

1972

The BUSH FOUNDATION

The Bush Foundation 1972





A. G. BUSH



MRS. A. G. BUSH

THE
BUSH
FOUNDATION

*Annual Report for the Fiscal Year
Ended November 30, 1972*

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(deceased November 20, 1972)

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(elected July 21, 1972)

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The Bush Foundation

REPORT FOR THE FISCAL YEAR ENDING NOVEMBER 30, 1972

OFFICERS

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Elmer L. Andersen, *President*
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Humphrey Doermann, *Executive Director*.

GRANT PROGRAM ACTIVITY:

Stanley Shepard, *Senior Program Associate*. Emily Galusha, *Program Associate*.

BUSINESS MANAGEMENT:

Harold V. Neece, *Business Manager*. Audrey G. Markoe, *Bookkeeper*.

STAFF SERVICES:

Margie M. Prosser, *Administrative Assistant*. Gloria Mooney, *Secretary*.
Kathleen Youngren, *Secretary*.

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612-227-0891

The Bush Foundation

THE BUSH FOUNDATION, established by Mr. and Mrs. Archibald G. Bush of Saint Paul, Minnesota, was incorporated February 24, 1953, under the Minnesota Non-Profit Corporation 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, with several grants in Chicago and Florida.

The income available to the Foundation represents the investment yield from assets given the Foundation by Mr. and Mrs. Archibald G. 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, 1972 The Bush Foundation granted financial assistance to sixty-one projects in the United States, initiated the Bush Opportunity Grants Program for seventeen Minnesota private colleges, and continued to conduct the Bush Leadership Fellows Program. The sections which follow the annual Report of the President summarize these activities, and describe the Foundation's grantmaking policies and procedures.

Report of the President

GROWTH, continuity and change characterized the key elements of The Bush Foundation's activity during 1972. The amount of money paid to recipients of Foundation grants increased from \$3,222,757 in 1970 to \$4,888,403 in 1971 to \$5,405,016 in 1972. The total amount of grants appropriated during 1972 was \$7,498,128. This sum includes both new funds voted and paid during that year and also funds obligated in 1972 for future years.

The continued and unusual care which the individual Members and Directors of the Foundation devoted to the allocation of these funds and to the other necessary acts of trusteeship can only be described as impressive. Prior to each meeting of the Board, each Director reviewed staff evaluations of each grant proposal due to be considered, as well as material relating to the Foundation's financial administration. The grant evaluations alone required about 200 pages of careful reading per meeting. Directors also made significant individual contributions both in helping the Foundation adapt its Board operations to its new staff organization, and in serving on subcommittees of the Board: the Grants Committee, the Investment Committee, the Audit Committee, and the Administrative Expense Committee. The demands upon Board members are great in an institution which is both growing and reappraising the full range of its activity. The

Bush Foundation's Directors met these demands during 1972 with truly unusual service.

The Foundation was also fortunate in the continued service of all of its staff members. In August, 1971, the full-time staff had been enlarged from two to eight members. During 1972 the staff developed investigation procedures for informing the Board more fully concerning grant proposals, responded to an increasing number of public inquiries, developed background studies — not related to specific grant requests — concerning fields of interest to the Board, and made growing use of specialized consulting help both in the preliminary evaluation of grant proposals and in surveying general areas of program interest.

During 1972 the staff also designed improved procedures for appraising the impact of previous Bush Foundation grants. The main purpose of this activity is to provide feedback information so that both the Board and the staff might learn consistently from the results of their past experience and decisions. These new procedures are unusual in at least three respects: they provide regular outside (non-staff) participation in the review process so that the staff and Board will not be in the position of being sole evaluators of their past recommendations and votes. The new procedures also allow for machine coding of certain elements common to most grants, so that aggregate statistical analysis will be possible along with individual-case review. Finally, the plan covers virtually every grant approved by the Board since the beginning of 1970, as well as sample surveys of the experience of grant applicants whose proposals were not approved.

At its July, 1972 Board of Directors meeting, the Board accepted with regret the resignation of George D. McConnell as a Member and Director of the Foundation, and as its Secretary. McConnell served the Foundation with distinction during the two years which followed the enlargement and reorganization of its Board. His quiet logic and thoughtful analysis will be missed. Waverly G. Smith, Saint Paul, Executive Vice President, Saint Paul Fire & Marine Insurance Company, was elected a Member and Director of the Foundation at the same meeting, to complete McConnell's unexpired term.

Edyth D. Bush, widow of Archibald G. Bush, died on November 20, 1972, after a long illness, in Winter Park, Florida. During her long residence in Saint Paul Mrs. Bush made many contributions to

the cultural life of the community and joined with her husband in establishing The Bush Foundation. She served as Chairman of the Board of The Bush Foundation until her death. She maintained a notable interest in the performing arts as long as her health permitted. It is not surprising that The Bush Foundation continues to maintain a substantial interest in this area of opportunity.

The ByLaws of the Foundation provide for limited terms of service in its Presidency. My term as President ended January 8, 1973, when Reuel D. Harmon was elected to the office. I am grateful indeed for the support and assistance given me by the other Directors and by the Foundation's staff during my past two and a half years as President, and wish Reuel Harmon similar good fortune during the challenging period ahead.

ELMER L. ANDERSEN
President

The Bush Leadership Fellows Program

THE BUSH LEADERSHIP FELLOWS PROGRAM expanded in 1972, and added flexibility in administering its awards. Twelve new Fellows were selected, two more than in any previous year, and including, for the first time, two women winners. The length of individual awards was tailored to meet more flexibly the particular needs of individual recipients; awards continued to range from four to eighteen months but also included awards for nine months and for twelve months.

Prior to expanding the Program, a review was made of the prior years' experience. Included in this review was a questionnaire inquiry to the 28 award recipients in the years 1965, 1966, 1969, and 1970.

Nineteen persons now hold jobs they consider significantly different from the ones they held before, and 21 felt they had received significant recognition in civic or professional affairs. Most reacted favorably to the program. One reported unfavorably about the internship, which he said failed to provide the expected new experiences. Two persons had negative reactions to breaking away from their jobs to pursue their fellowship studies, and four reported the interruption had a negative effect on their professional lives. However, the majority of the respondents reported only positive reactions to these aspects of the program.

Eight recipients said they now hold jobs which would have been

impossible to attain without the fellowships. At least two felt they are now equipped to handle their pre-fellowship jobs more ably. Respondents had differing views about what the character of the selected group should be. They variously suggested that more young businessmen be included, that paraprofessionals be included, that there be a category for educators, and that there be more writers, artists and composers.

The 28 individuals attended 11 different colleges or universities:

Boston University	University of Minnesota
Gonzaga University	Northwestern University
Harvard University	Ohio University
University of Iowa	College of St. Thomas
Massachusetts Institute of Technology	Syracuse University
	Yale University

Salaries at the time of application ranged from \$2,160 to \$25,000 yearly. At the time of completing the questionnaire, they ranged from \$10,500 to \$52,000.

Winners have come from careers in business, law, government, trade union management, journalism and divinity as well as from health, arts and education administration. Nonwhites have accounted for 11 of the 50 winners to date.

The 12 winners in 1972 were chosen from 145 applicants. Nine alumni of the program served in a group of 25 interviewers who helped screen applicants in the early part of the selection process. Possible finalists completed a series of tests administered by a local firm of consulting psychologists. Twenty-three of the initial applicants became finalists for a weekend live-in seminar held in March, where the final judges became closely acquainted with them at meetings, in interviews, and through appraisal of their written material.

Major criteria for final selection included mental skills, integrity, personal characteristics, personal career goals, and demonstrated competence in past work experience.

The Program started in 1965 at the wish of Archibald G. Bush. He envisaged a program which would locate individuals with strong leadership qualities in a variety of fields, and enable them to develop those qualities without the financial hardships he encountered in his own early business career. Applicants must be between 28 and 43

years old; and they must have lived or worked in Minnesota for at least one year immediately prior to application. A college degree is not a prerequisite to application or final selection.

The sum of \$139,000 was authorized to pay stipends, tuition and related expenses for the Fellows selected in 1972.

D. DONALD PEDDIE
Program Director

Summary of 1972 Grants

Bush Opportunity Grants Program

At its January 1972 meeting, The Bush Foundation Board of Directors voted approval of a four-year program of Bush Opportunity Grants totaling \$1,224,000, to assist approximately 1,000 graduates of Minnesota public and private junior colleges to continue their undergraduate education in four-year accredited Minnesota private colleges. The program represents the largest single grant made to date by The Bush Foundation.

The program provides sufficient funds roughly to double the flow of transfer students from Minnesota's junior colleges into Minnesota four-year private colleges by the end of the grant period. This flow increased 31 per cent in 1972, compared with 1971.

Three annual "classes" of transfer graduates beginning in the fall of 1972 are to receive support. These students are eligible to receive Bush Opportunity Grants of up to \$1,000 each. The participating Minnesota private colleges select individual students from among transfer applicants who are Minnesota junior college graduates, who plan to pursue a full-time academic program, and who have demonstrated financial need. Individual grants are renewable for a second year of study, providing the student remains in satisfactory standing and demonstrates need for the money under the usual financial aid standards of the college.

The principal purpose of the grant is to increase the range of educational career choices available to Minnesota junior college graduates. The Minnesota Higher Education Coordinating Commission

conducted a survey of Minnesota junior college sophomores in 1969 and reported to the Legislature that while only 2.5 per cent of these students planned to transfer to private colleges, 47 per cent indicated they would attend a private college if tuition costs were equalized with those in public colleges.

Another purpose of the grant is to improve communication between Minnesota private colleges and junior colleges. In 1971, Minnesota's private college presidents reported to the Minnesota Private College Council that they could accommodate about 5,000 more students without major capital expenditures or additions to staff. Meanwhile, Minnesota's junior colleges continued to represent one of the fastest growing segments of Minnesota higher education.

Finally, the Bush Opportunity Grants provide additional financial aid dollars to the participating private colleges. The program will add approximately three per cent to the combined student financial aid budgets of Minnesota private colleges during 1973 and 1974, the years in which the program will support both an entering and a renewal class of students in these colleges.

Philip C. Helland, Chancellor of the Minnesota State Junior College System, commented: "The Bush Opportunity Grants program, combined with a co-operative attitude in Minnesota private colleges toward junior college transfer students, can move all of us in higher education one step closer toward educational opportunity for all."

