
Travel and meetings	1,392,009	1,007,242	2,399,251	1,533,450	1,132,602	2,666,052
Professional and contract services	2,855,962	588,734	3,444,696	3,172,976	360,953	3,533,929
Communications	479,937	47,630	527,567	411,497	72,875	484,372
Administrative and general	1,695,588	233,991	1,929,579	1,047,162	158,747	1,205,909
Interest	1,757,155	—	1,757,155	1,442,726	—	1,442,726
Subcontracts	3,000,000	6,516,220	9,516,220	41,762	5,970,205	6,011,967
Equipment	3,950,876	2,772,645	6,723,521	4,998,085	2,455,932	7,454,017
Fundraising expense	746,592	—	746,592	983,418	—	983,418
Total general expenses	21,550,713	13,097,049	34,647,762	19,392,395	12,149,631	31,542,026
Total direct costs	61,734,124	25,704,603	87,438,727	57,953,038	23,255,603	81,208,641
Indirect costs:						
Grants and contracts	(11,067,279)	11,067,279	—	(10,057,082)	10,057,082	—
Total costs	50,666,845	36,771,882	87,438,727	47,895,956	33,312,685	81,208,641
Capitalized scientific equipment and facilities	(3,373,286)	(1,371,095)	(4,744,381)	(4,920,757)	(1,180,320)	(6,101,077)
Total expenses	$ 47,293,559	35,400,787	82,694,346	42,975,199	32,132,365	75,107,564

See accompanying independent auditors' report.