KPMG

MARCH OF DIMES FOUNDATION

Financial Statements

December 31, 2007

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
March of Dimes Foundation:

We have audited the accompanying balance sheet of the March of Dimes Foundation (formerly the March of Dimes Birth Defects Foundation) (the Foundation) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Foundation's 2006 financial statements and, in our report dated March 13, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 the March of Dimes Foundation as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 10 to the financial statements, the March of Dimes Foundation adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans,* as of December 31, 2007.

KPMG LLP

March 21, 2008

MARCH OF DIMES FOUNDATION

Balance Sheet

December 31, 2007, with comparative amounts as of December 31, 2006

(in thousands)

Assets	2007	2006
Cash and cash equivalents (note 6)	$ 8,930	$ 9,041
Contributions and other receivables	8,805	8,344
Inventory and other assets (note 10)	7,411	8,411
Investments (notes 2 and 6)	138,441	125,485
Assets held in trust by others (note 4)	10,081	9,837
Land, building, and equipment - net (notes 5 and 6)	10,704	8,609
Total assets	$ 184,372	$ 169,727

Liabilities and Net Assets	2007	2006
Accounts payable and accrued expenses	$ 16,359	$ 13,200
Grants and awards payable - net (note 3)	37,611	34,992
Refundable advances and deferred revenue	4,174	7,083
Accrued postretirement and pension benefit costs (note 10)	44,915	38,834
Mortgage note payable (note 6)	3,605	4,215
Total liabilities	106,664	98,324
Commitments and contingencies (notes 9 and 10)		
Net assets:		
Unrestricted	62,968	56,638
Temporarily restricted (note 4)	2,204	2,485
Permanently restricted (note 4)	12,536	12,280
Total net assets	77,708	71,403
Total liabilities and net assets	$ 184,372	$ 169,727

See accompanying notes to financial statements.

MARCH OF DIMES FOUNDATION

Statement of Activities

Year ended December 31, 2007, with summarized totals for the year ended December 31, 2006

(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Total	2006 Total
Operating Activity					
Revenue:					
Campaign contributions and sponsorships	$ 229,048	$ 1,635	$ -	$ 230,683	$ 223,317
Less: direct benefits to donors and sponsors	(17,270)	-	-	(17,270)	(16,804)
Net campaign contributions and sponsorships	211,778	1,635	-	213,413	206,513
Bequests	3,492	348	206	4,046	2,938
Government, foundation and corporate grants	11,238	1,060	-	12,298	12,795
Major gifts and other contributions	5,015	2,001	-	7,016	5,372
Contributed materials and services	2,448	-	-	2,448	2,188
Investment return appropriated for operations (note 2)	3,312	188	-	3,500	3,000
Program service revenue	2,611	-	-	2,611	2,189
Other	1,459	-	-	1,459	1,684
Net assets released from restrictions	5,501	(5,501)	-	-	-
Total revenue	246,854	(269)	206	246,791	236,679
Expenses (note 8):					
Program services:					
Research and medical support	46,323	-	-	46,323	43,028
Public and professional education	85,662	-	-	85,662	82,143
Community services	50,563	-	-	50,563	49,336
Total program services	182,548	-	-	182,548	174,507
Supporting services:					
Management and general	20,422	-	-	20,422	20,785
Fund raising	34,183	-	-	34,183	31,613
Total supporting services	54,605	-	-	54,605	52,398
Total expenses	237,153	-	-	237,153	226,905
Excess (deficiency) of operating revenue over expenses	9,701	(269)	206	9,638	9,774
Non-operating Activity					
Investment return greater than amount appropriated for operations (note 2)	5,174	-	-	5,174	7,527
Net increase (decrease) in fair value of assets held in trust by others	-	(12)	50	38	630
Excess (deficiency) of total revenue over total expenses	14,875	(281)	256	14,850	17,931
Decrease in minimum pension liability (note 10)	2,689	-	-	2,689	9,260
Effect of implementation of SFAS No. 158 (note 10)	(11,234)	-	-	(11,234)	-
Increase in net assets	6,330	(281)	256	6,305	27,191
Net assets at beginning of year	56,638	2,485	12,280	71,403	44,212
Net assets at end of year	$ 62,968	$ 2,204	$ 12,536	$ 77,708	$ 71,403

See accompanying notes to financial statements.

