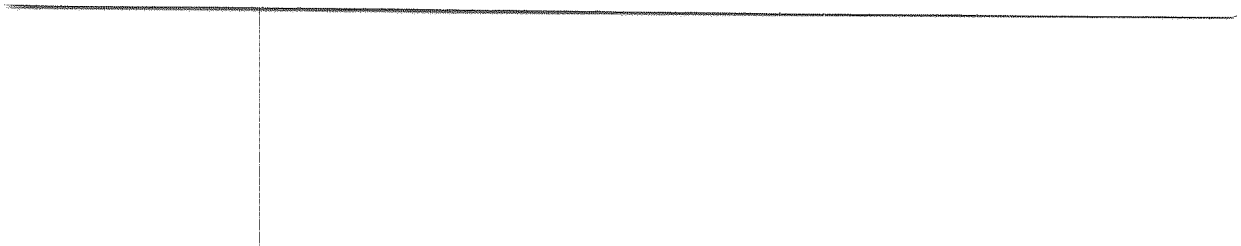


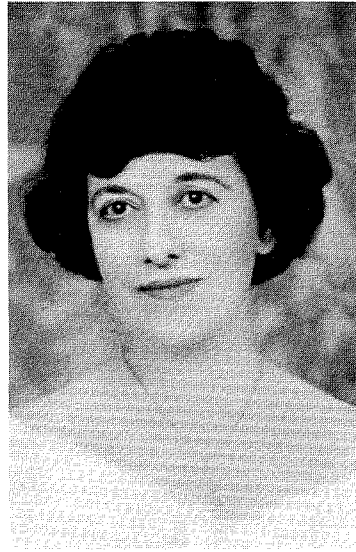
1977

The **BUSH FOUNDATION**





Archibald Granville Bush



Mrs. Archibald Granville Bush

THE
BUSH FOUNDATION

*Annual Report for the Fiscal Year
Ended November 30, 1977*

BOARD OF DIRECTORS

ELMER L. ANDERSEN, *Saint Paul, Minnesota*

THOMAS J. CLIFFORD, *Grand Forks, North Dakota*

EDWARD J. DEVITT, *Saint Paul, Minnesota*

ELLEN Z. FIFER, *Saint Paul, Minnesota*

IRVING B. HARRIS, *Chicago, Illinois*

HESS KLINE, *Saint Paul, Minnesota*

HERBERT E. LONGENECKER, *New Orleans, Louisiana*

JOHN A. MCHUGH, *Edina, Minnesota*

HARRIET BUSH MEDLIN, *Granite Falls, Minnesota and
Vista, California*

JOHN F. NASH, *Saint Paul, Minnesota*

GEORGE C. POWER, JR., *Saint Paul, Minnesota*

WAVERLY G. SMITH, *Saint Paul, Minnesota*

HARRY P. SWEITZER, *Salt Lake City, Utah*

FRANK B. WILDERSON, JR., *Minneapolis, Minnesota*

WILLIAM T. YLVISAKER, *Chicago, Illinois*

The Bush Foundation

REPORT FOR THE FISCAL YEAR ENDING NOVEMBER 30, 1977

OFFICERS

Elmer L. Andersen, *President*
Waverly G. Smith, *First Vice President*
Thomas J. Clifford, *Second Vice President*
George C. Power, Jr., *Secretary*
John A. McHugh, *Treasurer*
Frank Hammond, *Assistant Secretary and General Counsel*

STAFF

Humphrey Doermann, *Executive Director*

Grant Program Activity:

Stanley Shepard, *Senior Program Associate*. Emily Galusha, *Program Associate*. John Archabal, *Program Associate*. Elizabeth Pegues, *Program Associate*.

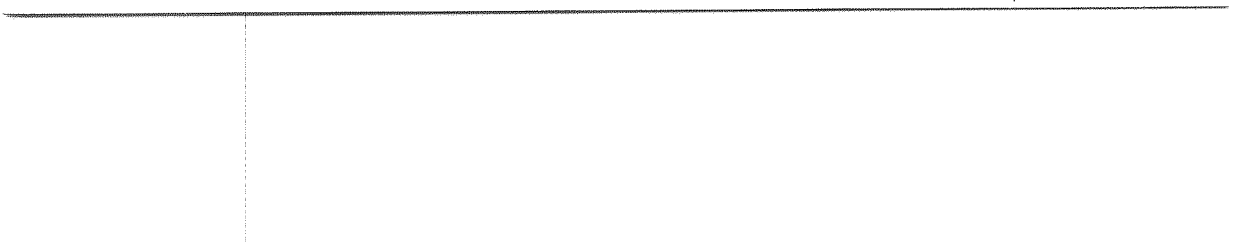
Business Management:

Harold V. Neece, *Business Manager*. Marie B. Lampe, *Bookkeeper*.

Staff Services:

Kathleen Y. Muske, *Executive Secretary*. Patricia L. Collis, *Secretary*. Linda M. Young, *Secretary*. Kim S. Cassidy, *Secretary*.

Address: E-900 First National Bank Building, Saint Paul, Minnesota 55101. *Telephone:* 612-227-0891.



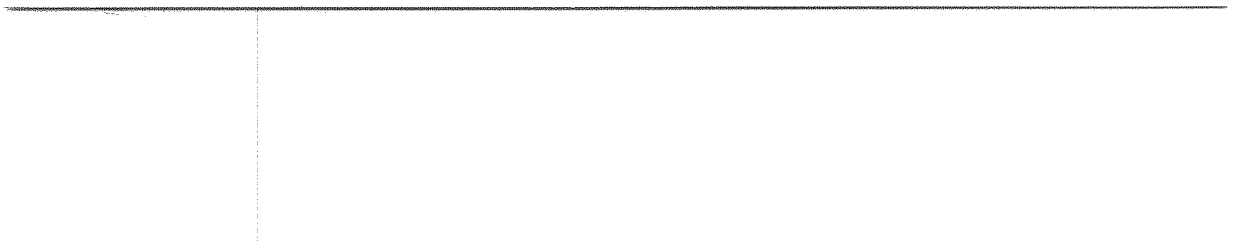
THE BUSH FOUNDATION

The Bush Foundation, established by Mr. and Mrs. Archibald Granville Bush of Saint Paul, Minnesota, was incorporated February 24, 1953, under the Minnesota Non-Profit Act, to encourage and promote charitable, scientific, literary and educational efforts. It is a tax-exempt organization under the laws of Minnesota and the United States.

The Foundation has concentrated activity in the areas of education, humanities and the arts, community and social welfare, and medicine. Geographically, the Foundation's grants have been principally in Minnesota, North Dakota and South Dakota, with several grants in the Chicago area.

The income available to the Foundation represents the investment yield from assets given the Foundation by Mr. and Mrs. Archibald Granville Bush. The Foundation is the residuary legatee of the Estate of the late Archibald G. Bush, from which it has received several distributions of property and cash.

During the fiscal year ending November 30, 1977, The Bush Foundation granted financial assistance to one hundred five projects in the United States. The sections which follow the Report of the President outline the Foundation's major grantmaking interests, describe the Foundation's grantmaking policies and procedures, and list the Foundation's grants in 1977.



REPORT OF THE PRESIDENT

This past year was one both of consolidation and of expansion for The Bush Foundation. During 1976, six replacement members had joined the Board of Directors. By the end of 1977 the new members were participating in every phase of the work of The Bush Foundation, and any practical distinction between continuing and replacement Directors had ceased to exist.

The transfer in 1976 of the remaining assets from the Estate of Archibald G. Bush to The Bush Foundation, described in last year's Annual Report, helped permit new increases in grantmaking activity during 1977. The Bush Board of Directors appropriated \$10,963,157 in future grant commitments, an increase of 32 percent over the comparable figure for 1976. Cash payments to grantees during 1977 totaled \$9,897,189, an increase of 39 percent from the prior year. Both figures represent new high levels in the Foundation's history.

The expansion of grantmaking activity also created a need to expand the Foundation's program staff and its secretarial staff, and to move to a larger office. In June 1977, Elizabeth Pegues was appointed Program Associate. In August, 1977, Kim S. Cassidy joined the Foundation as a secretary. In September the Foundation's offices moved to E-900 First National Bank Building.

GRANTMAKING OUTSIDE OUR DEFINED REGION

While The Bush Foundation Board of Directors has not changed its earlier determination that the Foundation remain a predominantly regional grantmaking institution, two significant Bush programs have been started outside of Minnesota, the Dakotas, and the Chicago area. These programs deserve brief mention here. In July 1977, the Foundation approved a five year grant of \$674,415 to Yale University to support a center for graduate and postgraduate training in the combined fields of child development and public policy. The Board's declared intent following the advice of a national panel of consultants, is to create a national network of three or four such university centers. These centers would operate both as separate groups and as a consortium for exchanging and testing new research and new policy recommendations.

In July 1976, the Board of Directors approved initial grants designed to stimulate annual alumni giving at three historically black four-year private colleges in the southeast: Paine College, Augusta, Georgia; Tougaloo College, Tougaloo, Mississippi; and Xavier University of Louisiana, New Orleans. The Board also said then it would probably approve similar Bush grants to about five additional colleges each year in 1977 and 1978. A combination of initial results from the first three grants, of the approved renewal targets for those colleges, and of the quality of applications from other similar colleges appear to demonstrate that this program will be more successful and more expensive than the Foundation originally anticipated. The Foundation Board is examining how much of this new potential need for funds it can meet. The Bush program in child development and public policy and the program for historically black college alumni challenge grants are described in the "Program Notes" section of this Annual Report.

REVIEW OF DENIED APPLICATIONS

In September 1977, the Board reviewed a survey concerning the impact of our decisions *not* to grant funds to a sample group of 34 applicants between 1973 and 1976. The survey was conducted by Nell Hillsley, a consultant to the Foundation. It was similar in design to one conducted in 1973 by John Archabal, then Program Director in the Department of Extension Classes at the University of Minnesota, now a Program Associate of The Bush Foundation.

The 1977 survey sought mainly to discover what had happened to the projects we had been asked to grant money for, but had refused. Had those projects been abandoned, curtailed, paid for by someone else, or continued but under the applicants' own funds? How did this group of applicants view The Bush Foundation: did they understand or agree with our selection criteria and did they feel they had been fairly treated? We were interested in whether such a survey process would be well or badly received by recently denied applicants. We also wondered whether any attempt to collect such information would also bring in a large number of new grant applications.

As in the 1973 survey, the denied applicants in the new survey sample were courteous and candid in response to our surveyors' telephoned inquiries. Some invited site visits. Four inquiries and one complete proposal appeared to have been stimulated by the survey process. The sample of survey cases was chosen from applications which appeared to have been written specifically for The Bush Foundation. Thus our sample probably was biased to emphasize cases where our negative decision had high impact, and to emphasize cases where we might have caused significant disappointment. We told these former applicants that the main purpose of the survey was to learn more about our own grantmaking procedures, rather

than to try to judge the worthiness of particular organizations or to determine whether we wished to consider grants to them in the future.

The following table compares the results of Nell Hillsley's 1977 survey with John Archabal's earlier one. In every case, the classifications reported below were made by Hillsley or Archabal immediately after personal or telephone interviews — rather than by applicants' self-classification in a survey questionnaire. This process seemed most likely to produce an unbiased total result, although in any individual instance it may have been arbitrary.

Reporting Category	Percentage Reporting	
	1973 Study	1977 Study
<i>I. Project Outcome</i>		
A. Project Abandoned	22%	21%
B. Project Still Seeking Funds	24%	9%
C. Project Severely Curtailed, Adverse Effect Reported	7%	23%
D. Project Severely Curtailed, Little Adverse Effect Reported	12%	9%
E. Project Continued, On Other Grants	20%	35%
F. Project Continued, On Applicant's Own Funds	15%	3%
Total	<u>100%</u>	<u>100%</u>
<i>II. Attitude Toward Denial</i>		
A. Great Disappointment	29%	32%
B. Mild Disappointment	49%	56%
C. No Disappointment or Unable to Classify	22%	12%
Total	<u>100%</u>	<u>100%</u>
<i>III. Attitude Toward Bush Grantmaking Criteria</i>		
A. Favorable (Bush Criteria Seemed Clear and Fair)	22%	41%
B. Unfavorable (Bush Criteria Did Not Seem Clear and Fair)	56%	38%
C. Unable to Classify	22%	21%
Total	<u>100%</u>	<u>100%</u>

In both surveys we were surprised that so few of the applicants reported either great disappointment or abandonment of their project. We were saddened to discover among the abandoned projects, however, several which had been well planned and which had been submitted only to The Bush Foundation. Consultant Hillsley reported: "I heard at least five or six times, 'If The Bush Foundation turns you down, this is tantamount to being rejected by the whole foundation community.'" Receipt of a denial letter under any circumstances is a hard thing, so this applicant reaction may be

understandable. But foundations do and should often react differently to identical proposals. Therefore, we hope that this particular applicant reaction does not become more widespread. Consultant Hillsley also reported that although eleven applicants in the survey reported "great disappointment" at the Bush decision, none said they had been given false hope of successful application by the staff.

Hillsley concluded her report to The Bush Foundation with the following observations:

"The survey of denied grants that John Archabal completed in May, 1973 indicated that 56 percent of the applicants believed the (Bush) criteria (for grant approval) to be unfavorable in some way. Although in the present survey that percentage has dropped to 38 percent, it still may indicate a need for improving the Foundation's guidelines. I believe I understand the Foundation's desire to have flexible guidelines so that interesting, worthwhile projects are not ruled out without a hearing. However, perhaps it is realistic to have more limiting guidelines which would save the time of both applicants and Bush staff. From personal experience, I realize that one of the drawbacks of explicit guidelines is that the applicant is tempted to distort the project in order to have it fit the guidelines."

PUBLIC MEETINGS

Another means of discussing our work with different portions of this community has been through public meetings. In October 1976, The Bush Foundation held its first public meeting in the auditorium of the Saint Paul YWCA, to outline the Foundation's grantmaking program and invite questions and suggestions from those present. More than 400 persons attended, approximately half of whom represented previous Bush grant applicants or recipients. About 6,000 notices were mailed within the Twin Cities prior to the meeting, and the metropolitan newspapers also carried advance stories.

During 1977, The Bush Foundation participated in a series of meetings sponsored by the Minnesota Council on Foundations. The first meeting, held November 30th, was offered by the Northwest Area Foundation, the Minneapolis Foundation, and the Dayton-Hudson Foundation in a format similar to the 1976 Bush meeting. In addition, however, this meeting also helped illustrate some of the specific differences among private foundations, community foundations, and corporate foundations. The second meeting on December 7th, was a large workshop on grant seeking and proposal writing. A panel of foundation staff and consultants gave its views and answered questions. This was followed by a panel of experienced local grant seekers which offered a different perspective and also answered questions. More than 500 persons attended each of the first two meetings.

In the third and fourth meetings, The Bush Foundation provided a case-method view of grant decision making within the Bush Board of Directors. The same program was offered on each of two evenings. More than 100

participants on December 14th and more than seventy on December 20th became Bush Board members for the evening. After a half hour orientation period, participants split into groups not larger than twelve persons each to read, discuss and vote three actual cases which had come before the Bush Board in previous years. Staff memoranda about these applications provided the case material for the session. The Bush Board had approved two of the applications and denied one. The participants were asked not to approve all three cases, but were not instructed further as to desired outcome. The cases were chosen from the closeness of the discussion and voting which had occurred within the Bush Board, in hopes that these cases again would stimulate debate within the discussion groups. The cases also were chosen to illustrate recurring issues which a Board tends to discuss concerning applications: what is the quality of the planning, how great a need is there for the project, who will pay for it when foundation funds cease, and how will one know what impact the project had?

The identification of significant issues among the participant discussion groups was remarkably similar in most cases to the earlier judgment of the Bush Board. Not all groups weighted those issues identically, however, nor voted the same way. The total audience vote on both evenings was to approve the same applications which the Bush Board had approved, and to deny the same on which Bush had denied. These voting results may have been coincidence. However, the ability of a group of interested citizens to identify key issues clearly was not a coincidence.

Discussion leaders came from The Bush Foundation Board and staff, from the Minnesota Council on Foundations, and from Board and staff members of eleven other foundations in the Twin Cities. Participant comment sheets following the meeting praised the quality of the discussion leaders and the opportunity to deal with actual issues and case material in small groups. Respondents said they believed advance notice of the meetings could have been better, and that the Bush meetings should not have been scheduled so close to the holiday season.

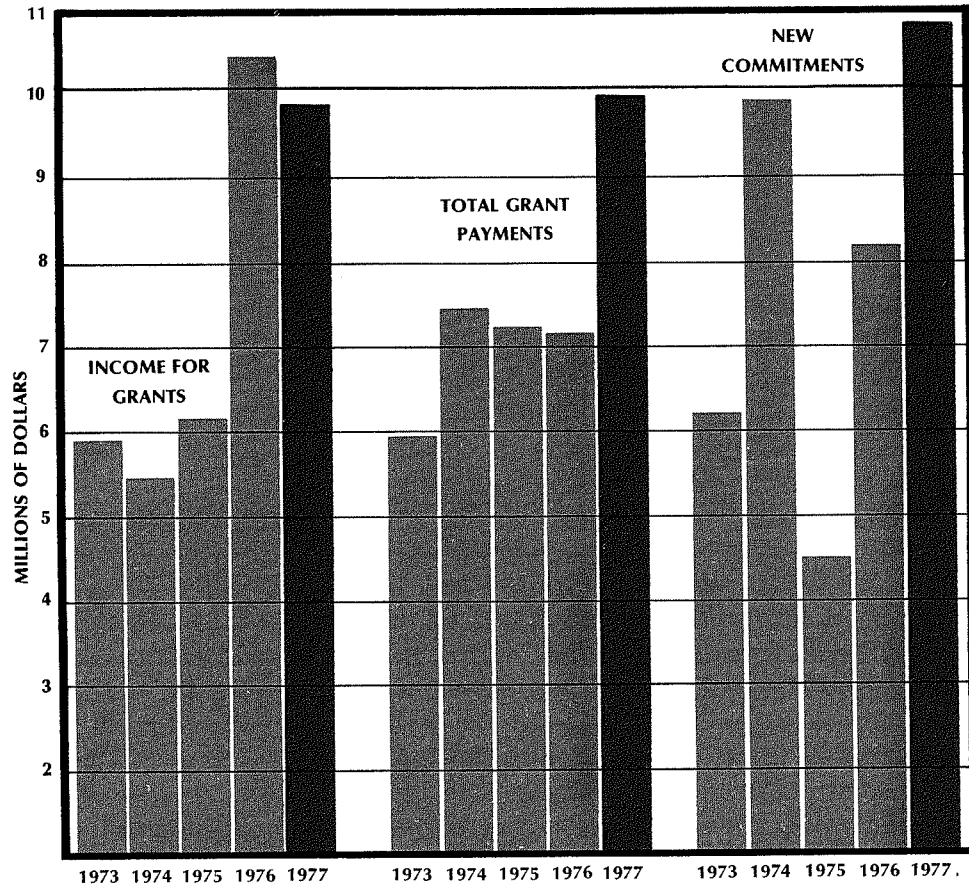
The 1977 series of public meetings appears to indicate wide community interest ranging from policy determination in a single foundation to fund raising strategy for grant applicants to proposal writing. The meetings also showed a public desire for additional ways for citizens to become informally acquainted with foundation Board and staff members.

