

METLIFE FOUNDATION REPORT OF CONTRIBUTIONS

**MetLife**



*Building a secure future for  
individuals and communities worldwide*

2012

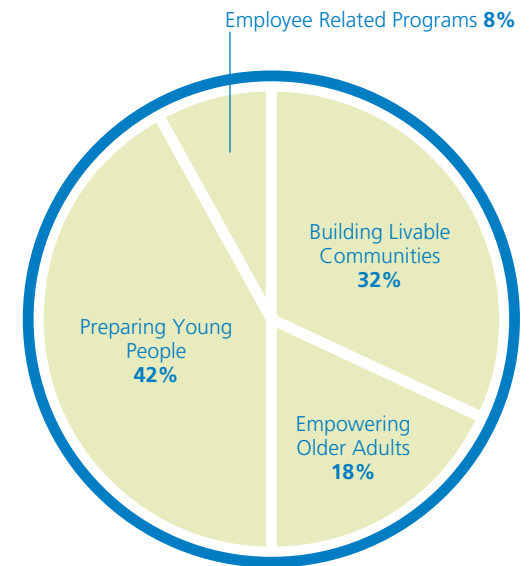
MetLife Foundation was established in 1976 to continue MetLife’s long tradition of corporate contributions and community involvement. Our 36-year commitment to **building a secure future for individuals and communities worldwide** is reflected in our focus on *empowering older adults, preparing young people and building livable communities.*

*Empowering Older Adults:* Older adults are integral to building a secure future for individuals and communities worldwide. Through education and mentoring programs, caregiving, the pursuit of “encore” careers and volunteer work, they are making significant contributions to the development of our youth, civic institutions and economic vitality.

*Preparing Young People:* The promise of a brighter future rests with our young people and MetLife Foundation is committed to helping them navigate through opportunities and obstacles toward a path to success. Classroom education and student achievement are effective vehicles to address many of the obstacles young people will encounter, yet to be successful we must move beyond the classroom to after-school and summer programs, including mentoring and arts education. Our children are also confronted with basic health challenges, which we can help address by embracing healthy lifestyles built on sound nutrition and exercise while avoiding the temptations and pressures that lead to drug use.

*Building Livable Communities:* Communities are the building blocks of society, a reflection of the attitudes, beliefs and priorities of our families and neighbors. Unfortunately, in communities across the country, many go hungry, struggle to find affordable housing or are marginalized and unable to enjoy all their community offers. MetLife Foundation believes that livable communities must meet basic needs of the less fortunate and provide all of its citizens with cultural, social and economic opportunities.

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2012 Total Support: **\$41,107,662**

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**BUILDING LIVABLE COMMUNITIES**

**Basic Needs**

American Red Cross - Hurricane Sandy Relief	\$ 500,000
AmeriCares Foundation*	100,000
Asian Americans for Equality	150,000
Asian Community Development Corporation	20,000
Atlanta Community Food Bank	35,000
Beyond Shelter	45,000
Bickerdiike Redevelopment Corporation	50,000
BoardSource	50,000
Boston Foundation	40,000
Chicago Community Loan Fund	50,000
Chinatown Community Development Center	40,000
Citizens Committee for New York City	50,000
Citizens Crime Commission of New York City	25,000
City Parks Alliance	10,000
Codman Square Neighborhood Development Corporation	45,000
Common Ground	35,000
Community Hope	15,000
Community Food Bank of Eastern Oklahoma	35,000
Community FoodBank of New Jersey	150,000
Community Foundation of New Jersey	250,000
Community Loan Fund of New Jersey	35,000
Corporation for Supportive Housing	200,000
Delaware Greenways	1,000
Dorchester Bay Economic Development Corporation	35,000
East Bay Asian Local Development Corporation	45,000
Enterprise Community Partners	310,000
Feeding America	150,000