A joint advisory committee of administrative officers representing Minnesota private four-year colleges and public junior colleges was appointed to review the design of the Bush Opportunity Grants program, and to assist the Foundation in resolving administrative policy questions as the program continues.*

The Bush Foundation assigned an authorized spending limit to

*Membership of the advisory committee includes: Edgar M. Carlson, Executive Director, Minnesota Private College Council; Thomas B. Courtice, Assistant to the President, Hamline University; Edward N. Ellenson, Vice President for Admissions, Concordia College, Moorhead; Kenneth O. Goodrich, Vice President and Provost, Macalester College; Banning L. Hanscom, Assistant to the Chancellor for Student Services, State Junior College System; Donald L. Johnson, Dean of Students, Anoka-Ramsey State Junior College; Ronald Kangas, Head Counselor, Rochester State Junior College; Harris E. Miller, Dean of Instruction, Lakewood State Junior College; Terrence J. Murphy, President, College of Saint Thomas; Gary P. Ness, Director of Student Financial Aids, Normandale State Junior College; Lloyd W. Telschow, Dean of Students, North Hennepin State Junior College; John A. McHugh, President, Northwestern National Bank of Saint Paul and a Director of The Bush Foundation; and Humphrey Doermann, Executive Director, The Bush Foundation, chairman.

each of the participating private colleges, under a formula which distributes half the available funds on a per-institution basis and half according to the relative size of full-time undergraduate enrollment.

Any college not using its full allocation turns back the unused portion to The Bush Foundation for reallocation to colleges which have greater need than provided for in the preliminary allocations. Selection of individual grant winners, setting of application and notification deadlines, administration of allocated funds, and processing of renewal applications, all are carried out by each of the participating private colleges.

On March 21st, the Foundation sponsored a conference at the College of Saint Thomas for 85 representatives from Minnesota junior colleges and from Minnesota four-year accredited private colleges, to discuss admission recruitment of junior college transfer students, and the academic placement and advising of transfer students. The conference participants divided into task discussion groups, which surveyed current practices and made specific recommendations concerning these issues. The participants also unanimously recommended that the student eligibility for a Bush Opportunity Grant be made more flexible, and that participating private colleges be permitted to waive the A.A. degree requirement in up to 10 per cent of their awards (if two years of satisfactory junior college work has been completed by the time of registration in the transfer college). The Foundation adopted these recommendations for operation of the program during 1972.

Although the program was started relatively late in the 1972 admission season, it appears that student interest and cooperation between junior colleges and private colleges already are combining with the availability of new funds to begin to achieve the purposes intended for this program.

Arts and Humanities

Minnesota Opera Company, Minneapolis (formerly Center Opera Company) is the only resident, professional lyric opera company in

NOTE: Grants have been classified according to the major activity of the institution to which the grant was made.

the United States; the Company's repertory emphasizes new works which are usually commissioned for the company, rarely-performed older operas, and in the past year, one popular classic opera. In addition to its regular performance season, Minnesota Opera conducts a number of programs with schools in Minneapolis and Saint Paul, and in colleges in Minnesota. The Bush Foundation awarded \$35,900 to support three co-operative productions with the Saint Paul Chamber Orchestra in the 1972 season. This grant helped underwrite the production of two concert operas, "The Rake's Progress", by Stravinsky, and "Four Saints in Three Acts", by Virgil Thomson and Gertrude Stein, and a full production of Mozart's "The Marriage of Figaro." The Foundation also awarded a grant of \$30,000 to Minnesota Opera (Center Opera) for its 1973 season.

A two-year grant of \$29,550 was made to the Walker Art Center, Minneapolis, towards the costs of the dance programs of Walker's performing arts program, which is conducted in conjunction with the Walker's exhibit program. Concerts and other performances include rock, folk, and chamber music concerts, poetry readings, and dance. Walker acts as the Minnesota coordinator for the National Endowment for the Arts Coordinated Residency Touring Program to bring selected national dance groups to the Twin Cities for performances and classes. The Art Center also has sponsored, with assistance from the Minnesota State Arts Council, a series of choreographers' evenings, to provide young choreographers an opportunity to stage or perform their works in public. The Foundation's grant is to help support the dance residencies, to continue the choreographers' evenings and to begin a series of three-day mini-residencies in connection with the major residency program.

The Poets in the Schools Program, based in the Saint Paul Council of Arts and Sciences, provides visiting poets in elementary and secondary schools throughout Minnesota. The Program is supported mainly by funds from the National Endowment for the Arts, the Minnesota State Arts Council, and the public schools. Through the Program, the Minneapolis Public School System has hired a poet-in-residence as a full-time faculty member of the Minneapolis School System. A three-year grant of \$70,000 from the Foundation will allow the program to expand the number of poets' visits to out-state schools and will also provide for the addition of an Indian Writing

Program, involving Indian children in the Twin Cities and on reservations in writing about their own lives.

Three grants were awarded to the Saint Paul Council of Arts and Sciences and member agencies: a grant of \$200,000 was made to support the 1972 Annual Fund Drive for operating support for the Council's member agencies. The Minnesota Museum of Arts, a member agency of the Saint Paul Council, was granted \$50,000 to assist the Museum's purchase of the Women's City Club in Saint Paul for display of the Museum's main exhibitions. The Science Museum of Minnesota, another member agency of the Saint Paul Council, received a two-year grant of \$36,600 to support the production of a film documenting the excavation and analysis of a Paleocene quarry in North Dakota.

The Guthrie Theater Foundation, Minneapolis, was awarded \$75,000 towards the costs of the Guthrie Theater's 1972-73 season.

The Metropolitan Cultural Arts Center, Minneapolis, received \$5,000 towards the operating costs of the Center's community arts program. The Foundation also approved a grant of \$17,000 over two years to the Metropolitan Youth Orchestra, Minneapolis, towards the start-up costs of the Greater Twin Cities Youth Symphonies, a consolidation of four separate youth symphony groups.

A grant of \$50,000 was awarded to The Newberry Library, Chicago to assist in the development of an *Atlas of the American Revolutionary Period (1760-1790)*, consisting of maps, a brief historical text, a bibliography on sources of information, and a comprehensive index. The grant helped to provide matching funds for a grant from the National Endowment for the Humanities.

Education

PRIVATE HIGHER EDUCATION

Many foundation grants and government support programs in private higher education during the 1960's encouraged both curriculum change and broad access to higher education by making funds available on a short-term basis. If the newly-supported programs proved successful, the colleges were expected to continue to support them without further assistance, either by generating additional general

revenue or by subtracting other programs or expenses. But subtraction proved difficult, general revenue increases did not occur in the amounts hoped for, and persistent inflation added greater upward pressure on expenses than on income. Thus, by the late 1960's, private colleges had entered a period of financial difficulty, which shows little sign of easing within the next few years, if then.

Most private colleges responded to the new stringency by attempting to restore balance to their operating budgets through shaving and patching. These measures can often operate successfully for two or three years, but may significantly restrict quality and flexibility if continued for much longer than that. Steps taken included stretching out schedules of building maintenance, deferring salary increases, deferring equipment purchases, cutting appropriations for student aid, raising tuition more rapidly than usual if the applicant pool was strong enough to permit this, deferring faculty sabbaticals, and steadily increasing the student-faculty ratio by failing to replace departing faculty with new, usually younger, appointees. Not all of Minnesota's private colleges did all these things, but most did some of them, and most, by 1972, had depleted or exhausted any reserves of unrestricted funds which had been built up in earlier years.

The Board and staff of The Bush Foundation believe that these developments merit some change in emphasis in grantmaking, even though the Foundation still plans to be receptive to all kinds of proposals and to work with colleges on an individual, case-by-case basis. This shift in emphasis, reflected in several (but not all) of the Foundation's 1972 grants to private colleges, implies somewhat greater caution in granting funds for additional program activity unless the college involved can demonstrate that the implied assumption of later costs by the college will not weaken its general financial structure. Meanwhile, continued and increased emphasis seems justified for those grants which help colleges tap new sources of unrestricted or relatively unrestricted funds, and for grants which seem likely to help colleges plan carefully for better long-run instructional mileage from the funds they now manage. If private colleges, within predictably tight budgets, are to be able to generate internally the funds needed for change, renewal, and building specialized strength, their future will be much brighter than if this proves impossible. That is easy to say, but hard to achieve. Under current stringencies "generate inter-

nally” means that ways must be found to subtract least-needed programs and courses and to achieve efficiencies at a time when the easy solutions have long since been discovered and only the difficult, complex problems remain.

The new Bush Opportunity Grants Program (described earlier in a separate section), while designed mainly to increase the range of college choice available to low-income graduates of Minnesota junior colleges, also is intended to make a new source of good students more accessible to private colleges. The Bush Foundation also renewed a \$400,000, two-year grant to the Minnesota Private College Fund, which provides money to each of the 15 participating Minnesota four-year private colleges for needs suggested by their presidents which would not be met otherwise.

Three one-year alumni challenge grants were awarded to Minnesota private colleges: two new ones and one renewal. Macalester College, Saint Paul, received a dollar-for-dollar alumni fund matching grant for 1972-73 funds raised in excess of the 1971-72 amount, up to a maximum commitment of \$40,000. In addition, if Macalester's percentage of alumni contributors increases to 25 per cent (an increase of about 7 per cent), The Bush Foundation will provide an additional \$60,000. The College of Saint Thomas, Saint Paul, received a similar grant: increased receipts in its alumni fund are to be matched dollar-for-dollar up to a \$50,000 maximum commitment; the Foundation will provide an additional \$25,000 if the percentage of alumni participation increases to 17 per cent (an increase of about 2.5 per cent). The Foundation also renewed an alumni challenge grant at Hamline University, Saint Paul, providing dollar-for-dollar matching in the total alumni fund of up to \$100,000. The sum of \$19,860 was also granted to provide scholarships at Hamline for high school graduates from Granite Falls, Minnesota.

Concordia College, Moorhead, was awarded \$93,500, over a three-year period, to help develop a system of continuing curriculum evaluation and review. Concordia recently made substantial revisions in its curriculum and sought staff assistance for a faculty committee which is responsible for the continuing evaluation of Concordia's core-curriculum courses and for recommending which ones should be changed or deleted and which new ones should be added. Through this mechanism, the college hopes to achieve broad-based and specific

discussion concerning the practical questions of self-renewal within a relatively constant budget.

While most of the grants noted above reflect increasingly direct concern with the specific issue of financial health of Minnesota private colleges, other grants to private colleges had other major purposes. Gustavus Adolphus College, Saint Peter, received a grant of \$150,000, payable over a four-year period, to strengthen scholarship support for low-income and minority students. Like the other undergraduate scholarship programs funded by the Foundation, awards made to students under this grant will be made only to students with demonstrated financial need.

The College of Saint Scholastica, Duluth, received a three-year grant of \$98,600 to provide two additional American Indian instructors on the College's staff, who, in addition to their on-campus teaching, will offer college credit courses in Indian Studies on Chippewa reservations in Northern Minnesota and Wisconsin.

In 1971, the Minnesota Legislature passed an act requiring that public schools be responsible for educating handicapped children who are classified as trainable. In 1972, the public schools in Minnesota began to develop and expand programs for these handicapped children. Saint Mary's Junior College, Minneapolis, received a grant of \$10,355 for its Child Development Technician program to train college students to assist public school teachers involved in these new programs.

