

*The Arthur
Vining Davis
Foundations*

*REPORT
FOR 2007*

Dedicated to Strengthening America's Future Through Education

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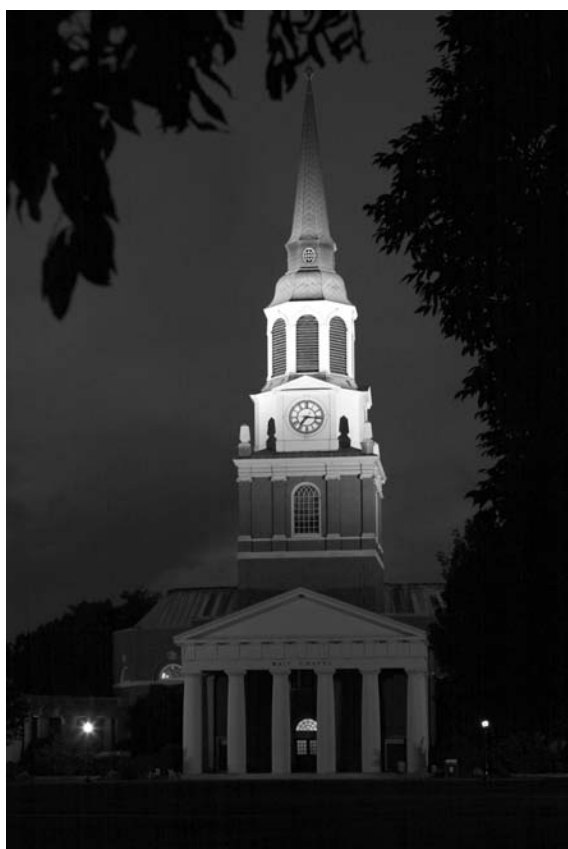
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Wake Forest University Divinity School, Winston-Salem, NC

THE FOUNDER

Any roster of the most innovative and successful contributors to American industrial growth and Florida land development during the first half of the twentieth century would necessarily include Arthur Vining Davis. The son of a Congregational minister, Mr. Davis moved with determination into the business world immediately after graduating at the top of his class from Amherst College in 1888.

Mr. Davis joined the Pittsburgh Reduction Company soon after completing college. Starting as a shop helper and a bookkeeper, he quickly rose through the ranks, becoming president and de facto chief executive officer of the company in 1910.

By that time the company had expanded and been renamed the Aluminum Company of America (Alcoa). During Mr. Davis' presidency, Alcoa became one of the country's most successful corporations. Under his leadership as president and later as Chairman of the Board for nineteen years, the company grew in size, profitability and influence.

Mr. Davis' activities were centered in Pittsburgh and New York until 1949 when, at the age of 82, he moved his residence to Florida. Instead of "retiring," he embarked on a new career. While leading Alcoa and serving as director of numerous major corporations, he had become interested in Florida and the Bahamas. During his residence in Florida, he invested in land and other enterprises such as banks, airlines, shipping companies and hotels. When Mr. Davis died in 1962 at age 95, he was one of the best known and respected businessmen in the Southeastern United States.



Arthur Vining Davis as painted by Sir William Orpen in 1919.

Arthur Vining Davis' philanthropy emphasized higher education, religion and medicine. His giving was broad in outlook and pragmatic in its goals.

The original "Arthur Vining Davis Foundation" was organized in 1952 under a living trust established by the donor. Known as Foundation No. 1, its original Trustees were Mr. Arthur Vining Davis himself; Mr. Edward K. Davis, his brother; Mr. Nathanael V. Davis, his nephew; and Mr. William B. Given, Jr., his stepson-in-law.

Foundations No. 2 and No. 3, both patterned after Foundation No. 1, commenced operations in 1965 under Mr. Davis' will. The original Trustees named for Foundation No. 2 were Mr. Nathanael V. Davis, Mr. William B. Given, Jr. and Mr. Morris Hadley, the

surviving original Trustees of Foundation No. 1. The original Trustees named to Foundation No. 3 were again Mr. Nathanael V. Davis, as well as Miss Evelyn Mitchell and Mr. W.E. Dunwoody, Jr.

Mr. Nathanael V. Davis served for more than thirty-three years as Chairman and then as Chairman Emeritus for eight more years until his death in March 2005. His son, Mr. J.H. Dow Davis, succeeded him as Chairman in February 1997.

The founding Trustees were persons in whom the donor had great confidence. He instructed them to use Foundations' earnings for programs that would, in their best judgment, strengthen our nation's future. The single restriction he placed on them was that grants should be made only within the United States and its possessions.