Enough of the public meeting activity in 1977 was experimental so that it probably is too soon to say how much public interest will remain after the novelty wears off. Our preliminary judgment is that there is sufficient broad and sustained interest to make such efforts worthwhile for all concerned, providing the program format and purpose is varied from time to time.

ELMER L. ANDERSEN
President

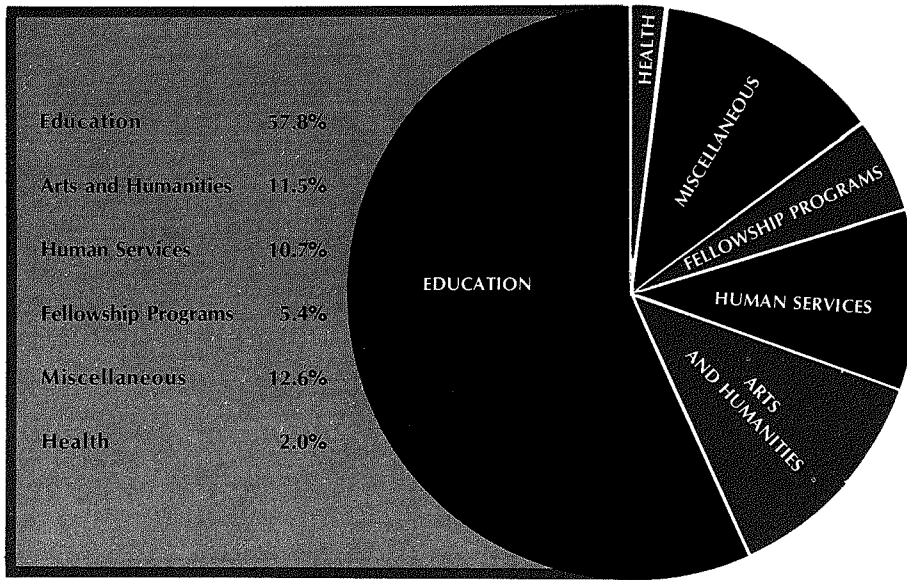
**INCOME FOR GRANTS* COMPARED WITH
GRANT PAYMENTS AND NEW COMMITMENTS 1973-1977**

Year	Income For Grants	Total Grant Payments	New Commitments
1973	\$ 5,932,269	\$5,882,972	\$ 6,097,495
1974	5,412,363	7,408,700	9,707,597
1975	6,042,075	7,285,999	4,466,726
1976	10,366,396	7,101,108	8,165,316
1977	9,736,285	9,879,189	10,775,266

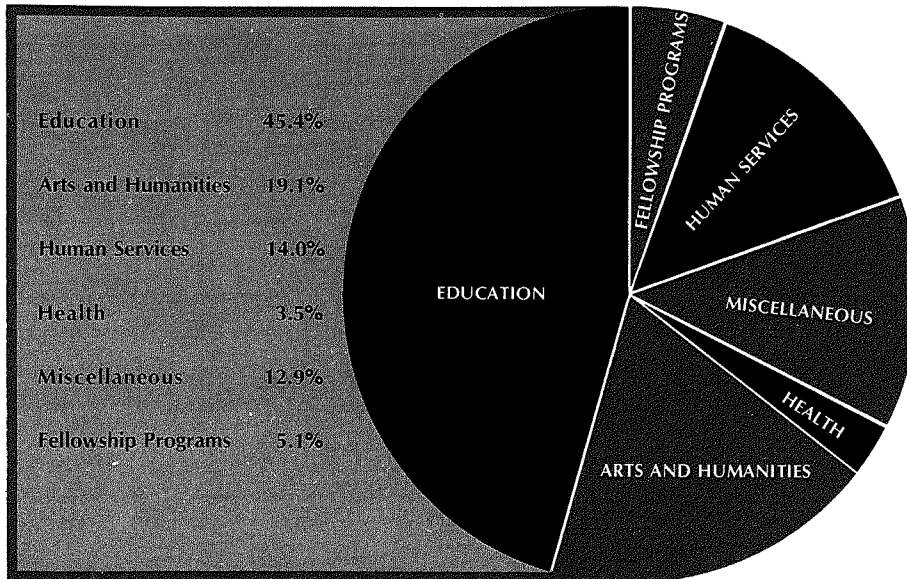


* Income for grants is the greater of net income or minimum investment return as defined by the Tax Reform Act of 1969, less excise taxes, administrative expenses, and investment expenses.

**DISTRIBUTION OF 1977 FOUNDATION GRANT
APPROPRIATIONS BY PROGRAM AREA**



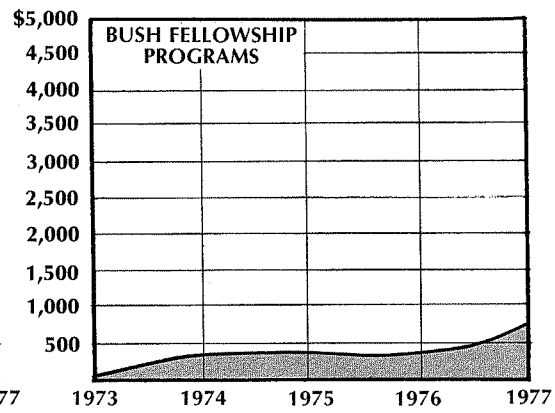
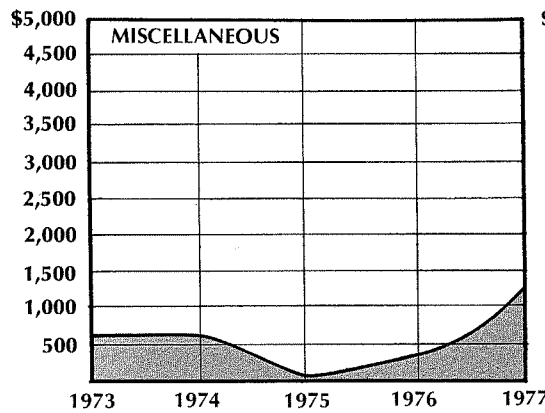
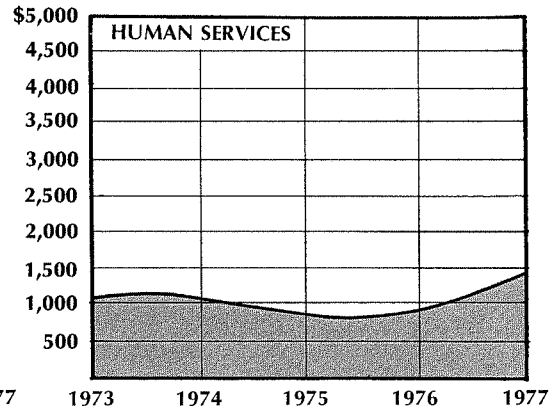
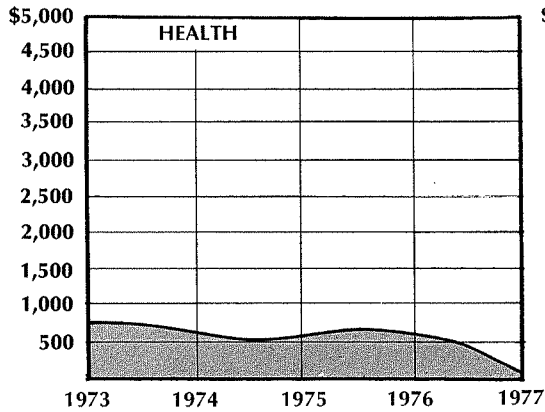
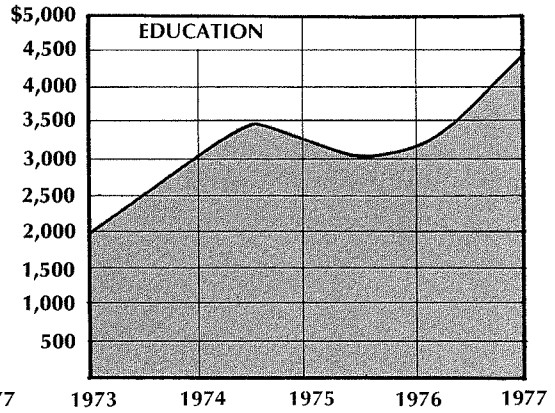
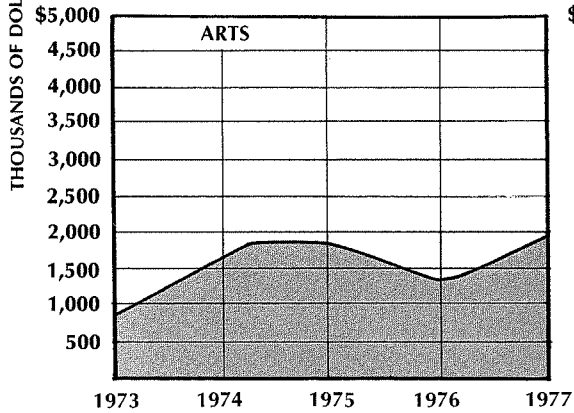
**DISTRIBUTION OF 1977 FOUNDATION GRANT
PAYMENTS BY PROGRAM AREA**



CASH FLOW SUMMARY 1973-1977

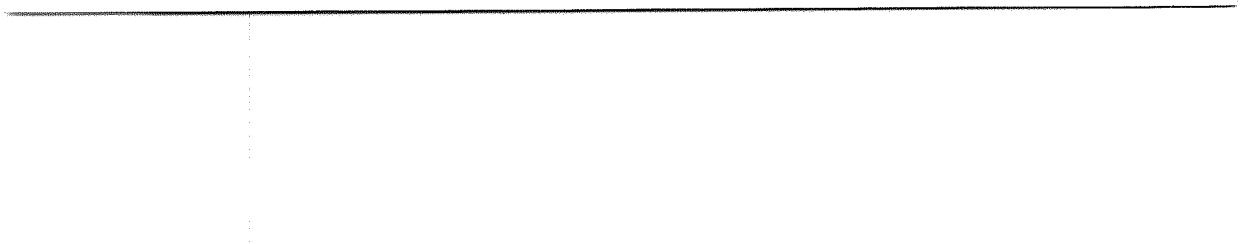
(000's Omitted)

(000's Omitted)



	1973	1974	1975	1976	1977
Arts	\$ 834,193	\$1,558,790	\$1,705,567	\$1,407,550	\$1,888,207
Education	2,188,514	3,191,755	3,433,917	3,295,844	4,487,366
Health	856,230	602,617	540,412	595,778	348,950
Human Services	1,066,212	1,177,234	941,268	957,735	1,383,020
Miscellaneous	779,843	655,412	393,687	394,370	1,268,924
Bush Fellowship Programs	157,980	222,892	271,149	449,831	502,722
TOTALS	\$5,882,972	\$7,408,700	\$7,228,999	\$7,101,108	\$9,879,189

PROGRAM NOTES



PROGRAM NOTES

More than 57 percent of The Bush Foundation's new grant authorizations in 1977 went to educational institutions, compared with 47 percent the prior year. Meanwhile, grants in health dropped from 5 to 2 percent of the total of new authorizations. While these figures are accurate, they probably do not indicate quite as sharp a change in general emphasis as first appearance suggests. The increase in the proportion of education grants comes from expansion of three programs at the same time: one in child development, one in economic education, and one which attempts to improve alumni giving in historically black four year private colleges in the southeastern United States. The expansion rate for these was unusually rapid and does not seem likely to be repeated in 1978. The low percentage of health grants reflects a year in which more attention has been given to the planning of possible new programs than to making final grant authorizations. While the future of our health grantmaking is not yet certain, a reasonable guess is that the 1977 performance reflects an unusually dry spell for this program area.

Finally, statistics-watchers will note that during 1977 nearly a fifth of the Bush grants authorized went to recipients outside of Minnesota, the Dakotas and the Chicago area. These are the grants classified as "Other" on page 35. Of the 20 "Other" grants noted, 14 were in programs approved specifically in advance by the Bush Board for child development and for matching alumni annual gifts in historically black colleges. Four others were for projects taking place within Minnesota and the Dakotas. While the geographic statistics have shifted compared with those in recent years, The Bush Foundation's intent and grant authorizations during 1977 remained those of a predominantly regional foundation.

ALUMNI CHALLENGE GRANTS

In 1972 The Bush Foundation began its program of alumni challenge grants in four-year accredited private colleges. Since then this program has assisted twelve Minnesota colleges, has sought matching gifts from about

110,000 graduates and by the end of 1979 will have helped double alumni fund receipts in these colleges and more than double the number of alumni donors. A projected Bush Foundation expenditure over seven years of about \$2.2 million dollars appears likely to help produce an increase in alumni fund receipts of about \$1.1 million, and also to add about 25,000 new alumni donors.

The matching incentives for a participating college each year are a dollar-for-dollar Bush Foundation matching of the gain in the college's alumni fund over the prior year, up to a predetermined maximum, and also an amount for increasing the length of the list of alumni donors. The Foundation usually continues a series of annual grants with a college for at least two years but no more than five. Most of the Minnesota colleges which have completed Bush challenge grant cycles either have held steady or increased the level of alumni fund receipts after the Bush incentive grants ceased. In 1976, the Foundation also began alumni challenge grant cycles in six private four-year colleges in North and South Dakota. About 25,000 private college alumni are being solicited in these colleges. The total program cost in the Dakotas will be about \$700,000. Percentage gains in alumni fund performance in these colleges appear likely to be almost as strong as in Minnesota. Detailed Minnesota results for the first four-years of this program were summarized in the 1976 Bush Foundation Annual Report, and are available on request.

In 1976, The Bush Foundation began an experiment of exporting this alumni challenge grant experience to approximately 14 of the 42 historically black four-year accredited private colleges. Most of these colleges are in the southeastern United States, and all but one are members of the United Negro College Fund (UNCF).

The historically black private colleges form a network of respected, minority-led institutions with an unusually significant record of service to the nation. They need additional funds, preferably in ways that will help create greater financial independence in the long run. The governing Boards of these colleges are devoting increasing attention to alumni giving, and several believe that major improvement can be achieved.

The first three colleges to participate in this Bush Foundation experiment were Paine College, Augusta, Georgia; Tougaloo College, Tougaloo, Mississippi; and Xavier University of Louisiana, New Orleans. During their first complete program year these colleges, taken together, doubled the number of their alumni donors, and increased by 74 percent the dollar receipts of their alumni funds. This outperformed, in percentage terms, their Minnesota and Dakota counterparts at a comparable stage in the program. Since the black colleges started from a lower base of alumni participation, however, an exact comparison is difficult to make. Whatever the statistics, however, it is clear that the early performance of these colleges was extremely successful.

This performance also was sufficiently encouraging so that renewal grants with relatively ambitious targets were approved for these three colleges in 1977, and new cycles were authorized for the following six colleges.

Bennett College, Greensboro, North Carolina
Fisk University, Nashville, Tennessee
Saint Augustine's College, Raleigh, North Carolina
Spelman College, Atlanta, Georgia
Tuskegee Institute, Tuskegee Institute, Alabama
Wiley College, Marshall, Texas

Apparent success has created two problems, however, which were not fully anticipated by The Bush Foundation when it began the experiment. Because proposal matching goals and alumni fund performance have been higher than projected, Bush Foundation cost projections for the 14 colleges in the experiment sample must be revised upward by about 50 percent: \$2.4 million dollars instead of \$1.6 million. Also, our receipt of inquiries from 19 black private colleges during the fall of 1977 suggests either that the number of new participating colleges for 1978 must be larger than the five originally projected or that the selection ratio between the number of 1978 applicants and the number of grantees must be more stringent than it was during the first two years. The Bush Foundation Board and staff will attempt to resolve these unexpected questions during 1978.

CHALLENGE GRANTS FOR COLLEGE CAPITAL FUND DRIVES

During 1974 the Minnesota Higher Education Coordinating Commission projected that the number of Minnesota high school graduates will reach an historic peak of about 75,000 in 1979, then average only about 60,000 during the 1980's, and then move to a low of about 50,000 by the end of the decade. Finally, during the 1990's this trend will once more turn back towards the present levels. Projections for North and South Dakota appear equally severe. While some of the accredited four-year private colleges in this region may be able to maintain their present enrollment levels despite the shrinkage in the basic student market, others probably will not. The basic population trends represent the first prolonged general shrinkage of college enrollments in the nation's history.

In November 1975, The Bush Foundation staff surveyed informally the future plans of 16 Minnesota private college presidents. All had considered these population trends. Most expect their colleges will encounter serious pressures in their operating budgets during the 1980's. Accordingly they expect the 1980's may be unusually difficult years in which to seek major capital funds. If significant improvement in endowment or physical plant is to be made during the next 15 to 20 years, the majority believes that the late 1970's and perhaps early 1980's is the time to try. These responses, taken

together, signal an important but temporary shift in the fundraising priorities for these colleges. This shift also appears to be taking place in many private colleges across the nation.

Unlike the capital fund drives of the 1960's which often enlarged enrollment capacity, the drives of the late 1970's concentrate either on raising endowment which will help restore health to operating budgets, or upon funds to renovate old buildings which still are serviceable. Some portion of the funds, however, will go to new special purpose construction for better library, arts or athletic facilities.

In April, 1976, the Bush Board indicated willingness for the following seven years to consider proposals for matching capital grants from accredited four-year private colleges in Minnesota and the Dakotas. Ordinarily these requests will not be considered until a college had completed at least half the final goal of its announced fund drive. Requests for this purpose will be considered on a case by case basis, giving particular attention to the underlying quality of planning in each instance. Individual grants probably will range in size from \$200,000 to \$800,000, depending on the total size of the fund drive, the estimated availability of matching funds from other sources, and the nature of the plan which the college is attempting to complete. The estimated average grant size is about 5 percent of the total amount of capital funds sought by a participating college, although the percentage in any individual instance may be different.

Usually the sources of other gifts which are matching-eligible for Bush funds will include gifts from trustees, alumni, faculty, parents, students, and individuals with a significant prior history of giving to the college. In this way the matching effect of the Bush grants is confined to a college's closest-established constituencies, and major Bush-matching solicitations are not directed towards the more public sources of possible capital funds, such as corporations, foundations and government.

The first such Bush capital challenge grant was made to Carleton College, Northfield, Minnesota, in April 1976. Carleton raised the required one-for-one matching funds within 18 months and received \$800,000 to help endow the purchase of library books. Receipt of these funds will nearly complete the college's \$19.5 million dollar fund drive.

In February 1977, the Foundation granted \$340,000 to Augsburg College, Minneapolis, on a similar matching basis. If successfully matched, these funds will be used to help build a new music building and to help renovate five classroom, laboratory and office buildings. The Foundation anticipates considering at least three such matching grant proposals during 1978.

CHILD DEVELOPMENT

In 1975, The Bush Foundation began to investigate the possibility of increased program interest in the field of child development. Later that year,

the Foundation decided to emphasize grantmaking in three parts of the child development field: leadership training, parent education, and research on children's emotional growth. In 1977, new Bush Foundation appropriations in these areas grew to \$1,555,765. A major part of this increase reflected a Board decision to develop new programs in leadership training.

