LUMINA FOUNDATION FOR EDUCATION, INC.

FINANCIAL STATEMENTS
December 31, 2011 and 2010

LUMINA FOUNDATION FOR EDUCATION, INC.
Indianapolis, Indiana

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CONTENTS

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Lumina Foundation for Education, Inc.
Indianapolis, Indiana

We have audited the accompanying statements of financial position of Lumina Foundation for Education, Inc. (the Foundation) as of December 31, 2011, and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express and 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 Lumina Foundation for Education, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
August 22, 2012

LUMINA FOUNDATION FOR EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2011 and 2010

	2011	2010
	($ in thousands)	
ASSETS		
Cash and cash equivalents	$ 59,437	$ 68,134
Investments (Notes 2 and 5)	1,019,456	1,084,400
Accrued interest and dividends	996	1,007
Property and equipment, net	1,813	2,393
Other assets	474	906
Total assets	$ 1,082,176	$ 1,156,840
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	$ 28,708	$ 25,813
Accounts payable and accrued expenses	385	571
Payroll and related liabilities	255	260
Other liabilities	4,424	2,175
Federal excise tax payable	1,208	1,432
Total liabilities	34,980	30,251
Unrestricted net assets	1,047,196	1,126,589
Total liabilities and net assets	$ 1,082,176	$ 1,156,840

See accompanying notes to financial statements.

LUMINA FOUNDATION FOR EDUCATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years ended December 31, 2011 and 2010

	2011	2010
	($ in thousands)	
Revenues		
Interest and dividends	$ 23,033	$ 18,446
Expenses		
Grants	48,738	43,898
Salaries and related benefits	10,370	7,015
Investment manager fees	7,012	4,351
Consulting and professional fees	5,590	3,837
Convening	1,425	1,038
Federal excise tax	556	(652)
Occupancy	616	540
Communication and travel	883	823
Depreciation and amortization	678	527
Printing and supplies	546	548
Insurance	106	95
Equipment rental and maintenance	341	411
Other	645	547
	77,506	62,978
Change in net assets before net realized/unrealized loss on investments	(54,473)	(44,532)
Net realized/unrealized gain (loss) on investments	(24,920)	105,230
Change in net assets	(79,393)	60,698
Net assets, beginning of year	1,126,589	1,065,891
Net assets, end of year	$ 1,047,196	$ 1,126,589

See accompanying notes to financial statements.

LUMINA FOUNDATION FOR EDUCATION, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2011 and 2010

	2011	2010
	($ in thousands)	
Operating activities		
Change in net assets	$ (79,393)	$ 60,698
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	678	527
Net realized gain on sale of investments	(63,044)	(27,438)
Net unrealized (gain) loss on investments	87,964	(77,792)
Changes in operating assets and liabilities:		
Accrued interest and dividends	11	629
Other assets	432	428
Grants payable	2,895	(1,156)
Accounts payable and accrued expenses	(185)	69
Federal excise tax payable	(224)	(1,034)
Payroll and related liabilities	(5)	16
Other liabilities	2,249	(310)
Net cash from operating activities	(48,622)	(45,363)
Investing activities		
Proceeds from sale of investments	548,718	751,119
Purchase of investments	(508,695)	(658,468)
Property and equipment additions	(98)	(1,838)
Net cash from investing activities	39,925	90,813
Net increase (decrease) in cash and cash equivalents	(8,697)	45,450
Cash and cash equivalents, beginning of year	68,134	22,684
Cash and cash equivalents, end of year	$ 59,437	$ 68,134

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Lumina Foundation for Education, Inc. (the Foundation) is a private, non-stock, not-for-profit corporation organized under and pursuant to the provisions of the General Corporation Law of the state of Delaware. The Foundation's primary mission is to expand access to education through research, information, and innovation. Its purpose is to foster and advance education and encourage the continuation of studies; to promote, provide, and participate in means to attainment of higher education; to establish, maintain, administer, and expend funds in furtherance and advancement or and in support of educational objectives, activities, and projects; to provide a central clearing point for information, conferences, and other exchanges; and to advance the cause of aid and support to students at universities, college, and schools.

For investment purposes, the Foundation is the sole member of an Indiana Limited Liability Company and a foreign limited partnership. The Foundation has included these entities in the financial statements.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated.