Feeding America Tampa Bay	60,000
Fifth Avenue Committee	50,000
Food Bank for New York City	150,000
Food Bank of Central New York	35,000
Food Bank of Iowa	25,000
Foodshare, Inc	50,000
Foundation Center	7,500
Greater Boston Food Bank	75,000
Greater Southwest Development Corporation	50,000
HomeFront	50,000
Housing and Community Development Network of New Jersey	50,000
Human Rights Campaign Foundation	25,000
Independent Sector	15,000
International Medical Corps*	250,000
KaBOOM!	440,000
KaBOOM! - International*	200,000
Lawyers Alliance for New York	10,000
Living Cities	75,000
Local Initiatives Support Corporation	760,000
Low Income Investment Fund	250,000
LTSC Community Development Corporation	45,000
Madison Park Development Corporation	25,000
Massachusetts Association of Community Development Corporations	10,000
Mayors Fund to Advance New York City	250,000
National Urban Fellows	25,000
National Urban League	500,000
Neighborhood Housing Services of New York City	50,000
New York City Partnership Foundation	70,000
New York University	50,000
New York State United Teachers	5,000
Disaster Relief Fund	5,000
North Texas Food Bank	75,000

Northern Illinois Food Bank	35,000
Opportunity Finance Network	75,000
PFLAG	35,000
Rebuilding Together	5,000
Regional Plan Association	25,000
Rhode Island Community Food Bank Association	50,000
Riverfront Recapture	10,000
Rosie's Place	10,000
San Francisco Food Bank	25,000
Somerset County Business Partnership	10,000
Special Olympics Rhode Island	5,000
St. Louis Area Food Bank	50,000
The Foodbank, Inc.	25,000
Trust for Public Land	600,000
United Way Worldwide*	210,000
Women's Housing and Economic Development Corporation	50,000

**Basic Needs Total \$7,423,500**

**Access to the Arts**

Alvin Ailey Dance Foundation	\$ 90,000
American Folk Art Museum	15,000
American Symphony Orchestra League	160,000
Americas Society	75,000
Arts Midwest	20,000
Asian American Arts Alliance	25,000
Association of Performing Arts Presenters	175,000
Ballet Hispanico of New York	125,000
Baltimore Children's Museum	30,000
Blue Star Families	250,000
Boston Symphony Orchestra	50,000
Bronx Museum of the Arts	75,000
Brooklyn Academy of Music	75,000
Brooklyn Arts Council	30,000
Carnegie Hall	50,000
Chamber Music Society of Lincoln Center	35,000

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Chicago Public Media	25,000	New York Public Radio	50,000
Cityfolk	15,000	Orpheus Chamber Orchestra	150,000
Clubbed Thumb	15,000	Orpheus Chamber Orchestra - Japan Tour*	200,000
Dance USA	150,000	Pacific Asia Museum	15,000
Dancing Wheels	35,000	Pacific Symphony Orchestra	35,000
Exploratorium	150,000	Pan Asian Repertory Theatre	25,000
Grantmakers in the Arts	20,000	Paper Mill Playhouse	25,000
Greater Hartford Arts Council	35,000	Paul Taylor Dance Foundation	125,000
Hartford Symphony Orchestra	35,000	Pilobolus	75,000
High Line	100,000	Ping Chong Company	40,000
High Museum of Art	50,000	Providence Children's Museum	25,000
Highbridge Voices	7,500	Public Theater	35,000
Holocaust Memorial Foundation of Illinois	15,000	Queens Museum of Art	30,000
HT Chen & Dancers	30,000	Repertorio Espanol	100,000
International Museum of Women	150,000	Shakespeare Theatre of New Jersey	15,000
Japan Society	60,000	Smithsonian Institution Traveling Exhibition Service	125,000
Jewish Museum	30,000	St. Louis Symphony Orchestra	20,000
Joyce Theater	65,000	St. Luke's Chamber Ensemble	25,000
Lincoln Center for the Performing Arts	50,000	State Theatre Regional	15,000
Los Angeles Philharmonic	35,000	Arts Center at New Brunswick	15,000
Lower East Side Tenement Museum	25,000	Studio Museum in Harlem	30,000
Manhattan Theatre Club	30,000	Taproot Foundation	150,000
Mark Morris Dance Company	125,000	Theatre Communications Group	300,000
Metropolitan Museum of Art	130,000	Theatre Development Fund	25,000
Miami Art Museum	35,000	Trey McIntyre Project	30,000
Morris Museum	15,000	Victory Gardens Theater	10,000
Munson Williams Proctor Institute	10,000	Volunteer Lawyers for the Arts	20,000
Museum of Chinese in the Americas	30,000	Wing Luke Museum	40,000
Museum of Modern Art	250,000		
Museum of Science - Miami	150,000	<b>Access to the Arts Total</b>	<b>\$5,732,500</b>
National Association of Latino Arts and Cultures	50,000	<b>Building Livable Communities Total</b>	<b>\$13,156,000</b>
National Performance Network	50,000		
New England Foundation for the Arts	300,000		
New Music USA	125,000		
New York City Ballet	25,000		
New York City Center	175,000		
New York Public Library	120,000		

