JOHNSON
SCHOLARSHIP
FOUNDATION
REPORT
2008

MISSION STATEMENT

Our Foundation exists to serve disadvantaged people by assisting them to obtain education.

JOHNSON SCHOLARSHIP FOUNDATION REPORT 2008

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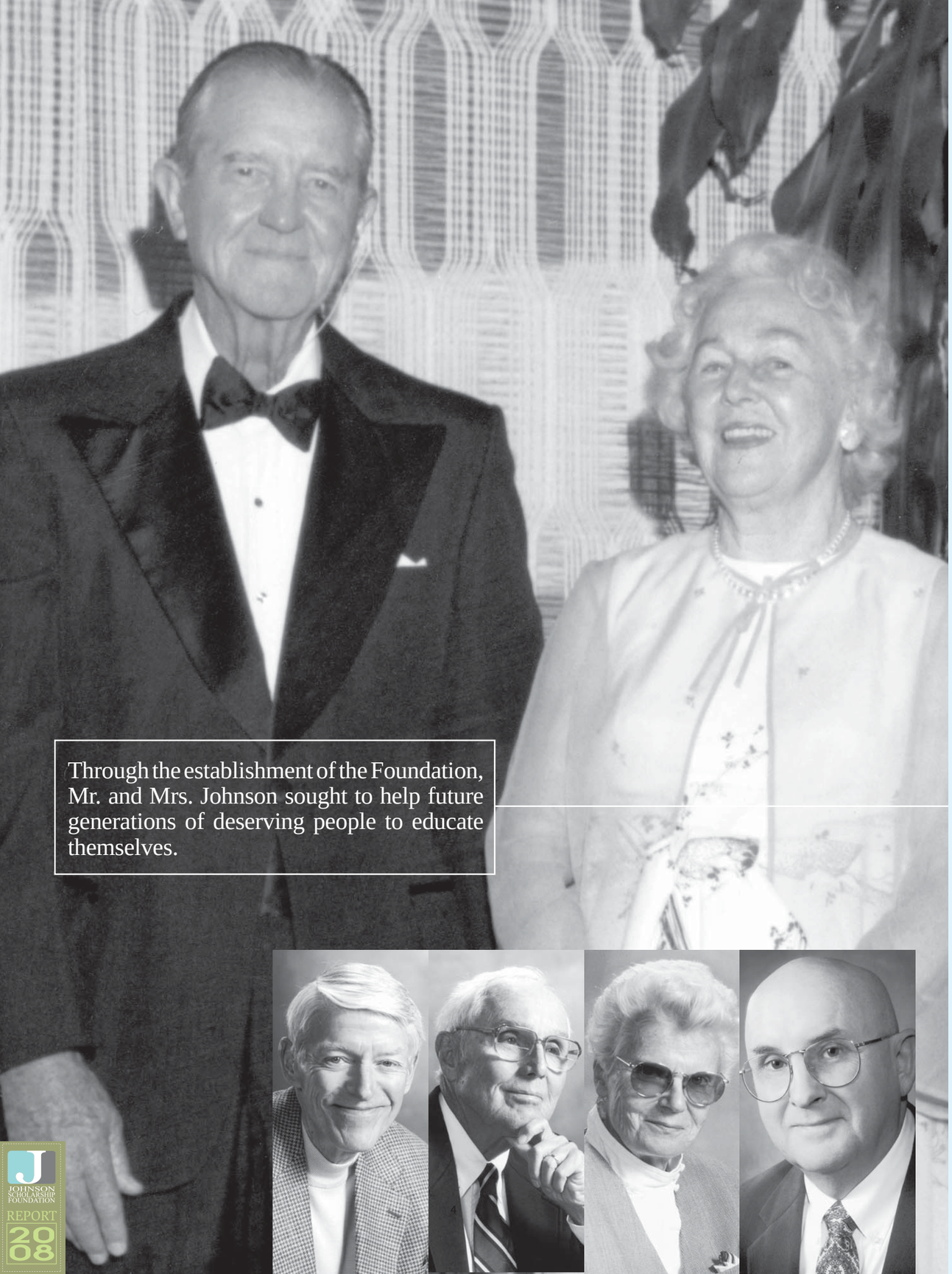


Through the establishment of the Foundation, Mr. and Mrs. Johnson sought to help future generations of deserving people to educate themselves.

Theodore R. and Vivian M. Johnson INSET: Directors Emeritus: Theodore R. Johnson, Jr., Donald E. Warren, M.D., Betsy Ancker-Johnson, Ph.D., Harold H. Johnson, Ph.D.

Theodore R. Johnson and his wife of 52 years, Vivian Chesley Macleod Johnson, placed great faith in education as a means to help people improve their lives. This was based, in part, on personal experience. Mr. Johnson worked his way through college and, after joining United Parcel Service in the early 1920s, obtained an MBA at night school. He rose to the position of Vice President of Labor Relations at UPS and served on its Management Committee. He believed strongly in the company and bought shares at every opportunity. The value of those shares continued to appreciate over his lifetime.

HISTORY OF THE FOUNDATION

Mr. Johnson felt that he had been lucky in life and he wanted to use his wealth to help people who were less fortunate. Through the establishment of the Foundation in 1991, Mr. and Mrs. Johnson sought to help future generations of deserving people to educate themselves.