To help define these leadership training programs, in early 1977 the Foundation staff convened a panel of consultants consisting of Dr. Urie Bronfenbrenner, Professor of Psychology, Cornell University, Ithaca, New York; Dr. Sheldon White, Professor of Psychology, Harvard University, Cambridge, Massachusetts; Dr. Julius B. Richmond, Director, Judge Baker Guidance Center, Harvard University, Cambridge, Massachusetts; and Dr. Edward Zigler, Professor of Psychology, Yale University, New Haven, Connecticut. This panel recommended that The Bush Foundation develop a leadership training program in the combined field of child development and social policy. The consultants suggested that Bush identify and support for at least five years a national network of four university-based centers which would provide both pre-doctoral and post-doctoral training in this joint field. The consultants believed that while some of the trainees who emerge from these centers would become university instructors, many of them would move into positions of large-scale program management at the local, state, or federal level. During the course of the training, joint conferences would be held for trainees and staff from all units of this university network.

The first grant in this series was voted in July, 1977, and was a five-year appropriation of \$674,415 to Yale University, New Haven, Connecticut, to support a center for post-graduate training in child development and social policy. The Bush grant is designed to expand and strengthen Yale's present program by providing seed money for individual student research projects, support for two journalists, and fellowship support for pre-doctoral and post-doctoral students. At least three additional proposals for centers in child development and social policy are scheduled for review in 1978 by The Bush Foundation Board.

In 1977, The Bush Foundation also voted four grants to support parent education, totaling \$502,778. The Chicago Educational Television Association received \$189,000 to produce seven half-hour programs on parenting. The seven programs will complete the thirteen-show series entitled "Look At Me!", the first six of which were produced under a grant from the National Institute of Mental Health, Washington, D.C. A grant of \$100,000 over three years was made to Family Focus, Inc., Evanston, Illinois. Family Focus operates two drop-in centers for parents and their very young children. The centers help parents by providing informal contact with other young parents and by offering counseling and referral services on health, nutrition, behavior, and child development problems. The Educational Development Center, Newton, Massachusetts, received a two-year grant of \$113,778 to distribute within Minnesota a parent education curriculum for use with

high-school seniors. The grant also provides funds to train the teachers who will use the curriculum. Finally, a three-year grant of \$100,000 was made to Independent School District #742, St. Cloud, Minnesota, to develop a model district-wide parent education program for parents of children aged six weeks to four years. School staff members show parents how to work effectively with young children using specially prepared curriculum materials. Parents also discuss their child-rearing problems in group sessions under the direction of a staff member.

In child development research, The Bush Foundation made two grants in 1977 totaling \$118,572. The Social Science Research Council, New York, received a two-year grant of \$80,140 to support half the cost of the activities of a national committee to encourage research on the emotional and social development of children. The committee is composed of eleven developmental psychologists from throughout the United States and is headed by Professor Jerome Kagan of Harvard University. The other half of the support costs for this project have been underwritten by the Foundation for Child Development, New York. A grant of \$38,432 was made to the University of Chicago to provide an additional year of support to the research activities of Dr. Alison Clarke-Stewart. Dr. Clarke-Stewart is attempting to measure differences in the behavior of young children and hopes to determine whether these are caused by different types of child-care arrangements, such as large day-care centers vs. small family day-care homes.

During 1978, the Foundation staff will continue to explore new approaches to parent education as well as to expand the scope of its training program in child development and social policy.

LIBRARIES

In 1977 The Bush Foundation increased its support to public and private libraries, particularly to library consortia which are attempting to improve their cataloging processes through technology. Total appropriations during the year to libraries amounted to \$665,082.

Three of the grants assisted library networks in Minnesota and the Dakotas to computerize their book cataloging processes. These programs should have a helpful impact on the future financial condition and quality of service offered by participating libraries. Not only is the present labor-intensive cataloging process being simplified and labor costs reduced by placing catalogue information into a computer databank, but the programs allow libraries and their clients to know which libraries hold specific books. This information in turn allows libraries to specialize their book acquisitions and, if they wish, avoid duplicating the holdings of other libraries. Interlibrary book loans are also encouraged by these programs. Grants of this type were made to the Minnesota Higher Education Coordinating Board, the

Cooperating Libraries in Consortium, and the Saint Paul Seminary, all of which have their headquarters in Saint Paul, Minnesota.

A grant of \$204,000 over three years in start-up support to the Midwest Region Library Network (MIDLNET) in Evanston, Illinois, was the largest Bush grant to a library network in 1977. This consortium includes university libraries in twelve states in the upper midwest. Its principal activity is to reduce per-unit costs of library operations by acting as a broker for the delivery of computer and other technical services to member libraries. It also attempts to improve library planning and research in the upper midwest by sponsoring conferences and symposia. Finally, with partial funding from the Council on Library Resources, Washington, D.C., MIDLNET has employed a technical advisor to assist libraries and local library networks to automate their cataloging processes.

HEALTH

Since 1974 the Foundation has worked to define more precisely its grantmaking interests in health. In 1977 the Foundation continued this work with discussions of various alternatives for emphasis in health among Foundation Board, staff, and consultants. These discussions will continue in 1978.

On February 21, 1978, the Foundation Board approved the following statement of The Bush Foundation's grantmaking interests in health.

The Bush Foundation wishes to consider proposals for programs and projects that will improve the quality, accessibility, and efficiency of health care services within the Foundation's grantmaking region. In order to achieve good results with limited amounts of money, the Foundation will concentrate its grants on innovative programs to train health professionals for unfilled and new kinds of needed health care positions within the region and to develop new methods or significant improvements in existing methods of delivering health care services in rural and underserved areas within the region. Improving racial minorities access to careers in medicine and other health professions is also of major interest to the Foundation.

Ordinarily the Foundation will not approve grants to hospitals for construction and equipment purchases, to established programs for operating support for health services, and to traditional continuing education programs for health professionals. In 1974 The Bush Foundation Board voted to cease granting funds for project research in the biomedical and health sciences.

BUSH LEADERSHIP FELLOWS PROGRAM

The Bush Leadership Fellows program was started in 1965 at the wish of Archibald Granville Bush. He envisioned a program which would locate individuals with strong leadership qualities in a variety of fields, and enable them to develop those qualities without the kind of financial hardship he encountered early in his own business career. Recipients of these awards

gain the opportunity for full-time study — with or without a specially structured internship — anywhere within the United States. The awards average an academic year in length. Major criteria for selection have included clear career goals and demonstrated competence in past work experience, as well as mental skills, integrity, and community involvement.

In 1973, the Foundation added a new program of Bush Summer Fellowships to the regular Bush Leadership Fellows Program. The summer program offers study opportunities ranging from three to ten weeks in length, compared with four to eighteen months in the regular program.

In 1974, The Bush Foundation voted to expand the program beyond Minnesota, to include candidates from North Dakota, South Dakota, and the twenty-six counties in northern and western Wisconsin that lie within the Ninth Federal Reserve District.

The Board authorized expenditure of \$563,700 for stipends, tuition, and administrative expenses connected with 1977 Fellowships.

Nineteen individuals received 1977 Bush Leadership Fellowships and thirty-four received Bush Summer Fellowships. The Fellows represent the fields of arts administration, business, education, farming, government, health care, journalism, the judiciary, law, social work, theology, and trade unionism — continuing the diversity of career background which has characterized the Program since its inception. A clear majority of the selected Fellows emphasize work in aspects of management and administration during their study and internships.

The Program is unusual in design and appears to be producing worthwhile results. These observations come from the Foundation's own evaluations of the Program and from meetings with representatives of other mid-career development programs across the country. There now are 257 alumni(ae) of the program.

Inquiries concerning the Program may be directed to Bush Leadership Fellows Program (Donald Peddie, Director), P.O. Box 15125, Minneapolis, Minnesota, 55415.

Following is a list of individuals selected in 1977 to receive Bush Leadership Fellows and Bush Summer Fellows awards.

1977 BUSH LEADERSHIP FELLOWS

Name and Residence	Employment at the Time of Selection for Fellowship (1977-78 Study Site in Parentheses)
Stephen P. Allbee Stacy, MN	Planning Coordinator, Metropolitan Waste Control Commission, Saint Paul (Selection of specific study program has been deferred)
Tania Amochaev Eden Prairie, MN	Manager, Systems Analysis, Control Data Corp., Minneapolis (Stanford University)

Name and Residence	Employment at the Time of Selection for Fellowship (1977-78 Study Site in Parentheses)
Mark L. Atchison Slayton, MN	Executive Director, SW Regional Development Commission, Slayton (Syracuse University)
Richard L. Baldwin Shoreview, MN	Executive Director, Mounds View Education Association, Saint Paul (Harvard University)
Robert W. Blum, M.D. Chaska, MN	Fellow, Department of Pediatrics, University of Minnesota Hospitals, Minneapolis (University of Wisconsin)
Dan R. Bucks Pierre, SD	Commissioner, State Planning Bureau, State of South Dakota, Pierre (University of Montana)
Bro. Michael Collins Fargo, ND	Superintendent, Shanley High School, Fargo (University of San Francisco)
Sue S. Desmonde Duluth, MN	Associate Dean of Students, University of Wisconsin-Superior (University of Wisconsin)
Cecelia A. Golightly Mendota Heights, MN	Associate Director of Nursing, Saint Joseph's Hospital, Saint Paul (University of Minnesota)
Jay V. Griggs International Falls, MN	Managing Editor, North Star Publishing Co., International Falls (University of Oregon)
Manuel P. Guerrero Saint Paul, MN	Chairperson and Associate Professor, Department of Chicano Studies, University of Minnesota, Minneapolis (Georgetown University)
Larry W. Jones Moorhead, MN	Director of Continuing Education, Moorhead State University, Moorhead (Oregon State University)
Barbara W. Kaufman Saint Louis Park, MN	Director of Licensing, Minnesota Department of Public Welfare, Saint Paul (University of Minnesota)
Gordon A. Kendall Grand Forks, ND	State Director of Adult Education, University of North Dakota, Grand Forks (University of Wyoming)
Ellen C. Kilander Fargo, ND	Associate Dean of Students, North Dakota State University, Fargo (Stanford University)
Rev. Thomas H. Little Duluth, MN	Instructor, Human Relations, Duluth Board of Education, Duluth (Colgate-Rochester Divinity School)
Irene M. Muhvich Zim, MN	Dean of Students, Hibbing, Minnesota High School, Hibbing (Harvard University)
Elaine F. Wray Saint Joseph, MN	Program Director, Independent School District #742, Saint Cloud (Bank Street School)
Rev. William D. Young Saint Paul, MN	Community Chaplain, Saint Paul Area Council of Churches, Saint Paul (Massachusetts Institute of Technology)

1977 Bush Summer Fellows

D. Diane Ahrens Saint Paul, MN	Ramsey County Commissioner, Saint Paul (Massachusetts Institute of Technology)
-----------------------------------	---

Name and Residence	Employment at the Time of Selection for Fellowship (1977-78 Study Site in Parentheses)
Sr. Kathleen A. Bierne Sioux Falls, SD	Coordinator of Early Childhood & Parent Education, Diocese of Sioux Falls, Sioux Falls (University of Colorado and Brigham Young University)
Ernest B. Borr Mandan, ND	Vice President for Public Affairs, Mary College, Bismarck (CASE seminars)
Alla Bozarth-Campbell Minneapolis, MN	Director, Wisdom House, Minneapolis (Gestalt Training Center)
Thomas B. Courtice Saint Paul, MN	Vice President for University Affairs, Hamline University, Saint Paul (Harvard University)
Rev. John M. Cox Saint Paul, MN	Minister, Olivet Congregational Church, Saint Paul (Oxford University)
Leola K. Ewing Aberdeen, SD	Personnel Director, Dakota Midland Hospital, Aberdeen (University of Michigan)
Claire R. Fleischman Winona, MN	Director, Winona, Minnesota Day Care Center, Winona (University of Minnesota)
Gerard W. Frawley Saint Paul, MN	Associate Administrator, Saint Joseph's Hospital, Saint Paul (Harvard University)
Marcia E. Hanson Minneapolis, MN	Director of Technical Education, Saint Mary's Junior College, Minneapolis (University of Wisconsin)
Peter A. Heegaard Minnetonka, MN	Senior Vice President, Northwestern National Bank of Minneapolis, Minneapolis (Dartmouth College)
Thomas M. Hubler Saint Paul, MN	Psychiatric Social Worker, Lexington-Larpenteur Medical Center, Saint Paul (Gestalt Institute of Cleveland)
Raleigh H. Huizinga Wayzata, MN	Executive Director, Groves Learning Center, Minnetonka (U.S. Office of Education)
Rev. Cameron W. Johnson Bismarck, ND	District Superintendent, United Methodist Church, Bismarck (University of Southern California)
Charles J. Keffer Saint Paul, MN	Vice President for Academic Affairs, College of Saint Thomas, Saint Paul (Harvard University)
Mary N. Keithahn Benson, MN	Free-lance writer, Benson (Northwestern College, Saint Olaf College)
Thomas J. Kelly Saint Paul, MN	Director, Department of Community Services, City of Saint Paul, Saint Paul (Massachusetts Institute of Technology)
Franklin J. Knoll Minneapolis, MN	State Senator, Hennepin County Public Defender, Minneapolis (Selection of a specific study program has been deferred)
Nadine P. Levin Rochester, MN	Administrative Assistant to City Administrator, City of Rochester, Rochester (Massachusetts Institute of Technology)
Rev. J. Roger Lucey Minneapolis, MN	Director, The Society of Jesus, Richfield (Notre Dame University, CASE seminars, John Price Jones)
Frank O. Main Yankton, SD	Associate Professor of Psychology, Yankton, South Dakota College, Yankton (University of Vermont)
Bruce R. Nelson Saint Paul, MN	State Capitol Reporter, Saint Paul Dispatch & Pioneer Press, Saint Paul (Harvard University)

Name and Residence	Employment at the Time of Selection for Fellowship (1977-78 Study Site in Parentheses)
Marie H. Panger Saint Paul, MN	Director, Creative Management Consultants, Saint Paul (Columbia University)
Curt M. Paulsen Rapid City, SD	Director, Rapid City Office, Lutheran Social Services of South Dakota, Rapid City (Philadelphia Child Guidance Clinic)
Stephen B. Permuth LaCrescent, MN	Associate Professor of Secondary Education, University of Wisconsin-LaCrosse (University of Minnesota, Macalester College)
David E. Phillips Fargo, ND	General Manager, Fargo, North Dakota-Moorhead Commu- nity Theatre, Fargo (Harvard University)
Arthur Raymond Grand Forks, ND	Director of Indian Studies Program, University of North Dakota, Grand Forks (University of Michigan)
Denise A. Skinner Menomonie, MN	Instructor, School of Home Economics, University of Wisconsin-Stout (University of Minnesota)
Ann C. Thompson Pierre, SD	Assistant Secretary, Department of Education & Cultural Affairs, State of South Dakota, Pierre (Massachusetts Institute of Technology)
Brian J. Tool Minot, ND	Director, Adolescent & Child Treatment, Minot, North Dakota Area Social Service Center, (Family Therapy Institute of Marin; Ackerman Institute of Family Therapy; Philadelphia Child Guidance Clinic)
Linda K. Tschida Forest Lake, MN	Administrative Assistant to the Director, Saint Paul-Ramsey Arts & Science Council, Saint Paul (Harvard University)
Seymour Yesner Minneapolis, MN	Consultant in English & Humanities, Minneapolis Public Schools, Minneapolis (Lincoln Center for Performing Arts)
Jo Ann Yocum Bismarck, ND	Social Service Worker, Social Service Board of North Dakota, Bismarck (Philadelphia Guild Guidance Clinic)

BUSH FOUNDATION FELLOWSHIPS FOR ARTISTS

The Bush Foundation Fellowships for Artists enables selected individuals to set aside concentrated time for their work, and to increase the quality and pace of individual career development. Short-term Bush Foundation support can be used to complete an artistic project, to meet an artistic goal, or to advance generally a professional artistic career.

The second group of Bush Artist Fellows was selected from 120 original applicants in March 1977. The artists selected are:

Joseph Breidel, sculpture, Minneapolis
Philip Dacey, poetry, Cottonwood
Andrew Leicester, sculpture and photography, Minneapolis
Cork Marcheschi, sculpture, Minneapolis
Galen Martini, OSB, poetry, St. Joseph

Stuart Nielsen, painting, Minneapolis
Cary Waterman, poetry, LeCenter

Fellows are chosen from two professional groups: creative writers (poets and writers of fiction), and visual artists (painters, sculptors, graphic artists and still photographers). Candidates must be at least 25 years old and be residents of Minnesota. Major criteria for final selection are demonstrated artistic performance and the estimated importance of the applicant's Fellowship plan to his or her growth as a creative artist.

Stipends are \$833 per month for up to twelve months, or a total award of \$10,000 for a 12 to 18 month Fellowship period. The program also provides limited funds for travel and project costs which must be met by Fellowship holders in connection with their work. The total amount of stipends and projects costs authorized for the 1977 Fellowships was \$72,000.

The Foundation appropriated \$96,000 for eight artists to be selected in 1978, and \$112,000 for eight Fellowships to be awarded in 1979. In both years applications also will be accepted from film and video artists. Other application and selection criteria will remain unchanged.

Inquiries about the program should be directed to The Bush Foundation Fellowships for Artists, E-900 First National Bank Building, Saint Paul, Minnesota, 55101.

BUSH PUBLIC SCHOOL EXECUTIVE FELLOWS PROGRAM

A second group of 25 Bush Public School Executive Fellows was selected in May, 1977 to enter this new training program.

The program is designed to provide an intensive six-week course for experienced public school superintendents and assistant superintendents in Minnesota to improve their leadership and financial management capacity. The six weeks of their participation is spread over 18 months, and includes the following segments: an 11-day opening session emphasizing case study and discussion; three five-day sessions of small task force work on specific study projects; and a four-day final session. Participants also spend approximately two weeks of independent work on task force projects.

The curriculum emphasizes management skills, labor relations, and long range planning for school districts. Professor John J. Mauriel of the University of Minnesota Graduate School of Business Administration supervised the design of the program, which is administered by the Minnesota Association of School Administrators.

Inquiries concerning the program may be directed to the Minnesota Association of School Administrators, 480 Cedar Street, Saint Paul, Minnesota, 55101.