The University of Chicago was awarded a one-year grant of \$135,000 to continue to support operation of the A. G. Bush Library in the Industrial Relations Center of the University of Chicago.

PUBLIC HIGHER EDUCATION

The Foundation approved four grants to the University of Minnesota in 1972, to support additions to the curricula at the Medical School and at the Technical College in Crookston, to support a high school program in the Institute of Technology, and to support a program in cardiovascular research.

The largest of these is a three-year grant of \$418,555 to support the new Program in Human Sexuality, an academic-administrative unit of the University of Minnesota Medical School, responsible directly to the Dean of the Medical School, and charged with the de-

velopment of professional education, therapy, and research in human sexuality. The interdisciplinary faculty for the Program in Human Sexuality includes members of the Departments of Pediatrics, Physical Medicine and Rehabilitation, Clinical Psychology, Obstetrics-Gynecology, Urology, and Psychiatry in the Medical School, as well as teachers from the Schools of Public Health and Law and the Departments of Sociology, Psychology, and Family Studies. Additional faculty and staff are from various church agencies and social service agencies.

Current emphasis has been on development of both attitudinal and cognitive approaches to human sexuality education for professionals. As part of the Program, such courses are required of sophomore medical students and are offered on an elective basis for students in theology, law, social work, and psychology. Continuing education programs are being prepared for practising physicians and others in social welfare fields. Although most medical schools include courses on the physiological aspects of sexuality, very few offer an interdisciplinary series of courses oriented toward the psychological and sociological aspects of human sexuality. The University will provide curriculum assistance to medical schools elsewhere which have expressed interest in the Minnesota program. This program is supported also by the Commonwealth Fund, the University of Minnesota's own budget, and smaller grants from church organizations.

The University of Minnesota Technical College in Crookston, Minnesota, received a grant of \$19,103 to develop a program for American Indians, which will emphasize courses in accounting, small business administration, and hotel and restaurant management. The College is to provide additional counseling and support to attempt to reduce the high attrition rate of minority students.

Members of the faculty of the Institute of Technology at the University of Minnesota are conducting a program designed to interest minority and low-income junior high and high school students in mathematics and the sciences. A grant of \$16,740 will be used to assist a program of training selected high school students to teach their classmates in mathematics and the physical sciences.

Finally, a one-year grant of \$60,750 was awarded at the University of Minnesota to continue a program in cardiovascular research

directed by Dr. William G. Kubicek, M.D., Professor, Department of Physical Medicine and Rehabilitation.

Minnesota Metropolitan State College, the seventh college in the State College System, was established by the Minnesota Legislature in 1971. A grant of \$40,000 was awarded to the College to support the development of new student assessment techniques. The educational program is highly individualized and students are to be evaluated on the basis of demonstrated competence in specific areas of study.

ELEMENTARY AND SECONDARY EDUCATION

The Saint Paul Public School System received a grant of \$51,000 towards the costs of conducting a faculty training and evaluation program for teachers in the Saint Paul Open School, to assist them during the summer of 1972 in assessing the School's first year of operation and in planning for the second. The Saint Paul Open School was established in 1971 as a part of the Saint Paul Public School System, to include students from all parts of the city. Each student is given considerable choice and responsibility for designing his or her own educational program, in consultation with a teacher.

A three-year grant of \$24,300 was awarded to American Field Service (AFS) International Scholarships, New York, towards the costs of a new short-term exchange program within Minnesota. Each AFS foreign student in Minnesota will spend two weeks in a community different from his or her home community; the program will emphasize a switch between urban and rural communities.

A grant of \$25,175 was made to support a program of workshops and in-service training to inform teachers about different methods of teaching gifted students. The project is to be conducted by Dr. James Anderson, Professor of Educational Administration, Saint Cloud State College. Saint Paul Academy—Summit School, Saint Paul, will act as fiscal agent for the project.

OTHER EDUCATION

North Star Research and Development Institute, Minneapolis, received a grant of \$20,000 to help continue the planning of an educational system for the proposed Minnesota Experimental City. The planning is being done under the direction of Dr. Ronald E. Barnes.

Health

In 1969 Rush-Presbyterian-St. Luke's Medical Center, Chicago, was created to reactivate Rush Medical College, to form the nucleus of a network of community hospitals which will serve a large urban patient population, to generate increased research activity, and to initiate new programs in the delivery of medical care. Physicians, nurses, and allied health personnel will be trained in the Center, concentrating on the need for improved coordination of patient-care teams and groups. A three-year grant totaling \$550,000 was made to Rush-Presbyterian-St. Luke's Medical Center to help start a new College of Nursing and Allied Health Sciences within the Center.

The Foundation awarded a three-year grant of \$150,000 to Meharry Medical College, Nashville, Tennessee, to assist the College's scholarship and loan program. Approximately 90 per cent of Meharry's students are black. Meharry is a private institution founded in 1876; since its founding it has produced about one-half of the nation's black physicians and dentists.

A three-year grant of \$73,779 was made to Ramsey Action Programs, Inc., Saint Paul, to support the new West Side Health Center. Ramsey Action Programs is the Saint Paul agency for the U. S. Office of Economic Opportunity, and provides assistance for community groups organizing various social services. Ramsey Action Programs' health planners, working with other health professionals and neighborhood representatives, organized the new community health clinic to serve the West Side of Saint Paul. The West Side has the largest number of Spanish-speaking persons in Saint Paul, who had little access to health care until the clinic started. The new West Side Health Center will have a resident physician and allied health staff who are bilingual in Spanish and English, and will contract with Saint Paul Ramsey Hospital and other local health care and medical institutions for medical support services. A community board and a committee of health professionals and technical advisors will govern the Center. The Foundation grant and funds from the Office of Economic Opportunity will help support the operating costs of the clinic until sufficient patient fee income can be generated.

Three other grants were approved for projects in medical institutions. The Children's Hospital, Saint Paul, was granted \$20,000,

payable over two years, towards the costs of the Hospital's Intern Education Program. A grant of \$65,000 was awarded to Community Mercy Hospital, Onamia, to help pay the capital costs of moving and expanding the Hospital's emergency out-patient room and adjacent facilities. Anoka State Hospital, Anoka, received a grant of \$923 to purchase newspaper subscriptions for the wards.

Welfare and Social Services

YOUTH AND FAMILY SERVICES

Approximately 1,500 child day-care centers operate in Ramsey, Washington, and Dakota Counties (the greater Saint Paul metropolitan area). The Greater Saint Paul Council for Coordinated Child Care was established to provide co-operative planning for the centers, develop training programs for volunteers and family day-care mothers, and coordinate purchasing, fund-raising and referrals. A two-year grant of \$20,053 was awarded to the Council to purchase initial equipment for the development of the resource center.

The Saint Paul Area YMCA was granted \$44,100 on a one-for-two matching basis, towards operating costs. The Indianhead Council of the Boy Scouts of America, Saint Paul, was awarded a three-year grant of \$60,000 towards the cost of an expanded scouting program. A matching grant of \$20,000 was approved to the Boys' Clubs of America, to help establish Boys' Clubs in Saint Cloud and Mankato.

HEALTH AND REHABILITATION

The Occupational Training Center, Saint Paul, provides vocational training and rehabilitation, and sheltered workshops for the mentally and physically handicapped in the Twin Cities metropolitan area. Among the various programs offered by the Center are training for nurse aids, and programs in graphics, printing, metal work, packaging, and re-cycling of bottles and metal containers. A basic grant of \$40,000, plus a supplement of \$40,000 on a one-for-one matching basis was awarded to assist the Center's purchase of a larger facility, to allow the Center to serve more clients.

Northern Minnesota Therapeutic Camp operates Camp Confidence, near Brainerd, a year-round camp and outdoor education fa-

cility for the mentally-retarded. The Camp received a grant of \$30,500 to assist further development of the camping programs for the mentally-retarded.

Two other grants were awarded to organizations serving the handicapped: the Minnesota Society for Crippled Children and Adults received a matching grant of up to \$150,000 towards construction costs of a new residential wing at its Courage Center facility in Golden Valley. A two-year matching grant of \$120,000 was approved for the Central Baptist Children's Home, Lake Villa, Illinois, to help construct a new residential facility for emotionally-disturbed children.

A matching grant of \$500,000, payable over three years, was awarded to the Union Gospel Mission Association of Saint Paul to assist the proposed move of the Mission's adult facilities to a new site.

UNITED FUNDS

Two United Fund organizations received operating grants in 1972. The Greater Saint Paul United Fund and Council received two grants: \$140,000 towards member agency support in 1973, and \$22,000 to establish a program budgeting and cost accounting system for all Saint Paul United Fund agencies. The United Appeal of Orange County, Florida, received a grant of \$10,000 towards budget support of member agencies.

OTHER WELFARE AND SOCIAL SERVICES

A two-year grant of \$50,000 was approved to the Metropolitan Economic Development Association (MEDA), Minneapolis, towards operating costs. MEDA was organized in late 1971 to provide technical assistance for new minority business enterprises in the Twin Cities. MEDA's services are to include accounting and financial advice, legal services, marketing analysis, loan procurement advice, and counseling service or educational training programs. On rare occasions, MEDA may grant small loans to minority businesses.

A grant of \$5,000 was approved for the Newman Center, located at Rollins College in Winter Park, Florida, to help continue a program through which college students in the Orlando area provide tutoring and other services to the children of local migrant workers.

Other Program Areas

ENVIRONMENT

A grant of \$88,400 was awarded to The Conservation Foundation, Washington, D. C. The Conservation Foundation assists in environmental policy development and, through its Conservation Services Program, assists organizations and people concerned with environmental issues by providing information, analysis and education. The Foundation grant is to support an 18-month "Minneapolis-Saint Paul Regional Open Space Information Project", which will investigate issues of open space and land use planning in the metropolitan area, will conduct a citizen information program, and will attempt to involve more citizens in governmental decisions about land use planning. The Conservation Foundation project will operate in parallel with the Metropolitan Council Open Space Advisory Board, which is to design land-use legislation for the Minnesota Legislature. The Metropolitan Council is a planning agency for the seven-county Twin City metropolitan area. The Conservation Foundation plans to conduct other "Metropolitan Environment Demonstration Projects", of which the Twin Cities project is the first, to focus on environmental issues of particular importance in several cities in the United States.

The Minnesota Arboretum Foundation, Chaska, received a grant of \$75,000 towards construction costs of the Arboretum's new Education and Research Building. The grant supplemented a previous grant of \$250,000 from the Foundation for the Arboretum's new building.

COMMUNICATIONS

A grant of \$75,000 was approved for Three-Prong Television Productions, Inc., Chicago, to support operation of its Prime Time School Television (PTST) project. This project, operating in Minnesota, Illinois, Iowa and Wisconsin, informs teachers in grades 7-12 of educationally significant prime-time television programs, encourages them to include these TV programs in their homework assignments, and provides supplementary literature on these programs to both teachers and students. The Foundation's 1972 grant is to assist PTST's expansion into several more states. If PTST can demonstrate sufficient school-age audience drawing power so that commercial spon-

sors will contribute to the project, it is hoped commercial networks will also wish to schedule additional prime time offerings for this audience. The Bush Foundation also supported this project in 1970 and 1971.