Successor Trustees have been elected over the years. The same

individual Trustees now serve each Board. The only difference in composition of the Boards is the corporate Trustee. See page 3 for current Board membership.

The Foundations remain firmly committed to honorable service to society in memory of Mr. Arthur Vining Davis. A man of vision, courage and generosity, his name is written large in the industrial and business history of the United States and, through these Foundations, the philanthropic world as well.

ORGANIZATION AND PURPOSE

The purpose of the Foundations is to provide financial assistance, within the limits of their budgets and the discretion of their Trustees, to certain educational, cultural, scientific and religious institutions. Such aid is, by charter, granted to and expended by institutions and organizations which are tax-exempt under Section 501(c)(3) of the IRS Code, are not private foundations within the meaning of Section 509(a) of the 1969 Tax Reform Act, and are located within the United States and its possessions.

The Board of Trustees' current practice is to award grants primarily in the areas of private higher education, secondary education, graduate theological education, health care and public television.

Today, two individual foundations comprise the Arthur Vining Davis Foundations, designated respectively as Foundations No. 2 and No. 3. Created by Mr. Davis' will to receive the major share of his estate, they began operations in 1965, awarding their first grants in 1967. Organized in 1952 during the lifetime of Mr. Arthur Vining Davis, Foundation No. 1 existed for 48 years before being merged with Foundation No. 2 in 2001.

The Bank of New York Mellon serves as corporate Trustee for Foundation No. 2. The SunTrust Banks, Inc. serve Foundation No. 3 in a similar fiduciary capacity. The Foundations' assets are invested in a broadly diversified portfolio consisting primarily of common stocks and bonds. No single company's securities account for more than five percent of the combined total.



Berea College, Berea, KY



Muhlenberg College, Allentown, PA

Operation

The two Foundations' assets are invested by the corporate Trustees and administered as separate legal entities. All funds are handled separately by the designated banks and subject to the various individual reporting requirements of federal and state laws.

For grantmaking purposes, however, the two Foundations function as a single philanthropic institution. The same individual Trustees serve without remuneration on both Foundations' Boards. Trustees meet three times a year to consider grants, review investments, and assess programs and policies. The Foundations also share the cost of an administrative office located in Jacksonville, Florida. The plural form of the name, "The Arthur Vining Davis Foundations," is the preferred designation. Grant applicants should address proposals to the common office in Jacksonville. By following this procedure, earliest possible consideration of proposals is ensured. (See page 6 for the address to submit proposals.)

Source of Grants and Cost of Administration

In general, grants are made regularly out of annual income, with minimal commitments into later years. Operating costs related to evaluation of proposals and the handling of grants are kept at modest levels commensurate with efficient administration.

Official Reports

Each Foundation prepares an individual U.S. Treasury Department form 990-PF (Return of Private Foundations). Copies may be requested from the Foundations' offices in Jacksonville and will be furnished upon receipt of prescribed copying and mailing charges.

BOARD OF TRUSTEES

Mr. J.H. Dow Davis, Chairman
Mr. Holbrook R. Davis
Mr. Joel P. Davis
Ms. Sarah H. Davis
Mrs. John L. Kee, Jr.
Dr. William Given Kee
Mrs. Margaret Davis Maiden
Mrs. Haley Davis Melanson
Mr. William R. Wright, Trustee Emeritus
BNY Mellon (as Corporate Trustee
for Foundation No. 2)
SunTrust Banks, Inc. (as Corporate
Trustee for Foundation No. 3)

STAFF

Dr. Jonathan T. Howe, Executive Director
Mrs. Jane M. Estes, Chief Financial Officer
Mr. William C. Keator, Program Director
Ms. Cheryl Tupper, Program Director
Ms. Doreen A. Flippin, Vice President
for Administration
Ms. R. Charlene Jones,
Administrative Assistant
The Rev. Dr. James L. Waits,
Religion Consultant

PROGRAMS

The Foundations have five defined program areas: private higher education, secondary education, religion (graduate theological education), health care (caring attitudes), and public television. The following descriptions of the program areas are intended to help potential grant seekers determine the appropriateness of submitting proposals to these Foundations. Procedures for presenting proposals are described in the section on Policies and Procedures (page 6).