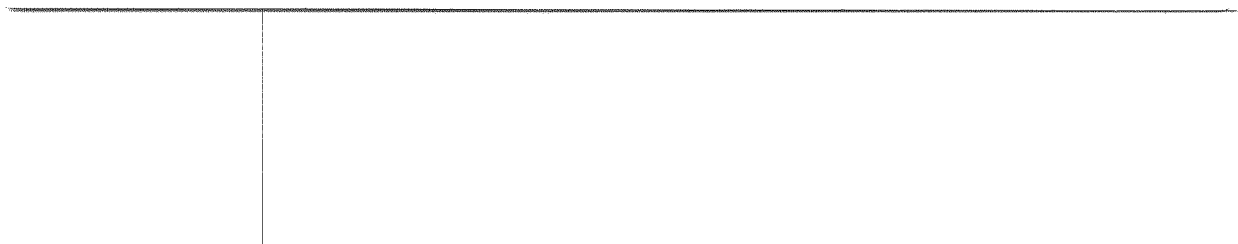
Following is a list of the individuals selected in both 1976 and 1977 to receive Bush Public School Executive Fellows awards:

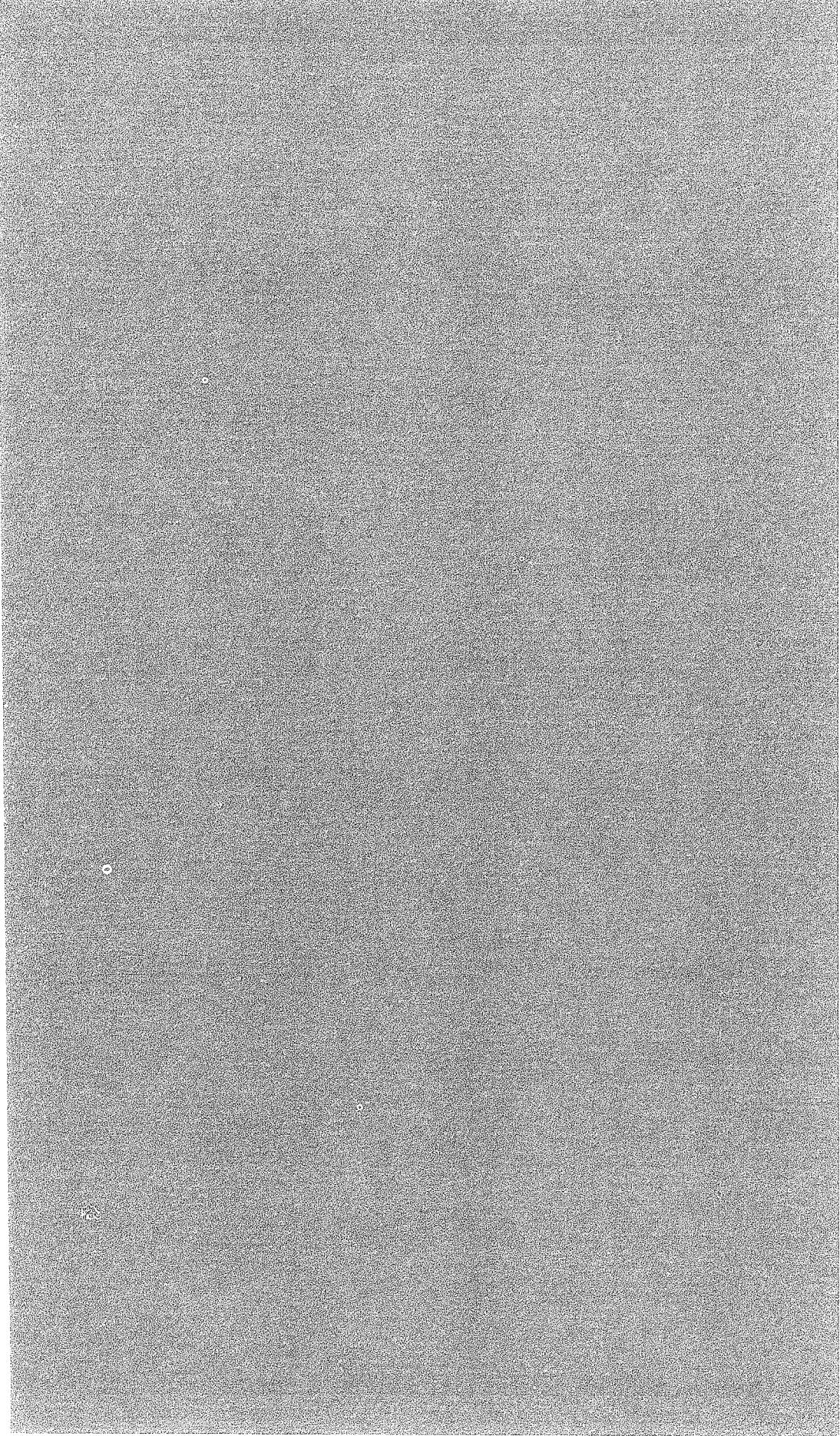
BUSH PUBLIC SCHOOL EXECUTIVE FELLOWS 1976-1977

Name	Title	School District
Bergen, Rodney F.	Asst. Superintendent — Personnel	Moorhead, MN
Blackman, Robert	Superintendent	Farmington, MN
Brodie, Dr. Thomas A., Jr.	Assistant Superintendent	Wayzata, MN
Bungum, Donald N.	Superintendent	Lindstrom, MN
Carlson, Robert E.	Superintendent	Byron, MN
Carter, Donald G.	Superintendent	Buffalo, MN
Christenson, Dr. George W.	Assistant Superintendent	Saint Paul, MN
Fallon, Dr. Robert A.	Superintendent	Eden Prairie, MN
Gilbertson, Stanley W.	Assistant Superintendent — Elementary Division	Bloomington, MN
Helling, Kenneth R.	Superintendent	Karlstad, MN
Johnson, Arlen A.	Superintendent	Kenyon, MN
Johnson, Wallace G.	Superintendent	Dawson, MN
Johnston, Richard D.	Superintendent	Litchfield, MN
Kisitzky, William G.	Director	Olivia, MN
Krebsbach, Robert E.	Superintendent	Virginia, MN
Laroque, Dennis J.	Director of Special Services	Duluth, MN
Lennon, Dr. Gale G.	Superintendent	Long Lake, MN
Maack, Vernon R.	Director — Vocational & Technical	Alexandria, MN
Maguire, Norman B.	Superintendent	Little Falls, MN
McCallum, John B.	Superintendent	Minnesota Lake, MN
Pedersen, Kenneth D.	Assistant Superintendent — Secondary Education	Stillwater, MN
Queensland, Kenneth	Superintendent	Blue Earth, MN
Tornow, Percy F.	Superintendent	Harmony, MN
Vakos, Dr. Harry N.	Superintendent	Rochester, MN
Zahorsky, Arthur P.	Superintendent	Chisholm, MN

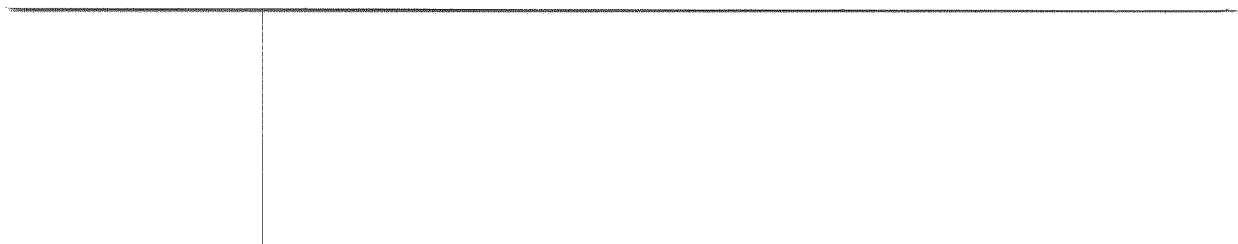
1977-1978

Name	Title	School District
Aarsvold, Robert W.	Superintendent	Chatfield, MN
Anderson, Gary J.	Executive Director	Duluth, MN
Birkeland, E. Dale	Superintendent	Hutchinson, MN
Busse, Wayne E.	Assistant Superintendent	Duluth, MN
Carthaus, Marcia C.	Director — Special Education	Edina, MN
Czarnowski, Louis J.	Superintendent	Jordan, MN
Geckler, Jack W.	Superintendent	Northfield, MN
Graves, Bryon L.	Superintendent	Red Lake, MN
Hagen, Charles M.	Director — Special Education	Saint Paul, MN
Hanson, John O.	Superintendent	Esko, MN
Hauch, Dale C.	Superintendent	Elgin, MN
Jensen, Dale G.	Assistant Superintendent	Worthington, MN
Kleppe, Thomas R.	Assistant Superintendent	West Saint Paul, MN
Lacher, Pius J.	Superintendent	Mora, MN
Lamont, James S.	Superintendent	Frazee, MN
Loritz, Daniel B.	Director, Educational Planning Services	Marshall, MN
Lueth, Vernon G.	Superintendent	Grand Marais, MN
Lund, James P.	Director — Special Projects	Edina, MN
Melbye, Lowell H.	Superintendent	Willmar, MN
Nypen, Burton L.	Superintendent	Ortonville, MN
Ramsey, Robert D.	Assistant Superintendent	St. Louis Park, MN
Sheehan, James D.	Executive Director — Administrative Services	Rochester, MN
Simonson, Walter J.	Superintendent	Perham, MN
Weisser, Russell F.	Superintendent	Foley, MN
Williams, Darrold C.	Superintendent	Tracy, MN





GRANTMAKING POLICIES AND PROCEDURES



GRANTMAKING POLICIES AND PROCEDURES

MAJOR CURRENT INTERESTS

1. The Bush Foundation is predominantly a regional grantmaking foundation, with broad interests in education, human services, health, arts and humanities, and in the development of leadership.
2. The Foundation is interested in education at all levels, with major emphasis in higher education. A majority of its recent grants in education have been awarded to public and private colleges and universities. Two major purposes served by the Foundation's recent grants in public higher education are to improve quality and efficiency of administration and to help these institutions work with surrounding communities and regions on problems of mutual interest. Underlying the Foundation's support for private colleges is the view that long-run financial health is a crucial current and future need. Accordingly, the Foundation encourages efforts to recruit students from groups previously undeserved by private colleges, to stimulate improved management, and to help colleges try to develop new sources of unrestricted income. A program of matching capital grants for private colleges in Minnesota and the Dakotas is described in the "Program Notes" action of this report. The grants to elementary and secondary schools are either for public school districts seeking to experiment with new learning programs and new approaches to teaching and administration or to improve the teaching of economics. Developing areas of the Foundation's interest are training programs for child development personnel and programs in parent education.
3. The Foundation seeks to support projects which may help demonstrate and evaluate ways to lessen, prevent or resolve contemporary social problems. Those projects which involve the elements of relatively early intervention and reasonable cost are of particular interest.
4. The Foundation is interested in encouraging the delivery of good medical care — at reasonable cost to recipients and to society — particularly in areas which now are underserved. In the near future

the Foundation hopes to concentrate on those education and training efforts which seem most likely to affect the distribution, quality and efficiency of medical care.

5. Within its geographic region of major interest, the Foundation accepts special responsibility in the arts and humanities, including support for music, theater, dance, visual arts, and the general preservation of our cultural heritage.
6. The development of leadership potential was of particular interest to the founder of The Bush Foundation, and will continue to command its interest and resources.

RESTRICTIONS AND AREAS OF HIGH SELECTIVITY

1. The Foundation recently has concentrated its major interest on projects originating in, or of special value to Minnesota, North Dakota, and South Dakota, with Chicago an area of secondary interest and others less so. The Bush Leadership Fellows Program includes coverage of Minnesota, North and South Dakota, and the counties of Western Wisconsin which are part of the Ninth Federal Reserve District. Proposals for projects outside the United States ordinarily will not be approved.
2. The Bush Foundation ordinarily will not contribute to other private foundations, but this shall not preclude its joining with one or more foundations in a common effort of special interest.
3. The Foundation does not make direct grants to individuals except through established, defined programs such as the Bush Leadership Fellows Program and the Fellowships for Artists Program. Ordinarily, the Foundation's grants are made only to non-profit, tax-exempt organizations.
4. Although the Foundation seeks to appraise each grant proposal on its merits, the following kinds of grant proposals are less likely to be approved than others:
 - a. Proposals for building construction in medicine.
 - b. Proposals requesting endowment funds.* (Note exception.)
 - c. Proposals requesting support to cover past operating deficits.
 - d. Proposals seeking general and continuing operating support.
5. The Foundation for some time has been reluctant to provide funds for basic scholarly research within established academic disciplines. In September, 1974 the Board of Directors voted to cease granting funds for project research in the biomedical and health sciences. While acknowledging the general importance of biomedical re-

*See the "Program Notes" section for a discussion of capital challenge grants in private colleges in Minnesota and the Dakotas. This specific program represents an exception to the Foundation's usual discouragement of endowment proposals.

search, the Board reasoned that excellent foundation grantmaking performance in this area probably requires a larger continuing investment of funds, a surer sense as to which specific research areas would be significantly improved if more money were made available, and greater specialization of the Foundation's staff than seems possible or desirable for The Bush Foundation to attempt at this time.

GRANTMAKING PROCEDURES

Responsibility for Decisions

All commitments of grant funds are made by the Board of Directors. The Board meets at least quarterly, but rarely at intervals of less than two months. The Grants Committee, a six-member subcommittee of the Board, discusses all grants prior to final Board action, and makes recommendations of final action to the Board.

All grant proposals to be considered by the Grants Committee and the Board are first investigated by the Foundation's staff. The results of these investigations are made available to the Grants Committee and the Board.

Time Required for Decisions

Grant proposals should be submitted to the Executive Director of the Foundation three months prior to the Board meeting at which consideration of the proposal is desired. This normally is a minimum time needed to complete the steps required for consideration. But if the proposal is highly specialized, if it requires the review of outside consultants, or if additional information is needed before serious consideration is possible, the process of consideration usually takes longer.

The Board has approved additional preliminary screening procedures for University of Minnesota proposals, and for requests seeking construction funds for major hospitals and medical centers. The Foundation staff will explain these steps to anyone wishing further information about them.

Ordinarily one member of the Foundation's program staff is assigned to work on a specific proposal when it is received by the Foundation. This staff member will suggest further discussion with the author of the proposal if it seems necessary, and may also seek other opinions and background information. This staff member will also be responsible for presenting the proposal, the results of the related investigation, and the staff's composite recommendation to the Grants Committee and to the Board.

Preliminary Inquiries

The Foundation staff welcomes brief preliminary letters inquiring about possible interest of the Foundation in providing funds for a particular

project. The staff also is pleased to answer written or telephone inquiries concerning application procedures, desired documentation, timing problems, and so on.

In answering questions about the possible future Foundation action on a proposal idea, the staff replies will usually range from "possible" to "unlikely". These staff appraisals never signal quick, optimistic encouragement as to final outcome. At the same time, they rarely are so discouraging as to prohibit finally any further consideration. However, recent staff estimates suggesting that proposal ideas seemed "unlikely" to command Board interest and final approval have almost always proven correct, even though the estimates in no way commit or limit later Board action.

Exploration of Other Sources of Support

Grant applicants ordinarily should explore all other possible sources of support in addition to The Bush Foundation. This exploration does not hurt the chances for a favorable decision by The Bush Foundation, but may improve the chances that the project will find support somewhere. In the event other sources do provide partial or full support, The Bush Foundation should be notified promptly, so that the staff may revise the amount requested in line with up-to-date and realistic needs.

GRANT PROPOSALS

Form of Presentation

There is no special form for applying for a grant. The proposals made to the Foundation vary widely as to purpose, and hence vary also as to the documentation needed for fair consideration. Plans which have been worked out thoughtfully and described concisely are always welcomed. Expensive brochures and extra packaging generally seems wasteful.

Desired Contents

A detailed list of "Application Requirements" is available at the Foundation office, and should be requested before drafting a final proposal. Following is a summary of the information which ordinarily should be provided in a completed proposal for a new project:

1. A clear description of the project, what it may be expected to achieve, and why it is important to undertake.
2. A detailed expense budget for the project, showing how the requested funds would be spent and during what time periods. The budget should make clear how the major elements of expense were estimated. Applicants should specify when the grant payment is desired, and in what amount; if more than one payment is re-

- requested under the grant, a suggested schedule of payments should be provided.
3. A statement of other possible sources of support, public or private, which have been or will be solicited concerning the project, including a statement of funds which have been received or pledged.
 4. If the project is to be continued after the period for which support has been requested, an explanation of how continuation of the project is to be financed.
 5. The procedure and criteria by which effectiveness of the grant should be judged after the grant funds have been expended.
 6. Information concerning the organization and the responsible officers who intend to carry out the project:
 - a. A brief description of the organization making the proposal.
 - b. The names and primary affiliations of the organization's directors or trustees.
 - c. The name(s) and qualifications of the person(s) who would administer the grant.
 - d. An audited balance sheet and income statement, if available, for the organization's previous fiscal year.
 7. A copy of the organization's most recent tax-exempt ruling from the Internal Revenue Service, along with either a statement as to any revisions which may be pending, or a statement that there has been no change and none is pending.
 8. If the request comes from a department or individual in an organization, the request also should be endorsed by the administrative head of the organization. If possible, the endorsement also should comment upon the relative priority of the request compared with other needs which The Bush Foundation may be asked to support.
 9. For demonstration projects, research studies, and experiments, a description of similar work which has been carried out previously by other agencies would be helpful, along with an estimate of the significance of this prior work to the proposed project.
 10. Proposals seeking funds for basic scholarly research should be written so that the project and its importance may be understood by non-specialists, and also so that the specific work plan may be understood and reviewed by consultants in the specific discipline involved. The Foundation has been extremely selective in approving grants for basic scholarly research of all kinds.

APPROVED GRANTS

Notification of Approval

The Bush Foundation will send written notice to applicants concerning all Board decisions to approve or deny grant proposals, usually within ten

days following the Board meeting involved. During this period, the Foundation notifies newspapers in Minnesota and the Dakotas, and radio and television stations of grants which have been approved. The Foundation Center in New York City is also notified of approved grants so that its central data file may be kept current.

Reports to the Foundation

The Foundation will require progress reports at least annually stating what has been accomplished by expenditures of the grant funds, along with appropriate financial reports as to how the funds were spent. Grant funds may be spent only for the purposes granted. Uncommitted funds at the end of the grant period must be returned to the Foundation unless other arrangements have been proposed beforehand and approved formally by the Foundation's Board of Directors. Following the end of the period for which funds were granted, the grantee must provide the Foundation with a final financial accounting for the grant funds, and an evaluation and summary of the results obtained.

Foundation Self-Evaluation

In addition to receiving reports from grantee organizations concerning the impact of the funds granted, the Foundation asks both its own full-time staff and also outside evaluators to review the experience of the Foundation's grantmaking procedures. The principal purpose of the survey review activity is to ensure that the Foundation periodically evaluates its own performance, and not to appraise the worthiness of individual grant recipients for possible future grants. The thoughtful assistance which recipients of Bush grants since 1970 have given to this self-evaluation work for the Foundation has been invaluable. The Foundation expects that it will continue to need this kind of help from its grant recipients in the future.

Summary Statistics for Recent Grants

The following tables summarize The Bush Foundation's recent grants, classified by the type of institution to which funds were granted, by size and duration of grants, and by the geographic location of the grantees.