Mr. Johnson died in 1993 and his son, Theodore R. Johnson, Jr., became the Foundation's second President. Under the leadership of Ted Johnson, Jr., the Foundation made important advances in the areas of investment management, grant programs and governance. The Foundation's investment management company was replaced by a Board committee, which, with the advice of an independent investment consultant, took on the task of diversifying its portfolio and gradually placing it with specialized money managers. Aided by a public offering of UPS shares, the Foundation's corpus tripled from 1993 to 1999. Detailed financial performance data for the Foundation may be found in the financial section of this report.

The increase in Foundation assets provided the opportunity for many new grant programs, which were created during the tenure of Ted Johnson, Jr. Among the most notable of these are the Tribal College Entrepreneurship Scholarship Program and the MBA in American Indian Entrepreneurship. These programs exemplify the Foundation's desire to assist deserving people and its belief in education as a means to help people to succeed in a free enterprise system.

In 2001, Ted Johnson, Jr. and two other founding members of the Board retired and Malcolm Macleod, the nephew of Vivian Macleod Johnson, became the Foundation's third President.

The Foundation has continued to mature as an independent and professionally managed organization. Seven of the nine board members are not related to the family in any way. However, everyone at the Foundation shares a passion for its mission and the commitment to advance it.

We are sowing seeds for the education of future generations of students in financial need.

R. Malcolm Macleod, *president*

JOHNSON SCHOLARSHIP FOUNDATION REPORT 2008

Our Mission is to assist disadvantaged people to obtain education. Towards that end, the Foundation has made grants of over $57.5 million since its inception. This year's grants are approximately $7.5 million. We do not make grants to individuals. All of our programs are delivered through partner institutions.

PRESIDENT'S LETTER

The theme of this year's Report is "Sowing Seeds" and many of the Foundation's matching endowment programs are featured. By helping partner institutions to raise money for permanent scholarship endowments, we are sowing seeds for the education of future generations of students in financial need. This education will empower them to get better jobs, to become more independent and to enjoy a better quality of life. Education of these future generations will also move us towards a more just and productive society.

Private foundations exist to serve. An important aspect of effective philanthropy is the freedom to create and innovate. With this freedom comes responsibility. The Johnson Scholarship Foundation is a member of the Council on Foundations and adheres to the Council's Statement of Ethical Principles.

The Johnson Scholarship Foundation is intended to be a perpetual body and it is our responsibility to improve it with each succeeding generation. We are privately endowed and do not solicit donations. Our capacity for good work depends upon our investment returns. Oversight and management of the Foundation's capital is, therefore, a vital part of our work. The financial section of this report contains a description of our financial management, diverse asset allocation and investment process.

We hope that you enjoy the Foundation's report and share our admiration for the work of our grantee partners and the people that we serve. Should you desire additional information or copies of this report, please do not hesitate to contact us.

GRANT PROGRAM STRATEGY

WHAT WE FUND

We fund scholarship and other educational programs which serve people who demonstrate financial need. All of the Foundation's programs are meant to help people who, through no fault of their own, do not enjoy the advantages of the affluent. Because the Foundation's resources are limited, its programs need a sharp focus in order to make a difference.

The Foundation's programming is particularly focused on American Indians, people with disabilities and people who are socially and economically disadvantaged. We favor situations where we can identify a desired result, serve as a catalyst to help bring about that result, and then move on to another opportunity. All of these programs address financial need and are designed to help people to obtain meaningful employment.

WHO WE FUND

The Foundation makes grants only to institutions and organizations. It does not make grants to individuals. Individuals seeking financial aid should apply to one of the Foundation's partner institutions. A list of these can be found on pages 10 & 11 of this Report and at the Foundation's website.

HOW AND WHEN TO APPLY FOR A GRANT

The Foundation accepts and considers applications from any qualified organization. As a matter of practice, however, it funds very few unsolicited proposals. In the usual course, prospective grantees are identified by the Foundation and encouraged to submit a grant proposal. There is no deadline or prescribed form. The Foundation's Grant Program Committee meets quarterly and considers grant proposals at each of its meetings.

Organizations applying for a grant should describe the proposed program's impact, how the program will be evaluated and the plan for its continuation after the funding ends. Applications should also include detailed information about the organization and its key people and a description of how the proposed program relates to the respective missions of the Foundation and the applicant.

CORE PROGRAMS

Florida School for the Deaf & the Blind — $574,000
Funding of selected programs and projects that enhance the educational experience of students attending this school.

Gallaudet University — $500,000
Scholarships for deaf and hard-of-hearing students who demonstrate financial need.

Palm Beach Atlantic University — $1,220,261
Scholarships for students who demonstrate financial need.

State University System of Florida — $475,000
Scholarships for students with disabilities within Florida's State University System who demonstrate financial need.

UPS employees' children scholarships — $1,100,000
Scholarships for the children of Florida UPS employees to attend post secondary schools in Florida.

AMERICAN INDIAN PROGRAMS

American Indian Business Leaders — $25,250
Matching scholarship endowment for business students who demonstrate financial need.

College of Menominee Nation — $125,000
Scholarships for business and entrepreneurship students who demonstrate financial need. Matching scholarship endowment program.

First Nations Development Institute — $25,000
Project to identify and evaluate native owned businesses created by Johnson Scholarship Foundation scholarship recipients.