## EMPOWERING OLDER ADULTS

### Alzheimer's Disease

Alliance for Aging Research	\$ 50,000
Alzheimer's Association	450,000
Alzheimer's Association, NYC Chapter	35,000
Alzheimer's Disease International*	277,000
Alzheimer's Disease Research Foundation	200,000
Awards for Medical Research	910,000
Dana Alliance for Brain Initiatives	100,000
Fisher Center for Alzheimer's Research Foundation	110,000
National Council of La Raza	150,000
National League for Nursing	125,000
New York Academy of Sciences	125,000
University of Pennsylvania	75,000

**Alzheimer's Disease Total \$2,607,000**

### Healthy Aging

Alliance for Aging Research	\$ 150,000
American Federation for Aging Research	220,000
American Society on Aging	330,000
Brooklyn Arts Council	15,000
City Futures	45,000
Civic Ventures	250,000
Common Ground	150,000
Council for Adult and Experiential Learning	250,000
Dance Exchange	175,000
EnGage	100,000
Experience Matters Consortium	12,000
Generations United	275,000
Gerontological Society of America	100,000
Grantmakers in Aging	5,000
Grantmakers in Health	8,500
HelpAge*	215,000
Jumpstart for Young Children	250,000

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National Alliance for Caregiving	250,000	Communities in Schools	750,000	American Heart Association	250,000
National Association of Area Agencies on Aging	250,000	Cornerstone OnDemand Foundation	70,000	Arts Council of the Morris Area	12,000
National Center for Creative Aging	200,000	Developmental Studies Center	500,000	ArtsConnection	50,000
National Council on the Aging	225,000	Donorschoose.org	10,000	Association of Children's Museums	235,000
National Family Caregivers	50,000	Editorial Projects in Education	250,000	Baltimore Symphony Orchestra	30,000
National Guild for Community Arts Education	175,000	Education Pioneers	200,000	BELL Foundation	70,000
NCB Capital Impact	250,000	Farm Foundation	5,000	Big Brothers Big Sisters of America	500,000
New York Academy of Medicine	150,000	First Star	25,000	Boys & Girls Club of Trenton & Mercer County	7,500
Pacific Science Center	50,000	Grantmakers for Education	10,000	Boys & Girls Clubs of America	120,000
Partners for Livable Communities	250,000	Hispanic Scholarship Fund	30,000	Boys & Girls Clubs of Hartford	50,000
ReServe Elder Service	65,000	Institute for Educational Leadership	250,000	Boys & Girls Clubs of Museum	35,000
Rubin Museum of Art	50,000	Institute for Knowledge Management in Education	50,000	Camp Courant	10,000
SAGE	50,000	Learning Forward	350,000	CASA of Morris & Sussex Counties	5,000
Society for the Arts in Healthcare	75,000	MDRC	100,000	Chicago Children's Museum	35,000
Society of the Third Street Music Settlement	20,000	National Association of Elementary School Principals	250,000	Children's Health Fund	250,000
The Resource Foundation*	165,000	National Association of Secondary School Principals	415,000	Children's Museum of Pittsburgh	50,000
University of Pennsylvania	75,000	National FFA Foundation	21,250	Citizen Schools	250,000
<b>Healthy Aging Total</b>	<b>\$ 4,900,500</b>	New Leaders	250,000	City Year	250,000
<b>Empowering Older Adults Total</b>	<b>\$7,507,500</b>	New Teacher Center	350,000	Communities in Schools	250,000
PREPARING YOUNG PEOPLE		One to World	10,000	Education through Music	25,000
<b>Student Achievement</b>		School Leaders Network	250,000	Educational Alliance	35,000
ACCESS	\$ 250,000	STRIVE	250,000	Egypt Cancer Network*	25,000
ACHIEVE	150,000	United Negro College Fund	50,000	EMCArts	550,000
Actuarial Foundation	10,000	University of Texas Foundation	250,000	Girl Scouts of the USA	600,000
Alliance for Excellent Education	350,000	What Kids Can Do	100,000	Girls, Inc.	80,000
American Council on Education	1,000,000	<b>Student Achievement Total</b>	<b>\$ 7,826,250</b>	Harlem RBI	10,000
American Indian College Fund	15,000	<b>Youth Development</b>		INROADS	200,000
Asia Society	250,000	Aaron Davis Hall	\$ 40,000	Johns Hopkins - School of Public Health	250,000
Association of American Colleges and Universities	250,000	Advertising Council	25,000	Junior Achievement Worldwide*	325,000
Center for Teaching Quality	250,000	Afterschool Alliance	300,000	Junior Achievement (Various)	130,500
Center on School, Family and Community Partnerships	150,000	All Stars Project	75,000	Madison Area YMCA	5,000
College Summit	355,000	American Academy of Family Physicians Foundation	250,000	Midland Adult Services	10,000
		American Academy of Pediatrics	250,000	Midori Foundation	60,000
		American Dietetic Association	225,000	Morristown Neighborhood House	25,000
				Museum of Science, Boston	75,000
				National 4-H Council	225,000
				National Conference for Community & Justice	10,000