Chicago Educational Television Association, the parent organization for stations WTTW and WXXW in Chicago, received \$75,000 towards the costs of moving the stations' transmitters to the top of the Sears building in Chicago.

A three-year matching grant of \$102,045 was awarded to the Twin City Area Educational Television Corporation, Saint Paul, which operates stations KTCA and KTCI. The grant will help underwrite the addition of five hours of broadcast time on Saturday evenings; KTCA previously did not broadcast on Saturdays. Second and third-year payments of the grant are contingent on Twin City Area Educational Television Corporation substantially increasing its membership income.

A grant of \$3,500 was made to the Minnesota State Planning Agency, Saint Paul, towards the costs of a one-day "Seminar on Minnesota's Future" in February, 1973. The Seminar will be broadcast live on station KTCA, (Channel 2) and will be videotaped for later repeat broadcasts.

LAW AND CORRECTIONS

The Correctional Service of Minnesota, Minneapolis, is a state-wide organization which conducts education and referral programs for schools, police departments, ex-offenders, and citizen groups, and works to coordinate special programs for ex-offender organizations. A grant of \$151,640 was awarded to Correctional Service of Minnesota to conduct a study of the organization and delivery of correctional services in Minnesota, including an inventory of present public and private services and an analysis of needs. The major staff work for the study will be conducted by the Organization for Social and Technological Innovation, Inc. (OSTI), of Newton, Massachusetts, under the direction of Correctional Service of Minnesota. In designing and conducting the study, advice will be sought from courts, law enforcement and corrections workers, ex-offenders and inmates, and interested citizens throughout the state.

A two-year grant of \$67,100 was approved to Hennepin County

Department of Court Services, Minneapolis, towards the costs of a demonstration project to train and use volunteers to conduct pre-sentence investigations in the several adult courts in Hennepin County. Pre-sentence investigations usually are done by professional probation officers, to be used by the court in determining sentences. However, rapidly increasing case loads for probation officers have reduced the time available to conduct these investigations. Volunteers conducting investigations will work under a professional probation officer; a similar program in juvenile court has freed the professionals to conduct the more difficult investigations and to work more closely with juveniles after sentencing.

The Foundation also approved a three-year grant of \$70,000 to AMICUS, Inc., Minneapolis, an organization which provides volunteers to work with inmates and ex-offenders.

OTHER

A five-year grant of \$75,000 was awarded to the Council on Foundations, Inc., New York, towards the costs of the Council's public affairs and education programs.

NOTE: Further information is available about the grants described in this section from The Bush Foundation.

Grantmaking Policies and Procedures

REVISED GRANTMAKING GUIDELINES

On March 23, 1973 The Bush Foundation Board of Directors adopted revised grantmaking guidelines, replacing those which had been in effect since April 1971. The new revision sought primarily to make clearer the earlier guidelines and to answer additional frequently-recurring questions raised by prospective grant applicants. The revision does not signal significant changes of interest or grantmaking emphasis, and the guidelines still are considered to be in a formative state. Following is the text of the revised grantmaking guidelines.

MAJOR CURRENT INTERESTS

1. The Bush Foundation currently is predominantly a regional foundation, with broad interests in education, social services, health, arts and humanities, and in the development of leadership.
2. The Foundation is interested in education at all levels. It seeks to support promising new learning programs and new approaches to structural change, such as those which promote broader educational opportunity or promote quality and efficiency of school or college operation.
3. The Foundation seeks to support projects which may help to demonstrate and evaluate new ways to resolve contemporary social problems, such as providing greater opportunity for minority groups and protecting the environment.
4. The Foundation is interested in efforts to increase the effectiveness of medical manpower, and to deliver good medical care — at reasonable cost to recipients and to society — particularly in areas which now are under-served.

5. The Foundation accepts special regional 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 a 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. In recent years the Foundation has concentrated its major interest on projects originating in, or of special value to Minnesota, with Chicago and central Florida as areas of secondary interest, and others less so. 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 ordinarily does not make direct grants to individuals, except through established, defined programs such as the Bush Leadership Fellows 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 face increasingly stringent selectivity:
 - a. Proposals for building construction, particularly in education — but in the Foundation's other areas of interest also. In addition to the appropriateness of the building plans themselves, the importance and quality of the program activity to be housed, and the impact of the proposed construction on this activity, also are significant in the consideration of these requests.
 - b. Proposals requesting endowment funds.
 - 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. Within the last two years the Foundation also has become increasingly cautious towards funding proposals for both applied and basic research in the natural sciences and health sciences.

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 five-man 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 at least two 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. In 1972, the average elapsed time between the receipt of a completed proposal and final Board action was three months. Several proposals required only two months, however, while others required as long as nine months.

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. During the past three years, the Foundation has had sufficient funds to grant only about one fourth of the complete requests for funds.

EXPLORATION OF OTHER SOURCES OF SUPPORT

Grant applicants ordinarily should explore all other possible sources of support in addition to approaching 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 efforts at slick packaging generally seem 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 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 approached 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 should also be endorsed by the administrative head of the organization. If possible, the endorsement should also 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, and for applied and basic research in the health sciences and natural sciences. While this work often is important, and while federal support for it in many areas has diminished recently, the major federal agencies still appear to attract the largest pool of good applications to choose from, and also provide more-discriminating qualitative review than The Bush Foundation can readily provide.

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, also, the Foundation notifies Minnesota newspapers, 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 public 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 past grants and to suggest improvements in 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 in 1970 and 1971 have given to this relatively new 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 1972 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 YEARS 1970, 1971, AND 1972 CLASSIFIED
BY TYPE OF INSTITUTION TO WHICH FUNDS WERE GRANTED

Type of Institution	1970	1971	1972	3-Year Total
A. Humanities and Performing Arts	\$ 357,500 (4) 11.1%	\$1,915,000 (10) 22.2%	\$1,349,050 (12) 18.0%	\$3,621,550 (26) 18.7%
B. Education (including research in colleges and universities)	1,377,140 (15) 42.7%	3,265,718 (20) 37.8%	3,081,938 (20) 41.0%	7,724,796 (55) 39.9%
C. Health	419,250 (7) 13.0%	1,280,798 (6) 14.9%	859,702 (6) 11.4%	2,559,750 (19) 13.2%
D. Welfare and Social Services	482,017 (16) 15.0%	1,342,300 (20) 15.6%	1,201,653 (13) 16.0%	3,025,970 (49) 15.6%
E. Miscellaneous (including environ- ment, corrections and law, communications, and others not included above)	498,849 (9) 15.4%	581,545 (10) 6.7%	832,685 (11) 11.1%	1,913,079 (30) 9.9%
F. Bush Leadership Fellows Stipends	88,000 (1) 2.8%	239,500 (2) 2.8%	191,100 (1) 2.5%	518,600 (4) 2.7%
TOTALS	<u>\$3,222,756</u> (52) 100.0%	<u>\$8,624,861</u> (68) 100.0%	<u>\$7,516,128</u> (63) 100.0%	<u>\$19,363,745</u> (183) 100.0%

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

(2) The figures used here for 1972 are the same as those reflected in the audited statement at the end of this report, except that the audit shows a subtraction of \$18,000 for one prior-year grant which was rescinded in 1972, and this table does not.

SUMMARY OF GRANTS APPROVED IN FISCAL YEAR 1972, CLASSIFIED BY
 SIZE, DURATION, AND GEOGRAPHIC LOCATION OF GRANTEES

	Classification of Grants	Number of Grants Approved
I. Size	0-\$ 9,999	4
	10,000- 24,999	11
	25,000- 49,999	8
	50,000- 99,999	22
	100,000- 199,999	11
	200,000- 499,999	4
	500,000- 999,999	2
	1,000,000 and over	1
<i>Total</i>		63
II. Duration	1 Year	33
	2 Years	12
	3 Years	14
	4 Years	1
	5 Years	3
<i>Total</i>		63
III. Geographic Location	Minnesota	52
	Illinois	6
	Florida	2
	Other	3
<i>Total</i>		63

Report of the Treasurer

THE statements on the following pages reflect the financial condition of the Foundation on November 30, 1972 and the operating results for the fiscal year ended on that date.

On November 30, 1972 the market value of the Foundation's invested assets was \$169,428,980, an increase of \$22,941,370 over the preceding year end. All but about \$500,000 of the increase was due to realized and unrealized appreciation in the market value of investments. The Foundation's principal fund was \$164,948,097 on November 30, 1972 consisting of \$100,608,715 being the appraised value of assets received from the Estate of A. G. Bush plus the market value at date of transfer of gifts to the Foundation made by Mr. and Mrs. Bush prior to January 16, 1966, plus \$43,547,935 in realized gains on investments, and \$20,791,447 in unrealized gains.

The Board of Directors uses the investment counsel of Brown Brothers Harriman & Co., New York; Northern Trust Company, Chicago; Northwestern National Bank, Minneapolis and United States Trust Company, New York. The Board meets regularly with its investment counselors to review and evaluate investment performance and to discuss investment policy. For the fiscal year which ended November 30, 1972 the total return on Foundation investments was 18 per cent.

Investment income received during the year was \$4,585,883, a

decrease of \$1,489,651 from the preceding year. The decrease is attributable to lower interest rates and a large shift from fixed income investments into equities, moving equities from 47 per cent to 74 per cent of the total portfolio. Investment Expenses were \$282,823, Administrative Expenses \$281,142, the provision for Excise Taxes \$224,000, a total of \$787,965.

Contained in the Last Will and Testament of A. G. Bush is a provision naming The Bush Foundation as the residuary legatee of the Estate of A. G. Bush. In this connection, the Foundation received distributions during the year from the Estate of A. G. Bush having an aggregate value of \$990,893. As of November 30, 1972, the current market value of remaining assets in the hands of the Executors of the Estate of A. G. Bush was \$86,281,778 and included 1,000,000 shares of Minnesota Mining and Manufacturing Company common stock; the Estate's appraised value of these remaining assets was \$36,234,903.

New grants totalling \$7,498,128 were approved during the year, \$5,405,016 was paid to grantees, and unpaid grant commitments were \$9,469,396 on November 30, 1972.

The Bush Foundation is subject to the provisions of the Tax Reform Act of 1969 which pertain to private foundations. The excise tax, first paid by the Foundation in 1971, was a major financial provision of the Act. Another provision defines income and requires that it be distributed in the year earned or the following year. The amount to be distributed under the 1973 calculation is either the net investment income or $4\frac{1}{8}$ per cent of the average market value of the Foundation's assets, whichever is greater. The percentage is scheduled to increase to $5\frac{1}{2}$ per cent by 1976 but is subject to change from year to year.

