

Max M. & Marjorie S. Fisher Foundation

**Financial Report
with Additional Information
December 31, 2011**

Max M. & Marjorie S. Fisher Foundation

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Independent Auditor's Report

To the Board of Trustees
Max M. & Marjorie S. Fisher Foundation

We have audited the accompanying balance sheet of Max M. & Marjorie S. Fisher Foundation (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 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 audits 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 Max M. & Marjorie S. Fisher Foundation at 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.

As explained in Note 1, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the partnership general partners. These investments are valued at \$86,625,239 (37.7 percent of net assets) at December 31, 2011 and \$91,987,017 (38.1 percent of net assets) at December 31, 2010.

Plante & Moran, PLLC

August 28, 2012

Max M. & Marjorie S. Fisher Foundation

Balance Sheet

	December 31, 2011	December 31, 2010
Assets		
Cash and cash equivalents	\$ 200,673	\$ 3,164
Investments (Note 2)	218,355,796	237,232,586
Investment redemption and other receivables	16,459,527	13,175,323
Property and equipment - Net (Note 4)	200,764	210,808
Total assets	<u>\$ 235,216,760</u>	<u>\$ 250,621,881</u>
Liabilities and Net Assets		
Liabilities		
Accrued liabilities	\$ 38,179	\$ 177,421
Grants payable (Note 3)	5,330,548	9,034,337
Total liabilities	5,368,727	9,211,758
Net Assets - Unrestricted	<u>229,848,033</u>	<u>241,410,123</u>
Total liabilities and net assets	<u>\$ 235,216,760</u>	<u>\$ 250,621,881</u>

Max M. & Marjorie S. Fisher Foundation

Statement of of Activities and Changes in Net Assets

	Year Ended	
	December 31, 2011	December 31, 2010
Income		
Contributions	\$ 35,374	\$ 79,715
Investment income:		
Dividends and interest	1,864,041	2,810,899
Net realized and unrealized (losses) gains on investments	(3,026,183)	25,811,653
Other income	1,931	124,331
Investment expenses	(701,186)	(811,257)
Federal excise tax	(63,861)	(123,843)
Net investment (loss) income	<u>(1,925,258)</u>	<u>27,811,783</u>
Net (loss) income	(1,889,884)	27,891,498
Expenses		
Grants	8,407,119	8,621,300
Program expenses	494,270	351,879
Management and general	770,817	736,686
Total expenses	<u>9,672,206</u>	<u>9,709,865</u>
(Decrease) Increase in Net Assets	(11,562,090)	18,181,633
Net Assets - Beginning of year	<u>241,410,123</u>	<u>223,228,490</u>
Net Assets - End of year	<u>\$ 229,848,033</u>	<u>\$ 241,410,123</u>

Max M. & Marjorie S. Fisher Foundation

Statement of Cash Flows

	Year Ended	
	December 31, 2011	December 31, 2010
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (11,562,090)	\$ 18,181,633
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation and amortization	15,642	24,393
Discount on grants payable	17,092	211,711
Realized gain on sales of investments	(2,445,861)	(2,173,955)
Unrealized loss (gain) on investments	5,472,044	(23,637,698)
Deferred excise taxes	11,699	-
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	51,500	(100,015)
Taxes payable	(9,070)	(5,609)
Grants payable	(3,720,881)	(5,104,949)
Accrued liabilities	(141,871)	132,969
Net cash used in operating activities	(12,311,796)	(12,471,520)
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,598)	(2,000)
Net change in investment redemption receivable	(3,335,704)	(10,060,894)
Purchases of investments	(37,123,369)	(22,361,695)
Proceeds from sales and maturities of investments	52,973,976	44,881,606
Net cash provided by investing activities	12,509,305	12,457,017
Net Increase (Decrease) in Cash and Cash Equivalents	197,509	(14,503)
Cash and Cash Equivalents - Beginning of year	3,164	17,667
Cash and Cash Equivalents - End of year	\$ 200,673	\$ 3,164

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note I - Nature of Business and Significant Accounting Policies

Nature of Operations - Max M. & Marjorie S. Fisher Foundation (the "Foundation"), located in Southfield, Michigan, established in 1955 and endowed following the death of Max M. Fisher in 2005, is a private family foundation which was organized to make grants to charitable organizations which are described in Section 501(c)(3) of the Internal Revenue Code. The primary activity of the Foundation is to receive and administer funds in order to support charitable, educational, religious, cultural, and other organizations. The Foundation aims to create opportunities for those without them and support human community in all its forms from families to coalitions, cities to nations. The Foundation was funded through the Max M. Fisher Estate and contributions by family members.