MARCH OF DIMES FOUNDATION
Statement of Functional Expenses
Year ended December 31, 2007, with summarized totals for 2006

(in thousands)

	Program Services				Supporting Services					Direct Benefits to Donors and Sponsors	
	Research and Medical Support	Public and Professional Education	Community Services	Total	Management and General	Fund Raising	Total	Total 2007	Total 2006	2007	2006
Grants and awards	$ 33,146	$ 5,768	$ 3,545	$ 42,459	-	-	-	$ 42,459	$ 38,973	-	-
California Birth Defects Monitoring Program (note 11)	6,872	-	-	6,872	-	-	-	6,872	6,559	-	-
Salaries and employee benefits	2,829	35,707	32,672	71,208	$ 10,379	$ 12,010	$ 22,389	93,597	92,609	-	-
Professional fees	1,909	12,902	2,598	17,409	3,103	6,856	9,959	27,368	23,938	-	-
Printing, supplies, postage and shipping	150	19,713	2,112	21,975	3,483	11,519	15,002	36,977	36,217	$ 6,513	$ 6,597
Occupancy and telephone	227	3,999	4,435	8,661	1,241	1,385	2,626	11,287	11,286	-	-
Interest	22	98	39	159	34	40	74	233	257	-	-
Travel, lodging, conferences and meetings	660	4,787	3,598	9,045	1,069	1,269	2,338	11,383	10,375	-	-
Equipment and maintenance	185	1,251	959	2,395	595	529	1,124	3,519	2,522	-	-
Facilities rental, catering, entertainment, etc	-	-	-	-	-	-	-	-	-	10,757	10,207
Other	114	477	178	769	179	194	373	1,142	1,472	-	-
Depreciation of building and equipment	209	960	427	1,596	339	381	720	2,316	2,697	-	-
Total expenses	$ 46,323	$ 85,662	$ 50,563	$ 182,548	$ 20,422	$ 34,183	$ 54,605	$ 237,153	$ 226,905	$ 17,270	$ 16,804

See accompanying notes to financial statements.

MARCH OF DIMES FOUNDATION

Statement of Cash Flows

Year ended December 31, 2007, with comparative amounts for the year ended December 31, 2006

(in thousands)

		2007		2006
Cash flows from operating activities:				
Increase in net assets	$	6,305	$	27,191
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Effect of implementation of SFAS No. 158		11,234		-
Depreciation		2,316		2,697
Net appreciation in fair value of investments		(3,034)		(6,398)
Net increase in fair value of assets held in trust by others		(38)		(630)
Increase in contributions and other receivables		(461)		(1,197)
Increase in assets held in trust by others attributable to contributions		(206)		-
Decrease in inventory and other assets		1,000		608
Increase in accounts payable and accrued expenses		3,159		1,444
Increase in grants and awards payable		2,619		4,544
Decrease in refundable advances and deferred revenue		(2,909)		(1,367)
Decrease in accrued postretirement and pension benefit costs		(5,153)		(8,911)
Net cash provided by operating activities		14,832		17,981
Cash flows from investing activities:				
Purchase of fixed assets		(4,411)		(1,133)
Purchase of investments		(84,593)		(96,824)
Proceeds from sale of investments		74,671		79,938
Net cash used in investing activities		(14,333)		(18,019)
Cash flows from financing activities:				
Payments on mortgage note		(610)		(575)
Net cash used in financing activities		(610)		(575)
Net (decrease) increase in cash and cash equivalents		(111)		(613)
Cash and cash equivalents at beginning of year		9,041		9,654
Cash and cash equivalents at end of year	$	8,930	$	9,041
Supplemental disclosures: Interest paid	$	233	$	257

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007, with comparative amounts as of and for the year ended December 31, 2006
(amounts in thousands)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of the March of Dimes Foundation (the Foundation) is to improve the health of babies by preventing birth defects and infant mortality. The Foundation carries out this mission through programs of research and medical support, community services, education, and advocacy.

The financial statements include the accounts of the Foundation's National Office and its 52 Chapters. The California Birth Defects Monitoring Program (CBDMP) is a separate and distinct program unit of the Foundation's National Office engaged in research funded principally under a contract from the State of California. All significant intra-Foundation accounts and transactions have been eliminated.

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Actual results may differ from those estimates.

The accompanying financial statements have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

> Unrestricted Net Assets - Net assets resulting from revenue whose use by the Foundation is not subject to donor-imposed restrictions.
>
> Temporarily Restricted Net Assets - Net assets resulting from revenue whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those donor-imposed stipulations.
>
> Permanently Restricted Net Assets - Net assets resulting from revenue whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donors or state law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the required time period has elapsed) are reported as net assets released from restrictions.