FRANKLIN O. BRIESE
Treasurer

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ARTHUR ANDERSEN & Co.

MINNEAPOLIS, MINNESOTA

To the Board of Directors of

The Bush Foundation:

We have examined the balance sheet of THE BUSH FOUNDATION (a Minnesota corporation, not for profit) as of November 30, 1972 and 1971, and the related statements of principal fund, income fund and changes in financial position for the years then ended, and the supplementary statements (Exhibits 1 and 2). 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, 1972 and 1971, and the changes in principal fund, income fund and financial position for the years then ended, and the supplementary statements present 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.

Minneapolis, Minnesota,
January 10, 1973.

The Bush Foundation

BALANCE SHEET—NOVEMBER 30, 1972 AND 1971

ASSETS		
	1972	1971
CASH	\$ 124,715	\$ 1,029,580
INVESTMENTS, at quoted market value or at cost which approximates market value (Exhibit 1 and Note 1):		
Certificates of deposit	\$	\$ 350,000
U.S. Treasury Bills	4,545,790	20,319,838
Commercial paper	16,100,889	34,046,305
Corporation notes, bonds and debentures, amortized cost of \$21,692,982 in 1972 and \$17,884,624 in 1971	22,055,856	18,515,776
Municipal bonds, cost of \$48,746 in 1972 and \$48,641 in 1971	12,750	15,000
Common stocks, cost of \$104,437,386 in 1972 and \$71,639,747 in 1971	125,501,955	72,046,758
Preferred stock, cost of \$87,590 in 1971	. . . . .	68,160
Notes and mortgages receivable, at amortized cost	811,740	802,436
Real estate, cost of \$200,000 in 1972 and \$323,337 in 1971	400,000	323,337
Total investments	<u>\$169,428,980</u>	<u>\$146,487,610</u>
DIVIDENDS AND INTEREST RECEIVABLE	925,454	1,533,283
OTHER ASSETS, net	22,213	22,197
	<u>\$170,501,362</u>	<u>\$149,072,670</u>

LIABILITIES AND FUND BALANCES

	1972	1971
ACCOUNTS PAYABLE	\$ 70,496	\$ 189,811
ACCRUED FEDERAL EXCISE TAXES (Note 3):		
Current	224,580	418,000
Deferred	800,000	. . . . .
UNPAID GRANTS SCHEDULED FOR PAYMENT IN FISCAL YEAR (Exhibit 2):		
1972	\$	\$ 3,840,163
1973	4,940,965	2,065,221
1974	2,335,731	745,900
1975	1,275,700	725,000
1976 and thereafter	917,000	. . . . .
	\$ 9,469,396	\$ 7,376,284
FUND BALANCES, per accompanying statements:		
Principal fund	\$164,948,097	\$143,390,465
Income fund	(5,011,207)	(2,301,890)
Total fund balances	\$159,936,890	\$141,088,575
	\$170,501,362	\$149,072,670

The accompanying notes to financial statements are an integral part of this statement.

The Bush Foundation

STATEMENT OF PRINCIPAL FUND FOR THE YEARS ENDED DECEMBER 31, 1972 AND 1971

	1972	1971
<hr/>		
Stated value of assets received, principally from Estate of A. G. Bush —		
Balance, beginning of year	\$100,474,117	\$103,248,154
Distributions received from the Estate of A. G. Bush (Note 2)	1,190,893	993,578
Principal transferred to income fund (Note 1)	(990,893)	(3,767,615)
Legal fees (Note 1)	(65,402)	. . . . .
Balance, end of year	<u>\$100,608,715</u>	<u>\$100,474,117</u>
Unrealized appreciation of investments (Exhibit 1 and Note 1) —		
Balance, beginning of year	\$ 985,092	\$ 14,320,770
Appreciation of market value of investments net of deferred Federal excise taxes of \$800,000 in 1972	21,423,034	14,189,354
Gains realized on security transactions during the year	(1,616,679)	(27,525,032)
Balance, end of year	<u>\$ 20,791,447</u>	<u>\$ 985,092</u>
Reinvested gains on security transactions —		
Balance, beginning of year	\$ 41,931,256	\$ 14,406,224
Gains realized on security transactions during the year	1,616,679	27,525,032
Balance, end of year	<u>\$ 43,547,935</u>	<u>\$ 41,931,256</u>
Total principal fund balance	<u><u>\$164,948,097</u></u>	<u><u>\$143,390,465</u></u>

The accompanying notes to financial statements are an integral part of this statement.

The Bush Foundation

STATEMENT OF INCOME FUND FOR THE YEARS ENDED NOVEMBER 30, 1972 AND 1971

	1972	1971
INCOME:		
Dividends	\$ 1,957,498	\$ 1,327,626
Interest	2,605,195	4,663,190
Other	23,190	84,718
	<u>\$ 4,585,883</u>	<u>\$ 6,075,534</u>
Less investment expenses	282,823	219,390
	<u>\$ 4,303,060</u>	<u>\$ 5,856,144</u>
Income before provision for Federal excise tax	\$ 4,303,060	\$ 5,856,144
Provision for Federal excise tax (Note 3)	224,000	418,000
	<u>\$ 4,079,060</u>	<u>\$ 5,438,144</u>
Net investment income (Note 5)	\$ 4,079,060	\$ 5,438,144
ADMINISTRATIVE EXPENSES:		
Salaries and staff benefits	\$ 132,749	\$ 51,352
Investment management	164,760	119,972
Program management and consulting fees	38,001	49,981
Legal and accounting fees	86,739	83,168
Other administrative expenses	141,716	98,857
Less allocation to investments	(282,823)	(219,390)
	<u>\$ 281,142</u>	<u>\$ 183,940</u>
Net administrative expenses	\$ 281,142	\$ 183,940
INCOME AVAILABLE FOR GRANT APPROPRIATION	<u>\$ 3,797,918</u>	<u>\$ 5,254,204</u>
ADD — Transfers from principal fund (Note 1)	990,893	3,767,615
DEDUCT — Grants appropriated during year (Exhibit 2)	(7,498,128)	(8,624,861)
	<u>\$ (2,709,317)</u>	<u>\$ 396,958</u>
Net additions (deductions) to income fund	\$ (2,709,317)	\$ 396,958
BALANCE, beginning of year (deficit)	<u>(2,301,890)</u>	<u>(2,698,848)</u>
BALANCE, end of year (deficit), representing grants payable in future periods in excess of accumulated income available	<u><u>\$ (5,011,207)</u></u>	<u><u>(2,301,890)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

The Bush Foundation

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEARS ENDED NOVEMBER 30, 1972 AND 1971

	1972	1971
CASH BALANCE, beginning of year	\$ 1,029,580	\$ 15,423
Income and grant transactions:		
Source —		
Receipts from dividends, interest and rent	\$ 5,433,424	\$ 5,494,846
Less disbursements for expenses and Federal excise taxes	(957,167)	(356,814)
Cash available for grants	\$ 4,476,257	\$ 5,138,032
Application —		
Grants paid (Exhibit 2)	(5,405,016)	(4,888,403)
Increase (decrease) in cash from income and grant transactions	\$ (928,759)	\$ 249,629
Principal transactions:		
Source —		
Distributions received from the Estate of A. G. Bush	\$ 990,893	\$ 993,578
Application —		
Increased investment in securities	966,999	229,050
Increase in cash from principal transactions	\$ 23,894	\$ 764,528
CASH BALANCE, end of year	\$ 124,715	\$ 1,029,580

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

(1) *Accounting Policies* —

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

INVESTMENTS — The investments in the accompanying financial statements have been reflected at quoted market value or at cost which approximates market value as of November 30, 1972 and 1971.

DESCRIPTION OF FUNDS — The principal fund represents funds which are invested in income producing assets and are not available for distribution. The income fund principally represents income earned on invested principal which is available for distribution as grants. In this connection the Board of Directors has approved and directed that all funds received from the Estate of A. G. Bush after July 31, 1969, representing income earned by the Estate, be transferred from the principal fund to the income fund of the Foundation for grant appropriation.

LEGAL FEES — The Foundation has adopted the policy of recording legal fees incurred for the protection of principal as a reduction of the principal fund balance. In this connection, \$65,402 of legal fees was recorded as a reduction of the principal fund during the year ended November 30, 1972.

(2) *Estate of A. G. Bush* —

Contained in the Last Will and Testament of A. G. Bush is a provision naming The Bush Foundation as the residuary legatee of the Estate of A. G. Bush. The undistributed assets in the Estate of A. G. Bush as of November 30, 1972, approximated:

Principal	\$34,981,751
Reserve	1,253,152
	<u>\$36,234,903</u>

The above reserve represents principal assets of the Estate plus income earned on those assets which is being held in reserve for administrative expenses, additional executors' fiscal agents' and attorneys' fees which the Estate was ordered to pay by the Probate Court. The Bush Foundation has filed an appeal with the Ramsey County District Court contesting the payment of certain of these fees.

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

Federal Excise Taxes:

Under the Tax Reform Act of 1969, the Foundation is subject to a four percent excise tax on its taxable investment income. Accordingly, a provision for Federal excise taxes of \$224,000 and \$418,000 has been provided for the years ended November 30, 1972 and 1971, respectively.

The reserve for Federal excise taxes at November 30, 1972, includes \$800,000 of deferred Federal excise taxes resulting from recording unrealized appreciation on investments.

Distribution Requirements:

In fiscal year 1973, the Foundation, for the first time, is subject to the minimum investment return distribution requirements under the Tax Reform Act of 1969. The Foundation will be required to distribute within one year thereafter an amount which is the higher of adjusted net income, as defined, or four and one-eighth percent of the fair market value of its assets, as defined. Based on the most recent available information from the Internal Revenue Service, this percentage will increase to five and one-half percent in fiscal year 1976. However, this percentage is subject to fluctuation based on changes in the relationship of current investment yields to the investment yields in the statutory base year (1969).

(4) *Pending Litigation* —

Renunciation of Will:

The guardians of the Estate of Edyth D. Bush filed a renunciation of the Will of A. G. Bush claiming her statutory share (one-half) of the decedent's estate. This

renunciation has been ruled not valid by the Ramsey County Probate Court and has been appealed to the Ramsey County District Court. The effect of the appeal, if successful, would be to require payment from the Estate of A. G. Bush, and, if its assets were insufficient, to require contributions from the Foundation equal to one-half of the value of the Estate of A. G. Bush. The inventory of the Estate of A. G. Bush was approximately \$127,000,000. It is the opinion of counsel that there is no substantial risk that this appeal will be successful.

The Bush Foundation was named a codefendant in a \$100,000,000 lawsuit filed in behalf of Mrs. Edyth D. Bush by the guardians of her estate. Among other things, the suit seeks to rescind the August 27, 1966, agreement in which Mrs. Edyth D. Bush consented to the Will of A. G. Bush, and to void the April 10, 1970, judgment of the District Court of Ramsey County, Minnesota, entered pursuant to a September 17, 1969, stipulation which, among other things, established the present Board of Directors. It is the opinion of counsel that this lawsuit is without substantial merit.