Fort Belknap Community College — $10,333
Scholarships for business and entrepreneurship students who demonstrate financial need.

Fort Peck Community College — $47,000
Scholarships for business and entrepreneurship students who demonstrate financial need.

Four Bands Community Fund — $50,000
Support for business and financial training of entrepreneurs.

Gonzaga University — $299,366
Scholarships for students enrolled in MBA program with emphasis in American Indian Entrepreneurship.

Oglala Lakota College — $287,500
Scholarships for business and entrepreneurship students who demonstrate financial need. Matching scholarship endowment program. Special projects.

Salish Kootenai College — $275,000
Scholarships for business and entrepreneurship students who demonstrate financial need. Matching scholarship endowment program. Special projects.

Sinte Gleska University — $41,246
Scholarships for business and entrepreneurship students who demonstrate financial need.

Sitting Bull College — $10,386
Scholarships for business and entrepreneurship students who demonstrate financial need.

Turtle Mountain Community College — $111,168
Scholarships for business and entrepreneurship students who demonstrate financial need. Matching scholarship endowment program. Special projects.

United Tribes Technical College — $110,800
Scholarships for business and entrepreneurship students who demonstrate financial need. Matching scholarship endowment program. Special projects.

GRANTS FOR 2007

PROGRAMS SERVING DISADVANTAGED PERSONS

Berklee College of Music — $450,000
Scholarships to students who demonstrate financial need. Matching endowment program.

Enterprise Development International — $25,000
Support for financial and business training of people in financial need in downtown Boston.

Palm Beach Community College — $25,000
Scholarships for students who demonstrate financial need.

University of South Florida — $120,000
Matching scholarship endowment program for students who demonstrate financial need.

PROGRAMS SERVING PERSONS WITH DISABILITIES

Career Opportunities for Students with Disabilities (COSD) — $81,800
Various projects to assist students with disabilities to obtain employment.

Clarke School for the Deaf — $117,000
Financial aid for deaf and hard-of-hearing students who demonstrate financial need.

Florida International University — $100,000
Creation of Career Center Initiative to assist students with disabilities to obtain employment.

Landmark East School — $150,000
Scholarships for students with learning disabilities who demonstrate financial need. Matching scholarship endowment program.

National Technical Institute for the Deaf at Rochester Institute of Technology — $300,000
Matching scholarship endowment program for deaf and hard-of-hearing students who demonstrate financial need.

Project Eye to Eye — $180,000
Capacity building for innovative mentoring program that serves high school students with learning disabilities.

Transcen — $150,000
Support for online education and training of disabilities services professionals.

Wright State University — $54,285
Internet based outreach to junior high and high school students with disabilities and their parents.

OTHER GRANTS — $54,040

TOTAL GRANTS FOR 2007 — $7,094,435

This story was not expected to have a happy ending. Dreams are one thing; real life obstacles can derail even the most motivated among us. Although Juan Maldonado recalls "since I was very young, my ultimate dream was to one day study at Berklee College of Music", few expected that in May, 2008 Juan would be the first in his extended family to graduate from college. Music was the key to his success.

The City Of Chelsea is located in the shadow of its more affluent neighbor, Boston. Home to a large immigrant population, the city struggles with grinding poverty, crime, troubled schools and a lack of jobs. It is a hard place for a young person to dream big. Despite this, "growing up, we lived music," says Juan. "It was us. It wasn't something we picked up. It was already in us, that's how I see it." Juan is a self-taught and highly proficient bassist, drummer, pianist, guitarist, trumpeter and percussionist.

BERKLEE COLLEGE OF MUSIC

Five years ago Berklee's Urban Outreach Orchestra performed at Chelsea High School seeking students interested in pursuing music. Juan immediately asked to participate in Berklee City Music Programs. "After I heard the Urban Outreach Orchestra, " he says, "I saw a vision into my future." He received a scholarship to attend Berklee's 5 Week Summer Performance Program and won a full tuition scholarship to attend Berklee College of Music. "Berklee", says Juan, "has been a dream come true." The Johnson Scholarship Foundation made Juan's scholarship to Berklee possible.

Juan's journey to Berklee has been a long one. He notes "not only have I met many different people from around the world, but also I have had the opportunity to grow and share my musical talents with these young virtuosos. Berklee has helped me expand my horizons in all areas. One of my dreams is to teach at Berklee and eventually open my own music school. I am very grateful for all Berklee has given me and I know this is only the beginning of what God has in store for me." Talent, passion and hard work propelled Juan to succeed at Berklee. As a music educator, he will touch the lives of hundreds of young people. His hope, and Berklee's, is that his experience will inspire other young people to follow their dreams.

The Johnson Scholarship Foundation has created new programs, nurtured existing programs, inspired staff, faculty, administrators and students, and leveraged funds to build the City Music Program at Berklee. Their philosophy of investing in disadvantaged young people early so they are prepared to succeed in college and beyond is closely aligned with that of the Berklee's City Music Program. The overwhelming majority of students who received Johnson Scholarship Foundation scholarships could never have contemplated college without their participation in our program. Recently, the Johnson Scholarship Foundation funds have allowed Berklee to take the success of the City Music Program nationwide.

The Johnson Scholarship Foundation strategy demonstrates their commitment to investing in young people so they can develop the skills needed to excel and provide the opportunity to attend college. By challenging Berklee to raise matching funds, the Johnson Scholarship Foundation and Berklee College of Music are creating an endowment of almost $4.5 million. This endowment will be sufficient to create a revenue stream capable of funding 11 full tuition scholarships in perpetuity.