**Summary of Grants Approved in Fiscal Year 1977
Classified by Size, Duration and
Geographic Location of Grants**

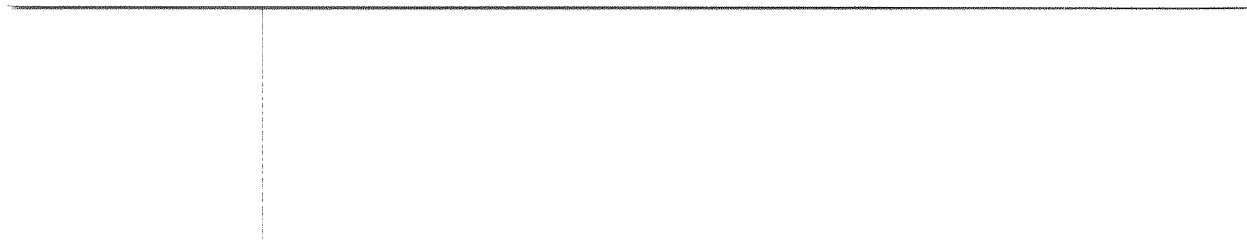
Classification of Grants		Number of Grants Approved
I. Size	\$ 0- 9,999	5
	10,000- 24,999	9
	25,000- 49,999	39
	50,000- 99,999	20
	100,000- 199,999	14
	200,000- 499,999	14
	500,000-1,000,000	4
		Total 105
II. Duration	1 Year	61
	2 Years	26
	3 Years	14
	4 Years	4
		Total 105
III. Geographic Location	Minnesota	66
	North Dakota	6
	South Dakota	12
	Illinois	6
	Other	15
		Total 105

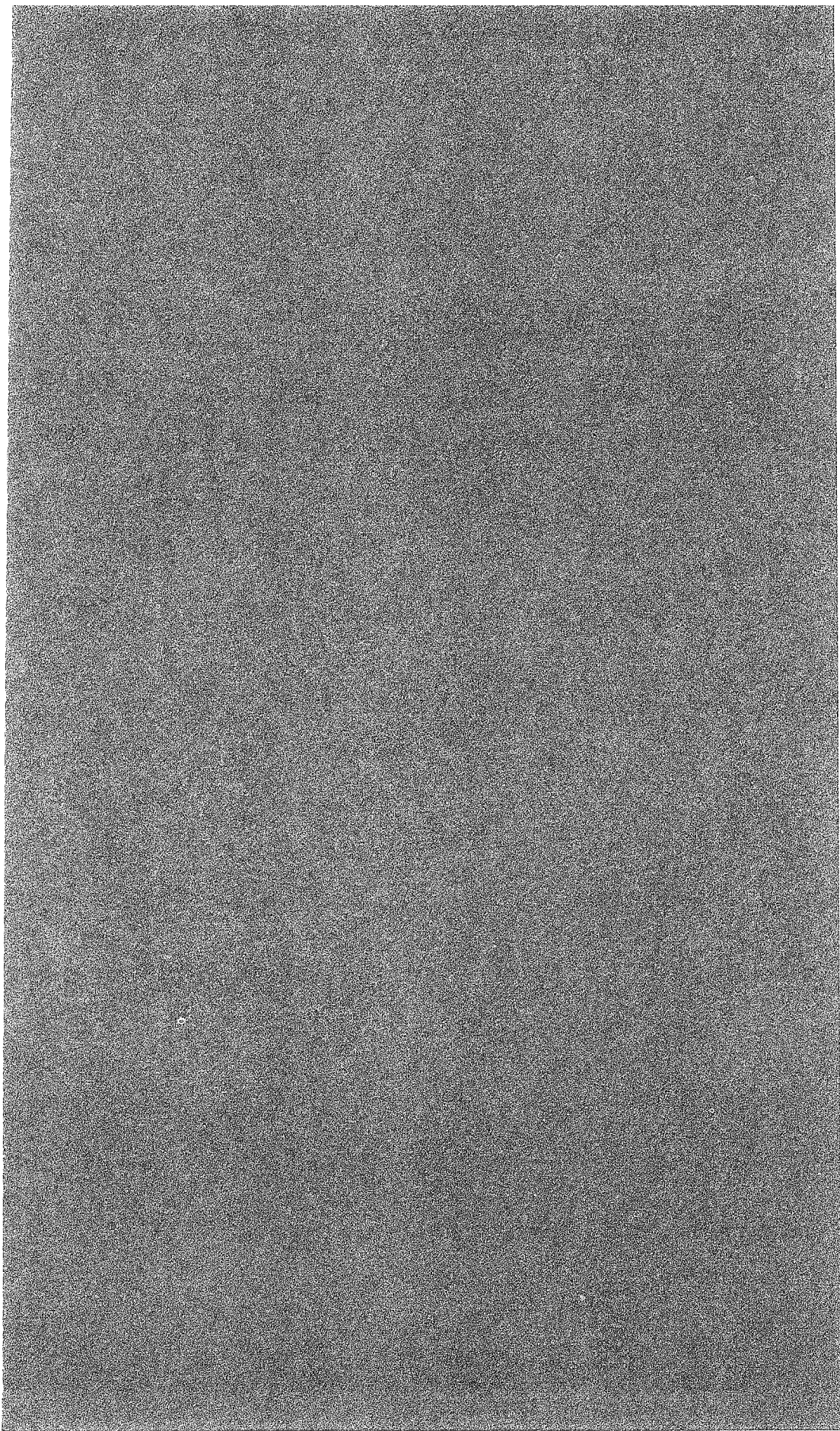
**Summary of Grants Approved in Fiscal Years 1975, 1976 and 1977
Classified by Purpose for Which Funds Were Granted¹**

Type of Institution	1975	1976	1977	3-Year Total
A. Humanities and Performing Arts	\$1,289,000 (10) 27.5%	\$1,212,500 (12) 14.6%	\$ 1,262,606 (10) 11.5%	\$ 3,764,106 (32) 15.7%
B. Education (including research in colleges and universities)	1,520,304 (26) 32.4%	3,956,054 (35) 47.5%	6,333,955 (58) 57.8%	11,810,313 (119) 49.3%
C. Health	265,000 (4) 5.7%	422,861 (3) 5.1%	220,260 (3) 2.0%	908,121 (10) 3.8%
D. Human Services ²	743,360 (12) 15.9%	1,530,542 (28) 18.4%	1,169,792 (23) 10.7%	3,443,694 (63) 14.4%
E. Miscellaneous (including environment, corrections and law, communications, and others not included above) ²	330,500 (8) 7.0%	636,270 (8) 7.7%	1,380,544 (9) 12.6%	2,347,314 (25) 9.8%
F. Fellowship Program Stipends	539,800 (2) 11.5%	555,000 (2) 6.7%	596,000 (2) 5.4%	1,690,800 (6) 7.0%
TOTALS	\$4,687,964 (62) 100.0%	\$8,313,227 (88) 100.0%	\$10,963,157 (105) 100.0%	\$23,964,348 (131) 100.0%

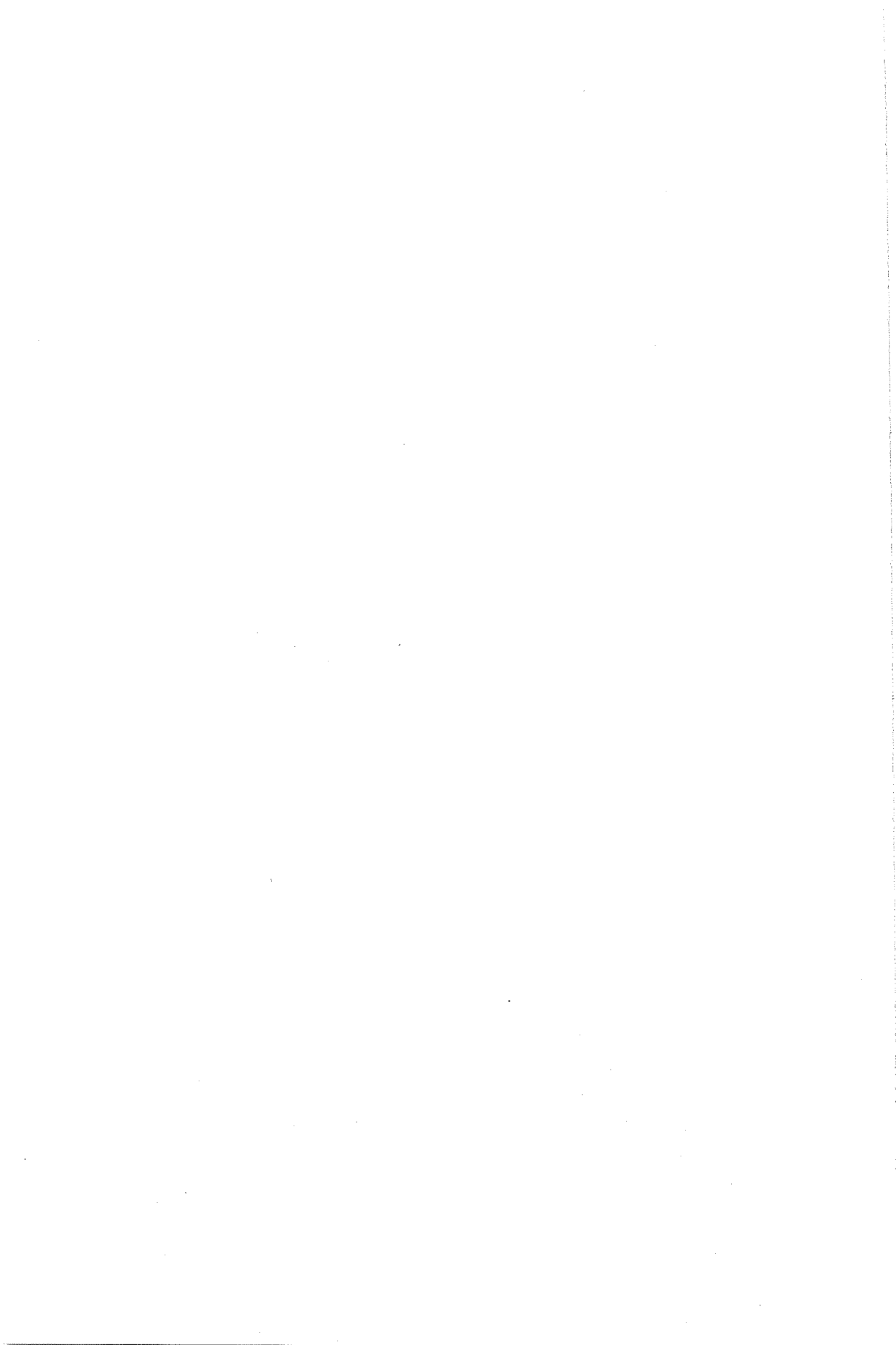
NOTES: ¹ In each cell, the dollar figure represents the total amount granted, the figure next below in parentheses shows the number of grants made, and the bottom figure shows the percentage of all grant dollars awarded during that fiscal year.

² For 1976 and 1977 only, grants in corrections and law are included under Human Services.





GRANTS FOR THE YEAR ENDED NOVEMBER 30, 1977



STATEMENT OF GRANTS FOR THE PERIOD ENDED NOVEMBER 30, 1977

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appro- priated 1977	Amount Paid 1977	Unpaid Balance 1977
A. PERFORMING ARTS AND HUMANITIES					
Museums					
Science Museum of Minnesota, Saint Paul To assist capital and endowment campaign, "New Horizons Fund"	\$ 600,000	. . . .	\$ 600,000	\$ 200,000	\$ 400,000
Walker Art Center, Inc., Minneapolis To support Center- sponsored dance programs 1974 grant	67,900	\$ 12,000	. . . .	12,000	. . . .
To support the Center's special exhibition program 1976 grant	90,000	90,000	. . . .	70,000	20,000
Theater					
Cricket Theatre Corporation, Minneapolis Toward operating expenses for 1976-77 season	10,000	10,000	. . . .	10,000	. . . .
Guthrie Theater Foundation, Minneapolis Toward operating expenses for 1977-78 season	80,000	. . . .	80,000	80,000	. . . .
Minnesota Opera Company, Saint Paul Toward operating expenses of the 1976-77 season and to match increased earned income	45,000	25,000	(25,000)	. . . .	. . . .
Toward renovation costs of its building at 850 Grand Avenue	25,000	. . . .	25,000	25,000	. . . .
To support promotion expenses for the 1978 season	25,000	. . . .	25,000	. . . .	25,000
Minnesota Orchestral Associa- tion, Minneapolis Toward costs of a new					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
symphony hall in Minneapolis					
1972 grant	750,000	150,000	.....	150,000	.....
1973 grant	250,000	250,000	.....	50,000	200,000
To match increases in Guaranty Fund contributions for operating expenses					
1975 grant	135,000	135,000	.....	135,000	.....
1976 grant	125,000	125,000	.....	125,000	.....
Saint Paul Chamber Orchestra Society, Saint Paul					
To match increased earned and unearned income and to support operating costs of the 1975-76 and 1976-77 seasons	220,000	100,000	.....	50,000	50,000
To support operating costs of the 1977-78 season	100,000	.....	100,000	100,000	.....
Other					
Guild of Performing Arts, Minneapolis					
Toward operating expenses of Nancy Hauser Dance Company for two years	25,000	10,000	.....	10,000	.....
Minnesota Historical Society, Saint Paul					
To purchase rare books and works of art for the Society's collection	60,000	.....	60,000	20,000	40,000
Minnesota Landmarks, Saint Paul					
Unpaid balance on earlier grant to Saint Paul-Ramsey Arts and Science Council toward renovation of Old Federal Courts Building; balance was transferred in 1976 to Minnesota Landmarks for the same purpose	500,000	125,000	.....	125,000	.....
1976 grant	250,000	250,000	.....	250,000	.....
National Trust for Historic Preservation, Washington, D.C.					
To support a "Main Street" project manager in Hot Springs, South Dakota	47,909	.....	47,909	24,010	23,899
The Plains Distribution Service, Inc., Fargo, North Dakota					
To support start-up costs of Book Bus Project	34,697	.....	34,697	9,697	25,000
St. Louis County Heritage and Arts Center, Duluth, Minnesota					
Toward construction costs					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
of new performing arts center	150,000	150,000	.....	150,000	.....
Saint Paul-Ramsey Arts and Science Council, Saint Paul					
To support expansion of the Science Museum of Minnesota	500,000	125,000	.....	125,000	.....
To match increased contributions and to provide outright support to Annual Fund Drive					
1976 grant	300,000	300,000	.....	100,000	200,000
1977 grant	275,000	.....	275,000	.....	275,000
Spring Hill Conference Center, Wayzata, Minnesota					
To support Center-sponsored programs	15,000	.....	15,000	10,000	5,000
Twin Cities Metropolitan Arts Alliance, Minneapolis					
To support a performing arts ticket voucher program	199,000	57,500	.....	57,500	.....
TOTAL — ARTS		<u>\$1,914,500</u>	<u>\$1,237,606</u>	<u>\$1,888,207</u>	<u>\$1,263,899</u>

B. EDUCATION

Private Elementary and Secondary Education

Red Cloud Indian School, Inc., Pine Ridge, South Dakota
 To support capital campaign to construct new high school building for a private school on the Pine Ridge Indian Reservation

\$ 25,000 \$ 25,000 \$ 25,000

Public Elementary and Secondary Education

Independent School District #625, Saint Paul
 Toward expansion of a special program for junior-high school students with severe behavioral problems

118,000 \$ 60,000 40,000 \$ 20,000

 Toward start-up support for an alternative "fundamental" elementary school

200,000 200,000 50,000 150,000

Minnesota Association of School Administrators, Saint Paul
 Toward final program planning, start-up, and operational costs for management training program

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
for public school superintendents in Minnesota					
1976 grant	338,400	198,000	.....	151,350	46,650
1977 grant	479,250	.....	479,250	.....	479,250
Special School District #1, Minneapolis Public Schools, Minneapolis					
To support development of pilot program for American Indian students in Minneapolis Public Schools					
1976 grant	66,254	23,820	.....	23,820	.....
Private Higher Education					
Alumni Challenge Grants					
To increase both unrestricted dollar receipts and the number of donors, through matching incentives, in the alumni and alumnae funds of Minnesota private colleges					
Augsburg College, Minneapolis					
Third renewal, 1976-77	70,000	70,000	.....	70,000	.....
Bennett College, Greensboro, North Carolina					
Initial grant, 1977-78	40,000	.....	40,000	.....	40,000
Bethel College and Seminary, Saint Paul					
First renewal, 1976-77	55,000	55,000	.....	55,000	.....
Second renewal, 1977-78	40,000	.....	40,000	.....	40,000
College of Saint Benedict, Saint Joseph, Minnesota					
Second renewal, 1976-77	39,000	39,000	(23,996)	15,004	.....
College of Saint Teresa, Winona, Minnesota					
Second renewal, 1976-77	40,000	40,000	.....	40,000	.....
Third renewal, 1977-78	32,000	.....	32,000	.....	32,000
College of Saint Thomas, Saint Paul					
Renewal to challenge special reunion class gifts, 1977-78	30,000	.....	(5,000) 30,000	25,000	.....
Dakota Wesleyan University, Mitchell, South Dakota					
Initial grant, 1976-77	42,000	42,000	.....	42,000	.....
First renewal, 1977-78	37,000	.....	37,000	.....	37,000
Fisk University, Nashville, Tennessee					
Initial grant, 1977-78	69,000	.....	69,000	.....	69,000
Huron College, Huron, South Dakota					
Initial grant, 1976-77	42,000	42,000	.....	42,000	.....
First renewal, 1977-78	26,000	.....	26,000	.....	26,000
Jamestown College, Jamestown, North Dakota					
Initial grant, 1976-77	42,000	42,000	.....	42,000	.....
First renewal, 1977-78	42,000	.....	42,000	.....	42,000