Board of Directors' Litigation:

Certain directors of the Foundation were named in a lawsuit, initiated by two directors of the Foundation, seeking damages totaling \$71,695,000 as well as injunctive relief, on behalf of the Foundation for alleged stock manipulations and conflicts of interest. It is the opinion of counsel that this suit has no substantial effect on the financial condition of the Foundation and, if successful, it would add to the assets of the Foundation.

The defendant directors have filed a denial to these allegations and a counterclaim requesting the removal of the plaintiff directors from the Board of Directors of the Foundation and enjoining the plaintiff directors from further litigation affecting the Foundation or its officers or directors. The Foundation is contingently liable for payment of legal fees in connection with the Board of Directors' litigation.

(5) *Interest Income* —

Dividends and interest receivable at November 30, 1971, was overstated by approximately \$370,000 resulting in a corresponding overstatement of net investment income for the year then ended and an understatement of net investment income for the year ended November 30, 1972. This item has no effect on the financial position of the Foundation at November 30, 1972. The November 30, 1971, financial statements have not been restated as the amount involved is not significant in relation to the financial statements.

The Bush Foundation

INVESTMENTS HELD AT NOVEMBER 30, 1972

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>U.S. Treasury Bills, Due—</i>			
December 28, 1972	\$ 1,880,000	\$ 1,837,380	\$ 1,837,380
January 4, 1973	1,535,000	1,498,620	1,498,620
January 4, 1973	610,000	602,906	602,906
January 18, 1973	495,000	483,853	483,853
March 22, 1973	125,000	123,031	123,031
Total U.S. Treasury Bills	\$ 4,645,000	\$ 4,545,790	\$ 4,545,790
<i>Commercial Paper—</i>			
C.I.T. Financial Corporation, 4.90% note, due December 29, 1972	\$ 1,360,000	\$ 1,360,000	\$ 1,360,000
Ford Motor Credit Company, 5.03% note, due January 8, 1973	350,000	350,000	350,000
General Electric Credit Com- pany, 5.685% Promissory note dated May 16, 1966, due on demand	1,500,000	1,500,000	1,500,000
General Motors Acceptance Corporation, 4.89% note, due December 14, 1972	1,400,000	1,400,000	1,400,000
General Motors Acceptance Corporation, 5.55% note #1	990,000	990,000	990,000
General Motors Acceptance Corporation, 5.55% Promis- sory note dated February 20, 1969, due on demand	1,489,000	1,489,000	1,489,000
W. T. Grant Financial Cor- poration, 4.92% note, due December 21, 1972	1,575,000	1,575,000	1,575,000

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Commercial Paper (continued)—</i>			
International Harvester Credit Corporation, 5.00% note, due January 3, 1973	2,000,000	1,982,500	1,982,500
International Harvester Credit Corporation, 5.56% Promissory note dated March 18, 1968, due on demand	1,500,000	1,500,000	1,500,000
Montgomery Ward Credit Corporation, 5.125% note, due January 30, 1973	2,155,000	2,127,389	2,127,389
Northwestern Bell Telephone Company, 5.50% Promissory note	34,000	34,000	34,000
J. C. Penney Credit Corporation, 5.50% Promissory note	235,000	235,000	235,000
J. C. Penney Credit Corporation, 4.64% note, due December 7, 1972	1,100,000	1,100,000	1,100,000
Sears Roebuck Acceptance Corporation, 5.50% Promissory note	165,000	165,000	165,000
Singer Credit Corporation, 5.50% Promissory note, dated October 16, 1968, due on demand	293,000	293,000	293,000
Total Commercial Paper		<u>\$ 16,100,889</u>	<u>\$ 16,100,889</u>
<i>Corporate Notes, Bonds and Debentures—</i>			
Amerada Hess Corporation, 6.75% Subordinated Debenture, due March 15, 1996	250,000	212,083	230,938
American Brands, Inc., 8.875% Registered Note, due May 15, 1975	1,000,000	1,024,167	1,060,000

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Corporate Notes, Bonds and Debentures (continued)—</i>			
Appalachian Power Company, First Mortgage, 8.625% Registered Bond, due Octo- ber 1, 1975-76	1,000,000	1,015,379	1,048,750
Bank America Corporation, 6.625% note, due February 1, 1980	1,000,000	995,798	996,250
Bank of Virginia Company, 7.75% Subordinated Regis- tered Debenture, due November 1, 1997	300,000	297,758	297,750
Burlington Northern, Incorpo- rated, Construction Mort- gage, Series C, 8.50%, due May 1, 1996	250,000	250,000	270,000
Burroughs Corporation, 9% Registered Note, due May 1, 1975	1,000,000	1,024,073	1,061,250
Chrysler Financial Corporation, 7.70% Registered Debenture, due March 1, 1992	500,000	500,000	506,875
Consolidated Edison Com- pany—New York, 7.90% Debenture, due April 15, 2002	300,000	298,164	311,250
Dart Industries, Inc., 7.50% Sinking Fund Debenture, due April 1, 1996	250,000	248,833	250,625
Dow Chemical Company, 8.90% Registered Sinking Fund Debenture, due November 1, 2000	500,000	538,286	565,000
Farmers Home Administration, 7.78%, due June 30, 1981	502,000	502,000	528,355
Federated Department Stores, 8.375% Sinking Fund Deben- ture, due September 15, 1995	500,000	538,728	535,000

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Corporate Notes, Bonds and Debentures (continued)—</i>			
First Chicago Corporation, 6.75% Registered Note, due November 1, 1980	500,000	500,000	498,125
Florida Power & Light Com- pany, First Mortgage, 7.625% Registered Bond, due January 1, 2001	250,000	250,000	253,750
Ford Motor Company, 7.125% note, due July 15, 1977	2,000,000	2,061,691	2,070,000
General Motors Acceptance Corporation, 7.75% Regis- tered Debenture Bond, due October 1, 1994	500,000	507,694	521,250
Household Finance Corporation, 7.60% Registered Note, due July 1, 1974	15,000	15,066	15,113
Houston Natural Gas Company, 7.875% Sinking Fund Debenture, due December 1, 1991	300,000	300,000	300,750
International Paper Company, 4.25% Convertible Subor- dinated Debenture, due November 1, 1996	500,000	556,162	560,000
Kennecott Copper Corporation, 7.875% Registered Deben- ture, due May 1, 2001	250,000	242,896	257,500
Lone Star Industries, Inc., 8.00% Sinking Fund Debenture, due April 15, 1997	300,000	300,000	303,000
Minneapolis Gas Company, 7.875% Sinking Fund Deben- ture, due December 1, 1996	350,000	350,000	360,937
Mobil Oil Corporation, 7.375% Registered Debenture Bond, due October 1, 2001	1,000,000	1,000,000	1,030,000

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Corporate Notes, Bonds and Debentures (continued)—</i>			
National Cash Register Company, 7.70% Registered Sinking Fund Debenture Bond, due July 15, 1994	500,000	489,480	510,000
National Steel Corporation, 8.00% First Mortgage Debenture, due December 1, 1995	250,000	257,163	261,875
New York Telephone Company, 8.00% First Mortgage Debenture, due July 15, 2008	300,000	311,700	316,125
Ohio Power Company, 7.75% First Mortgage, due March 1, 1999	250,000	250,000	255,625
Outboard Marine Corporation, 7.75% Sinking Fund Debenture, due February 1, 1996	250,000	247,668	252,500
Pennzoil Company, 8.375% Debenture, due March 1, 1996	250,000	250,583	263,125
Pittston Company, 4.00% Convertible Subordinated Debenture, due July 1, 1997	500,000	500,000	340,000
Seaboard Coast Line Railroad Company, Construction Mortgage, Series A, 8.35%, due March 15, 1996	250,000	250,000	261,875
Singer Credit Corporation, 7.125% Senior Note, due February 15, 1979	500,000	500,000	502,500
Southern Natural Gas Company, 7.70% Sinking Fund Debenture, due April 1, 1991	250,000	250,000	258,750
Standard Oil Company of Ohio, 7.60% Registered Sinking Fund Debenture Bond, due July 1, 1999	500,000	490,419	515,000

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Corporate Notes, Bonds and Debentures (continued)—</i>			
Tennessee Valley Authority Power, Series B, 7.35%, due May 1, 1997	450,000	457,300	458,438
Texaco, Incorporated, 7.75% Registered Debenture Bond, due June 1, 2001	500,000	500,000	530,000
Texas Eastern Transmission Cor- poration, First Mortgage, 8.70%, due October 1, 1989	240,000	244,065	253,200
Union Oil Company of Califor- nia, 8.25% Registered Deben- ture, due June 30, 1975-76	1,000,000	1,007,888	1,042,500
United States Plywood Cor- poration, 8.00% Debenture, due March 1, 1996	250,000	251,166	256,250
Western Electric, 8.375% Regis- tered Sinking Fund Deben- ture, due October 1, 1995	500,000	541,906	538,750
Western Union Telegraph Com- pany, 8.45% Sinking Fund Debenture, due March 15, 1996	350,000	353,549	363,125
Weyerhaeuser Company, 8.125% Registered Note, due October 1, 1976	1,000,000	1,011,317	1,043,750
Total Corporate Notes, Bonds and Debentures	<u>\$ 21,407,000</u>	<u>\$ 21,692,982</u>	<u>\$ 22,055,856</u>
<i>Municipal Bond—</i>			
East St. Louis, Illinois, 3.75%, due January 1, 1985	<u>\$ 50,000</u>	<u>\$ 48,746</u>	<u>\$ 12,750</u>
<i>Common Stocks—</i>			
Aetna Life & Casualty Company	10,200	\$ 605,800	\$ 782,850
Air Products & Chemicals, Inc.	14,522	810,765	971,159
American Air Filter Company, Inc.	10,000	315,137	353,750