Cash Equivalents - The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Investments - Money market investment funds are under the custody of fund managers and represent temporarily uninvested monies and short-term investments consisting of funds collected.

Investments in common and preferred stocks, bonds, U.S. Treasury bills, and mutual funds are carried at quoted fair market value. The change in unrealized market appreciation is included in the statement of activities and changes in net assets. Realized gains and losses are recorded using specific identification of the assets sold.

The alternative investments, comprised primarily of funds of funds, multi-asset funds, private equity funds, alternative/hedge funds, and real estate funds, a significant amount of which are not readily marketable, are carried at estimated fair values as provided by the various fund managers. Foundation management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. Those estimated fair values are subject to uncertainty and may differ significantly from the values that would have been used had a ready market for these securities existed.

Risk and Uncertainties - The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, currency, 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 such changes could materially affect the amounts reported in the balance sheet.

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment are recorded at cost when purchased and at estimated fair market value when donated. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

Grants Payable - Unconditional promises to give are recognized as an expense at the time of formal approval by the distribution committee or full board of trustees. Conditional promises to give, if any, are expensed when such conditions are substantially met.

Tax Status - The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. As a private family foundation, the Foundation is subject to an excise tax on net investment income, including realized gains as defined in the Tax Reform Act of 1969.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation, concluding as of December 31, 2011 and 2010 there are no uncertain positions taken or expected to be taken requiring recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2008.

Contributions - Contributions of cash and other assets are reported as revenue when received, measured at fair value. All contributions received by the Foundation are unrestricted.

Classification of Net Assets - Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions. All net assets of the Foundation are unrestricted.

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

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including August 28, 2012, which is the date the financial statements were available to be issued.

Note 2 - Investments

Investments consisted of the following at December 31:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Short-term cash pool	\$ 6,437,266	\$ 6,437,266	\$ 4,817,533	\$ 4,817,533
Fixed-income securities	51,456,898	56,119,697	59,084,665	64,262,842
Equity securities	48,059,571	57,038,478	46,196,734	58,665,858
Asset allocation funds	12,719,711	12,135,116	14,750,000	17,499,336
Real estate funds	28,127,731	24,686,593	24,414,426	18,280,066
Private equity funds	12,345,325	19,344,908	15,807,406	22,959,928
Hedge fund	45,576,429	42,593,738	43,779,639	50,725,623
Oil wells	-	-	-	21,400
Total	<u>\$ 204,722,931</u>	<u>\$ 218,355,796</u>	<u>\$ 208,850,403</u>	<u>\$ 237,232,586</u>

Note 3 - Grants for Charitable, Educational, and Other Authorized Purposes

The following summarizes the changes in grants payable:

	2011	2010
Grants payable - Beginning of year	\$ 9,034,337	\$ 13,927,575
Grants approved	8,390,027	8,409,589
Payments made	(12,110,908)	(13,514,538)
Change in present value discount	17,092	211,711
Grants payable - End of year	<u>\$ 5,330,548</u>	<u>\$ 9,034,337</u>

The discount rate used in the December 31, 2011 and 2010 present value calculation was 0.25 and 1.02 percent, respectively, and is based on daily Treasury yield curve rates.

Grants payable at December 31, 2011 are scheduled to be disbursed prior to December 31, 2013.

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note 4 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2011	2010
Office equipment	\$ 13,974	\$ 13,974
Computer equipment and software	59,665	54,067
Leasehold improvements	208,238	208,238
Total cost	281,877	276,279
Less accumulated depreciation	(81,113)	(65,471)
Net carrying amount	\$ 200,764	\$ 210,808

Depreciation expense was \$15,642 and \$24,393 for the years ended December 31, 2011 and 2010, respectively.

Note 5 - Fair Value Measurements

Accounting standards require certain assets be reported at fair value in the financial statements and provide a framework for establishing fair value. The framework for determining fair value is based on a hierarchy prioritizing the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2011 and 2010 and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other observable inputs, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. Significant Level 3 inputs include the most recently audited financial statements, tax returns, including Forms K-1, and performance reports from independent sources.