The Foundation excludes from operating activities investment return in excess of or less than the amount approved by the Board of Trustees for spending (see note 2) and the change in fair value of assets held in trust by others.

1. continued

Cash equivalents consist of money market accounts and short-term investments with original maturities of three months or less from date of purchase, except for such investments purchased by the Foundation and its investment manager as part of a long-term investment strategy.

Inventory is valued at the lower of cost or market.

Investments are stated at fair value based upon quoted market prices except for the fair values of institutional mutual funds and limited partnerships, which are provided by the fund managers and general partners, respectively, based upon the underlying net assets of the funds. These values are reviewed and evaluated by management. Investments in limited partnerships are generally less liquid than other investments and the reported fair value may differ from the values that would have been reported had a ready market for these securities existed.

The Foundation is named as beneficiary of several perpetual trusts and charitable remainder trusts which are administered by third parties. The perpetual trusts are reported in the permanently restricted net asset class and the reported value is measured by the fair value of the trust assets as provided by trustees. Distributions from these trusts are unrestricted and are reported as investment return. Those trusts in which the Foundation has a remainder interest are reported in the temporarily restricted net asset class at the present value of the estimated future benefit to be received when the trust assets are distributed.

Land is reported at cost. Building and equipment are reported at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from three to twenty-five years.

Grants awarded by the Foundation usually cover a period of one to three years. The Foundation accrues grants and awards, not disbursed at year-end but specifically committed to designated grantees, at the discounted present value for those grants payable beyond one year.

Contributions, including unconditional promises to give, are recognized as revenue in the period received or pledged. Bequests are recognized as revenue when the Foundation has an irrevocable right to the gift i.e., when the bequest has been through probate. Related receivables are generally due within one year.

Government and certain foundation and corporate grants are accounted for as exchange transactions whereby revenue is recognized when related expenses are incurred. Amounts received but not yet expended are reported as refundable advances.

The Foundation receives corporate sponsorships in connection with March for Babies (formerly WalkAmerica) and other special events. Although most of these sponsorship arrangements are considered exchange transactions under which sponsors receive direct benefits, the revenue earned is reported with Campaign contributions.

(amounts in thousands)

1. continued

In 2007 and 2006, the Foundation recognized $2,448 and $2,188, respectively, of contributed services and materials revenue (related expenses are included in professional fees and travel) provided by doctors, nurses and other health care professionals who serve on its Research and Program Service Committees. Many volunteers have made significant contributions of time to the Foundation's program and supporting functions. The value of these contributed services does not meet the criteria for recognition and, accordingly, is not recognized in the accompanying financial statements.

The estimated fair value amounts for specific groups of financial instruments are presented within the footnotes applicable to such items. The fair value of financial instruments for which estimated fair value amounts have not been specifically presented is estimated to approximate the related book value.

Certain 2006 amounts have been reclassified to conform to the current year presentation.

2. INVESTMENTS

Investments at December 31, 2007 and 2006 consist of:

	2007	2006
Short term securities	$12,575	$ 16,950
Fixed income securities (including due to broker of $630 in 2006)	29,707	34,059
Publicly traded mutual funds	15,676	13,304
Institutional mutual funds	22,173	19,026
Limited partnerships	14,739	3,867
Common stock	43,571	38,279
Total investments	$138,441	$125,485

The Foundation reports as operating revenue the amount of investment return approved by the Board of Trustees for spending. This amount includes return on investments held as part of a long-term investment strategy as well as return on cash and cash equivalents. The difference between the actual return and the authorized spending level is reported as non-operating activity. The components of investment return are as follows:

	2007	2006
Interest and dividends	$5,640	$4,129
Net appreciation in fair value of investments	3,034	6,398
Total investment return	8,674	10,527
Amount appropriated for operations	(3,500)	(3,000)
Investment return greater than amount appropriated for operations	$5,174	$7,527

(amounts in thousands)

3. GRANTS AND AWARDS PAYABLE

Grants and awards payable at December 31, 2007 are scheduled to be paid as follows:

Year ending December 31	Amounts
2008	$ 26,067
2009	11,166
2010	1,161
Less: discount to present value (at 6.0%)	(783)
Grants and awards payable, net	$ 37,611

The Foundation has recorded grant expense of $1,000 in both 2007 and 2006 for grants to the Salk Institute for Biological Studies. The President of the Foundation is a volunteer board member of the Salk Institute.

4. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2007 and 2006 were available for the following purposes:

	2007	2006
Remainder trusts in the custody of others	$1,115	$1,126
Chapter programs and other	1,089	1,359
Total	$2,204	$2,485

Permanently restricted net assets at December 31, 2007 and 2006 consist of perpetual trusts held by others of $8,967 and $8,711, respectively, and Foundation endowments, the principal of which must be invested in perpetuity with income expendable to support donor specified purposes, principally research.

(amounts in thousands)

5. LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment as of December 31, 2007 and 2006 consist of:

	2007	2006
Land	$ 918	$ 918
Building and building and leasehold improvements	25,026	24,974
Furniture and other equipment	20,100	15,741
Total	46,044	41,633
Less: accumulated depreciation	(35,340)	(33,024)
Land, building, and equipment, net	$ 10,704	$ 8,609

6. MORTGAGE NOTE PAYABLE

During 1993, the Foundation issued $9,950 Dormitory Authority of the State of New York/March of Dimes Birth Defects Foundation Insured Revenue Bonds, Series 1993 to retire the Series 1987 bonds which financed the National Office construction project.

The interest rate on the Series 1993 Bonds for the remaining maturities through July 1, 2012 is 5.6 percent. Annual principal payments and sinking fund requirements for the next five years are: 2008 - $645, 2009 - $680, 2010 - $720; 2011 - $760; 2012 - $800. In 2007 and 2006, interest cost on the Bonds amounted to $219 and $239, respectively.

The Foundation pledged its future revenue and existing properties to the Dormitory Authority to secure payment of all liabilities and performance of all obligations and agreed that a minimum of 95 percent of the National Office property shall be occupied by or used primarily for activities related to the purposes of the Foundation. The Series 1993 Bonds contain certain financial covenants to be maintained by the Foundation.

Debt service reserve funds held by the bond trustee are included in cash ($85 and $3 at December 31, 2007 and 2006, respectively) and investments ($1,057 and $1,109 at December 31, 2007 and 2006, respectively).

7. LINE OF CREDIT

During 2007, the Foundation obtained an unsecured line of credit, which, at December 31, 2007, provides up to $30 million of short term financing. Borrowings against this credit line bear interest at a rate equal to the 30 day LIBOR rate plus 0.50% at the date of the loan. No borrowings were outstanding at December 31, 2007.

MARCH OF DIMES FOUNDATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2007, with comparative amounts as of and for the year ended December 31, 2006
(amounts in thousands)

8. ALLOCATION OF JOINT COSTS

In 2007 and 2006, the Foundation conducted activities, principally direct response, that included fund-raising appeals as well as program components. The joint costs incurred were allocated as follows:

	2007	2006
Public and professional education	$22,152	$ 20,710
Management and general	4,211	3,953
Fund raising	11,319	11,272
Total	$37,682	$ 35,935

9. COMMITMENTS

The following is a schedule of the approximate future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2007:

Year ending December 31	Amounts
2008	$6,779
2009	5,591
2010	3,968
2011	2,680
2012	1,917
2013 and thereafter	5,930

Total rental expense was $7,227 and $7,219 in 2007 and 2006, respectively.

10. RETIREMENT PLANS

The Foundation has three retirement plans - a noncontributory defined benefit pension plan covering all employees who meet certain eligibility requirements, a defined contribution match for employees who elect to participate in the 403(b) Tax Deferred Annuity Plan, and a noncontributory defined contribution plan. Pension expense relating to the 403(b) Tax Deferred Annuity Plan for 2007 and 2006 was $728 and $688, respectively. The defined benefit plan was amended effective December 31, 2005 to close the plan to new participants. Employees hired on or prior to December 31, 2005 will retain and continue to accrue benefits under the defined benefit plan. Employees hired on or after January 1, 2006 participate in the noncontributory defined contribution plan at a percentage of salary based on years of service. Pension expense relating to the noncontributory defined contribution plan for 2007 and 2006 was $551 and $199, respectively. The Foundation's contributions are made in accordance with the Employee Retirement Income Security Act of 1974.