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National Guild for Community Arts Education	275,000	EMPLOYEE-RELATED PROGRAMS	
New York Academy of Medicine	75,000	Employee Children's Scholarship Programs	\$ 369,360
New York Blood Center	125,000	Employee Volunteer Programs	680,700
New York Botanical Garden	350,000	Local United Ways	1,130,000
New York Philharmonic	325,000	Matching Gifts	875,352
Nonprofit Finance Fund	150,000	<b>Employee-Related Programs Total</b>	<b>\$ 3,055,412</b>
Outreach Development Corporation	25,000		
Partnership for a Drug-Free America	350,000	<b>MetLife Foundation Total</b>	<b>\$41,107,662</b>
Partnership for After School Education	55,000	* - International Grants	
Police Athletic League	75,000		
Reach Out and Read	200,000		
Reading Excellence and Discovery Foundation	7,500		
Resources for Children with Special Needs	40,000		
Sesame Workshop*	650,000		
Sphinx Organization	50,000		
St. Louis Art Museum	10,000		
Staten Island Institute of Arts and Science	20,000		
Studio in a School Organization	50,000		
Tampa Bay Performing Arts Center	25,000		
University of Scranton	10,000		
Urban Gateways: Center for Arts Education	50,000		
Washington Drama Society	25,000		
Wellness in the Schools	15,000		
Women in Need	25,000		
World Savvy	50,000		
YMCA of Metropolitan Chicago	15,000		
Young Audiences	100,000		
Zero to Three	150,000		
<b>Youth Development Total</b>	<b>\$ 9,562,500</b>		
<b>Preparing Young People Total</b>	<b>\$17,388,750</b>		

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< **MetLife Foundation**  
**Audited Financial Statement** >

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of MetLife Foundation:

We have audited the accompanying financial statements of MetLife Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2012 and 2011, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

February 19, 2013

METLIFE FOUNDATION STATEMENTS OF FINANCIAL POSITION—DECEMBER 31, 2012 and 2011

<u>ASSETS</u>	<u>NOTES</u>	<u>2012</u>	<u>2011</u>
Investments:			
Investments, at fair value:			
Equity investments		\$ 132,287,923	\$ 113,713,585
Short-term investments		28,192,568	19,398,277
Program-related investments	1	3,512,691	4,477,506
Total investments		163,993,182	137,589,368
Cash and cash equivalents	1	2,321,933	2,330,600
Federal excise tax recoverable		—	61,432
Due and accrued investment income		3,859	8,910
<b>TOTAL ASSETS</b>		<b>\$166,318,974</b>	<b>\$139,990,310</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Cash overdraft	1	\$ 925,589	\$ 422,170
Accrued expenses payable		447,500	1,500
Federal excise tax payable		164,547	—
Amounts payable for investments acquired		7,999,203	—
Total liabilities		9,536,839	423,670
Net assets—unrestricted		156,782,135	139,566,640
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$166,318,974</b>	<b>\$139,990,310</b>