Kai Fritz-Watson remembers when school was an incredibly frustrating experience. He excelled in math and science but struggled in English. As reading grew more challenging, he knew that he was different and suffered not knowing what the problem was or how to fix it. At the age of 14, Kai had only progressed to a grade two reading level. An educational assessment later revealed that Kai was challenged with dyslexia. At last, Kai's hardship had a name and the help he needed was available. Landmark East School was able to help Kai to "learn how to learn." His new classroom environment brought Kai greater success in the classroom and a fresher outlook on life, "I have choices now," he says, "I don't have to be restrained by my learning disability."

LANDMARK EAST SCHOOL

As a young girl, Anna Delong exhibited little interest in school. Feeling little sense of accomplishment or achievement like other students, Anna found herself dreading classes and using any excuse to avoid going. Like many students who struggle with a learning disability, Anna could not use the same method of learning in a broad academic environment. It was only at Landmark East School that a world of opportunity was brought to the horizon for Anna. Anna is now looking to the future with boundless enthusiasm and her new found love of learning. "I've been accepted to a college that I never thought I'd be able to attend," she says. "I don't have limits anymore."

Kai and Anna are bright, hard-working high school students looking forward to graduation in June and college in the fall. Like 186 other students, financial support from the Johnson Scholarship Foundation made this possible. The financial assistance has improved the lives and brought abundant opportunities to all of these young people who cherish abilities most take for granted every day.

Johnson Scholarship Foundation grants to Landmark East to date total over $975,000. Students have been awarded funds covering up to 50% of their tuition costs. The Johnson Scholarship Foundation support has allowed many families to celebrate milestones and academic achievements that they never imagined possible.

Moving forward, the Johnson Scholarship Foundation is working with Landmark East School to ensure that those vital opportunities continue to be available to more students today and for years to come. In December 2003, the Foundation launched a matching grant program designed to help build an Endowment Fund. For the past 5 years, Landmark East School has met or surpassed its annual fundraising goals. As of early 2008, the Endowment Fund contains over $1,100,000. The goal is to reach over $1.5 million by year's end.

The Oglala Lakota Sioux Tribe exercised its sovereignty with the charter of one of the first tribally controlled colleges in the United States. Oglala Lakota College was established in an effort to rebuild their once-reduced reservation through education and the cultivation of the talent of its tribe members. Today, Stephanie Sorbel has the opportunity help to revive her tribe and preserve her American Indian heritage.

An Oglala Lakota Sioux Tribe member, Stephanie was raised on the Pine Ridge Indian Reservation. She came to Oglala Lakota College to finish her AA degree in Mass Communications. Stephanie is the mother of five children ranging in age from 2 to 15. A full-time student, Stephanie struggles financially but keeps money coming in by working on a series of Native American story dolls adorned in bright colors with traditional Lakota designs inspired by her own Native heritage. Additionally, she is recognized for her beautiful one-of-a kind beaded cradle board. Passionate to preserve the traditions of her tribe, Stephanie plans to start the Lakota Dreams Gallery so others can enjoy her beautiful beadwork, quill work and traditional Lakota artwork. She will graduate from Oglala Lakota College in June 2008 with an Associate of Applied Science Degree in Entrepreneurship and is a potential graduate with a Bachelor's in Business Administration in June 2009. With the help provided by a Johnson Scholarship Foundation scholarship, Stephanie has been empowered to revitalize and preserve her tribal ways as well as build a future for her family on the Pine Ridge Reservation.

OGLALA LAKOTA COLLEGE

For more than twelve years, hundreds of business students like Stephanie have received scholarships from the Johnson Scholarship Foundation that have been used to pay for things like gas to drive to the local college center, day care services, propane for their homes and groceries for their families. The only other income most of the students have is their PELL checks, which, in most cases, pays only for their tuition, fees, textbooks, and school supplies. Johnson Scholarship Foundation scholarships truly make pursuing an education possible.

Now, with the creation of an over $2 million endowment fund, the Johnson Scholarship Foundation has assured Oglala Lakota College students this vital assistance for years to come.

Stephanie has been empowered to revitalize and preserve her tribal ways

"I feel so lucky to have this opportunity. I wish everyone could have the opportunity I have now."

Suleidis Bordes knew her academic achievements would ensure her acceptance into college. However, she did not know if she would be financially able to make her dream of attending college a reality. Her family arrived in the United States from Cuba when she was six years old. They came with nothing except the clothes on their backs and the hope of a better life for their family. As they began to build their new life, Suleidis' parents each worked two jobs to provide food and shelter for the family. Suleidis and her brother, who is mentally handicapped, began to learn English and adapt to their new country.

Suleidis attended 10 different elementary schools as the family moved from one area to another searching for a better place to raise their children. In spite of the numerous relocations, Suleidis quickly learned English and excelled in school. She became the family's translator and was involved in every important decision made by the family.

Although she knew her family was very poor, Suleidis was determined not to forego a college education. She knew that a college education was her bridge to a brighter future and a better life; a life free of the constant financial struggles faced by her family. She continued to excel academically in school, joined student organizations and participated in community work. She dedicated herself to accomplishing everything she knew would be necessary to compete successfully for a spot at the University of South Florida (USF). She did all this while working part-time to help her family and continuing to be very involved in family life.