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Macalester College, Saint Paul					
Fourth renewal, 1976-77	50,000	50,000	(9,345)	40,655	.....
Renewal to challenge special reunion class gifts, 1977-78	20,000	.....	20,000	.....	20,000
Mary College, Bismarck, North Dakota (Challenge not restricted to alumni giving)					
Initial grant, 1976-77	35,000	35,000	(2,950)	32,050	.....
First renewal, 1977-78	30,000	.....	30,000	.....	30,000
Paine College, Augusta, Georgia					
Initial grant, 1976-77	15,000	15,000	.....	15,000	.....
First renewal, 1977-78	20,000	.....	20,000	.....	20,000
Presentation College, Aberdeen, South Dakota (Challenge not restricted to alumni giving)					
Initial grant, 1977-78	27,000	.....	27,000	.....	27,000
Saint Augustine's College, Raleigh, North Carolina					
Initial grant, 1977-78	49,000	.....	49,000	.....	49,000
Saint John's University, Collegeville, Minnesota					
Third renewal, 1976-77	56,000	56,000	(26,000)	30,000	.....
Saint Mary's College, Winona, Minnesota					
Second renewal, 1976-77	45,000	45,000	(4,000)	41,000	.....
Third renewal, 1977-78	35,000	.....	35,000	.....	35,000
Sioux Falls College, Sioux Falls, South Dakota					
Initial grant, 1976-77	38,000	38,000	(3,718)	34,282	.....
First renewal, 1977-78	30,000	.....	30,000	.....	30,000
Spelman College, Atlanta, Georgia					
Initial grant, 1977-78	34,000	.....	34,000	.....	34,000
Tougaloo College, Tougaloo, Mississippi					
Initial grant, 1976-77	62,000	62,000	(3,692)	58,308	.....
First renewal, 1977-78	60,000	.....	60,000	.....	60,000
Tuskegee Institute, Tuskegee Institute, Alabama					
Initial grant, 1977-78	75,000	.....	75,000	.....	75,000
Wiley College, Marshall, Texas					
Initial grant, 1977-78	43,000	.....	43,000	.....	43,000
Xavier University, New Orleans, Louisiana					
Initial grant, 1976-77	55,000	55,000	.....	55,000	.....
First renewal, 1977-78	65,000	.....	65,000	.....	65,000
Yankton College, Yankton, South Dakota					
Initial grant, 1976-77	38,000	38,000	.....	38,000	.....
First renewal, 1977-78	33,000	.....	33,000	.....	33,000
Tuskegee Institute, Tuskegee Institute, Alabama					
To support costs for nine-					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
college conference on alumni giving	6,100	.....	6,100	6,100	.....
United Negro College Fund, Inc., New York, New York To support the annual fund drives in 1977, 1978, and 1979	120,000	.....	120,000	40,000	80,000
Bush Opportunity Grants To provide scholarships based on financial need but not exceeding \$1,000 each for graduates of Minnesota community and junior colleges who transfer to a four-year Minnesota private college					
1974 grant	670,000	450,560	.....	.....	164,655
Augsburg College, Minneapolis	.....	.....	.....	50,600	.....
Bethel College, Saint Paul	.....	.....	.....	14,965	.....
Carleton College, Northfield, Minnesota	.....	.....	.....	1,500	.....
College of Saint Benedict, Saint Joseph, Minnesota	.....	.....	.....	5,925	.....
College of Saint Catherine, Saint Paul	.....	.....	.....	18,750	.....
College of Saint Scholastica, Duluth, Minnesota	.....	.....	.....	11,960	.....
College of Saint Thomas, Saint Paul	.....	.....	.....	57,475	.....
Concordia College, Moorhead, Minnesota	.....	.....	.....	15,375	.....
Concordia College, Saint Paul	.....	.....	.....	7,347	.....
Gustavus Adolphus College, Saint Peter, Minnesota	.....	.....	.....	10,500	.....
Hamline University, Saint Paul	.....	.....	.....	61,223	.....
Macalester College, Saint Paul	.....	.....	.....	9,000	.....
Minneapolis College of Art and Design, Minneapolis	.....	.....	.....	6,500	.....
Saint John's University, Collegeville, Minnesota	.....	.....	.....	6,050	.....
Saint Mary's College, Winona, Minnesota	.....	.....	.....	825	.....
Saint Olaf College, Northfield, Minnesota	.....	.....	.....	7,910	.....
Augsburg College, Minneapolis To provide an extra tapering-out support period in the Bush Opportunity Grants program	37,845	.....	37,845	21,025	16,820
College of Saint Thomas, Saint Paul To provide an extra tapering-out support period in the					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Bush Opportunity Grants program	39,555	. . . .	39,555	21,975	17,580
Hamline University, Saint Paul To provide an extra tapering-out support period in the Bush Opportunity Grants program	48,712	. . . .	48,712	27,062	21,650
Augsburg College, Minneapolis To support the capital fund drive for building renovations and a new music building	340,000	. . . .	340,000	. . . .	340,000
Augustana College, Sioux Falls, South Dakota To support a private community college in Sioux Falls as part of a consortium of educational institutions	272,364	. . . .	272,364	206,464	65,900
Carleton College, Northfield, Minnesota Endowment of book purchases for Carleton library	800,000	800,000	. . . .	. . . .	800,000
Concordia College, Moorhead, Minnesota To support a college-wide extension of a pilot curriculum evaluation system	83,613	19,313	. . . .	19,313	. . . .
Higher Education Consortium for Urban Affairs, Inc., Saint Paul To expand urban studies programs among nine private colleges in Minnesota, South Dakota, and the University of Minnesota	54,000	9,000	. . . .	9,000	. . . .
Minnesota Private College Fund, Minneapolis For support of programs selected by the presidents at the fifteen member colleges 1976 grant	400,000	400,000	. . . .	200,000	200,000
Tulane University, New Orleans, Louisiana To help build patient care and teaching facilities at the Tulane Medical Center	500,000	100,000	. . . .	100,000	. . . .
William Mitchell College of Law, Saint Paul To support its \$4 million drive for capital and current funds	200,000	. . . .	200,000	100,000	100,000

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Public Higher Education					
Minnesota Arboretum Foundation, Chaska, Minnesota To finance the acquisition of 88 acres for the Minnesota Landscape Arboretum	213,000	. . . . .	213,000	. . . . .	213,000
Oneida Education Center, Saint Paul To support operating costs (tuition and salaries) for the spring term	8,000	. . . . .	8,000	8,000	. . . . .
University of Minnesota, Minneapolis Diabetes Research To support investigation by Dr. Frederick C. Goetz as to whether kidney disease in diabetic patients is genetically determined or results from chemical changes in the body which are produced by diabetes	204,926	45,224	. . . . .	45,224	. . . . .
Duluth Medical School To help develop a program in allied health sciences at the University (Duluth), the College of Saint Scholastica (Duluth), and the University of Wisconsin at Superior	215,028	63,420	. . . . .	36,885	26,535
Graduate School Fellowships Fellowships for graduate students in M.A. and Ph.D. programs under the administration of the Graduate School					
1974 grant	2,000,000	525,000	. . . . .	400,000	125,000
1976 grant	375,000	375,000	. . . . .	85,000	290,000
Graduate School Evaluation Continued support for external evaluations of the University's Graduate School departments in conjunction with internal evaluations which the University is conducting	115,000	. . . . .	115,000	69,000	46,000
University of Minnesota Foundation, Minneapolis To support costs of final publication of results from Minnesota Messenia Expedition	27,500	. . . . .	27,500	27,500	. . . . .
To support Regents Professor salary supplements in 1977, 1978 and 1979 while endowment funds are being raised	225,000	. . . . .	225,000	150,000	75,000

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
University of North Dakota, Grand Forks, North Dakota To help start a statewide network of teacher centers to provide in-service training to elementary and secondary school teachers	403,596	. . . .	403,596	78,840	324,756
Child Development					
Chicago Education Television Association, Chicago, Illinois To support production costs of seven episodes of the parenting program — "Look At Me"	189,000	. . . .	189,000	94,000	95,000
Education Development Center, Inc., Newton, Massachusetts To support costs to distribute a parent education curriculum for high school seniors among schools in Minnesota; also to train teachers to use the curriculum	113,778	. . . .	113,778	56,155	57,623
Erikson Institute for Early Education, Chicago, Illinois To support the Institute's program of graduate level training for teachers of pre-school children 1977 grant	210,000	. . . .	210,000	70,000	140,000
Family Focus, Inc., Evanston, Illinois To support early operation of two drop-in centers for parents and their very young children	100,000	. . . .	100,000	50,000	50,000
Independent School District #742, Saint Cloud, Minnesota To support development of a district-wide parent education program for parents of children aged 0-4	100,000	. . . .	100,000	45,000	55,000
Minnesota Early Learning Design, Minneapolis Toward costs of demonstration project in parent education	75,000	25,000	. . . .	25,000	. . . .
McIntyre's Center for Gifted Children, Saint Paul To support renovation costs	50,000	. . . .	50,000	. . . .	50,000
Social Science Research Council, New York, New York To help support activities					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
of a national committee to coordinate and stimulate research on the social and emotional development of children	80,140	. . . .	80,140	36,920	43,220
University of Chicago, Chicago, Illinois To support one additional year of research of Dr. Alison Clarke-Stewart to assess effects of different child-care arrangements on the behavior of children aged 2-5	38,432	. . . .	38,432	38,432	. . . .
University of Minnesota, Minneapolis Center for Early Education and Development To support a three-year series of leadership training institutes for professionals in the field of early childhood education	203,440	137,630	. . . .	67,760	69,870
Yale University, New Haven, Connecticut To support the first in a network of Bush centers in child development and social policy	674,415	. . . .	674,415	64,415	610,000
Economic Education					
The Agency for Instructional Television, Bloomington, Indiana To help support production of an instructional television series on economics for children in grades 5 and 6	100,000	. . . .	100,000	50,000	50,000
Junior Achievement, Inc., Stamford, Connecticut To help construct a new facility for an expanded Junior Achievement program in Minneapolis and suburbs	150,000	. . . .	150,000	150,000	. . . .
Challenge grant to help increase annual operating support for Junior Achievement of Saint Paul	85,000	. . . .	85,000	. . . .	85,000
Minnesota State Council on Economic Education, Minneapolis To support three-year training program in economic education for					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Saint Paul public school teachers	120,314	75,484	. . . .	40,228	35,256
To support costs for improvement of instruction in economics in the archdiocesan schools of Saint Paul and Minneapolis	90,186	. . . .	90,186	31,300	58,886
North Dakota Council on Economic Education, Grand Forks, North Dakota					
To expand statewide program in economics for elementary and secondary school teachers in North Dakota public schools	63,685	40,633	. . . .	19,017	21,616
Saint Paul Chamber of Commerce Foundation, Saint Paul					
To support training program in business economics and summer internships in local corporations for elementary and secondary school teachers	93,500	47,000	(9,048)	22,452	15,500
Special School District #1, Minneapolis Public Schools, Minneapolis					
Toward development of a case study program in economic education 1976 grant	165,725	109,213	. . . .	62,484	46,729
Libraries					
Cooperating Libraries in Consortium, Saint Paul					
To purchase microfilm readers for a master catalog	53,422	. . . .	53,422	53,422	. . . .
Midwest Region Library Network, Evanston, Illinois					
To support start-up costs for regional library consortium	204,000	. . . .	204,000	64,000	140,000
Minnesota Higher Education Coordinating Board, Saint Paul					
Toward purchase and installation of equipment to computerize the cataloging of books in 31 libraries in Minnesota and 61 libraries in North Dakota	216,066	45,307	. . . .	45,307	. . . .
To add fifteen new libraries in Minnesota and South Dakota	134,860	. . . .	134,860	67,430	67,430
Newberry Library, Chicago, Illinois					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Challenge grant to increase annual membership 1976 grant	30,000	30,000	.....	30,000	.....
Saint Paul Seminary, Saint Paul To support a consortium of five theological seminaries in Minnesota to computerize the cataloging of books in their libraries	172,800	.....	172,800	100,000	72,800
Sinte Gleska College Center, Rosebud, South Dakota To complete construction and to furnish a two-year college library on the Rosebud Sioux Indian Reservation	100,000	.....	100,000	100,000	.....
The University of Chicago, Chicago, Illinois Continued operating support for the A. G. Bush Library at the University's Industrial Relations Center 1975 grant	225,000	87,500	.....	87,500	.....
Other Education					
Film in the Cities, Saint Paul Toward operating costs of training and technical assistance program for filmmakers	60,000	20,000	.....	20,000	.....
The Minneapolis Foundation (fiscal agent for Citizens' Scholarship Foundation of America, Inc., Concord, New Hampshire), Minneapolis Toward costs to establish Minnesota regional office, develop additional local CSFA chapters, and initiate scholarship "Fund Finder" service for Minnesota students	140,000	40,000	.....	40,000	.....
Minnesota Association for Children with Learning Disabilities, Saint Paul To assist parents to obtain legally mandated educational services from local school districts for children with special learning disabilities	50,000	.....	50,000	.....	50,000
Minnesota Outward Bound School, Wayzata, Minnesota To support its capital campaign to construct new					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
facilities for a wilderness education program in northern Minnesota	40,000	.....	40,000	40,000	.....
Youth for Understanding, Ann Arbor, Michigan Toward administrative costs of a Minnesota office for an international high-school student exchange program	54,821	13,782	.....	13,782	.....
TOTAL — EDUCATION	\$ 4,464,886	\$ 6,246,206	\$ 4,487,366	\$ 6,223,726	
C. HEALTH					
The Children's Hospital, Saint Paul To support its capital campaign to construct a new hospital building	\$ 200,000	.....	\$ 200,000	\$ 100,000	\$ 100,000
Family Tree, Inc., Saint Paul To support the start-up costs of nurse-midwifery program	14,260	.....	14,260	7,950	6,310
Mayo Foundation, Rochester, Minnesota To help develop and operate a new undergraduate medical school at the Mayo Clinic	1,000,000	\$ 100,000	.....	100,000	.....
Psychoanalytic Foundation of Minnesota, Inc., Minneapolis For program development 1974 grant	60,000	50,000	.....	20,000	30,000
Rush-Presbyterian-Saint Luke's Medical Center, Chicago, Illinois To support further development of graduate programs in the new College of Nursing	300,000	140,000	.....	100,000	40,000
Walk-In Counseling Center, Inc., Minneapolis Toward the purchase of its building at 2421 Chicago Avenue, South	6,000	.....	6,000	6,000	.....
Washburn Child Guidance Center, Minneapolis Contribution to annual fund drive for operating support	40,000	15,000	.....	15,000	.....
TOTAL — HEALTH	\$ 305,000	\$ 220,260	\$ 348,950	\$ 176,310	

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appro- priated 1977	Amount Paid 1977	Unpaid Balance 1977
D. HUMAN SERVICES					
Health and Rehabilitation					
Anoka County Community Action Program, Inc., Anoka, Minnesota Interim support for a health clinic for senior citizens	\$ 6,000	. . . .	\$ 6,000	\$ 6,000	. . . .
Christian Action Ministry, Chicago, Illinois Toward construction of a minority-operated nursing home, medical clinic, and child-care facility; also to support pro- gram development costs	100,000	\$ 50,000	. . . .	50,000	. . . .
Education for Learning Dis- abilities, Inc., Minneapolis Support of a reading and math clinic for learning- disabled children and adults	32,000	15,000	. . . .	10,000	\$ 5,000
Louise Whitbeck Fraser School, Inc., Minneapolis To support start-up costs of the Muriel Humphrey residences	50,000	. . . .	50,000	50,000	. . . .
Minneapolis Society for the Blind, Minneapolis To remodel building for expanded services	75,000	. . . .	75,000	75,000	. . . .
Minnesota Society for Crippled Children and Adults, Golden Valley, Minnesota To develop a new department of rehab- ilitation engineering	48,500	. . . .	48,500	48,500	. . . .
Opportunity Workshop, Inc., Minneapolis Toward construction costs of a new sheltered workshop for handicapped persons	160,000	160,000	. . . .	. . . .	160,000
People, Inc., Saint Paul To support start-up costs for residential half-way house for adults who are both hearing impaired and mentally ill	81,617	. . . .	81,617	51,617	30,000
The Phoenix Residence, Inc., Saint Paul Toward start-up expenses for a residential treatment program for adults with multiple handicaps	100,000	100,000	. . . .	100,000	. . . .

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Southeast South Dakota Activity Center, Inc., Vermillion, South Dakota Toward construction costs of a sheltered workshop for handicapped people	28,000	. . . .	28,000	. . . .	28,000
Union Gospel Mission Association, Saint Paul To assist moving the mission's adult facilities to a new site	500,000	400,000	. . . .	. . . .	400,000
United Funds					
United Way of the Saint Paul Area, Inc., Saint Paul For the 1977 annual campaign	205,000	205,000	. . . .	205,000	. . . .
For the 1978 annual campaign	222,425	. . . .	222,425	. . . .	222,425
Youth and Family Services					
American Lutheran Church, Minneapolis Support for the Center for Children, an after-school program for inner-city children sponsored by Central Lutheran Church in Minneapolis	25,000	. . . .	25,000	. . . .	25,000
Charles Cruse Memorial Boys' Club, Fort Totten, North Dakota To train four Indian young men to operate the Boys' Club	40,800	20,400	. . . .	. . . .	20,400
Children's Home Society of Minnesota, Saint Paul To support development of a post-legal adoption counseling and education program	61,860	15,073	. . . .	15,073	. . . .
Dakota Boys Ranch Association, Minot, North Dakota Toward construction of a new gymnasium and craft area for residential program for delinquent boys	40,000	40,000	. . . .	40,000	. . . .
Enablers, Inc., Minneapolis Continued support for a program that provides technical assistance to youth service programs in the Twin Cities Metropolitan area	40,000	25,000	. . . .	15,000	10,000
Girls Club of Rapid City, Inc., Rapid City, South Dakota To support development of					

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
an employment preparation program for low-income and minority young women in the Rapid City area	25,000	. . . .	25,000	15,000	10,000
Hospitality House, Inc., Minneapolis					
Toward construction costs of a new facility for minority youth program	40,000	40,000	. . . .	40,000	. . . .
Northside Child Development Center, Inc., Minneapolis					
Toward construction costs of a new day-care facility	30,000	30,000	. . . .	30,000	. . . .
Six-West Ranch, Montevideo, Minnesota					
Toward start-up support for a residential group home for delinquent boys in a five-county area in southwestern Minnesota	25,000	. . . .	25,000	25,000	. . . .
South Dakota Children's Aid, Mitchell, South Dakota					
Toward start-up costs of special education program for teen-aged, emotionally disturbed girls	7,250	. . . .	7,250	7,250	. . . .
United Charities of Chicago, Chicago, Illinois					
To support an educational family financial counseling program	100,000	. . . .	100,000	50,000	50,000
Service for the Aged					
Little Sisters of the Poor, Saint Paul					
To help build a home for the aged poor	150,000	100,000	. . . .	100,000	. . . .
The Presbyterian Homes of Minnesota, Inc., Saint Paul					
Toward construction costs for a new geriatric care center that will include community outreach programs	150,000	150,000	. . . .	150,000	. . . .
Region Five Council on Aging, Fargo, North Dakota					
To help support a transportation program for older citizens in rural communities for 1977-78	10,000	. . . .	10,000	10,000	. . . .
Sholom Home, Inc., Saint Paul					
To support a construction and remodeling program of a home for older people	125,000	. . . .	125,000	. . . .	125,000

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Law and Corrections					
Correctional Service of Minnesota, Minneapolis					
To help support a training program on the criminal justice system for Minnesota public school teachers	37,000	13,000	.....	13,000	.....
To strengthen the research and planning division	90,000	50,000	.....	30,000	20,000
Legal Assistance of Ramsey County, Saint Paul					
Toward operating costs of its civil commitment advocacy project	37,246	19,580	.....	19,580	.....
National Conference of Commissioners on Uniform State Laws, Chicago, Illinois					
To support costs of developing a uniform health profession licensing code	60,000	60,000	(60,000)	.....	.....
Project Elan, Inc., Minneapolis					
Toward start-up costs of the Child Support and Family Maintenance program	25,500	.....	25,500	25,500	.....
Stillwater Data Processing Systems, Inc., Stillwater, Minnesota					
Toward costs of establishing a private industry work and training program in the Minnesota State Prison	38,000	20,000	.....	16,000	4,000
Other Human Services					
Children's Home Society of Minnesota, Saint Paul					
Toward construction costs to expand its central office building	40,000	.....	40,000	40,000	.....
Community Design Center of Minnesota, Minneapolis					
To support free design and planning services for low-income individuals and non-profit organizations 1974 grant	25,000	5,000	.....	5,000	.....
Community Planning Organization, Inc., Saint Paul					
Toward operating support for this independent organization that provides a variety of services to human service agencies in the Saint Paul area	40,000	.....	40,000	25,000	15,000