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# 2012

METLIFE FOUNDATION STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

<b>REVENUE</b>	<b>NOTES</b>	<b>2012</b>	<b>2011</b>
Investment income:			
Dividends and interest		\$ 3,351,804	\$ 3,184,832
Change in fair value of investments	1	8,196,133	2,694,844
Contributions from MetLife	3	47,500,000	50,000,000
<b>Total revenue</b>		<b>59,047,937</b>	<b>55,879,676</b>
<b>GRANTS AND EXPENSES</b>			
Grants:			
Paid		41,107,662	41,938,306
Change in accrual for unconditional grants		—	(1,021,888)
<b>Total grants</b>		<b>41,107,662</b>	<b>40,916,418</b>
General expenses	4	498,800	52,800
Federal excise tax	5	225,980	58,472
<b>Total grants and expenses</b>		<b>41,832,442</b>	<b>41,027,690</b>
<b>CHANGE IN NET ASSETS</b>		<b>17,215,495</b>	<b>14,851,986</b>
Net Assets—beginning of year		139,566,640	124,714,654
<b>NET ASSETS—end of year</b>		<b>\$156,782,135</b>	<b>\$139,566,640</b>

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METLIFE FOUNDATION STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>2012</b>	<b>2011</b>
Change in net assets	\$ 17,215,495	\$ 14,851,986
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in fair value of investments	(8,196,133)	(2,694,844)
Accretion of discount/amortization of premiums on investments	(15,089)	14,429
Change in due and accrued investment income	5,051	528,137
Change in federal excise tax payable/recoverable	225,979	(71,528)
Change in cash overdraft	503,419	(436,877)
Change in accrued expenses	446,000	—
Change in unconditional grants payable	—	(1,021,888)
<b>Net cash provided by operating activities</b>	<b>10,184,722</b>	<b>11,169,415</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	40,618,668	140,729,629
Purchase of investments	(50,812,057)	(152,683,702)
<b>Net cash used in investing activities</b>	<b>(10,193,389)</b>	<b>(11,954,073)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS:</b>	<b>(8,667)</b>	<b>(784,658)</b>
Cash and cash equivalents - beginning of year	2,330,600	3,115,258
<b>CASH AND CASH EQUIVALENTS—end of year</b>	<b>\$ 2,321,933</b>	<b>\$ 2,330,600</b>
<b>Supplemental disclosures of cash flow information—</b>		
<b>Federal excise taxes paid</b>	<b>\$ —</b>	<b>\$ 130,000</b>

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METLIFE FOUNDATION NOTES TO  
FINANCIAL STATEMENTS FOR THE YEARS  
ENDED DECEMBER 31, 2012 AND 2011

The MetLife Foundation (the “Foundation”) was formed for the purpose of supporting various philanthropic organizations and activities.

## 1. ACCOUNTING POLICIES

### Summary of Significant Accounting Policies

The Foundation’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) which recognize income when earned and expenses when incurred.

**Investments at Fair Value**—During 2011, in order to further diversify its investments portfolio and generate incremental value over the long-term, the Foundation implemented a new investment policy which resulted in the transition of all bonds and equity securities to Exchange Traded Funds (ETFs). ETF’s are reported within equity investments. Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of acquisition. Related holdings gains and losses are reported in investment income. The Foundation is not exposed to any significant concentration of credit risk in its investment portfolio.

**Program-Related Investments**—Such investments are authorized by the Board of Directors and represent loans to or equity investments in qualified charitable organizations or investments for appropriate charitable purposes as set forth in the Internal Revenue Code and regulations thereunder, and are carried at outstanding indebtedness or cost. An allowance for

possible losses is established when the Foundation does not expect repayment in full on any program-related loan and when such uncollectible amount can be reasonably estimated. As of December 31, 2012 and December 31, 2011, this allowance was zero. In addition, the income generated by the program-related loans is generally dependent upon the financial ability of the borrowers to keep current on their obligations. For disclosure purposes, a reasonable estimate of fair value was not made since the difference between fair value and the outstanding indebtedness or cost would not be significant. Maturities of the loan investments range from 2021 through 2022.