Private Higher Education

From their founding, the Foundations have been strongly committed to the support of private higher education in America. Trustees have concentrated on privately governed and supported four-year, residential, liberal arts institutions which place strong emphasis on teaching and whose students choose majors primarily in the arts and sciences rather than career or vocational studies. Support generally is reserved for schools of broadly acknowledged academic excellence and a solid record of financial strength with outstanding support from trustees and alumni/ae. A few grants are made to larger teaching and research universities with a national reputation for excellence in undergraduate education. Grants also are made competitively each year to help improve historically Black colleges, Native American tribal colleges, colleges in Appalachia, and similar schools providing opportunities for traditionally underserved students.

Evaluation of competing requests is focused on the overall quality of requesting institutions. Therefore, **presidents have unlimited flexibility** in selecting a high priority for reinforcing institutional excellence. Trustees have **no preference for any particular category or type of project**. It is assumed that presidents will seek to maximize the potential impact and lasting value of our grants, which range from \$100,000 to an upper limit of \$250,000.

In the special case of **leading universities**, requests should reflect the priority of the President for improving **undergraduate** education and offer the potential to influence undergraduate education **beyond the university**.

Proposals should be signed by the president of the institution. Institutions in presidential transition are not eligible. A president should be in office for at least one year prior to

submitting a grant request. Because of intense competition in the higher education program and our limited resources, institutions receiving grants should wait at least four years from notification of an award before reapplying for another grant.

Colleges and universities with innovative programs for strengthening teachers and their teaching in grades 9 through 12 should refer to the description of the Secondary Education program. The higher and secondary education programs are independent and grant requests may be submitted in both programs at the same time.

Secondary Education

Trustees recognize the need to improve secondary education in this country. In keeping with the Foundations' historical emphasis on education, they believe that carefully targeted, thoughtful funding can contribute to strengthening education in grades 9-12. In order to concentrate efforts in this broad area, **grants are made for innovative professional development programs that strengthen teachers and their teaching in grades 9-12**.

Special consideration will be given to projects in their early stages that address the concerns and problems of secondary education on a national level. Therefore, proposals should strive to develop solutions with potential for wide application or replication by others. Evaluation is often an important component. Requests to support well-established programs should be for initiatives with the potential to improve the program significantly. Proposals should indicate other sources of support for the project, including contributions of



Lawrence University, Appleton, WI

the requesting institution and plans for sustained funding beyond the term of the grant. Normally, proposals that result only in local betterment will not be competitive.

In considering proposals to support high school teaching, the Foundations encourage sustained partnerships between the faculties of colleges (e.g., arts and sciences and education) and school districts, or collaborative efforts involving reform organizations, colleges/universities and high schools. Proposals may cover a wide range of initiatives intended to improve teaching. For example, projects might be designed to improve professional development for in-service and pre-service teachers, strengthen teaching skills, support practical research in teacher and high school education, or encourage innovative use of technology and new techniques for presentation of classroom materials in high schools.

Proposals under this program must be signed by the head of the institution or organization. Institutions eligible for funding in this program area include, but are not limited to, public and private colleges and universities, graduate schools of education and free-standing educational institutes.

Receipt of a grant under the secondary education program by a private college or university does not affect its chances of receiving a separate grant in the private higher education program category. Only in exceptional cases will proposals be accepted directly from individual secondary schools or school districts. Grants made in this program area range from



Denison University, Granville, OH

\$100,000 to an upper limit of \$200,000.

Religion

The Foundations' principal commitment in the field of religion is to graduate theological education. We believe that theological education makes an important contribution to our nation's moral integrity and future.

Grants are made to U.S. institutions that are fully accredited by the Association of Theological Schools. All denominations are eligible. As in our private higher education program, evaluations of competing requests focus on the overall quality of the applying institutions. The Trustees' goal is to make good institutions even better.

Support goes generally to seminaries or divinity schools known for academic excellence and whose primary mission is to prepare students for ordination to pastoral or pulpit ministry. These institutions should have a solid record of financial stability, including strong trustee and alumni/ae support, and a faculty of high quality. They should also be preparing students for leadership on the complex social and moral issues facing the church such as interfaith dialogue and understanding poverty, sexual orientation, gender, and end of life.

No preference exists for any particular category or type of project for which grants are requested. Proposals should be signed by the Chief Executive Officer of the institution and represent a high priority for reinforcing institutional excellence. Requests are not considered from institutions in leadership transition. The head of a seminary or divinity school should be in office for at least one year prior to submitting a grant request. Because of intense competition in this program and our limited resources, those who receive grants need to wait at least four years from the time the previous award was approved before reapplying for a grant. Proposals from recognized consortia representing several seminaries are welcome. Similarly, joint proposals from two or more seminaries sharing programs and/or facilities are of interest. Grants in religion range from \$100,000 to an upper limit of \$200,000.