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Common Stocks (continued)—</i>			
American Cyanamid Company	33,000	1,161,434	1,089,000
American Express Company	24,300	786,138	1,488,375
American Greetings Corporation	11,250	489,350	777,656
American Home Products	4,500	337,309	520,875
American Reserve Corporation	20,000	814,975	835,000
American Telephone & Telegraph Company	20,300	910,205	1,035,300
B & F Groves	638	475,000	475,000
Becton Dickinson & Company	15,000	736,011	626,250
Bell & Howell Company	13,000	816,595	721,500
Bendix Corporation	30,000	1,285,230	1,492,500
Beneficial Corporation	20,000	923,571	1,092,500
Betz Laboratories	20,000	438,675	787,500
Black & Decker Manufacturing Company	10,400	717,951	1,086,800
Burroughs Corporation	10,100	1,261,243	2,171,500
Cabot, Cabot & Forbes Land Trust	11,904	267,142	343,728
Caldor, Inc.	26,250	935,861	547,969
Capital Holding Corporation	38,400	835,707	1,123,200
Caterpillar Tractor Company	28,300	1,381,502	1,927,937
Chrysler Corporation	24,600	936,659	965,550
Clark Equipment Company	11,000	644,297	596,750
Clorox Company	14,000	533,969	661,500
Coca-Cola Bottling Company— New York	35,000	716,013	870,625
Connecticut General Life Insurance Company	9,900	600,188	829,125
Control Data Corporation	7,000	519,750	430,500
A. T. Gross Company	12,000	714,000	796,500
Dart Industries	15,390	615,578	769,500
Deere & Company	52,300	1,465,499	2,484,250
DeSoto, Inc.	35,000	757,077	455,000
Dow Chemical Company	11,000	839,693	1,113,750
Dun & Bradstreet, Inc.	7,000	423,411	532,000
DuPont de Nemours	10,000	1,551,219	1,757,500
Eastman Kodak Company	21,000	1,849,518	2,908,500
Edison Brothers Stores, Inc.	20,000	920,571	870,000
Emerson Electric Company	11,000	777,140	979,000
Engelhard Minerals & Chemicals	30,000	887,403	783,750

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Common Stocks (continued)—</i>			
Exxon Corporation	6,000	505,727	523,500
Fedders Corporation	23,000	968,116	799,250
Federated Department Stores	41,000	1,964,541	2,306,250
First Bank System, Inc.	21,000	885,262	1,294,125
First National City Corporation	13,700	546,525	940,163
Fischbach & Moore, Inc.	12,000	575,852	762,000
Ford Motor Company	10,000	759,420	753,750
General Mills, Inc.	16,000	815,625	938,000
General Motors Corporation	29,200	2,384,359	2,368,850
W. W. Grainger, Inc.	28,000	402,328	1,029,000
Great Northern Nekoosa	19,000	969,776	938,125
Halliburton Company	7,500	513,816	959,062
Hanna Mining Company	10,000	497,500	587,500
H. J. Heinz Company	20,000	827,103	860,000
Heublein, Inc.	17,000	873,912	958,375
Hewlett-Packard Company	15,000	689,272	1,110,000
Honeywell, Inc.	7,000	719,786	895,125
Household Finance Company	24,000	871,339	912,000
Houston Natural Gas Corporation	20,000	869,111	1,135,000
International Business Machines International Flavors & Fragrances	13,372	4,628,453	5,228,452
International Telephone & Telegraph	10,000	474,141	862,500
Jonathon, Logan, Inc.	35,000	1,920,679	2,073,750
Lincoln National Corporation	10,700	621,069	662,063
Lubrizol Corporation	15,000	609,130	656,250
Marcor, Inc.	18,000	830,594	688,500
Marlennan Corporation	20,000	681,930	605,000
May Department Stores Company	24,600	1,553,898	1,220,775
Maytag Company	14,000	598,998	722,750
Minnesota Mining & Manufacturing	13,000	464,214	533,000
J. P. Morgan & Company	68,370	2,374,810	5,802,904
Motorola, Inc.	17,400	1,435,763	1,781,325
Nalco Chemical Company	7,000	629,839	861,000
Norton Simon, Inc.	10,000	549,659	600,000
Outboard Marine Corporation	27,162	726,504	1,140,804
J. C. Penney Company, Inc.	16,000	919,583	672,000
	11,000	709,662	1,001,000

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Common Stocks (continued)—</i>			
Pennsylvania Life Company	40,000	1,009,375	360,000
Pennzoil Company	46,000	1,392,117	1,207,500
Pfizer, Inc.	25,000	1,011,991	1,093,750
Phillips Petroleum Company	25,000	750,221	1,012,500
Pillsbury Company	16,000	757,947	812,000
Pinkerton's, Inc.	20,500	1,552,538	1,342,750
Pittston Company	21,000	910,016	559,125
Polaroid Corporation	11,000	1,095,692	1,333,750
Procter & Gamble Company	6,000	378,478	648,750
Quaker Oats Company	20,700	723,371	910,800
RCA Corporation	26,000	1,085,069	997,750
D. S. Revco, Inc.	17,000	813,179	813,875
R. J. Reynolds Industries	12,000	827,152	687,000
A. H. Robins Company	17,000	864,232	1,064,625
Rohm & Haas Company	12,000	888,152	987,000
Rorer-Amchem, Inc.	30,000	977,196	1,023,750
Schering-Plough Corporation	10,000	751,422	1,280,000
Schlumberger, Ltd.	13,200	508,217	1,100,550
Sears, Roebuck & Company	11,500	971,693	1,295,188
Sedco, Inc.	15,000	524,818	956,250
Seven-Up Company	25,000	763,000	978,125
Simmons Company	25,000	855,684	684,375
Southern Company	10,000	251,956	218,750
Southern Natural Gas	16,000	825,576	1,038,000
Sperry Rand Corporation	44,000	1,454,153	2,084,500
Squibb Corporation	10,100	852,018	974,650
Standard Oil Company of California	20,000	1,137,845	1,555,000
Standard Oil Company of Indiana	7,000	520,597	587,125
Standard Oil Company of Ohio	10,000	800,248	930,000
Superior Oil Company	3,000	584,353	987,000
Tampax, Inc.	8,000	790,000	888,000
Texas Instruments, Inc.	7,000	964,023	1,193,500
Trane Company	8,000	571,057	570,000
Union Oil of California	35,000	1,330,897	1,356,250
Upjohn Company	5,000	608,445	598,125
U. S. Gypsum Company	36,000	1,158,703	1,053,000
VCA Corporation	5,300	124,815	102,025
Warner Communications, Inc.	21,000	725,932	777,000

EXHIBIT 1 (Continued)

Description	Number of Shares or Principal Amount	Cost or Stated Value	Market Value
<i>Common Stocks (continued)—</i>			
Westinghouse Electric Corporation	18,200	781,757	821,275
Whirlpool Corporation	22,488	603,278	843,300
Williams Companies	20,000	973,767	995,000
Winter Park Telephone Company	8,880	131,350	324,120
Xerox Corporation	21,500	2,409,174	3,219,625
Total Common Stock		<u>\$104,437,386</u>	<u>\$125,501,955</u>
<i>Notes and Mortgages Receivable—</i>			
Hi-Acres, Inc., 5% Mortgage Note	\$ 482,143	\$ 482,143	\$ 482,143
Milton H. & Leona W. Lindback, noninterest-bearing Mortgage Note	10,000	6,838	6,838
Warren's, Inc.	4,500	4,500	4,500
Herschel S. Arrowood, non-interest-bearing Promissory Note	33,000	22,097	22,097
White Bear Yacht Club, 3% Promissory Note	1,000	1,000	1,000
Plews Oiler, Incorporated, 3% Mortgage Notes	23,334	21,903	21,903
Park Properties, 7% Promissory Note	273,259	273,259	273,259
Total Notes and Mortgages Receivable		<u>\$ 811,740</u>	<u>\$ 811,740</u>
<i>Real Estate—</i>			
1200 Park Avenue North, Winter Park, Florida		\$ 200,000	\$ 400,000
Total investments		<u>\$147,837,533</u>	<u>\$169,428,980</u>
Cost or stated value of investments at November 30, 1972			147,837,533
Unrealized appreciation of investments at November 30, 1972			\$ 21,591,447
Less—Deferred Federal excise taxes			(800,000)
Net unrealized appreciation of investments			<u>\$ 20,791,447</u>

The Bush Foundation

STATEMENT OF GRANTS FOR THE YEAR ENDED
NOVEMBER 30, 1972

Organization	Unpaid Balance 1971	Appro- priated 1972	Amount Paid 1972	Unpaid Balance 1972
<i>ARTS AND HUMANITIES:</i>				
<i>Museums—</i>				
Minnesota Museum of Art	\$	\$ 50,000	\$ 50,000	\$
The Science Museum of Minnesota	. . . .	36,600	. . . .	36,600
<i>Music and Opera—</i>				
Center Opera Company (Minnesota Opera Com- pany):				
1971-72 season	. . . .	35,900	35,900	. . . .
1972-73 season	. . . .	30,000	30,000	. . . .
Metropolitan Youth Orchestra	. . . .	17,000	11,000	6,000
Minnesota Orchestra:				
Operating Support	300,000	. . . .	100,000	200,000
Lyceum Theatre	. . . .	750,000	. . . .	750,000
The Orchestral Association, Chicago	100,000	. . . .	25,000	75,000
<i>Theater—</i>				
Guthrie Theatre Foundation	. . . .	75,000	75,000	. . . .
Phoenix Theatre Corporation: Cricket Theatre	15,000	. . . .	15,000	. . . .
<i>Other Arts and Humanities—</i>				
Metropolitan Cultural Arts Center	. . . .	5,000	5,000	. . . .
The Minneapolis Society of Fine Arts	800,000	. . . .	200,000	600,000
Minnesota Historical Society	20,000	. . . .	10,000	10,000
The Newberry Library	. . . .	50,000	50,000	. . . .
Saint Paul Council of Arts and Sciences: 1971-72 grant	100,000	. . . .	100,000	. . . .

EXHIBIT 2 (Continued)

Organization	Unpaid Balance 1971	Appro- priated 1972	Amount Paid 1972	Unpaid Balance 1972
<i>ARTS AND HUMANITIES (continued):</i>				
1972-73 grant		200,000	75,000	125,000
Poets in the Schools Program		70,000	25,000	45,000
Walker Art Center—Dance Program		29,550	. . . .	29,550
<i>EDUCATION:</i>				
<i>Private Elementary and Secondary Education—</i>				
A Better Chance	10,000	. . . .	10,000	. . . .
American Field Service International Scholarships		24,300	. . . .	24,300
Project Discovery	133,000	. . . .	67,000	66,000
<i>Private Elementary and Secondary Education—</i>				
Saint Paul Academy/Summit School		25,175	. . . .	25,175
<i>Public Elementary and Secondary Education—</i>				
Independent School District #894:				
Granite Falls Building	267,500	. . . .	245,000	22,500
Saint Paul Public Schools: Saint Paul Open School		51,000	51,000	. . . .
<i>Private Higher Education—</i>				
Bush Opportunity Grants: 1972-73 Academic Year—				
First half year:				
Augsburg College		8,200	8,200	. . . .
Bethel College		1,000	1,000	. . . .
Carleton College . . . .		. . . .	. . . .	. . . .
College of Saint Benedict		1,000	1,000	. . . .
College of Saint Catherine		4,250	4,250	. . . .
College of Saint Scholastica		2,500	2,500	. . . .
College of Saint Teresa		1,500	1,500	. . . .
College of Saint Thomas		7,200	7,200	. . . .
Concordia College, Moorhead		4,950	4,950	. . . .