### Cash Equivalents and Cash Overdraft

Cash equivalents are highly liquid investments purchased with an original or remaining maturity of three months or less at the date of purchase and are carried at fair value. The Foundation generally invests funds required for cash disbursements in cash equivalents and transfers such funds to its operating bank account when checks are presented for payment. The cash overdrafts at December 31, 2012 and December 31, 2011 represent grant disbursements that cleared the operating bank account in 2013 and 2012, respectively.

**Contributions**—All contributions received to date by the Foundation have been unrestricted and, therefore, all of its net assets are similarly unrestricted. All contributions received during 2012 and 2011 have been from MetLife, Inc. and subsidiaries (“MetLife”).

**Grants**—Such transactions are authorized by the Board of Directors. Conditional grants authorized for payment in future years are subject to further review and approval by the Foundation.

**Estimates**—The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 these estimates. Since the obligation to make payment of conditional multi-year grants and program-related loans is dependent upon each grantee/borrower’s satisfaction of the applicable conditions, the amount of conditional multi-year grants and program-related loans reported as commitments is based upon the expected or estimated fulfillment of such conditions.

## 2. FAIR VALUE

The Foundation has elected to measure its equity investments, short-term investments and cash equivalents at fair value with related holdings gains and losses reported in investment income.

When developing estimated fair values, the Foundation considers three broad valuation techniques: (i) the market approach, (ii) the income approach, and (iii) the cost approach. The Foundation determines the most appropriate valuation technique to use, given what is being measured and the availability of sufficient inputs, giving priority to observable inputs. The Foundation categorizes its assets and liabilities measured at estimated fair value into a three-level hierarchy, based on the significant input with the lowest level in its valuation. The input levels are as follows:

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**Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities. The Foundation defines active markets based on average trading volume for equity securities. The size of the bid/ask spread is used as an indicator of market activity for fixed maturity securities.

**Level 2** Quoted prices in markets that are not active or inputs that are observable either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities other than quoted prices in Level 1, quoted prices in markets that are not active, or other significant inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** Unobservable inputs that are supported by little or no market activity and are significant to the determination of estimated fair value of the assets or liabilities. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. The Foundation's ability to sell securities, or the price ultimately realized for these securities, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain securities.

Considerable judgment is often required in interpreting market data to develop estimates of fair value, and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

### Recurring Fair Value Measurements

The estimated fair values and their corresponding placement in the fair value hierarchy are summarized as follows:

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	Level 1	Level 2	Level 3	Total Estimated Fair Value
December 31, 2012:				
Equity investments	\$ 132,272,923	–	\$ 15,000	\$ 132,287,923
Short-term investments	27,192,568	–	1,000,000	28,192,568
Cash equivalents	–	2,099,780	–	2,099,780
<b>Total</b>	<b>\$ 159,465,491</b>	<b>\$ 2,099,780</b>	<b>\$ 1,015,000</b>	<b>\$ 162,580,271</b>
December 31, 2011:				
Equity investments	\$ 113,698,585	–	\$ 15,000	\$ 113,713,585
Short-term investments	7,999,054	7,399,670	3,999,553	19,398,277
Cash equivalents	–	–	2,198,718	2,198,718
<b>Total</b>	<b>\$ 121,697,639</b>	<b>\$ 7,399,670</b>	<b>\$ 6,213,271</b>	<b>\$ 135,310,580</b>

The following describes the valuation methodologies used to measure assets at fair value. The description includes the valuation techniques and key inputs for each category of assets that are classified within Level 2 and Level 3 of the fair value hierarchy.

### **Equity Investments, Short-term Investments and Cash Equivalents**

When available, the estimated fair value of these investments is based on quoted prices in active markets that are readily and regularly obtainable. Generally, these are the most liquid of the Foundation's securities holdings and valuation of these securities does not involve management's judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. The significant inputs to the market standard valuation methodologies for certain types of securities with reasonable levels of price transparency are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. When observable inputs are not available, the market standard valuation methodologies rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. These unobservable inputs can be based in large part on management's judgment or estimation and cannot be supported by reference to market activity. Even though these inputs are unobservable, management

believes they are consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances.

**Level 2 Valuation Techniques and Key Inputs:** This level includes short-term investments and cash equivalents priced principally by independent pricing services using observable inputs. These securities are principally valued using the market approach. Valuation is based primarily on quoted prices in markets that are not active or using matrix pricing or other similar techniques using standard market observable inputs such as benchmark U.S. Treasury yield curve, the spread off the U.S. Treasury yield curve for the identical security and comparable securities that are actively traded.