Health Care (Caring Attitudes)

Since 1981, the Foundations have focused grants in health care on "caring attitudes." Trustees have been concerned that advances in technology and continuing changes in the health care system have diminished the humane aspects of patient care. Patients and their families often feel that their emotional, psychological, and spiritual needs are not adequately met when confronting illness.

In 2005-2006, the Foundations sponsored a study and conducted a

review of its caring attitudes program. The Board concluded that many efforts in recent years have helped advance caring attitudes in patient care; however, significant areas still need attention and support. Consequently, the program in caring attitudes will concentrate on leveraging improvement in specific areas of need. These include:

Medical Education: Of interest are initiatives that advance caring attitudes in physicians during all aspects of education, including medical school, residency training, and in practice. Programs leading to organizational and transformational change in medical education, addressing the "hidden curriculum," and designed to integrate caring attitudes throughout the curriculum will be considered. Faculty development initiatives are encouraged, including role modeling and mentoring.

Other Health Care Professionals: Also of interest are innovative programs that seek to train other health care providers in caring attitudes such as nurses and hospital chaplains. Systemic approaches to ensuring sensitive and compassionate care of patients and their families will be given priority.

Preference will be given to institutions and organizations with the visibility and organizational capacity to develop programs likely to be replicated nationally. Proposals should be submitted by the head of the institution under whose auspices the project would be accomplished and include a project

description, intended beneficiaries, plans for accomplishing objectives, expected outcomes, evaluation, dissemination of results, and budget. Contributions of the requesting institution and other sources of project support should be identified. Grants made in this program area normally range from \$100,000-\$200,000.

Public Television

The Foundations are interested in public television as an educational medium. Grants primarily provide partial support for major series with lasting educational value that are assured of national airing by PBS. Consideration is given on occasion to single stand-alone programs of exceptional merit.

Preference is given to programs of enduring value on subjects such as history and science. Programs whose primary purpose is advocacy, topical news coverage or entertainment are unlikely to be competitive. The contribution to teaching in grades K-12, higher and continuing education is a consideration in evaluating proposals. Children's series are of particular interest. Consideration also will be given to innovative uses of public television (including online efforts) that enhance educational outreach in schools and communities.

Proposals for "capstone" grants to complete production funding are preferred. Initial research and pre-production funding are seldom supported. Neither multi-year grants nor annual funding of continuing series are normally considered. Recent "capstone" production grants have ranged from \$100,000 to \$400,000.



*Panel Discussion on Secondary Education with Foundations' Board
February 9, 2008*

*(from left to right: Dr. Richard Elmore, Harvard Graduate School of Education;
Dr. Christopher Roellke, Vassar College; Dr. Jonathan Howe (moderator), School of Education and Social Policy, Northwestern University; Dr. David Rose, CAST*

POLICIES AND PROCEDURES

Project Presentation

Proposals should be submitted in a letter addressed to the Executive Director of the Foundations. Proposals are not accepted via fax or e-mail. A concise description of the proposed project and budget is all that is necessary in the initial request. (See additional guidelines for secondary education and health care programs.) There are no deadlines for proposals and grant applications may be submitted at any time of the year. However, the process of moving from proposal submission to grant approval takes time. Therefore, the Foundations are not able to meet requests for eligible projects requiring immediate or near-term funding.

All proposals MUST come from the president or other primary executive of an institution - not from development officers, department heads or individual researchers within the institution. Proposals in the higher education and religion programs should contain a statement by the applicant regarding the priority of the project.

It is **not necessary** for an applicant or representative of an institution to visit personally with the staff in order to present a proposal successfully. A visit by a member of the Foundations staff to the requesting institution typically is conducted in the final stages of the grant evaluation process.

After evaluating the initial proposal, the Foundations may request further detailed information. For example, under the higher education and religion programs, applicants are likely to be asked to provide information that reflects the quality of students and faculty, measures of success, and

financial stability and support.

Applicants for grants under the secondary education, health care, and public television programs may be asked to supply more detailed descriptions of the project being proposed. In addition, background information on the requesting organization may be sought. In all five programs, copies of audited financial statements for the past three years are normally requested, but need not be included with the initial proposal.

All materials submitted should be either copies of originals or other disposable forms that need not be sent back. The Foundations generally do not return data submitted in support of a proposal.