Income Taxes: The Internal Revenue Services has determined that the Foundation is exempt from federal income tax on related income under Section 501 (a) of the Internal Revenue Code. The Foundation is a private foundation subject to federal excise tax on net investment income. Federal excise tax payable at December 31, 2011 and 2010 represents deferred excise taxes of $1,208 and $1,432, respectively, on unrealized appreciation of investments. The Foundation has also recorded a tax-related asset at December 31, 2011 and 2010 of $313 and $93, respectively, in relation to estimated payments made in excess of estimated taxes due.

The Foundation adopted accounting guidance related to accounting for uncertainty in income taxes. This guidance requires the Foundation to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely- than-not test, no tax benefit is recorded. The Foundation has examined this issue and has determined there are no material contingent income tax liabilities or questionable income tax positions.

The Foundation is no longer subject to examination by taxing authorities for years before 2008. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Foundation recognizes interest and/or penalties related to income tax matters in income tax expense. The Foundation did not have any amounts accrued for interest and penalties at December 31, 2011 and 2010.

Required Distributions: The Internal Revenue Code provides that the Foundation generally must distribute in the current year for charitable purposes 5% of the average market value of its invested assets as of the previous year. At December 31, 2011, the Foundation has met the minimum distribution requirements based on the average market value of its invested assets as of December 31, 2010. In order to meet its minimum distribution requirement for 2011, the Foundation must distribute (grants and qualifying expenses) approximately $15,290 prior to January 1, 2013

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents: Cash equivalents include financial instruments with an original maturity of three months or less when purchased. The Foundation routinely invests in money market funds. These funds generally invest in highly liquid United States government obligations. Cash equivalents are carried at cost, which approximates fair value. The first $250,000 of deposits per financial institution is insured by a government agency.

Investments: Investments in securities are measured at fair value, which are generally determined by reference to quoted market prices. Securities traded in less active markets may be valued by reference to other inputs such as dealer quotes, transactions in less active markets or models using observable market information. Investment gain or loss (including realized and unrealized gains and losses on investments, equity earnings on investments, interest, and dividends) is included in the statements of activities and changes in net assets, which is prepared on an accrual basis.

The fair value of investments in marketable alternatives, limited partnerships and limited liability companies is estimated by management based upon net asset value per share or its equivalent provided by an independent investment advisor, or a partnership general partner or advisory committee (approximately 41% of fair value of investments at December 31, 2011 and 2010, respectively).

Grants: Grants are recognized as expenses in the period approved. Grants payable over multiple years are discounted to present value.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The financial statements include investments valued at $466,475 and $406,801 as of December 31, 2011 and 2010, respectively, whose values have been estimated by an independent investment manager or a partnership general partner or advisory committee in the absence of readily ascertainable market values. Due to inherent uncertainty of the valuation process, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material to the financial statements.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2011 to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2011. Management has performed their analysis through August 22, 2012, the date the financial statements were available to be issued.

(Continued)

($ in thousands)

NOTE 2 - INVESTMENTS

Following is a summary of investments at fair value:

	2011	2010
US Government and government agency bonds	$ -	$ 83,567
Corporate bonds and asset-backed securities	48,715	40,810
International bond fund	41,787	40,000
Equities	514,183	470,397
Marketable alternative investments	174,777	240,075
Buyout and venture capital partnerships	139,502	109,252
Real estate and energy-related partnerships	101,011	100,299
Swaps and foreign exchange contracts	(519)	-
	$ 1,019,456	$ 1,084,400

NOTE 3 - EMPLOYEE BENEFIT PLANS

The Foundation sponsors a noncontributory, defined-benefit pension plan, a discretionary plan, and a savings investment plan. During 2011 and 2010, the Foundation recognized expenses of $3,392 and $629, respectively, for these plans.

NOTE 4 - LEASES

The Foundation leases certain property and equipment under various non-cancelable operating leases. Rental expense under these leases was $706 and $613 for 2011 and 2010, respectively. Future minimum lease commitments under the leases at December 31, 2011, are as follows:

2012	$ 664
2013	664
2014	649
2015	649
2016	649
Thereafter	2,596
	$ 5,871

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation’s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

(Continued)

($ in thousands)

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Assets measured at fair value on a recurring basis are summarized by major category below:

	Fair Value Measurements at December 31, 2011			
	2011 Total	Level 1	Level 2	Level 3
Investments:				
Corporate bonds and asset-backed securities	$ 48,715	$ 2,113	$ 46,602	$ -
International bond funds	41,787	-	41,787	-
Equities:				
Consumer discretionary	32,675	32,675	-	-
Consumer staples	10,216	10,216	-	-
Energy	16,984	16,984	-	-
Financials	49,079	49,079	-	-
Health Care	24,699	24,699	-	-
Industrials	23,201	23,201	-	-
Information and other technology	39,898	39,898	-	-
Materials	11,570	11,570	-	-
Telecommunications	1,709	1,709	-	-
Utilities	1,250	1,250	-	-
Pooled domestic	25,000	-	-	25,000
Pooled international	88,091	-	88,091	-
Pooled global	114,259	-	86,398	27,861
Pooled emerging markets	24,839	-	24,839	-
Pooled real estate	27,603	-	27,603	
Pooled commodities	23,110	-	23,110	-
Marketable alternative assets	174,777	-	1,588	173,189
Partnerships:				
Buyout and venture capital	139,502	-	-	139,502
Real estate and energy-related	101,011	-	-	101,011
Swaps and foreign exchange contracts:				
Assets	4,382	-	4,382	-
Liabilities	(4,901)	-	(4,901)	-
Total investments	$ 1,019,456	$ 213,394	$ 339,499	$ 466,563

($ in thousands)

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Fair Value Measurements at December 31, 2010			
	2010 Total	Level 1	Level 2	Level 3
US Government and government agency bonds	$ 83,567	$ 82,561	$ 1,006	$ -
Corporate bonds and asset-backed securities	40,810	-	40,810	-
International bond funds	40,000	-	40,000	-
Equities:				
Consumer discretionary	19,187	19,187	-	-
Consumer staples	11,022	11,022	-	-
Energy	21,345	21,345	-	-
Financials	52,582	52,582	-	-
Health Care	26,047	26,047	-	-
Industrials	27,676	27,676	-	-
Information Technology	29,668	29,668	-	-
Materials	17,563	17,563	-	-
Telecommunications	1,991	1,991	-	-
Utilities	3,313	3,313	-	-
Pooled domestic	50,517	50,517	-	-
Pooled international	98,516	-	98,516	-
Pooled global	83,046	-	93,046	-
Pooled emerging markets	27,924	-	27,924	-
Marketable alternative assets	240,075	-	42,825	197,250
Partnerships:				
Buyout and venture capital	109,252	-	-	109,252
Real estate and energy- related	100,299	-	-	100,299
Total investments	$ 1,084,400	$ 343,472	$ 344,127	$ 406,801

Inputs and Valuation Techniques:

Government bonds, corporate bonds, asset-backed securities and bond funds: U.S. government bonds and actively traded corporate debt are valued at the closing price reported in the active market in which the bond is traded (Level 1 inputs). Government agency, other corporate bonds, asset-backed securities and bond funds are valued without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities or on models using market information (Level 2 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Equity securities: Equity investments are separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

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NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Pooled equity and commodities funds: Pooled equity investments consist of mutual funds and common trust funds which are invested in equity securities in the specified geography or market strategy. The fair values of these funds, which are readily redeemable, are determined by obtaining daily quoted net asset value (NAV) (Level 1 inputs) using the market approach. In some instances, NAVs are not determined daily, but are valued at different frequencies up to every three months (Level 2 inputs). Certain funds are subject to lock-ups of up to 3 years (Level 3 inputs). Foundation management has full transparency to the holdings of these funds. The commodity fund is a publicly traded fund with daily pricing and liquidity. The fund invests in commodity-linked derivative instruments, included commodity index-linked notes, swap agreements, options and futures that provide exposure to the investment returns of commodities without directly investing in physical commodities (Level 2 inputs). The fund may also invest in the equity of issuers in commodity related industries. At December 31, 2011 the Foundation has an unfunded commitment of $25 million to a domestic strategy.

Marketable alternative investments: Marketable alternative investments comprise investments in hedge funds that employ a variety of strategies which include U.S. and global long/short, event and diversified arbitrage, credit strategies and fund of funds. The funds seek to generate positive risk-adjusted returns across a range of market environments. The Foundation uses the NAV to determine fair value using the market approach. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. In some instances, the Foundation possesses the ability to redeem its investment at the NAV on a short-term basis (Level 2 inputs).

Redemptions may be made monthly, quarterly, or annually with notice periods ranging from 30 to 180 days. In a few instances, however, lock-ups of up to three years are in place, or the fund balance is in illiquid side pocket investments (Level 3 inputs). There are no unfunded future commitments to the marketable alternative assets.