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Granville House, Inc., Saint Paul To support costs to refurbish and bring up to code the Jane Dickman House facility in Woodbury, Minnesota	45,000	.....	45,000	.....	45,000
Greater Minneapolis Council of Churches (Division of Indian Work), Minneapolis To help renovate a church building for a program that provides emergency social services to Indians in Minneapolis	30,000	.....	30,000	.....	30,000
The Johnson Institute, Minneapolis Continued support for a Family Care program for families of alcoholics	55,000	.....	55,000	35,000	20,000
Northwest Economic Development, Inc., Crookston, Minnesota To support design and marketing services for low-income people who produce handcrafts	50,000	20,000	.....	20,000	.....
Tac Two, Inc., Saint Paul To support a counseling and referral program for the indigent and ex-offender re-entering the community	18,000	.....	18,000	18,000	.....
Harriet Tubman Women's Shelter, Minneapolis Toward start-up costs of shelter for battered women and their children	70,000	.....	70,000	25,000	45,000
Women's Advocates, Inc., Saint Paul Toward operating support of a shelter for battered women and their children	17,500	.....	17,500	17,500	.....
TOTAL — HUMAN SERVICES		<u>\$ 1,538,053</u>	<u>\$ 1,109,792</u>	<u>\$1,383,020</u>	<u>\$ 1,264,825</u>
E. MISCELLANEOUS					
Communications					
Community Film Workshop of Chicago, Chicago, Illinois Toward costs of purchasing equipment for minority training program in film and television	\$ 55,000	\$ 30,000	.....	.....	\$ 30,000

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
Minnesota Public Radio, Saint Paul					
To match increased membership income					
1976 grant	74,000	54,000	.....	\$ 54,000	.....
1977 grant	64,000	.....	64,000	.....	64,000
Prime Time School Television, Chicago, Illinois					
Toward operating costs of this program which informs teachers about particularly worthwhile educational television programs scheduled for commercial stations	100,000	50,000	.....	50,000	.....
South Dakota Friends of Public Broadcasting, Brookings, South Dakota					
Toward costs of establishing a development office and to match increased membership income	79,000	79,000	.....	39,000	40,000
Twin City Area Educational Television Corporation, Saint Paul					
To support KTCA/KTCI (Channels 2 and 17) three-year fund drive	900,000	.....	900,000	200,000	700,000
Environment					
Center for Local Self Reliance, Minneapolis					
Interim support for administrative expenses of a program that helps low-income people insulate their homes	25,000	.....	25,000	15,000	10,000
The Nature Conservancy, Arlington, Virginia					
To help acquire three natural prairie tracts in eastern South Dakota and to renovate a research station near Aberdeen, South Dakota	103,270	61,500	.....	1,500	60,000
To acquire two tracts of undeveloped land in Minnesota	39,500	.....	39,500	39,500	.....
Twin Cities Tree Trust, Minneapolis					
To support a reforestation project for low-income neighborhoods in Minneapolis and Saint Paul	50,000	.....	50,000	50,000	.....
Other Miscellaneous					
Fort Snelling State Park Association, Saint Paul					

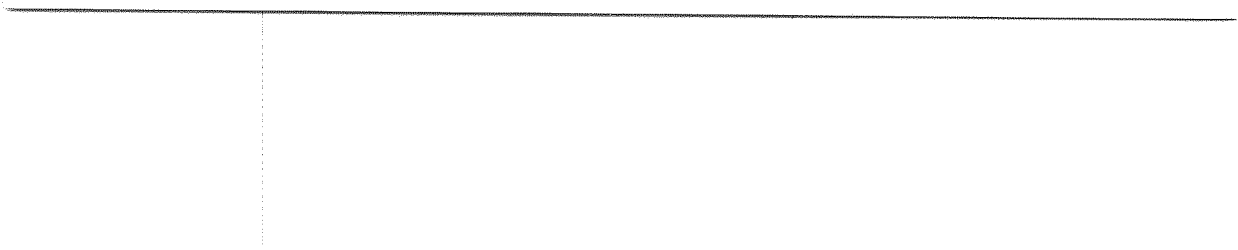
Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
To assist in the renovation of Saint Peter's Church in Mendota	25,000	. . . .	25,000	25,000	. . . .
Foundation Center, Inc., New York, New York To help support the Foundation Resource Center	75,000	50,000	. . . .	25,000	25,000
The Lake States National Park Association, International Falls, Minnesota To help acquire interpretive literature for visitors to Voyageurs National Park	10,000	. . . .	10,000	10,000	. . . .
Minnesota Zoological Garden, Saint Paul For development of a state zoo	785,000	710,000	. . . .	710,000	. . . .
The North Dakota Community Foundation, Bismarck, North Dakota Toward endowment of a new grantmaking community foundation in North Dakota	250,000	. . . .	250,000	7,880	242,120
Tri-State Interfaith Development Enterprise, Inc., Minneapolis To help finish construction of the community center for the Upper Sioux Community of Granite Falls, Minnesota	17,044	. . . .	17,044	17,044	. . . .
Upper Midwest Council, Minneapolis Toward operating costs for Public Service Options, an experimental program to expand choices available to government for providing services	75,000	25,000	. . . .	25,000	. . . .
TOTAL — MISCELLANEOUS					
		\$ 1,059,500	\$ 1,380,544	\$1,268,924	\$ 1,171,120

F. FELLOWSHIP PROGRAMS

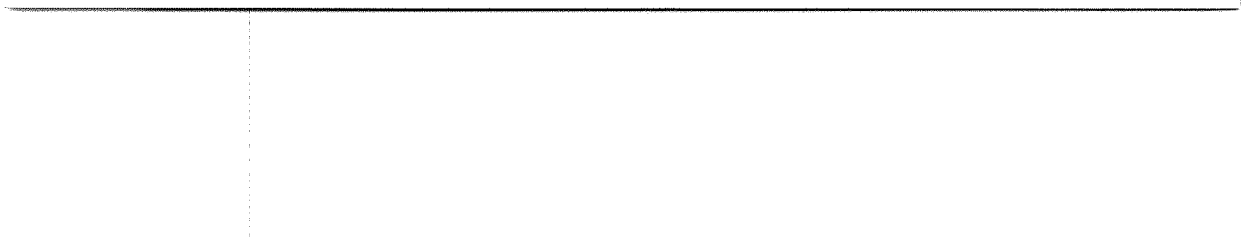
Bush Leadership Fellows and Summer Fellows Program To provide mid-career study and internship opportunities for selected residents of Minnesota, North Dakota, South Dakota, and Western Wisconsin					
1973 program	191,100	5,000	(5,000)	. . . .	. . . .
1974 program	232,100	3,150	. . . .	3,150	. . . .
1975 program	443,800	70,101	. . . .	40,560	29,541

Organization and Purpose	Initial Grant	Unpaid Balance 1976	Appropriated 1977	Amount Paid 1977	Unpaid Balance 1977
1976 program	467,800	266,814	. . . .	207,522	59,292
1977 program	483,000	483,000	. . . .	196,404	286,596
1978 program	500,000	. . . .	500,000	. . . .	500,000
TOTAL — BUSH LEADERSHIP FELLOWS PROGRAM		\$ 828,065	\$ 495,000	\$ 447,636	\$ 875,429
Bush Foundation Fellowships for Artists To enable selected writers and visual artists in Minnesota to set aside a significant period of time for work in their chosen art forms					
1976 program	72,000	45,746	(10,142)	35,039	565
1977 program	72,000	72,000	. . . .	20,047	51,953
1978 program	96,000	. . . .	96,000	. . . .	96,000
TOTAL — BUSH FOUNDATION FELLOWSHIPS FOR ARTISTS		\$ 117,746	\$ 85,858	\$ 55,086	\$ 148,518
TOTAL		\$10,227,750	\$10,775,266*	\$9,879,189	\$11,123,827

*This figure is the net total appropriated during the 1977 fiscal year. It represents gross appropriations of \$10,963,157, less cancellations and returns of \$187,891.



REPORT OF THE TREASURER



REPORT OF THE TREASURER

The financial statements of the Foundation, which have been audited by Arthur Andersen & Company, appear on the following pages.

The market value of the Foundation's total assets was \$194,980,774 on November 30, 1977, \$9,603,210 less than total assets of \$204,583,984 on November 30, 1976. A list of marketable securities at cost or stated value and at market value is in the financial statements.

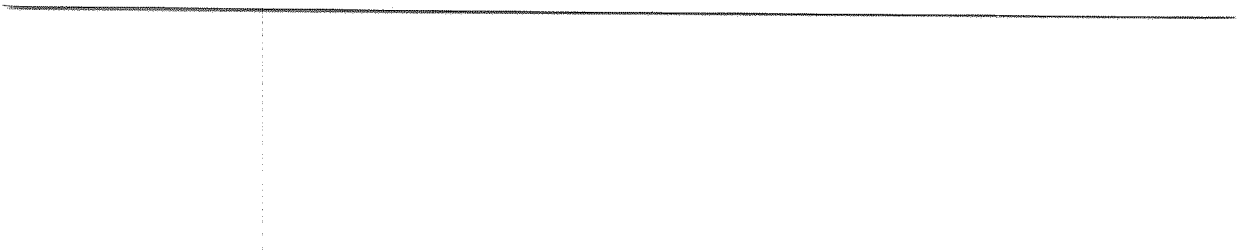
Total return on investments (dividends, interest and appreciation) was 2.3% in 1976-77, not as good as the 13.4% realized in 1975-76. Total return on equities was -1.6% compared to -8.2% for the Dow Jones Industrials and -2.8% for the S & P 500 stocks.

Investment income in the fiscal year ended November 30, 1977 was \$11,063,583, compared with \$10,136,076 in 1976. Investment expenses in 1977 were \$337,285, of which \$225,799 represented investment counsel fees. The provision for Federal excise tax was \$457,000 and administration expenses related to grant making were \$533,013. Deductions from income totalled \$1,327,298 in 1977 vs. \$1,289,128 in 1976.

The Board approved grants totalling \$10,963,157 in 1977. Cancellations and refunds reduced the net appropriated to \$10,775,266 which was \$2,609,950 greater than 1976. Payments on grants amounted to \$9,879,189 in 1977, compared to \$7,101,108 in 1976. Unpaid grant commitments were \$11,123,827 at November 30, 1977 and \$10,227,750 on the same date in 1976.

Brown Brothers Harriman & Company of New York, the First National Bank of Minneapolis and the Harris Trust and Savings Bank of Chicago are investment advisors to the Board. The Investment Committee of the Board meets regularly with the advisors for review and evaluation of investment performance and discussion of investment policy.

John A. McHugh
Treasurer



ARTHUR ANDERSEN & CO.
SAINT PAUL, MINNESOTA

To the Board of Directors of
The Bush Foundation:

We have examined the balance sheets of THE BUSH FOUNDATION (a Minnesota corporation, not for profit) as of November 30, 1977 and November 30, 1976, and the related statements of changes in principal fund, income fund and cash balances for the years then ended, and the supplementary statement (Exhibit 1). Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of The Bush Foundation as of November 30, 1977 and November 30, 1976, and the changes in principal fund, income fund and cash balances for the years then ended, and the supplementary statement presents fairly the information set forth therein, all in conformity with generally accepted accounting principles consistently applied during the years.

Arthur Andersen & Co.
ARTHUR ANDERSEN & CO.

January 20, 1978.

BALANCE SHEETS — NOVEMBER 30, 1977 AND 1976

ASSETS	1977	1976
CASH, including \$136,908 in 1977 and \$133,398 in 1976 held by fiscal agents for investment	\$ 669,590	\$ 482,034
INVESTMENTS, principally at quoted market value (Exhibit 1):		
U.S. Treasury Bills and commercial paper	\$ 17,218,707	\$ 16,533,483
Corporate, Foreign and U.S. Government and Government Agency bonds and notes, amortized cost of \$67,856,316 in 1977 and \$86,362,815 in 1976	68,237,148	88,929,168
Common stocks, cost of \$104,680,113 in 1977 and \$93,073,075 in 1976	106,235,567	95,656,408
Notes and mortgages receivable	....	227,428
Total investments	\$191,691,422	\$201,346,487
DIVIDENDS AND INTEREST RECEIVABLE	2,041,083	2,744,186
DUE FROM FISCAL AGENT FOR SECURITIES WITH SETTLEMENT PENDING	550,707	....
FURNITURE, EQUIPMENT AND OTHER ASSETS	27,972	11,277
	\$194,980,774	\$204,583,984

LIABILITIES AND FUND BALANCES

	<u>1977</u>	<u>1976</u>
ACCOUNTS PAYABLE, including \$1,000,000 in 1976 payable by fiscal agent for securities with settlement pending	\$ 83,195	\$ 1,070,403
ACCRUED FEDERAL EXCISE TAXES (Note 3):		
Current	458,782	575,944
Deferred	<u>....</u>	<u>250,000</u>
GRANTS SCHEDULED FOR PAYMENT IN FISCAL YEAR:		
1977	\$	\$ 7,223,034
1978	8,325,503	2,761,546
1979	2,019,650	168,170
1980	536,674	75,000
1981	172,000	....
1982	<u>70,000</u>	<u>....</u>
Total unpaid grants	<u>\$ 11,123,827</u>	<u>\$ 10,227,750</u>
FUND BALANCES (Note 2):		
Principal fund	\$193,374,125	\$201,480,061
Income fund (deficit)	<u>(10,059,155)</u>	<u>(9,020,174)</u>
Total fund balances	<u>\$183,314,970</u>	<u>\$192,459,887</u>
	<u>\$194,980,774</u>	<u>\$204,583,984</u>

The accompanying notes are an integral part of these balance sheets

**STATEMENTS OF CHANGES IN PRINCIPAL FUND FOR THE YEARS ENDED
NOVEMBER 30, 1977 AND 1976**

	1977	1976
STATED VALUE OF ASSETS RECEIVED, PRINCIPALLY FROM ESTATE OF A. G. BUSH:		
Balance, beginning of year	\$139,196,494	\$100,431,126
Distributions received (Note 2)	....	38,726,974
Interest received on assets held by the Estate (Note 2)	34,584	41,022
Legal fees	(5,663)	(2,628)
	<u>\$139,225,415</u>	<u>\$139,196,494</u>
UNREALIZED APPRECIATION (DEPRECIATION) IN MARKET VALUE OF INVESTMENTS (Exhibit 1):		
Balance, beginning of year	\$ 7,899,686	\$ (4,773,665)
Net appreciation (depreciation) in market value of investments (Note 2)	(8,384,857)	35,040,031
Decrease (increase) in deferred Federal excise taxes (Note 3)	250,000	(250,000)
Net loss (gain) realized on security transactions during the year	2,171,457	(22,116,680)
	<u>\$ 1,936,286</u>	<u>\$ 7,899,686</u>
REINVESTED GAINS ON SECURITY TRANSACTIONS:		
Balance, beginning of year	\$ 54,383,881	\$ 32,267,201
Net gain on sale of assets received from the Estate in 1976 (Note 2)	\$	\$ 22,402,002
Net loss realized on other security transactions during the year	(2,171,457)	(285,322)
	<u>\$ 52,212,424</u>	<u>\$ 54,383,881</u>
Total principal fund balance (Note 2)	<u>\$193,374,125</u>	<u>\$201,480,061</u>

The accompanying notes are an integral part of these statements

**STATEMENTS OF CHANGES IN INCOME FUND FOR THE YEARS ENDED
NOVEMBER 30, 1977 AND 1976**

	<u>1977</u>	<u>1976</u>
INVESTMENT INCOME:		
Dividends	\$ 4,016,762	\$ 3,161,350
Interest	7,029,523	6,957,836
Other income	17,298	16,890
Less Investment expenses (Note 1)	(337,285)	(276,275)
Provision for Federal excise tax (Note 3)	(457,000)	(575,000)
Net investment income	<u>\$ 10,269,298</u>	<u>\$ 9,284,801</u>
ADMINISTRATIVE EXPENSE:		
Salaries and staff benefits	\$ 290,061	\$ 249,143
Investment management	225,799	168,001
Program management	86,100	75,837
Consulting fees	25,971	23,989
Other administrative expenses	242,367	197,158
Less allocation to investments (Note 1)	(337,285)	(276,275)
Net administrative expense	<u>\$ 533,013</u>	<u>\$ 437,853</u>
INCOME AVAILABLE FOR GRANT APPROPRIATION	\$ 9,736,285	\$ 8,846,948
DEDUCT — Grants appropriated during year	<u>(10,775,266)</u>	<u>(8,165,316)</u>
Net increase (decrease) in income fund	\$ (1,038,981)	\$ 681,632
BALANCE, beginning of year (deficit)	<u>(9,020,174)</u>	<u>(9,701,806)</u>
BALANCE, end of year (deficit), representing grants payable in future periods in excess of accumulated income presently available	<u><u>\$ (10,059,155)</u></u>	<u><u>\$ (9,020,174)</u></u>

The accompanying notes are an integral part of these statements

**STATEMENTS OF CHANGES IN CASH BALANCES FOR THE YEARS ENDED
NOVEMBER 30, 1977 AND 1976**

	1977	1976
CASH PROVIDED FROM INCOME AND GRANT TRANSACTIONS:		
Source —		
Receipts from dividends, interest and other	\$ 11,773,421	\$ 9,221,458
Less disbursements for investment and administrative expenses, Federal excise taxes, and other expenditures	<u>(1,436,449)</u>	<u>(921,285)</u>
Cash available for grants	\$ 10,336,972	\$ 8,300,173
Application —		
Grants paid	<u>(9,879,189)</u>	<u>(7,101,108)</u>
Increase in cash from income and grant transactions	\$ 457,783	\$ 1,199,065
OTHER USES OF CASH:		
Net payments for investment transactions	(264,564)	(902,292)
Payment of accrued directors' and other legal expenses	<u>(5,663)</u>	<u>(710,498)</u>
Increase (decrease) in cash	\$ 187,556	\$ (413,725)
CASH BALANCE, beginning of year	<u>482,034</u>	<u>895,759</u>
CASH BALANCE, end of year	<u>\$ 669,590</u>	<u>\$ 482,034</u>

The accompanying notes are an integral part of these statements

NOTES TO FINANCIAL STATEMENTS

(1) *Accounting Policies:*

The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. The more significant accounting policies are as follows —

Description of Funds:

The principal fund represents assets which are invested in income-producing securities. The fund is not available for distribution unless authorized by the Board of Directors. Legal fees incurred for the protection of principal are charged to the principal fund balance.

The income fund primarily represents income earned on invested principal which is available for grant appropriation and payment of investment and administrative expenses.

Investments:

The investments are recorded at quoted market values or at costs which approximate market values. Realized and unrealized gains and losses on investment transactions are accounted for in the principal fund.

Property:

The Foundation follows for financial reporting purposes the method allowed by Internal Revenue Service regulations of allocating the cost of property (principally office furniture and office equipment) between income-producing and grantmaking activities. The allocated cost of income-producing assets is capitalized and depreciated over the property's useful life; the cost of assets allocated to grant-making activities is charged to operations in the year of acquisition. Such charges to the income fund were \$33,145 in 1977 and \$3,678 in 1976.

Grant Appropriations:

Grants are recorded when approved by the Foundation's Board of Directors. Cancellations of grants occur when the grantees do not meet the terms under which the grants were awarded. Grants appropriated as reported in the accompanying statement of changes in income fund are net of cancellations of \$187,891 in 1977 and \$147,911 in 1976.

Allocation of Expenses:

The allocation of expenditures between investment and administrative (grant-related) activities as reflected in the statements of changes in income fund has been based primarily on management estimates.

(2) *Estate of A. G. Bush:*

During 1976 the Ramsey County Probate Court ordered the Estate of A. G. Bush to distribute to the Foundation assets with an assigned value of \$38,726,974. These assets consisted primarily of \$4,500,000 in U. S. Treasury Bills and 980,834 shares of Minnesota Mining and Manufacturing Company common stock with a market value at the date received of \$61,600,000. Substantially all of these assets were sold during 1976 by the Foundation; a gain of \$22,402,002 was realized and recorded in the principal fund.