EXHIBIT 2 (Continued)

Organization	Unpaid Balance 1971	Appropriated 1972	Amount Paid 1972	Unpaid Balance 1972
<i>EDUCATION (continued):</i>				
Concordia College, Saint Paul	.....	950	950	.....
Gustavus Adolphus College	.....	3,900	3,900	.....
Hamline University	.....	26,295	26,295	.....
Macalester College	.....	4,000	4,000	.....
Minneapolis College of Art & Design	.....	950	950	.....
Saint John's University	.....	4,000	4,000	.....
Saint Mary's College	.....	.....	.....	.....
Saint Olaf College	.....	2,500	2,500	.....
Second half year	.....	130,805	.....	130,805
1973-74 Academic Year	.....	408,000	.....	408,000
1974-75 Academic Year	.....	408,000	.....	408,000
1975-76 Academic Year	.....	204,000	.....	204,000
Augsburg College:				
Urban Studies	30,000	.....	15,000	15,000
College of Saint Scholastica	.....	98,600	39,440	59,160
College of Saint Thomas: Alumni Challenge	.....	75,000	.....	75,000
Concordia College, Moorhead, Minnesota:				
Library	25,000	.....	25,000	.....
Curriculum Reform	.....	93,500	32,500	61,000
Erikson Institute for Early Education	60,000	.....	30,000	30,000
Golden Valley Lutheran College	10,000	.....	10,000	.....
Gustavus Adolphus College: Scholarship Support	.....	150,000	.....	150,000
Hamline University: Alumni Challenge	.....	100,000	100,000	.....
Learning Center	848,000	.....	493,000	355,000
Hamline University (continued): Scholarships, 1971	6,700	.....	6,700	.....
Scholarships, 1972	.....	19,860	19,860	.....
Macalester College: Alumni Challenge	.....	100,000	.....	100,000
Minnesota Private College Fund:				
1971-72 Grant	200,000	.....	200,000	.....
1973-74 Grant	.....	400,000	.....	400,000

EXHIBIT 2 (Continued)

Organization	Unpaid Balance 1971	Appro- priated 1972	Amount Paid 1972	Unpaid Balance 1972
<i>EDUCATION (continued):</i>				
Saint John's University: Clergy Education	50,000	. . . . .	50,000	. . . . .
Saint Mary's Junior College: Child Development Tech- nician Program	. . . . .	10,355	10,355	. . . . .
Tulane University	120,000	. . . . .	60,000	60,000
University of Chicago: A. G. Bush Library— 1971-72 Grant	67,500	. . . . .	67,500	. . . . .
1972-73 Grant	. . . . .	135,000	67,500	67,500
<i>Public Higher Education—</i>				
Minnesota Metropolitan State College	. . . . .	40,000	40,000	. . . . .
Minnesota State College System	35,000	. . . . .	35,000	. . . . .
Tri-College University	62,017	. . . . .	30,571	31,446
University of Minnesota: Cardiovascular Research 1970-72	55,000	. . . . .	55,000	. . . . .
Cardiovascular Research 1973	. . . . .	60,750	. . . . .	60,750
Center for Youth Develop- ment and Research	120,000	. . . . .	60,000	60,000
Technical College, Crookston Program in Human Sexuality	. . . . .	418,555	71,167	347,388
Organ Preservation	40,221	. . . . .	40,221	. . . . .
Peer Teaching	. . . . .	16,740	16,740	. . . . .
Theatre Fellowship	136,200	. . . . .	68,100	68,100
University of Minnesota Foundation: Leukemia Research	275,000	. . . . .	100,000	175,000
Minnesota Messenia Expedition	10,000	. . . . .	10,000	. . . . .
Wesley W. Spink Lectures	10,000	. . . . .	10,000	. . . . .
<i>Other Education—</i>				
Freshwater Biological Research Foundation	200,000	. . . . .	. . . . .	200,000
Minnesota State Council on Economic Education	34,700	. . . . .	10,400	24,300

EXHIBIT 2 (Continued)

Organization	Unpaid Balance 1971	Appropriated 1972	Amount Paid 1972	Unpaid Balance 1972
<i>EDUCATION (continued):</i>				
North Star Research and Development Institute (Min- nesota Experimental City):				
1972 Grant	20,000	.....	20,000	.....
1973 Grant	.....	20,000	.....	20,000
<i>HEALTH:</i>				
<i>Hospitals and Nursing Homes—</i>				
Anoka State Hospital	.....	923	923	.....
Community Mercy Hospital, Onamia	.....	65,000	65,000	.....
Ravenswood Hospital Medical Center	200,000	.....	100,000	100,000
Rush-Presbyterian-Saint Luke's Medical Center	50,000	.....	50,000	.....
Winter Park Memorial Hospital Association, Inc.	50,000	.....	50,000	.....
<i>Medical Education—</i>				
The Children's Hospital:				
Intern Education	.....	20,000	.....	20,000
Mayo Foundation	1,000,000	.....	100,000	900,000
Meharry Medical School	.....	150,000	25,000	125,000
Rush-Presbyterian-Saint Luke's Medical Center	.....	550,000	125,000	425,000
<i>Other Health—</i>				
Psychoanalytic Foundation of Minnesota	100,000	.....	50,000	50,000
Ramsey Action Programs, Inc.:				
West Side Health Center	.....	73,779	40,279	33,500
<i>WELFARE AND SOCIAL SERVICES:</i>				
<i>Churches and Church Organizations—</i>				
Academy of Parish Clergy	15,000	.....	10,000	5,000
Lutheran Social Services	4,283	.....	4,283	.....
<i>Health and Rehabilitation—</i>				
Melmark Home, Inc.:				
1970 Grant	25,000	.....	25,000	.....
1971 Grant	50,000	.....	50,000	.....
Minneapolis Society for the Blind	60,000	.....	60,000	.....

EXHIBIT 2 (Continued)

Organization	Unpaid Balance 1971	Appro- priated 1972	Amount Paid 1972	Unpaid Balance 1972
<i>WELFARE AND SOCIAL SERVICES (cont):</i>				
Minnesota Society for Crippled Children and Adults, Inc.:				
1971 Grant	150,000		100,000	50,000
1972 Grant	.....	150,000	.....	150,000
Northern Minnesota Thera- peutic Camp	.....	30,500	10,500	20,000
<i>Health and Rehabilitation (continued)—</i>				
Opportunity School for Handicapped Children	5,000	.....	5,000	.....
Range Center, Inc.	50,000	.....	25,000	25,000
Saint Paul Drug Rehabilita- tion Center	25,600	.....	.....	25,600
Saint Paul Goodwill Industries	125,000	.....	125,000	.....
Saint Paul Hearing and Speech Center	18,000	(18,000)	.....	.....
Union Gospel Mission Asso- ciation of Saint Paul:				
Adult Services Building	.....	500,000	.....	500,000
Washburn Child Guidance Center	150,000	.....	50,000	100,000
<i>United Funds—</i>				
Greater Saint Paul United Fund and Council, Inc.:				
1971-72 Grant	125,000	.....	125,000	.....
1972-73 Grant	.....	140,000	70,000	70,000
Budget System	.....	22,000	22,000	.....
United Appeal of Orange County, Inc. (Florida)	.....	10,000	.....	10,000
United Way of Duluth	40,000	.....	20,000	20,000
<i>Youth and Family Services —</i>				
Allendale School for Boys	100,000	.....	100,000	.....
Boys' Clubs of America	.....	20,000	.....	20,000
Central Baptist Children's Home	.....	120,000	.....	120,000
Greater Saint Paul Council for Coordinated Child Care	.....	20,053	.....	20,053
Boy Scouts of America— Indianhead Council, Inc.	.....	60,000	25,000	35,000

EXHIBIT 2 (Continued)

Organization	Unpaid Balance 1971	Appropriated 1972	Amount Paid 1972	Unpaid Balance 1972
<i>WELFARE AND SOCIAL SERVICES (cont):</i>				
Newman Center	. . . .	5,000	. . . .	5,000
Union Gospel Mission Association of Saint Paul:				
Scholarships	23,000	. . . .	23,000	. . . .
Young Men's Christian Association, Saint Paul	. . . .	44,100	. . . .	44,100
<i>Other Welfare and Social Services—</i>				
Community Design Center	45,000	. . . .	20,000	25,000
Metropolitan Economic Development Association	. . . .	50,000	25,000	25,000
Occupational Training Center, Inc.	. . . .	80,000	80,000	. . . .
The Saint Paul Foundation: Welfare Study	44,000	. . . .	38,134	5,866
<i>OTHER:</i>				
<i>Communications—</i>				
Chicago Educational Television Association	. . . .	75,000	. . . .	75,000
Minnesota Educational Radio, Inc.	110,000	. . . .	50,000	60,000
Minnesota State Planning Agency	. . . .	3,500	. . . .	3,500
Three-Prong Television Productions	. . . .	75,000	. . . .	75,000
Twin City Area Educational Television Corporation	. . . .	102,045	51,022	51,023
<i>Environment—</i>				
Collier County Conservancy, Inc.	100,000	. . . .	50,000	50,000
The Conservation Foundation	. . . .	88,400	66,100	22,300
Minnesota Arboretum Foundation:				
1969, 1970, 1971 Grants	117,043	. . . .	95,843	21,200
1972 Grant	. . . .	75,000	. . . .	75,000
Minnesota Environmental Sciences Foundation, Inc.	20,000	. . . .	10,000	10,000
Minnesota Parks Foundation	30,660	. . . .	30,660	. . . .
<i>Law and Corrections—</i>				
Correctional Service of Minnesota:				

EXHIBIT 2 (Continued)

Organization	Unpaid Balance 1971	Appro- priated 1972	Amount Paid 1972	Unpaid Balance 1972
<i>OTHER: (continued)</i>				
Film Production	35,900		35,900	
Film Purchase	10,000		10,000	
Information Center	7,500		7,500	
Prison Art Project	1,385		1,385	
Statewide Study		151,640	120,000	31,640
Amicus, Inc.		70,000	20,000	50,000
Hennepin County Department of Court Services		67,100	49,600	17,500
National Conference of Com- missioners on Uniform State Laws:				
Uniform Environmental Code	15,000		5,000	10,000
Uniform Probate Code	20,000		20,000	
<i>Miscellaneous—</i>				
Council on Foundations, Inc.		75,000		75,000
Planned Parenthood of Minnesota	60,000			60,000
<i>BUSH LEADERSHIP FELLOWS PROGRAM:</i>				
Bush Leadership Fellows 1969	4,000		4,000	
Bush Leadership Fellows 1970	15,000		2,000	13,000
Bush Leadership Fellows 1971	75,075		42,325	32,750
Bush Leadership Fellows 1972	139,000		48,310	90,690
Bush Leadership Fellows 1973		191,100		191,100
	<u>\$7,376,284</u>	<u>\$7,498,128</u>	<u>\$5,405,016</u>	<u>\$9,469,396</u>