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note 5 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Foundation's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. There were no transfers in 2011 or 2010.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2011*

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2011
Equity securities - U.S.	\$ -	\$ 28,266,637	\$ -	\$ 28,266,637
Equity securities - International and emerging markets funds	-	28,771,841	-	28,771,841
Corporate debt securities	15,880,843	-	-	15,880,843
Debt securities	-	31,770,910	-	31,770,910
Debt securities issued by foreign governments	-	8,467,944	-	8,467,944
Global asset allocation funds	12,135,116	-	-	12,135,116
Real estate funds	-	-	24,686,593	24,686,593
Private equity funds	-	-	13,895,648	13,895,648
Distressed credit funds	-	-	5,449,260	5,449,260
Hedge fund instruments	-	-	42,593,738	42,593,738
Total	<u>\$ 28,015,959</u>	<u>\$ 97,277,332</u>	<u>\$ 86,625,239</u>	<u>\$ 211,918,530</u>

*Excludes short-term cash pool which is not required to be disclosed under this accounting standard.

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note 5 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2010*

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2010
Equity securities - U.S.	\$ -	\$ 15,199,401	\$ -	\$ 15,199,401
Equity securities - International and emerging markets funds	-	24,150,932	-	24,150,932
Corporate debt securities	17,937,074	-	-	17,937,074
Debt securities	-	35,556,578	-	35,556,578
Debt securities issued by foreign governments	-	10,769,190	-	10,769,190
Global asset allocation funds	19,315,525	17,499,336	-	36,814,861
Real estate funds	-	-	18,280,066	18,280,066
Private equity funds	-	-	11,903,569	11,903,569
Distressed credit funds	-	-	11,056,359	11,056,359
Hedge fund instruments	-	-	50,725,623	50,725,623
Oil wells	-	-	21,400	21,400
Total	\$ 37,252,599	\$ 103,175,437	\$ 91,987,017	\$ 232,415,053

*Excludes short-term cash pool which is not required to be disclosed under this accounting standard.

The following tables sets forth a summary of the changes in the fair value of the Foundation's Level 3 assets for the years ended December 31, 2011 and 2010 (in thousands).

	Fair Value at January 1, 2011	Total Realized and Unrealized Gains (Losses) Included in Income	Net Purchases, Sales, Calls, and Maturities	Fair Value at December 31, 2011
Real estate funds	\$ 18,280	\$ 2,187	\$ 4,220	\$ 24,687
Private equity funds	11,904	907	1,085	13,896
Distressed credit funds	11,056	(497)	(5,110)	5,449
Hedge funds	50,726	(1,469)	(6,663)	42,594
Oil well	21	-	(21)	-
Total Level 3 assets at fair value	\$ 91,987	\$ 1,128	\$ (6,489)	\$ 86,626

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note 5 - Fair Value Measurements (Continued)

	Fair Value at January 1, 2010	Total Realized and Unrealized Gains (Losses) Included in Income	Net Purchases, Sales, Calls, and Maturities	Fair Value at December 31, 2010
Real estate funds	\$ 9,464	\$ 3,560	\$ 5,256	\$ 18,280
Private equity funds	7,817	1,901	2,186	11,904
Distressed credit funds	10,402	2,470	(1,816)	11,056
Hedge funds	59,433	3,757	(12,464)	50,726
Oil well	500	(41)	(438)	21
Total Level 3 assets at fair value	<u>\$ 87,616</u>	<u>\$ 11,647</u>	<u>\$ (7,276)</u>	<u>\$ 91,987</u>

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows (in thousands):

Investments Held at December 31, 2011

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity securities - U.S. (a)	\$ 28,267	\$ -	Monthly	30 days
Equity securities - International and emerging markets funds (b)	28,772	-	Monthly	30 days
Debt securities (c)	40,239	-	Monthly	30 days
Real estate (d)	24,687	8,629	N/A*	N/A
Private equity (e)	13,896	10,703	N/A*	N/A
Distressed credit (f)	5,449	1,115	N/A*	N/A
Hedge funds (g)	42,594	-	Semi-Annually	105 days
Total	<u>\$ 183,904</u>	<u>\$ 20,447</u>		

* These funds are in private equity structures with no rights to redemption. Liquidity is based on the timing of the fund's ability to distribute proceeds as available.

(a) Equity securities - U.S. include an actively managed portfolio of individual stocks and index funds benchmarked to three stock indexes.

