

**STATEMENT OF INCOME, GRANTS, EXPENSES, AND UNDISTRIBUTED INCOME**

December 8, 1936 through December 31, 2008

	2008	2007	1936-2008
Undistributed Income Beginning of Period	\$21,654,734	\$19,559,108	
<b>Income Received:</b>			
Zachary Smith Reynolds Trust	10,652,086	9,367,430	195,988,515
W. N. Reynolds Trust	12,080,535	12,041,165	249,939,968
Interest on investments*	428,266	673,193	15,135,201
Refunds of grants	9,275	12,206	686,576
Other Income	9,749	3,925	29,610
<b>TOTAL INCOME</b>	<b>\$23,179,911</b>	<b>\$22,097,919</b>	<b>\$461,779,870</b>
<b>Disbursements:</b>			
Grants Paid	\$19,203,947	\$17,020,995	\$402,265,806
<b>Direct Charitable Activities:</b>			
Nancy Susan Reynolds Awards	169,402	164,823	2,749,868
Sabbatical Program	147,507	124,907	1,678,436
Special Projects/meetings/seminars	223,676	278,693	5,499,385
<b>Total Grants and Direct Charitable Activities</b>	<b>\$19,744,532</b>	<b>\$17,589,418</b>	<b>\$412,193,495</b>
<b>Administrative Expenses:</b>			
Personnel	935,845	1,017,269	12,182,398
Operating Expenses	1,412,881	1,382,433	16,239,745
Federal Excise Tax	9,442	13,173	287,849
<b>Total Administrative Expenses and Taxes</b>	<b>\$2,358,168</b>	<b>\$2,412,875</b>	<b>\$28,709,992</b>
<b>TOTAL DISBURSEMENTS</b>	<b>\$22,102,700</b>	<b>\$20,002,293</b>	<b>\$440,903,487</b>
Undistributed Income End of Period	\$22,731,945	\$21,654,734	\$21,654,734
Unpaid Grants End of Period	\$14,614,566	\$15,267,258	\$15,267,258
<b>Grants</b>	<b><u>\$8,117,379</u></b>	<b><u>\$6,387,476</u></b>	<b><u>\$6,387,476</u></b>

**NOTES TO FINANCIAL STATEMENTS**

The Foundation's income is derived from two trusts that are separately controlled and each of which meets the reporting requirements of the federal government and of those states in which they are located. No list of investments appears in this report because the Foundation itself has no assets.

\*Interest earned on short-term investments of income received from the two trusts but not yet distributed.