In May of 2005, Suleidis received USF's Latino Scholarship to supplement her financial aid. "The scholarship has opened so many doors," Suleidis stated during an interview. "I have met so many great people who have helped me grow as a person, inspired and motivated me. I can't let them or my parents down. Now, I'm giving back by talking to other young people to encourage them to do the same. I feel so lucky to have this opportunity. I wish everyone could have the opportunity I have now."

UNIVERSITY OF SOUTH FLORIDA

The more than $2 million Johnson Scholarship Foundation Endowment at the USF will insure that many students, like Suleidis, who would otherwise be unable to attend college, will receive the critical scholarship support necessary to pursue their academic dreams and professional goals. The Johnson Scholarship Foundation Endowment will also serve as an incentive for other individuals and organizations to provide support for these deserving students.

Rarely are we given an opportunity to dramatically change another person's life. By continuing to provide need-based scholarships to a diverse population of deserving students, USF and the Johnson Scholarship Foundation are doing just that.

Born deaf in a hearing world, Jessica never imagined listening and talking let alone singing and dancing.

Last spring, Jessica Poloquin, a 13-year old student at Clarke School for the Deaf, sauntered onto the auditorium stage decked out in whiskers and a striped stovepipe hat. Portraying the Cat in the Hat in the school’s production of Seussical, Jr., Jessica narrated the antics of her castmates, sang, danced and stole the hearts of the crowd. But throwing herself into the spotlight is not something Jessica always would have done.

Jessica, from Attleboro, MA, came to Clarke in the 7th grade after struggling to keep up in a large mainstream classroom where she was the only deaf student. With the help of scholarship support from the Johnson Scholarship Foundation, Jessica enrolled in Clarke’s residential program and immediately flourished, gaining more poise and confidence.

Jessica’s academic performance strengthened, especially in math and science, and she began to explore new activities. She tried out for the basketball team and landed a spot as a forward, in addition to joining the Ski Club and Drama Club.

Jessica’s mother Mary is thrilled with the transformation her daughter has undergone at Clarke. “Clarke opened up a whole new world of possibilities for Jessica. She’s found a real passion for acting, and now she has the confidence to pursue it in high school.”

At Clarke’s graduation ceremony last year, Jessica was selected from among her classmates to give a welcome address. “If I had not come to Clarke School, I probably wouldn’t be where I am right now,” Jessica said. “I’m very proud that I can speak for myself.”

Jessica is now thriving in a mainstream high school where she is a member of the chorus and has consistently made the Honor Roll. Each day at Clarke, students like Jessica learn to listen, speak and build the foundation for a lifetime of success.

CLARKE SCHOOL FOR THE DEAF

Thanks to the generosity of supporters like the Johnson Scholarship Foundation, Clarke was able to provide over $1,114,600 in vital assistance to deaf children at our five locations along the East Coast, giving these students the opportunity to learn to listen, talk and become an integral part of the world around them. Clarke never turns families away for financial reasons, and it is scholarship support from friends like the Johnson Scholarship Foundation that make such promises a reality. Clarke helps build students’ self-esteem and teaches children to advocate for themselves. More than 70% of Clarke alumni pursue higher education, and our graduates enjoy successful careers in a variety of fields. This success would not be possible without the ongoing support of organizations like the Johnson Scholarship Foundation.

The newly created program will provide a more than $1.2 million endowment to insure that other deaf students like Jessica will be able to meet their full potential.

The University of West Florida (UWF) recently partnered with the Johnson Scholarship Foundation in an effort to raise awareness and endowed scholarship support for students having financial need. Brandi Wahl is a senior majoring in hospitality, recreation and resort management at UWF. At the young age of 22, Brandi has had her share of tough times. When Brandi was 14, she moved to South Florida with her mother and nephew and was homeless for three months before receiving aid from the state, which provided housing and job assistance. Determined to succeed in life, Brandi made good grades in high school which helped her secure scholarships and grants to attend UWF. “Without financial aid, I wouldn’t have been able to attend college, which would have destroyed my dreams,” said Brandi. “I want to educate children about the ocean and marine life and inspire them to protect our environment for future generations.”

College has been equally as trying for Brandi due to the deaths of both her father and grandfather during her sophomore year. These tragedies prompted her to withdraw from three classes, which affected her eligibility to receive financial aid her junior year. Consequently, Brandi worked forty hours a week to pay for school; however, this had an adverse affect on her grades. Now a senior, she continues to work and go to school full time. An exemplar student, Brandi has accumulated more than 700 volunteer hours over the course of her college years on top of working at least 20 hours a week each semester. “I have participated in 13 different organizations on campus and in the community, including but not limited to Student Ambassadors, Relay for Life, Habitat for Humanity, the local hospice and the Ronald McDonald House.” Excited about the future, Brandi will be the first in her family to graduate college.

UNIVERSITY OF WEST FLORIDA

The Johnson Scholarship Foundation Challenge, in partnership with the UWF, will have a profound impact on hundreds of disadvantaged UWF students like Brandi, providing them with educational opportunity and hope. Upon successful completion of the this five-year comprehensive challenge, with matching funds from the State of Florida, more than $2 million in new endowment funds to support eligible students will be utilized in perpetuity by the UWF Foundation.