The remaining assets of the Estate, with a market value of approximately \$900,000, are being retained by the Estate pending final settlement of claims against it. The income from these assets is periodically distributed to the Foundation and recorded in the principal fund. Income of \$34,584 was received on such assets in 1977 and \$41,022 in 1976.

(3) *Federal Excise Taxes and Distribution Requirements:*

Federal Excise Taxes —

Under the Tax Reform Act of 1969 (the Act), the Foundation is subject to a four percent excise tax on its taxable investment income which principally includes income from investments plus net realized capital gains (net capital losses, however, are not deductible).

Accrued Federal excise taxes at November 30, 1976 included \$250,000 of deferred Federal excise taxes resulting from recorded unrealized appreciation in market value of investments. These deferred taxes were eliminated in 1977 because there is no unrealized appreciation in market value of investments for Federal excise tax purposes as of November 30, 1977.

Distribution Requirements —

The Foundation is subject to the distribution requirements of the Act. Accordingly, it must distribute the higher of adjusted net income or 5% (6% in 1976) of the average market value of its assets as defined in the Act. The Foundation has complied with these distribution requirements as of November 30, 1977 and 1976.

EXHIBIT 1

INVESTMENTS HELD AT NOVEMBER 30, 1977

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
U.S. Treasury Bills and Commercial Paper:			
U.S. Treasury Bills	\$ 2,040,000	\$ 2,014,333	\$ 2,014,333
Associates Corporation of North America, 6.55% Promissory Note, due December 19, 1977	1,878,000	1,878,000	1,878,000
CIT Financial Corporation, Promissory Note, 6.4%, due December 2, 1977	630,000	626,528	626,528
Commercial Credit Company, 6.35% Promissory Note, due December 30, 1977	1,340,000	1,332,673	1,332,673
Ford Motor Credit Corporation, Demand Note	1,400,000	1,400,000	1,400,000
Ford Motor Credit Corporation, 6.30% Promissory Note, due December 28, 1977	446,000	443,658	443,658
General Electric Credit Corporation, Demand Note	1,401,000	1,401,000	1,401,000
General Electric Credit Corporation, 6.008% Promissory Note, due December 1, 1977	2,220,000	2,220,000	2,220,000
General Electric Credit Corporation, 6.35% Promissory Note, due January 3, 1978	728,000	723,634	723,634
General Motors Acceptance Corporation, Demand Note	3,496,000	3,496,000	3,496,000
General Telephone & Electronics Corporation, Demand Note	92,000	92,000	92,000
Heller, Walter E. International Corporation, Demand Note	193,000	193,000	193,000
Sears, Roebuck Acceptance Corporation, 6.00% Promissory Note, due December 12, 1977	428,000	428,000	428,000
Sears, Roebuck Acceptance Corporation, 6.30% Promissory Note, due December 21, 1977	975,000	969,881	969,881
Total U.S. Treasury Bills and Commercial Paper	<u>\$ 17,267,000</u>	<u>\$ 17,218,707</u>	<u>\$ 17,218,707</u>
Corporate, Foreign and U.S. Government and Government Agency Bonds and Notes:			
Abbott Laboratories, 9.20% Registered Debentures, due October 15, 1999	\$ 500,000	\$ 500,000	\$ 539,375
Aluminum Company of America, 5.25% Registered Convertible Sinking Fund Debentures, due September 15, 1991	476,000	507,024	443,275
Aluminum Company of America, 6% Registered Sinking Fund Debentures, due September 15, 1992	500,000	444,120	430,000

EXHIBIT 1

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
American Hospital Supply Corporation, 7.875% Registered Debentures, due August 15, 2007	\$ 1,000,000	\$ 997,028	\$ 990,000
Burroughs Corporation, 7.625% Registered Note, Due March 1, 1981	530,000	536,909	532,650
Caterpillar Tractor Company, 8.75% Registered Debenture, due November 1, 1999	750,000	812,890	788,437
Caterpillar Tractor Company, 8.60% Registered Debenture, due May 1, 1999	1,000,000	989,767	1,041,250
Columbia Gas System, 10.125% Registered Debenture, due November 1, 1995	950,000	1,048,216	1,042,625
Commonwealth Edison Company, 9% Registered Debenture, due June 15, 1979	1,000,000	1,002,690	1,026,250
Consolidated Natural Gas Company, 9.25% Registered Debenture, due July 1, 1995	850,000	900,715	902,062
John Deere Credit Company, 8.75% Registered Debenture, due October 31, 1982	1,000,000	998,449	1,035,000
Dow Chemical Company, 8.50% Registered Debenture, due February 1, 2005	750,000	767,796	765,938
DuPont (E. I.) deNemours & Company, 8.45% Registered Debenture, due November 15, 2004	750,000	760,073	774,375
Exxon Pipeline Company, 8.875% Registered Guaranteed Debenture, due October 15, 2000	500,000	539,248	531,250
First Federal Savings & Loan Association of Chicago, 8.75% Registered Mortgage Certificate, Series A, due June 1, 2006	500,825	500,825	497,069
Florida Power & Light Company, 8.125% Registered First Mortgage Bond, due August 1, 1980	500,000	501,219	501,250
Ford Motor Company, 7.40% Registered Note, due January 15, 1980	1,000,000	1,014,602	1,002,500
Ford Motor Company, 9.25% Registered Note, due July 15, 1994	500,000	530,354	534,375
General Motors Corporation, 8.625% Registered Debentures, due April 1, 2005	750,000	785,133	789,375
Gulf States Utilities, 8.625% Registered First Mortgage Bond, due March 1, 2004	500,000	500,000	512,500
Kraftco Corporation, 8.375% Registered Debenture, due April 15, 2004	500,000	485,245	516,875
Louisiana Power & Light Company, 9.50% Registered First Mortgage Bond, due November 1, 1981	1,000,000	1,041,100	1,050,000
Louisiana Power & Light Company, 9.375% Registered First Mortgage Bond, due September 1, 1983	500,000	525,170	525,625
Mallinckrodt, Inc., 5.75% Convertible Subordinated Debentures, due November 1, 2000	500,000	505,758	485,000
Northern Natural Gas Company, 9% Registered Sinking Fund Debentures, due November 1, 1995	1,000,000	1,042,146	1,027,500

EXHIBIT 1

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
Northern States Power Company, 8.375% Registered First Mortgage Bond, due January 1, 2004	\$ 1,000,000	\$ 965,577	\$ 1,021,250
Ontario Province, Canada, 9.25% Registered Debentures, due November 15, 2005	500,000	513,887	526,875
Owens-Illinois Glass Company, 3.75% Debentures, due June 1, 1988	1,000,000	799,148	785,000
Pacific Gas & Electric Company, 9.85% Registered First And Refunding Mortgage Series 74 B Bonds, due June 1, 1982	1,000,000	1,000,000	1,068,750
Pfizer, Inc., 8.50% Registered Debentures, due April 15, 1999	750,000	788,995	771,563
Pioneer Corporation, 9.50% Registered Debentures, due December 15, 1982	500,000	521,863	515,000
Proctor & Gamble Company, 8.25% Registered Sinking Fund Debentures, due March 1, 2005	750,000	766,831	772,500
Public Service Company of Indiana, Inc., 9.625% Registered First Mortgage Bonds, due August 1, 1981	1,000,000	998,683	1,050,000
Searle (G. D.) & Company, 8.70% Registered Debentures, due September 15, 1995	1,000,000	1,022,376	990,000
Sun Oil Company, 8.50% Registered Debentures, due November 15, 2000	1,850,000	1,878,498	1,877,750
Toronto Metropolitan Municipality, Canada, 8.50% Registered Bond, due June 15, 1986	300,000	309,705	306,000
Union Carbide Corporation, 8.50% Registered Debentures, due January 15, 2005	1,500,000	1,527,413	1,545,000
U.S. Steel Corporation, 4.5% Sinking Fund Debentures, due April 15, 1986	500,000	426,337	411,875
Weyerhaeuser Company, 8.90% Registered Sinking Fund Debentures, due November 15, 2004	500,000	507,307	526,875
Government National Mortgage Association, 8.25% Pool Number 19011, due September 15, 2004	23,391	23,623	23,383
Government National Mortgage Association, 8% Pool Number 17619, due August 15, 2007	1,997,508	1,976,408	1,960,055
Government National Mortgage Association, 8.25% Pool Number 10986, due June 15, 2006	506,617	510,405	506,455
Government National Mortgage Association, 8.25% Pool Number 9184, due April 15, 2006	951,847	961,295	951,542
Government National Mortgage Association, 8.25% Pool Number 12032, due July 15, 2006	489,630	494,493	489,473
Government National Mortgage Association, 8.25% Pool Number 9767, due June 15, 2006	872,389	881,054	872,110

EXHIBIT 1

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
Government National Mortgage Association, 8.25% Pool Number 8650, due May 15, 2006	\$ 455,864	\$ 460,391	\$ 455,719
Government National Mortgage Association, 7.50% Pool Number 10599, due March 15, 2006	940,724	940,447	892,512
Federal Home Loan Banks, 8.10% Consolidated Bond, due November 25, 1985	1,000,000	1,018,414	1,028,750
Federal Home Loan Banks, 9.10% Consolidated Bond, due November 27, 1978	500,000	500,000	509,375
Federal Home Loan Banks, 8.625% Consolidated Bond, due February 25, 1982	500,000	500,000	520,000
Twelve Federal Land Banks, 9.15% Consolidated Series C Bond, due July 20, 1978	500,000	499,853	506,250
Twelve Federal Land Banks, 7.50% Consolidated Series B Bond, due July 21, 1980	500,000	498,702	500,000
Twelve Federal Land Banks, 8.10% Consolidated Bond, due July 22, 1985	1,000,000	1,000,000	1,028,750
Federal National Mortgage Association, 8% Series 5M, due December 12, 1983	1,000,000	975,479	1,020,000
International Bank for Reconstruction and Development, 8.60% Registered Note, due July 15, 1985	500,000	498,689	515,000
Farmers Home Administration, 7.875% Registered Insured Note, due June 30, 1981	501,766	501,766	503,020
U.S. Treasury Note, 8% due February 15, 1983	200,000	200,000	205,250
U.S. Treasury Note, 7%, due February 15, 1979	500,000	505,564	500,625
U.S. Treasury Note, 7.875%, due May 15, 1986	2,500,000	2,502,569	2,554,700
U.S. Treasury Note, 7.625%, due August 15, 1981	1,500,000	1,504,372	1,516,410
U.S. Treasury Note, 6.875%, due July 31, 1978	2,000,000	2,002,614	2,000,620
U.S. Treasury Note, 8%, due August 15, 1986	500,000	515,785	515,625
U.S. Treasury Note, 6.50%, due February 15, 1980	1,000,000	998,742	986,880
U.S. Treasury Note, 7.25%, due August 15, 1984	1,500,000	1,498,880	1,486,875
U.S. Treasury Note, 7.25%, due December 31, 1977	1,000,000	999,962	1,000,000
U.S. Treasury Note, 7.50%, due December 31, 1979	1,000,000	1,007,932	1,007,500
U.S. Treasury Note, 8.125%, due August 15, 1982	500,000	498,644	515,625
U.S. Treasury Note, 7.875%, due May 15, 1978	1,000,000	999,873	1,005,000
U.S. Treasury Note, 8%, due May 15, 1982	1,000,000	1,005,552	1,025,630
U.S. Treasury Note, 6.625%, due September 30, 1979	5,000,000	4,988,576	4,961,000
U.S. Treasury Note, 6%, due November 15, 1978	1,000,000	994,124	992,500

EXHIBIT 1

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
U.S. Treasury Note, 8.75%, due August 15, 1978	\$ 500,000	\$ 500,000	\$ 506,565
U.S. Treasury Bond, 8.25%, due May 15, 1990	1,000,000	995,883	1,052,500
U.S. Treasury Bond, 8.25%, due May 15, 2005	2,000,000	2,037,338	2,088,760
U.S. Treasury Bond, 8.375%, due August 15, 2000	1,500,000	1,595,790	1,579,695
Total Corporate, Foreign and U.S. Government and Government Agency Bonds and Notes	<u>\$ 67,396,561</u>	<u>\$ 67,856,316</u>	<u>\$ 68,237,148</u>

Common Stocks:

Abbott Laboratories	15,000	\$ 674,787	\$ 802,500
Aetna Life & Casualty Company	40,000	1,325,562	1,475,000
Air Products & Chemicals, Inc.	28,638	382,646	758,907
Aluminum Company of America	20,000	872,450	875,000
Amax, Inc.	22,000	1,116,262	803,000
American Express Company	25,000	806,875	981,250
American Family Corporation	30,000	407,569	390,000
American Hospital Supply Corporation	23,500	1,002,038	646,250
American Reserve Corporation	25,000	898,444	112,500
American Telephone and Telegraph Company	50,882	2,442,801	2,995,678
Atlantic Richfield Company	20,000	1,154,662	1,037,500
Best Products Company, Inc.	20,000	390,012	502,500
Betz Laboratories, Inc.	25,000	627,925	787,500
Bristol-Myers Company	20,000	659,837	657,500
Burlington Northern, Inc., \$2.85 Convertible Preferred	20,000	1,000,000	907,500
Burroughs Corporation	20,000	1,232,347	1,385,000
Cameron Iron Works, Inc.	10,000	298,600	315,000
Capital Holding Corporation	48,400	1,020,609	1,107,150
Caterpillar Tractor Company	25,000	882,593	1,371,875
Celanese Corporation	20,000	983,612	827,500
Citicorp	20,000	559,018	470,000
Coca-Cola Company	24,000	911,860	909,000
Connecticut General Insurance Corporation	17,000	859,000	873,375
Consolidated Foods Corporation	20,000	516,934	487,500
Continental Oil Company	60,000	1,852,041	1,770,000
Data General Corporation	20,000	917,885	1,005,000
Dayton-Hudson Corporation	10,000	356,501	428,750
Deere & Company	30,000	344,816	746,250
Dow Chemical Company	40,000	1,214,823	1,080,000
Duke Power Company	50,000	959,853	1,093,750
Du Pont (E. I.) deNemours & Company	10,000	1,167,337	1,177,500
Eastman Kodak Company	6,000	770,745	309,750
Emerson Electric Company	58,000	2,077,504	2,022,750
Engelhard Minerals & Chemicals Corporation	38,000	1,120,273	988,000
Exxon Corporation	37,000	1,666,646	1,720,500
Fischbach & Moore, Inc.	10,000	350,812	277,500
Florida Power & Light Company	20,000	549,300	542,500

EXHIBIT 1

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
Freeport Minerals Company	27,200	\$ 827,992	\$ 516,800
General Electric Company	20,000	1,090,900	1,002,500
General Motors Corporation	30,000	2,262,103	1,920,000
General Signal Corporation	22,000	565,492	591,250
General Telephone & Electronics Corporation	35,000	904,750	1,106,875
Georgia-Pacific Corporation	79,616	2,356,240	2,288,960
Globe-Union, Inc.	10,000	339,925	486,250
Halliburton Company	25,000	1,345,636	1,609,375
Harris Bankcorporation, Inc.	10,000	271,625	325,000
Honeywell, Inc.	12,000	926,049	562,500
Hospital Corporation of America	18,750	350,163	466,406
Houston Natural Gas Corporation	50,000	556,988	1,462,500
Hughes Tool Company	19,000	662,575	662,625
Hyster Company	15,000	395,625	399,375
International Business Machines Corporation	20,313	5,689,026	5,362,632
International Telephone & Telegraph Corporation	36,000	1,496,199	1,165,500
K-Mart Corporation	70,000	2,332,750	2,047,500
Kellogg Company	50,000	755,090	1,162,500
Longs Drug Stores, Inc.	35,000	825,915	923,125
Mapco, Inc.	19,000	861,325	722,000
Marsh & McLennan Companies, Inc.	27,000	1,504,818	1,667,250
McDonald's Corporation	15,000	745,657	765,000
Medtronics, Inc.	15,000	341,250	268,125
Minnesota Mining and Manufacturing Company	100,000	3,482,810	4,837,500
Missouri Pacific Corporation	20,000	921,475	950,000
Mobil Corporation	20,000	1,040,708	1,277,500
Morgan (J. P.) & Company, Inc.	20,000	1,133,985	900,000
Motorola, Inc.	25,000	1,005,038	912,500
Northern States Power Company	50,000	1,298,719	1,431,250
Owens-Corning Fiberglass Corporation	11,000	711,593	775,500
Owens-Illinois, Inc.	35,000	996,450	813,750
Paccar, Inc.	7,000	351,378	322,000
Pepsico, Inc.	25,000	608,500	656,250
Perkin-Elmer Corporation	25,000	684,027	534,375
Pfizer, Inc.	30,000	881,625	825,000
Phillips Petroleum Company	96,000	2,388,086	2,976,000
Pillsbury Company	20,000	477,222	810,000
Pioneer Corporation	20,000	569,401	580,000
Pullman, Incorporated	27,750	1,122,761	808,219
Reading & Bates Offshore Drilling Company	16,000	365,258	378,000
Revco, D. S., Inc.	24,000	582,327	504,000
Reynolds (R. J.) Industries, Inc.	20,000	924,053	1,265,000
Ryan Homes, Inc.	30,000	556,100	521,250
Schlumberger, Ltd.	22,950	396,243	1,658,137
Sears-Roebuck & Company	24,000	945,563	723,000
Smithkline Corporation	30,000	1,169,423	1,410,000
Southern California Edison Company	66,671.5473	1,563,827	1,750,128
Southern Natural Resources, Inc.	50,000	1,277,266	1,581,250
Southern Railway Company	10,000	612,820	512,500

EXHIBIT 1

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
Southland Corporation	20,600	\$ 522,088	\$ 509,850
Standard Oil Company of California	35,000	1,024,891	1,400,000
Standard Oil Company of Indiana	20,000	1,082,750	922,500
Standard Oil Company of Ohio	6,000	504,253	453,000
Sterling Drug, Incorporated	45,000	1,301,789	641,250
Sundstrand Corporation	15,600	559,364	577,200
Super Valu Stores, Inc.	15,000	356,681	423,750
Superior Oil Company	4,000	838,320	902,000
TRW, Inc.	30,000	1,023,000	1,031,250
Tampax, Inc.	8,000	742,500	266,000
Tropicana Products, Inc.	14,000	418,153	467,250
Union Camp Corporation	20,000	896,287	930,000
Virginia Electric & Power Company	30,000	463,050	435,000
Wachovia Corporation	22,000	383,584	368,500
Wells Fargo & Company	40,000	1,073,963	1,120,000
Weyerhaeuser Company	20,000	700,750	570,000
Whirlpool Corporation	35,000	894,100	822,500
Wilson (H. J.) Company, Inc.	7,000	94,000	114,625
Xerox Corporation	39,000	3,249,547	1,852,500
Yellow Freight System, Inc.	20,000	701,313	590,000
Total Common Stocks		<u>\$104,680,113</u>	<u>\$106,235,567</u>
Total Investments Held at November 30, 1977		<u>\$189,755,136</u>	<u>\$191,691,422</u>