Reports

Within one year after receipt of a grant, grantees are required to provide a brief written progress report to the Foundations. More frequent reports and additional details on a project's progress may be requested by the Foundations. A formal report of project results and grant expenditures is required upon completion of the project.

Activities Not Supported By The Foundations

Among those activities, functions and organizations NOT supported by the Foundations are the following:

- (a) institutional or program funding outside the United States and its possessions;
- (b) assistance to individuals, except as participants chosen by the grantee institution in an organized scholarship program;
- (c) support for voter registration drives;
- (d) voter education;



Memorial Sloan-Kettering Cancer Center, New York, NY

- (e) efforts to influence elections;
- (f) efforts to influence legislation;
- (g) expenditures for non-charitable purposes;
- (h) publicly governed colleges and universities, and other entities that are supported primarily by government funds (**except in the health care and secondary education programs**);
- (i) private foundations within the meaning of Section 509 (a) of the 1969 Tax Reform Act.

A Final Word

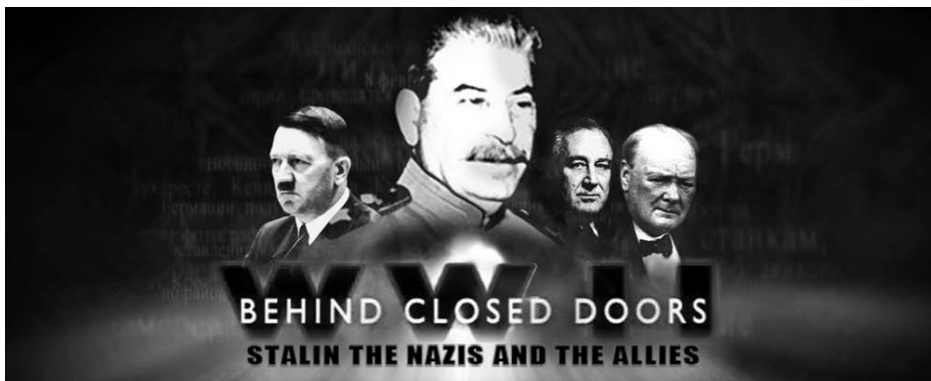
Because many more deserving proposals are received each year than Foundations' resources can support, only a small percentage of requests can be funded. Those not chosen should understand that the decision does not necessarily constitute a judgment on the quality of the applicant or its programs, but is most often the result of funding limitations. Failure to receive a grant does not preclude future submissions of new proposals that are competitive on a national basis and related directly to published program areas.

ADDRESS FOR PROPOSALS:

Dr. Jonathan T. Howe
Executive Director
Arthur Vining Davis Foundations
225 Water Street, Suite 1510
Jacksonville, FL 32202-5185

For Additional Information:

Telephone: (904) 359-0670
Fax: (904) 359-0675
E-mail: arthurvining@bellsouth.net
web page: <http://www.avdfdn.org>



STALIN, ROOSEVELT & CHURCHILL: PACT WITH THE DEVIL, a PBS educational series produced by KCET, Los Angeles, CA

GRANTS APPROVED FOR THE YEAR ENDED DECEMBER 31, 2007

PRIVATE HIGHER EDUCATION

BEREA COLLEGE	\$200,000
Berea, KY Renovation of residential building	
CARLETON COLLEGE	\$200,000
Northfield, MN Design and planning budget for the Center for the Arts	
DENISON UNIVERSITY	\$200,000
Granville, OH Renovation of academic building	
DEPAUW UNIVERSITY	\$200,000
Greencastle, IN Scholarship endowment	
EMORY UNIVERSITY	\$200,000
Atlanta, GA Model for teaching introductory biology to undergraduates	
GETTYSBURG COLLEGE	\$200,000
Gettysburg, PA Construction/renovation of the Center for Athletics, Recreation and Fitness	
GRINNELL COLLEGE	\$200,000
Grinnell, IA Construction of and equipment for a biology teaching laboratory	
HAMILTON COLLEGE	\$200,000
Clinton, NY Renovation of the student leadership center	
HOPE COLLEGE	\$125,000
Holland, MI Renovation of the Chapel organ	
LAWRENCE UNIVERSITY	\$200,000
Appleton, WI Construction of a new campus center	
MARLBORO COLLEGE	\$200,000
Brattleboro, VT Faculty development initiatives	
MARS HILL COLLEGE	\$200,000
Mars Hill, NC Renovation of the math and science center	
MILLS COLLEGE	\$200,000
Oakland, CA Construction of the natural sciences facility	
MOUNT HOLYOKE COLLEGE	\$200,000
South Hadley, MA Construction of residence hall	
MUHLENBERG COLLEGE	\$200,000
Allentown, PA Construction of new life sciences complex	
RICE UNIVERSITY	\$200,000
Houston, TX Center for Civic Engagement	
ROANOKE COLLEGE	\$200,000
Salem, VA Classroom technology	
SALISH KOOTENAI COLLEGE	\$200,000
Pablo, MT Construction of a new health and physical education facility	