**Level 3 Valuation Techniques and Key Inputs:** In general, the investments classified within Level 3 use many of the same valuation techniques and inputs as described in the Level 2 Valuation Techniques and Key Inputs. However, if key inputs are unobservable, or if the investments are less liquid and there is very limited trading activity, the investments are generally classified as Level 3. The use of independent non-binding broker quotations to value investments generally indicates there is a lack of liquidity or a lack of transparency in the process to develop the valuation estimates, generally causing these investments to be classified in Level 3.

**Short-term investments** These investments are principally valued using the market approach. Valuations are based primarily on matrix pricing or other similar techniques that utilize unobservable inputs

or inputs that cannot be derived principally from, or corroborated by, observable market data; and inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2. Certain valuations are based on independent non-binding broker quotations.

**Equity investments** These investments are principally valued using the market approach. Valuations are based primarily on quoted prices in active markets that are readily and regularly obtainable and are classified in Level 1. Certain of these securities, including privately held securities, are valued based on the market approach matrix pricing and the inputs include quoted prices for identical securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 and independent non-binding broker quotations.

### **Transfers between Levels**

During the year ended December 31, 2012 and 2011, there were no transfers between levels.

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**Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)**

The following table presents certain quantitative information about the significant unobservable inputs used in

the fair value measurement for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at December 31, 2012.

	Valuation Techniques	Significant Unobservable Inputs	Range
Short-term investments	• Consensus pricing	• Offered quotes (1)	100–100

(1) For this unobservable input, range is presented in accordance with the market convention for fixed maturity securities of dollars per hundred dollars of par.

The following tables summarize the change of all assets measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3). There were

no unrealized or realized gains (losses) on Level 3 assets during the years ended December 31, 2012 and 2011.

	Balance, January 1	Investment Income (1)	Purchases	Sales	Balance, December 31
December 31, 2012:					
Equity investments	\$ 15,000	\$ –	\$ –	\$ –	\$ 15,000
Short-term investments	3,999,553	447	1,000,000	(4,000,000)	1,000,000
Cash equivalents	2,198,718	514	–	(2,199,232)	–
December 31, 2011:					
Equity investments	\$ 15,178	\$ –	\$ –	\$ (178)	\$ 15,000
Short-term investments	–	451	3,999,102	–	3,999,553
Cash equivalents	–	810	2,197,908	–	2,198,718

(1) Amortization of premium/discount is included within investment income. Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.

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**3. CONTRIBUTIONS**

In 2012 and 2011, MetLife contributed cash of \$47,500,000 and \$50,000,000, respectively, to the Foundation.

**4. RELATED PARTY TRANSACTIONS**

The Foundation is supported by MetLife. MetLife also provides the Foundation with management and administrative services. However, the Statements of Activities and Changes in Net Assets do not include such costs since they are not significant.

**5. FEDERAL TAXES**

The Foundation is exempt from Federal income taxes; however, as a private foundation, it is subject to Federal excise taxes on its net taxable investment income and realized capital gains. The rate for current excise taxes was 2% and 1% in 2012 and 2011, respectively. The rate for deferred excise taxes was 2% in 2012 and 2011. However, the cost of investments recorded at fair value exceeded the fair value of such securities by \$601,545 at December 31, 2011. Therefore, no deferred taxes were recorded at December 31, 2011. There were no uncertain tax positions taken by the Foundation as of December 31, 2012.

**6. COMMITMENTS**

As of December 31, 2012, the Board of Directors had authorized grants and program-related investments for future years as follows:

	CONDITIONAL GRANTS
2013	\$250,000
2014	250,000
	<u>\$500,000</u>

	PROGRAM-RELATED INVESTMENTS
2013	\$500,000
2014	500,000
	<u>\$1,000,000</u>

As of December 31, 2012, none of the conditional grants required further review and approval by the Foundation prior to payment.

**7. SUBSEQUENT EVENTS**

The Foundation has evaluated all subsequent transactions and events after the statement of financial position date and through February 19, 2013, which is the date these financial statements were available to be issued. There are no transactions or events requiring disclosure.

  
**MetLife**

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