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note 5 - Fair Value Measurements (Continued)

- (b) Equity securities - International and emerging markets funds include investments in diversified institutional funds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (c) Debt securities include investments in diversified institutional funds. The underlying investments include U.S. corporate bonds (both investment-grade and high-yield), bank loans, sovereign debt of both established international and emerging market countries, U.S. master limited partnerships, and U.S. Treasury and agency bonds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (d) The real estate funds category includes several real estate funds invested in a variety of real property types including multi-family, office, retail, and hotel, primarily in North America. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in partners' capital.
- (e) The private equity funds category includes investments in large and small company buyouts, venture capital, growth equity, and distressed situations. The investment managers invest directly or through secondary market purchases globally. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (f) The distressed credit category includes investments in a variety of debt instruments purchased at discounts to intrinsic value globally. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (g) The hedge fund category includes global investments in stocks, bonds, commodities, and currencies. Such managers are provided broad latitude to invest long or short, directly or synthetically, and can employ leverage. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

Note 6 - Excise Taxes

The Foundation's current excise tax expense for the years ended December 31, 2011 and 2010 was \$63,861 and \$123,843, respectively. The unrealized gain on contributed securities at December 31, 2011 was \$1,169,945. There are deferred taxes of \$11,699 related to this unrealized gain. There were no unrealized gains on contributed securities at December 31, 2010.

Max M. & Marjorie S. Fisher Foundation

Notes to Financial Statements December 31, 2011 and 2010

Note 7 - Related Party Transactions

The following is a description of transactions between the Foundation and related parties:

TFG provides the majority of financial services for the Foundation. The terms of these services are covered under a service agreement signed by both parties. Two members of the board of trustees for the Foundation are also members of the executive committee of TFG and certain trustees of the Foundation are also owners of TFG. For the years ended December 31, 2011 and 2010, the Foundation incurred expenses related to TFG service provider fees in the amount of \$1,039,540 and \$990,668, respectively. Additionally, a performance fee component was added to the TFG fees in 2010. This performance fee allows for the calculation of a "pooled bonus amount" if the rate of return on the managed assets is within a specified range. There is a cap on the amount of the performance fee. For the years ended December 31, 2011 and 2010, the performance fees were \$0 and \$145,470, respectively.

TFG has engaged Ram Realty Services to advise on real estate investments. Ram Realty Services is co-owned by the husband of a Foundation board of trustees member. In addition, the Foundation has entered into a commitment to invest \$8 million in a TFG-sponsored LLC, which has, in turn, committed to invest in Ram Realty Partners II LP and Ram Realty Investors II LLC (the "Ram Funds"). The Foundation has also entered into a commitment to invest \$2,500,000 directly in Ram Realty Partners III. The above mentioned Ram Funds are sponsored and managed by entities co-owned by a Foundation board of trustees member and her family.

Note 8 - Defined Contribution Plan

The Foundation sponsors a defined contribution 403(b) plan for all eligible full-time employees. Employees may make elective contributions to the 403(b) plan in accordance with IRS regulations. The Foundation may make contributions to the 403(b) plan up to 5 percent of the employees' base salaries. During the years ended December 31, 2011 and 2010, the Foundation contributed \$14,684 and \$17,052, respectively, to the plan.

Additional Information

Independent Auditor's Report on Additional Information

To the Board of Trustees
Max M. & Marjorie S. Fisher Foundation

We have audited the financial statements of Max M. & Marjorie S. Fisher Foundation as of and for the years ended December 31, 2011 and 2010. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of details of support activities is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

August 28, 2012

Max M. & Marjorie S. Fisher Foundation

Schedule of Details of Support Activities

	Year Ended December 31	
	2011	2010
Management and General Expenses		
Salaries and wages	\$ 112,932	\$ 108,172
Employee benefits	21,260	16,971
Payroll taxes	6,871	6,288
Contract and professional fees	128,633	136,829
Telephone	8,321	8,610
Employee relations and training	10,487	10,237
Insurance	10,247	10,381
Postage and shipping	2,006	1,188
TFG service provider fee	363,839	346,734
Rent	51,384	48,405
Depreciation and amortization	15,642	24,393
Supplies, printing, and subscriptions	10,752	8,627
Interest expense	238	2,634
Membership dues	-	1,100
Other taxes	(15,784)	(60,457)
Information systems	8,018	2,531
Travel	23,822	29,624
Miscellaneous	12,149	34,419
Total management and general expenses	<u>\$ 770,817</u>	<u>\$ 736,686</u>