SMITH COLLEGE	\$200,000
Northampton, MA Construction of the science and engineering building	
SPELMAN COLLEGE	\$200,000
Atlanta, GA Endowment for faculty positions	
SUSQUEHANNA UNIVERSITY	\$200,000
Selinsgrove, PA Construction of a science facility	
SWARTHMORE COLLEGE	\$200,000
Swarthmore, PA Endowment for the Arabic Program	
WHEATON COLLEGE	\$200,000
Norton, MA Endowment for the Associate Dean of Service, Spirituality, and Social Responsibility	
WOFFORD COLLEGE	\$200,000
Spartanburg, SC Construction of a new research greenhouse and associated curriculum development	
TOTAL PRIVATE HIGHER EDUCATION	\$4,725,000

SECONDARY EDUCATION

BARD COLLEGE	\$150,000
Annandale-on-Hudson, NY Professional development for high school teachers	
BRANDEIS UNIVERSITY	\$150,000
Waltham, MA Induction program for new high school teachers	
CARNEGIE MELLON UNIVERSITY	\$141,850
Pittsburgh, PA Professional development for high school teachers in robotics	
CAST, INC.	\$150,000
Wakefield, MA Development of Universal Design for Learning modules for teacher education methods courses	
CLARK UNIVERSITY	\$150,000
Worcester, MA Professional development through secondary school collaborative	
ELON UNIVERSITY	\$150,000
Elon, NC Academy of Teaching and Learning for high school teachers	
LEWIS & CLARK COLLEGE	\$145,100
Portland, OR Professional development in reading comprehension strategies	
MAINE LAKES CONSERVANCY INSTITUTE	\$75,000
Nobleboro, ME High School Science Teachers Academy	
RICE UNIVERSITY	\$142,538
Houston, TX Academies for AP and IB teachers	
UNIVERSITY OF CALIFORNIA, BERKELEY GRADUATE SCHOOL OF EDUCATION	\$150,000
Berkeley, CA Urban high school teacher induction program	

UNIVERSITY OF OREGON Eugene, OR Professional development for rural foreign language teachers	\$150,000
UNIVERSITY OF VIRGINIA Charlottesville, VA High School Teaching Fellows Program in the Center for the Liberal Arts	\$150,000
TOTAL SECONDARY EDUCATION	\$1,704,488

RELIGION

ANDOVER NEWTON THEOLOGICAL SEMINARY Newton Centre, MA Technology infrastructure and video conferencing capability	\$200,000
AUBURN THEOLOGICAL SEMINARY New York, NY Endowment for Center for the Study of Theological Education	\$200,000
CATHOLIC THEOLOGICAL UNION Chicago, IL Award for Excellence	\$200,000
COLUMBIA THEOLOGICAL SEMINARY Decatur, GA Information technology infrastructure	\$200,000
INTERDENOMINATIONAL THEOLOGICAL CENTER Atlanta, GA Implementation of strategic plan	\$200,000
JESUIT SCHOOL OF THEOLOGY AT BERKELEY Berkeley, CA Construction and equipping of instructional spaces	\$200,000
LUTHERAN THEOLOGICAL SEMINARY AT GETTYSBURG Gettysburg, PA Strengthening development office infrastructure	\$200,000
PRINCETON THEOLOGICAL SEMINARY Princeton, NJ Library special collections	\$200,000
WAKE FOREST UNIVERSITY DIVINITY SCHOOL Winston-Salem, NC Develop and implement cross- disciplinary programs	\$198,969
TOTAL RELIGION	\$1,798,969

HEALTH CARE

BOSTON UNIVERSITY SCHOOL OF MEDICINE Boston, MA "Other Lives" Project for pediatric residents	\$200,000
DUKE UNIVERSITY MEDICAL CENTER Durham, NC Integrative Self-Care for Physicians	\$200,000
GEORGE WASHINGTON UNIVERSITY SCHOOL OF MEDICINE AND HEALTH SCIENCES Washington, DC Spirituality and Health Program	\$200,000
HASTINGS CENTER Garrison, NY Improving quality in Pastoral Care	\$100,000