Annually, more than one hundred students with financial need will be provided scholarship support to help them obtain a higher education. With the growth of these endowment funds, the number of scholarship recipients will grow over time and have an even greater impact on Northwest Florida. UWF is honored to work with the Johnson Scholarship Foundation to make a quality education more accessible to disadvantaged students.

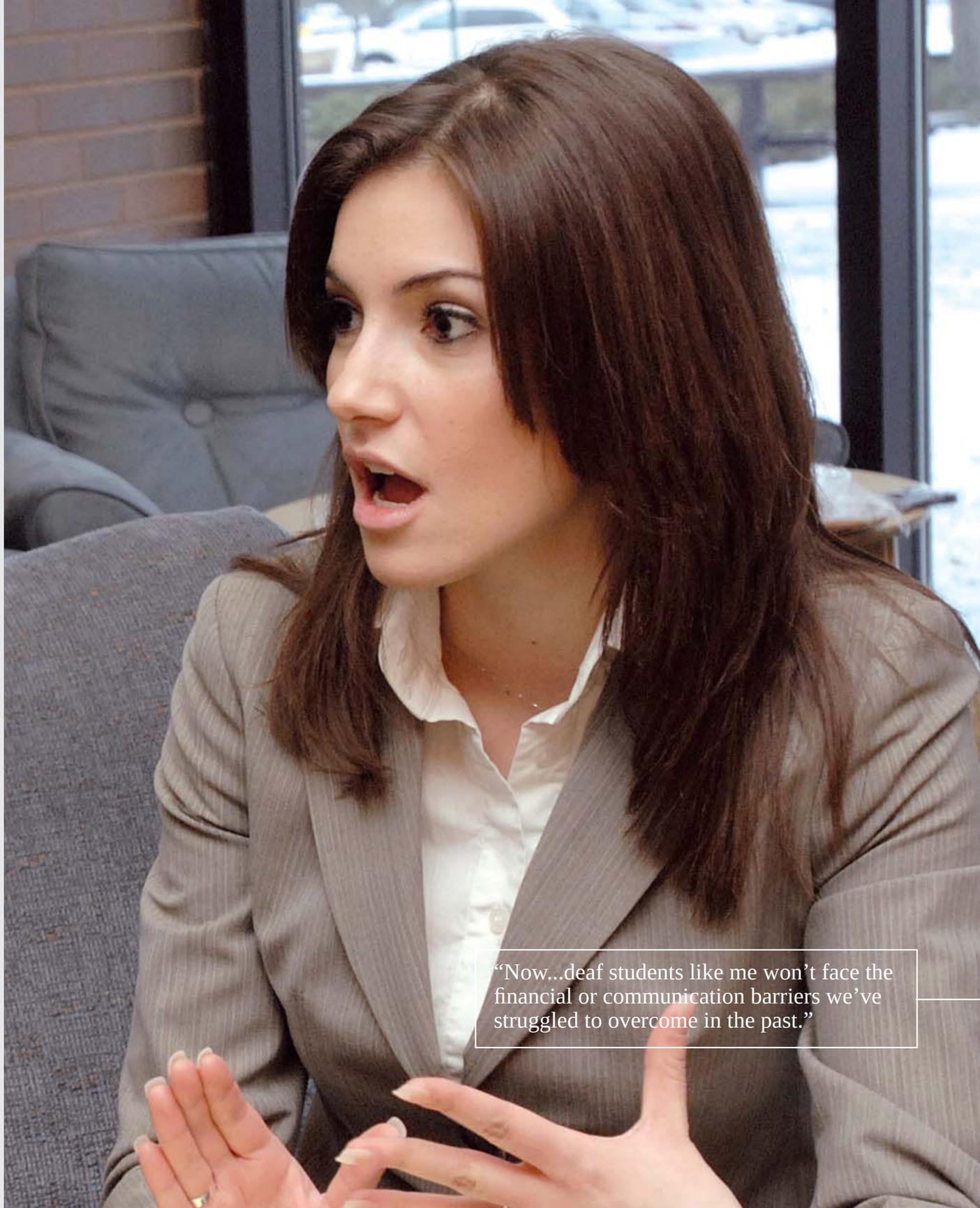
Aspiring entrepreneur, Amanda Massab of Brooklyn, N.Y. is currently taking courses in the entrepreneurship program at Rochester Institute of Technology (RIT). Launching a new business is a daunting task for any entrepreneur. Deaf and hard-of hearing students like Amanda face additional challenges which can often prevent them from becoming successful. This has resulted in a lack of deaf entrepreneurs. Amanda has had to resort to menial jobs to help support her every-day living expenses while studying in school. Scholarship support frees Amanda to focus on her business plan instead of jobs that won't help her succeed.

"If it were not for the access services provided at RIT through its National Technology Institute for the Deaf, I would not be able to participate in entrepreneurial classes or the upcoming Business Plan Competition," says Amanda. "I'm able to compete on the same level as my hearing classmates as a result."

ROCHESTER INSTITUTE OF TECHNOLOGY

The timing of the Johnson Scholarship Foundation couldn't be better. Their grant to fund a scholarship endowment, coupled with federal matching dollars, will provide much needed financial support for students like Amanda. The Johnson Scholarship Foundation's additional matching grant challenge for even more funding of the endowment will play a key role in ensuring that qualified deaf and hard-of-hearing budding entrepreneurs are able to attend RIT regardless of their financial means. The Johnson Scholarship Foundation's Endowed Scholarship for Innovation & Entrepreneurship will annually award $5,000 to 12 deaf or hard-of-hearing RIT students studying entrepreneurship.