Partnerships: The fair values of the investments in buyout and venture partnership and in real estate and energy–related partnerships have been estimated using the NAV of the Foundation's ownership interest in partners' capital under the market approach. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. The Foundation management has reviewed the valuations reported by investment managers and determined that NAV is a reasonable and prudent estimate of fair value. These investments cannot be redeemed at NAV with the fund managers. Partnership investments are not readily marketable and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated value and the value that would have been used had a readily determinable fair value for such investments existed (Level 3 inputs).

Swaps and foreign exchange contracts: Certain managers are permitted to use credit swaps to manage exposure in their portfolios without buying or selling the securities outright and to use foreign exchange contracts to hedge non-dollar exposure. These contracts are valued with reference to the underlying security or currency (Level 2 inputs).

(Continued)

($ in thousands)

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

At December 31, 2011 and 2010, unfunded commitments to buyout and venture capital partnerships were $135,222 and $146,185, respectively. Unfunded commitments to real estate and energy-related funds were $43,327 for 2011 and $30,875 for 2010.

Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 10 years.

Transfers into Level 3 investments represent the balance of terminated hedge funds, previously considered to be Level 2 investments, held in illiquid side pockets for which the redemption date is unknown. The Foundation recognizes these transfers at the end of the reporting period.

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2011 and 2010:

	Fair Value Measurements Using Significant Unobservable Inputs as of December 31, 2011: (Level 3)				
	Pooled Equity Funds	Marketable Alternatives	Buyout and Venture Capital Partnerships	Real Estate and Energy – Related Partnerships	2011 Total
Beginning balance	$ -	$ 197,250	$ 109,252	$ 100,299	$ 406,801
Net unrealized gains and losses	(2,139)	2,303	12,597	8,719	21,480
Purchases	55,000	14,000	35,757	11,370	116,127
Sales	-	(42,568)	(18,104)	(19,377)	(80,049)
Transfers	-	2,204	-	-	2,204
Ending balance	$ 52,861	$ 173,189	$ 139,502	$ 101,011	$ 466,563

	Fair Value Measurements Using Significant Unobservable Inputs as of December 31, 2010: (Level 3)			
	Marketable Alternatives	Buyout and Venture Capital Sponsorships	Real Estate and Energy – Related Partnerships	2010 Total
Beginning balance	$ 177,366	$ 76,650	$ 66,162	$ 320,178
Net unrealized gains and losses	12,564	4,353	19,548	36,465
Purchases	35,000	31,900	19,490	86,390
Sales	(27,680)	(3,651)	(4,901)	(36,232)
Ending balance	$ 197,250	$ 109,252	$ 100,299	$ 406,801

(Continued)

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Total unrealized gains related to Level 3 investments held at December 31, 2011 and 2010 are $21,491 and $36,476.

NOTE 6 - RELATED PARTIES

The Foundation requires all covered persons to annually disclose all relationships in which a person has an interest or relationship, whether business, professional, charitable, or familial. Covered persons include Directors, officers of the Foundation, and members of committees created by the Board of Directors. In all business or funding decisions made with respect to entities in which a covered member has a relationship, the covered member is excluded from the decision making process. Under Lumina's conflict of interest policy, all transactions between the Foundation and entities where a covered person has a key or influential role are tracked and reviewed by the Board of Directors, and steps are taken by the Board to ensure that the transactions are appropriate. For the years ended December 31, 2011 and 2010, the primary activities of this nature included rent and grants paid, which totaled approximately $3,860 and $7,446.

Under the Foundation's grant matching program, current and former employees are eligible to have personal contributions matched by the Foundation to non-profit entities under Section 501(c)(3) of the Internal Revenue Code, and not a private foundation under Section 509(a) of the Code. Contributions are matched on a three to one basis with the total match amount paid by the Foundation in one year not to exceed $60 and $50 for the years ended December 31, 2011 and 2010, respectively. For the years ended December 31, 2011 and 2010, amounts paid to related entities as described above were $452 and $324.

Under the Foundation's grant designation program, members of the Foundation's Board of Directors may designate up to $25 and $15 in educational or charitable grants annually for the years ended December 31, 2011 and 2010, respectively. The donee organizations must meet the same requirements as the grant matching program. These grants may not satisfy a personal pledge or be in exchange for any goods, services or other benefits of the Director, such as use for payment for tuition or other personal obligation. For the years ended December 31, 2011 and 2010, amounts contributed under this program to related entities as described above totaled $103 and $51.