MEMORIAL SLOAN-KETTERING CANCER CENTER New York, NY Communication skills training and research initiative	\$200,000
UNIVERSITY OF ROCHESTER SCHOOL OF MEDICINE & DENTISTRY Rochester, NY A curriculum to promote caring attitudes through mindful practice	\$200,000
TOTAL HEALTH CARE	\$1,100,000

PUBLIC TELEVISION

JAMES AGEE FILM PROJECT University Park, MD <i>APPALACHIA: A History of Mountains and People</i>	\$250,000
KCET Los Angeles, CA <i>STALIN, ROOSEVELT & CHURCHILL, Pact with the Devil</i>	\$350,000
NATIONAL GEOGRAPHIC SOCIETY Washington, DC <i>Chesapeake</i>	\$200,000
WAYS OF KNOWING, INC. New York, NY <i>The Writing Code</i>	\$50,000
WETA Alexandria, VA Ken Burns' <i>Projects for the New Century</i>	\$400,000
WGBH Boston, MA <i>Robert E. Lee</i>	\$200,000
WGBH Boston, MA <i>Postcards from Buster</i>	\$250,000
TOTAL PUBLIC TELEVISION	\$1,700,000

OTHER GRANTS

MYSTIC SEAPORT MUSEUM Mystic, CT Heritage Digital Library	\$150,000
NATIONAL MUSEUM OF AMERICAN INDIAN Washington, DC Intern Program Endowment	\$150,000
WARREN WILSON COLLEGE Asheville, NC Innovative environmental studies curriculum	\$193,265
SMALLER GRANTS	\$35,480
TOTAL OTHER	\$528,745
TOTAL OF PROGRAM AREA GRANTS	\$11,557,202

SPECIAL PROJECT GRANTS

Each year the Board of Trustees approves a few small grants for special projects in education, health care, religion and other charitable activities. These grants normally range from \$1,000-\$10,000 and are made only to organizations in communities preselected by the Foundations. Unsolicited requests for these small grants are not considered by the Board. The Foundations made 37 special project grants in 2007.

TOTAL SPECIAL PROJECT GRANTS	\$96,500
GRAND TOTAL ALL GRANTS	\$11,653,702

THE FINANCIAL STATEMENTS

Combined Statements of Financial Position

DECEMBER 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents:		
Director's account	\$ 175,000	\$ 175,000
Trust accounts	4,782,741	4,851,396
Total cash and cash equivalents.....	<u>4,957,741</u>	<u>5,026,396</u>
Accrued interest and dividends	<u>525,985</u>	<u>357,651</u>
Investments, at estimated fair market value:		
Common and preferred stocks	185,270,005	182,836,631
Obligations of the U.S. Government or its agencies ..	37,569,331	43,081,958
Corporate obligations	25,578,113	15,517,183
Other investments.....	<u>3,031,444</u>	<u>3,176,470</u>
Total investments	<u>251,448,893</u>	<u>244,612,242</u>
TOTAL.....	<u>\$256,932,619</u>	<u>\$249,996,289</u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Liabilities:		
Grants payable	\$ 1,216,280	\$ 1,384,515
Federal excise tax payable (receivable).....	<u>(55,522)</u>	<u>(27,689)</u>
Total liabilities	1,160,758	1,356,826
UNRESTRICTED NET ASSETS	<u>255,771,861</u>	<u>248,639,463</u>
TOTAL.....	<u>\$256,932,619</u>	<u>\$249,996,289</u>

The Accompanying Notes Are An Integral Part of These Combined Financial Statements

Combined Statements of Activities

YEARS ENDED DECEMBER 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
INVESTMENT INCOME:		
Interest	\$ 3,161,374	\$ 2,821,110
Dividends	2,922,947	2,726,769
Other	<u>612,290</u>	<u>258,000</u>
TOTAL	<u>6,696,611</u>	<u>5,805,879</u>
EXPENDITURES:		
Office expenses	1,087,206	1,048,465
Investment expenses	688,681	650,706
Federal excise tax	237,223	206,732
Professional fees	<u>25,550</u>	<u>24,335</u>
TOTAL	<u>2,038,660</u>	<u>1,930,238</u>
INVESTMENT INCOME AVAILABLE FOR GRANTS	<u>4,657,951</u>	<u>3,875,641</u>
GRANTS APPROVED:		
Private higher education	4,725,000	4,200,000
Public television	1,700,000	1,685,000
Secondary education	1,704,488	1,418,160
Religion	1,798,969	1,652,580
Health care	1,100,000	1,199,967
Other	<u>625,245</u>	<u>747,160</u>
TOTAL	<u>11,653,702</u>	<u>10,902,867</u>
EXCESS OF EXPENDITURES AND GRANTS APPROVED OVER INVESTMENT INCOME BEFORE INVESTMENT GAINS (LOSSES), NET	<u>(6,995,751)</u>	<u>(7,027,226)</u>
INVESTMENT GAINS (LOSSES), NET:		
Realized gains on sales and maturities of investments, net	17,117,667	15,542,348
Unrealized gains (losses) on investments, net	<u>(2,989,518)</u>	<u>8,794,467</u>
TOTAL	<u>14,128,149</u>	<u>24,336,815</u>
CHANGE IN UNRESTRICTED NET ASSETS	7,132,398	17,309,589
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>248,639,463</u>	<u>231,329,874</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$255,771,861</u>	<u>\$248,639,463</u>