This $1.2 million scholarship endowment will provide substantial motivation for deaf and hard-of-hearing students to consider focusing their studies on entrepreneurship and innovation. The lifelong success of these students will have a far reaching impact. These students will become part of the next generation of alumni entrepreneur mentors and the companies they build will become RIT's future corporate partners, employers of our graduates, and models of what this extraordinary partnership can achieve.



"Now...deaf students like me won't face the financial or communication barriers we've struggled to overcome in the past."

TREASURER'S STATEMENT

Our investment objective is to generate long term total returns which will provide a minimum grant distribution of 5%, exceed the rate of inflation, and grow our asset base in real dollars. This is consistent with our founder's intention that we continue as a perpetual charitable foundation.

Our Investment/Finance Committee meets quarterly, and together with our independent investment consultants, monitors our investments and rebalance or reallocate as necessary. We report financial information and investment balances to our Directors monthly through our Monthly Reports and semi annually at the Directors' meetings. Our Audit Committee reviews our financial information quarterly.

Our financial records are audited by an outside audit firm and have been since our first year of existence in 1991.

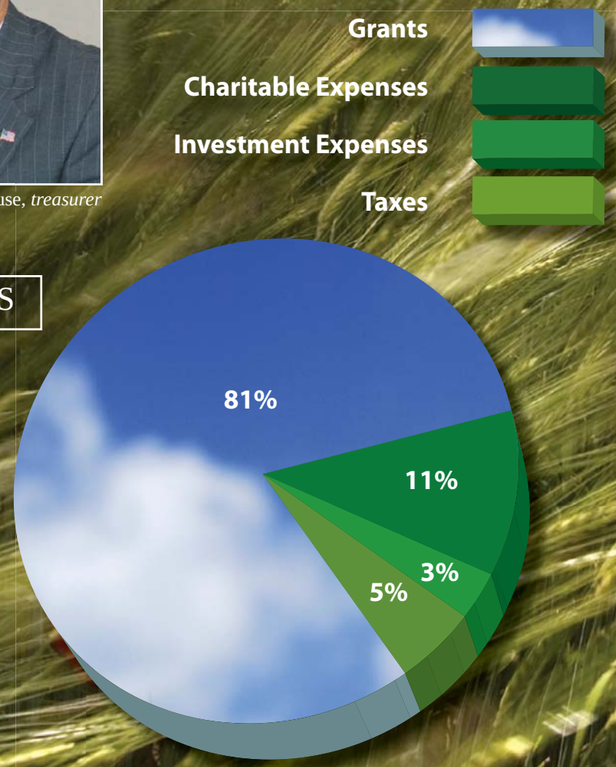
As of December 31, 2007, our total assets were $178 million. In addition, the Foundation is the named beneficiary of a charitable remainder unit trust which, as of December 31, 2007, has assets of $77 million.

Richard A. Krause, *treasurer*

CUMULATIVE TRAILING INVESTMENT RETURNS (%) FOR PERIOD ENDING DECEMBER 31, 2007

	1 yr.	3 yr.	5 yr.	10 yr.
Johnson Scholarship Foundation	**10.7%**	**13.6%**	**14.7%**	**14.8%**
Standard & Poor's 500 Index	5.5%	8.6%	12.8%	5.9%
Lehman Brothers Aggregate Bond Index	7.0%	4.6%	4.4%	6.0%
ML 91-Day Treasury Bills	5.0%	4.3%	3.1%	3.8%
Consumer Price Index – All Items	4.1%	3.3%	3.0%	2.7%

2007 EXPENDITURES



AUDITED FINANCIAL STATEMENT

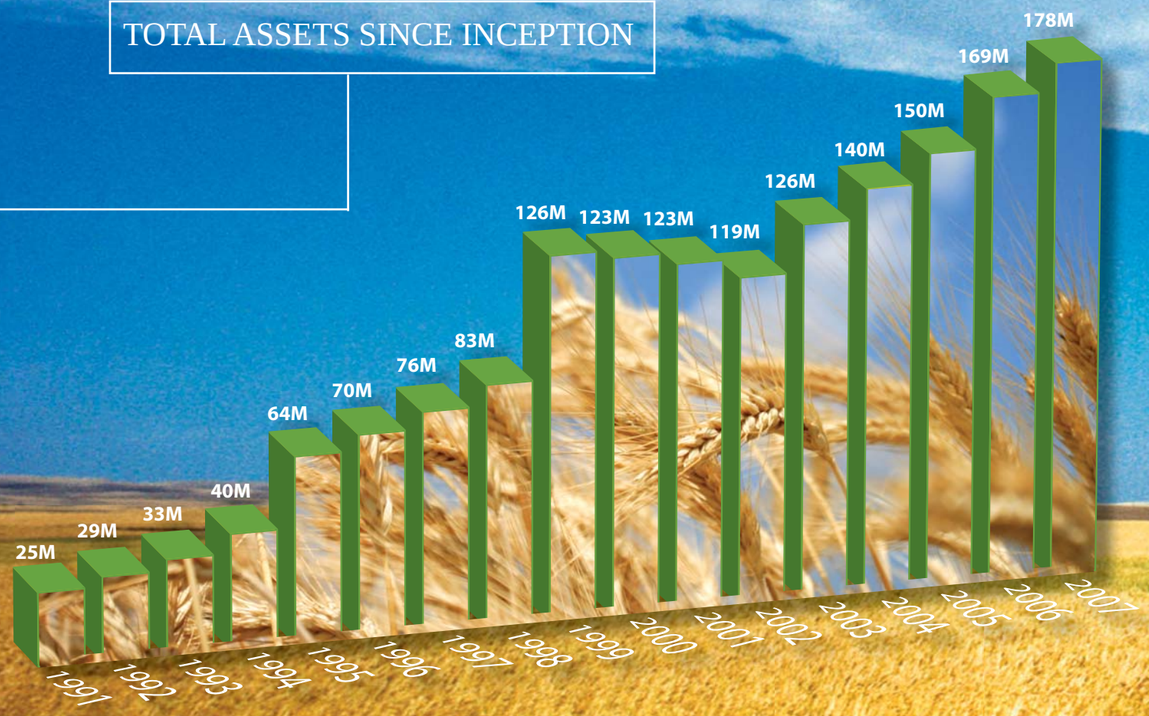
STATEMENTS OF CHANGES IN NET ASSETS – MODIFIED CASH BASIS
December 31, 2006 and 2005