(amounts in thousands)

10. continued

In addition to providing pension benefits, the Foundation sponsors unfunded postretirement benefit plans that cover all employees who meet certain eligibility requirements. The plan provides health care benefits and life insurance benefits. The health care plan is contributory with participants' contributions adjusted annually. In accordance with the 2004 plan amendment, the health care coverage for employees hired on or after January 1, 2004 was eliminated. Effective January 1, 2006 prescription co-pays were changed from a flat amount to a percentage of the benefit. The life insurance plan is noncontributory.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. SFAS No. 158 requires an employer to recognize the funded status of benefit plans, measured as the difference between plan assets at fair value and the projected benefit obligation, in its balance sheet. The Foundation adopted this standard as of December 31, 2007 financial statements.

The following tables provide information with respect to the plans as of and for the years ended December 31, 2007 and 2006.

	Pension Benefits		**Other Benefits**	
	2007	**2006**	**2007**	**2006**
Change in projected benefit obligation				
Benefit obligation at January 1	$120,248	$118,972	$ 34,069	$ 31,989
Service cost	2,540	2,458	998	1,032
Interest cost	7,239	6,793	1,935	1,906
Participant contributions	-	-	286	232
Plan amendments	-	-	-	-
Actuarial (gain) loss	(1,380)	(3,234)	(2,167)	1,001
Federal Retiree Subsidy	-	-	196	-
Benefit payments	(5,088)	(4,741)	(2,092)	(2,091)
Benefit obligation at December 31	$123,559	$120,248	$ 33,225	$ 34,069
Change in fair value of plan assets				
Fair value of plan assets at January 1	$104,160	$92,873	$ -	$ -
Actual return on plan assets	8,397	11,328	-	-
Employer contributions	4,400	4,700	1,806	1,859
Participant contributions	-	-	286	232
Benefit payments	(5,088)	(4,741)	(2,092)	(2,091)
Fair value of plan assets at December 31	$111,869	104,160	$ -	$ -

(amounts in thousands)

10. continued

	Pension Benefits 2007	Pension Benefits 2006	Other Benefits 2007	Other Benefits 2006
Amounts recognized in the balance sheets				
Funded status at December 31……….	$(11,690)	$(16,088)	$(33,225)	$(34,069)
Unrecognized prior service cost……..	-	2,137	-	(4,461)
Unrecognized loss…………………...	-	22,812	-	5,526
Prepaid (accrued) benefit cost before minimum pension liability adjustments………………………..	-	8,861	-	(33,004)
Intangible asset……………………..	-	(2,137)	-	-
Accumulated minimum pension liability charge to net assets……... .	-	(12,554)	-	-
Accrued benefit liability…………..…	$(11,690)	$ (5,830)	$(33,225)	$(33,004)

	Pension Benefits 2007	Pension Benefits 2006	Other Benefits 2007	Other Benefits 2006
Service cost…………………………..	$ 2,540	$ 2,458	$ 998	$ 1,032
Interest cost…………………………..	7,239	6,793	1,935	1,907
Expected return on plan assets………	(8,873)	(7,947)	-	-
Amortization of prior service cost…..	614	702	(505)	(505)
Amortization of net loss……………	1,635	2,858	100	312
Total net periodic benefit cost……….	$ 3,155	$ 4,864	$ 2,528	$ 2,746

At December 31, 2007 and 2006, the accumulated benefit obligation ($113,151 and $109,990, respectively) exceeded plan assets resulting in a minimum pension liability credit adjustment of $2,689 and $9,260, respectively, recorded as a non-operating gain on the statement of activities.

Items not yet recognized as a component of net periodic benefit costs which are reported as the effect of adoption of the recognition provisions of SFAS No. 158 as of December 31, 2007 are as follows:

	Pension Benefits	Postretirement Benefits	Total
Prior service cost (credit)……………………	$ 1,523	$ (3,956)	$ (2,433)
Net actuarial loss…………………………….	10,408	3,259	13,667
Effect of implementation of SFAS No.158……..	$ 11,931	$ (697)	$ 11,234

(amounts in thousands)

10. continued

The incremental effect of applying SFAS No. 158 on the Foundation's financial position as of December 31, 2007 was as follows:

	Before Application of SFAS No. 158	Adjustments	After Application of SFAS No. 158
Assets:			
Other assets	$ 8,934	$ (1,523)	$ 7,411
Liabilities and Net assets:			
Long term pension and postretirement benefits liability	33,681	11,234	44,915
Total liabilities	95,430	11,234	106,664
Unrestricted net assets	74,202	(11,234)	62,968
Total net assets	88,942	(11,234)	77,708

Estimated amounts to be amortized into net periodic benefit cost over the next year are as follows:

	Pension Benefits	Postretirement Benefits	Total
Prior service cost (credit)	$ 523	$ (505)	$ 18
Net actuarial loss	1,025	-	1,025
Total	$ 1,548	$ (505)	$ 1,043

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Weighted average assumptions at end of year				
Discount rate	6.35%	6.05%	6.29%	6.05%
Rate of compensation increase	3.50%	3.50%	N/A	N/A
Weighted average assumptions at beginning of year				
Discount rate	6.05%	5.75%	6.05%	5.75%
Expected return on plan assets	8.50%	8.50%	N/A	N/A
Rate of compensation increase	3.50%	3.50%	N/A	N/A

(amounts in thousands)

10. continued

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Assumed health care cost trend rates				
Health care cost trend rate assumed for next year..................................	N/A	N/A	8.50%	9.00%
Ultimate rate..................................	N/A	N/A	5.00%	5.00%
Year that the ultimate rate is reached.....	N/A	N/A	2015	2015
Impact of one-percentage-point change in assumed health care cost trend rates	**Increase**	**Decrease**	**Increase**	**Decrease**
Effect on service cost and interest cost for 2007................	N/A	N/A	$ 438	$ (358)
Effect on postretirement benefit obligation at December 31, 2007..............	N/A	N/A	3,889	(3,210)

The following table presents information with respect to pension plan assets:

	Target Asset Allocation	Actual Allocation at December 31	
	2007	2007	2006
Plan assets			
Equity securities.......	45 – 75%	61%	61%
Debt securities.........	15 – 25%	19%	19%
Real estate............	3 – 8%	5%	6%
Other..................	7 – 23%	15%	14%

Based upon historically indexed data, the assumed long term rates of return for 2008 are: equity securities – 10.0%; debt securities - 5.5%; real estate - 8.5%; other assets including Absolute Return Fund and Commodity Index – 10.0% which produces an expected composite rate of return of 8.5%.

The Foundation has a Pension Investments Committee comprised of staff, volunteers, and external consultants who meet on a quarterly basis to review asset performance and allocation. The committee has an adopted set of Investment Policies and Guidelines that was approved by the Foundation's Board of Trustees and serves as a guide for allocating plan assets among various asset classes and investment managers. Managers are evaluated against prevalent indices and changes are made when deemed necessary.

(amounts in thousands)

10. continued

Projected contributions and benefit payments for the defined benefit pension and postretirement plans are as follows:

	Pension Benefits	Other Benefits reflecting Medicare Rx subsidy	Medicare Rx subsidy	Other Benefits not reflecting Medicare Rx subsidy
Expected contributions for 2008:				
Employer	$ 4,000	$ 1,558	$ 223	$1,781
Employee	-	290	-	290
Estimated future benefit payments reflecting expected future service for the year(s) ending:				
December 31, 2008	$ 5,642	$ 1,848	$ 223	$ 2,071
December 31, 2009	5,994	1,959	246	2,205
December 31, 2010	6,346	2,069	270	2,339
December 31, 2011	6,677	2,096	397	2,493
December 31, 2012	7,022	2,264	333	2,597
December 31, 2013 – December 31, 2017	39,608	12,753	2,174	14,927

11. CALIFORNIA BIRTH DEFECTS MONITORING PROGRAM

Because of the separate and distinct nature of the program conducted by CBDMP, its expenses are aggregated in the statements of functional expenses. The following table presents CBDMP's expenses by natural classification.

	2007	2006
Salaries and employee benefits	$3,965	$3,782
Professional fees	1,593	1,471
Occupancy and telephone	477	444
Travel, lodging, conferences, and meetings	237	274
Printing, supplies, and all other	600	588
Total	$6,872	$6,559

12. TAX STATUS

The March of Dimes Foundation (including its National Office and Chapters) is a not-for-profit voluntary health agency, exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code), and contributions to it are tax deductible as prescribed by the Code.

The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a "publicly supported" organization under Section 170(b)(1)(A)(vi) of the Code.

In June 2006, FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 addresses the accounting for uncertainties in income taxes recognized in an enterprise's financial statements and prescribes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, classification, interest and penalties, and disclosure. There was no material impact to the Foundation's financial statements as a result of the adoption of FIN 48.

13. COMPARATIVE INFORMATION

The financial statements include certain 2006 comparative information. With respect to the statement of activities, such prior year information is not presented by net asset class and, in the statement of functional expenses, 2006 expenses by natural classification are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Foundation's 2006 financial statements from which the summarized information was derived.