The Accompanying Notes Are An Integral Part of These Combined Financial Statements

Combined Statements of Cash Flows

YEARS ENDED DECEMBER 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets	\$ 7,132,398	\$ 17,309,589
Adjustments to reconcile change in unrestricted net assets to net cash flows from operating activities:		
Realized gains on sales and maturities of investments, net	(17,117,667)	(15,542,348)
Unrealized (gains) losses on investments, net	2,989,518	(8,794,467)
Change in accrued interest and dividends	(168,334)	(90,145)
Change in grants payable	(168,235)	93,235
Change in federal excise tax payable (receivable), net....	<u>(27,833)</u>	<u>(71,133)</u>
Net cash flows from operating activities	<u>(7,360,153)</u>	<u>(7,095,269)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	259,725,134	246,708,793
Purchases of investments	<u>(252,433,636)</u>	<u>(239,612,144)</u>
Net cash flows from investing activities	<u>7,291,498</u>	<u>7,096,649</u>
Net change in cash and cash equivalents	(68,655)	1,380
CASH AND CASH EQUIVALENTS, Beginning of year	<u>5,026,396</u>	<u>5,025,016</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 4,957,741</u>	<u>\$ 5,026,396</u>

SUPPLEMENTAL DISCLOSURE:

During 2007 and 2006, the Foundations paid approximately \$261,000 and \$251,000 of federal excise taxes.

Notes to Combined Financial Statements

DECEMBER 31, 2007 AND 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Arthur Vining Davis Foundations ("the Foundations") were established for the purpose of aiding charitable organizations within the United States. Emphasis is placed on the support of private higher education, secondary education, religion, health care and public television.

The Foundations consist of two entities, designated respectively as Foundations No. 2 and No. 3. Each Foundation is operated and administered as a separate legal entity. All funds are handled separately by a corporate trustee. For purposes of making grants, however, the two Foundations function as a single entity. Although the Foundations are to continue perpetually, the principal of the Foundations may be distributed to meet minimum distribution requirements.

The Foundations consider investments purchased with original maturities of three months or less to be cash equivalents.

Investments consist primarily of marketable equity securities and debt securities which are stated at estimated fair market value as determined by quoted market prices.

The Foundations are exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from state income tax pursuant to corresponding Florida law. The Foundations are private foundations for federal income tax purposes and are subject to an excise tax of 1% or 2% on their net investment income.

Management uses estimates and assumptions in preparing the combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenditures. Actual results could differ from those estimates.

The Foundations maintain their cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Foundations have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk related to cash and cash equivalents.

NOTE B - OTHER

Expenditures for the Foundations for 2007 and 2006, include approximately \$12,978,000 and \$12,158,000 for program activities and \$714,000 and \$675,000 for supporting activities, respectively.

The Foundations have a contributory, defined contribution pension plan ("the Plan") covering all employees. Contributions to the Plan are based on a percentage of each employee's salary and are made at the direction of the Board of Trustees. During 2007 and 2006, approximately \$124,000 and \$117,000, respectively, was contributed to the Plan through the Director's account.

Independent Auditors' Report

We have audited the accompanying combined statements of financial position of The Arthur Vining Davis Foundations ("the Foundations") as of December 31, 2007 and 2006, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Foundations' management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of The Arthur Vining Davis Foundations as of December 31, 2007 and 2006, the combined changes in net assets and combined cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplementary information included in the combined schedule of grants approved for the year ended December 31, 2007, is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Batts, Morrison, Wales & Lee, P.A.

BATTS, MORRISON, WALES & LEE, P.A.
April 18, 2008

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