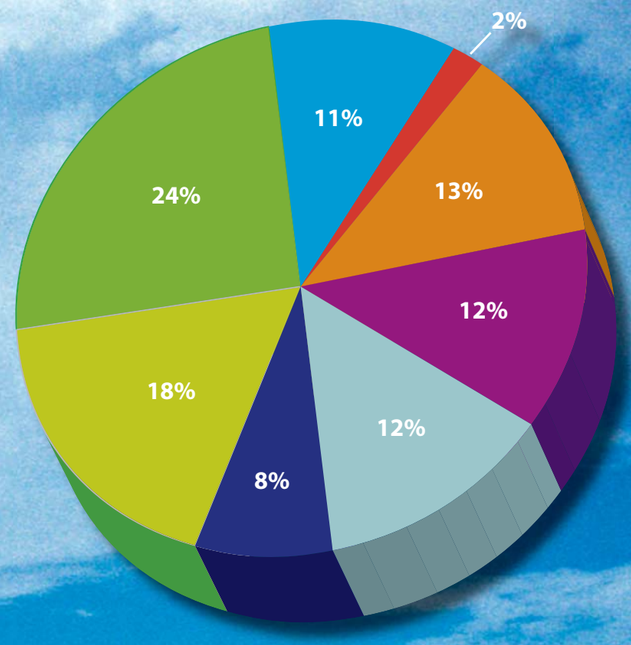
	2006	2005
TEMPORARILY RESTRICTED NET ASSETS		
Revenue, net of investment advisory fees		
Net realized gain on sales of investments	$ 4,497,490	$ 3,196,910
Net unrealized appreciation on investments	19,133,677	12,487,954
Interest, dividends and distributions	2,180,979	2,010,160
	$ 25,812,146	$ 17,695,024
EXPENSES		
Scholarships and grants distributed	$ 6,088,861	$ 5,866,748
Management and general expenses	1,043,682	987,826
Federal excise and other taxes, net of (refunds)	(102,916)	482,221
	$ 7,029,627	$ 7,336,795
Increase in temporarily restricted net assets	$ 18,782,519	$ 10,358,229
Net assets, beginning of year	150,176,065	139,817,836
Net assets, end of year	**$168,958,584**	**$150,176,065**

STATEMENTS OF NET ASSETS – MODIFIED CASH BASIS
December 31, 2006 and 2005

	2006	2005
ASSETS		
Cash and cash equivalents	$ 507,195	$ 405,034
Investments	168,451,389	149,771,031
Total assets	**$168,958,584**	**$150,176,065**
LIABILITIES AND NET ASSETS		
Liabilities	$ –	$ –
Net assets – temporarily restricted	168,958,584	150,176,065
Total liabilities and net assets	**$168,958,584**	**$150,176,065**

TOTAL ASSETS SINCE INCEPTION





ASSET ALLOCATION
AS OF 12/31/07

FINANCIAL CHARTS & GRAPHS

STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
December 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets – modified cash basis	$ 18,782,519	$ 10,358,229
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Net realized gain on sales of investments	(4,497,648)	(3,196,910)
Net unrealized appreciation on investments	(19,133,677)	(12,487,954)
Net cash used in operating expenses	$ (4,848,648)	$ (5,326,635)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	$ (7,677,222)	$(25,096,263)
Proceeds from sales of investments	12,628,031	29,587,441
Net cash provided by investing activities	$ 4,950,809	$ 4,491,178
Increase (decrease) in cash and cash equivalents	$ 102,161	$ (835,457)
Cash and cash equivalents, beginning of year	405,034	1,240,491
Cash and cash equivalents, end of year	**$ 507,195**	**$ 405,034**

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I. King Jordan
West River, Maryland
Committees: Grant Program Committee

Ann Deschamps, Sarah Dewees, Robert Lorence, Maridel M. Moulton, Melanie Morre Kubo

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“Don’t judge each day by the harvest you reap but by the seeds that you plant.”

Robert Louis Stevenson