

514911816C024

**Return of Private Foundation
Exempt from Income Tax**
Under Section 501(c)(3) of the Internal Revenue Code

1977

For the calendar year 1977, or taxable year beginning 1977 and ending 19

Please type,
print or
attach label.
See instruction
G

Name of organization
The Kroc Foundation
Address (number and street)
% A.H. Doty, 20 N. Wacker Dr.
City or town, State and ZIP code
Chicago, Illinois 60606
If address changed, check here ☐ Foreign organizations, check here ☐

Employer identification number
(see instruction G)
36 6125258
If the foundation is in a 60-month
termination under section 507(b)
(1)(B) check here ☐
Fair market value of assets at end of
year (see instruction H)
16,074,016
If exemption application is
pending, check here ☐

The books are in care of **A. H. Doty**
Located at **Above Address** Telephone No. **312-977-2000**

Part I Analysis of Receipts and Expenditures (See instructions for Part I)

	(A) Receipts and expenditures per books	(B) Computation of Net Investment Income	(C) Computation of Adjusted Net Income	(D) Disbursements for Exempt Purpose
Receipts				
1 Gross contributions, gifts, grants, etc. (see instructions)	5,000,000			
2 Contributions from split-interest trusts (see instructions)				
3 Gross dues and assessments				
4 Interest	221,778	221,778	221,778	
5 Dividends	59,366	59,366	59,366	
6 Gross rents and royalties				
7 Net gain or (loss) from sale of assets not in line 11	(834,949)			
8 Capital gain net income (see instructions)				
9 Net short-term capital gain (see instructions)				
10 Income modifications (see instructions)				
11 Gross profit from any business activities: (Gross receipts \$ less cost of sales \$ see instructions)				
12 Other income (attach schedule)	26,503		26,503	
13 Total—add lines 1 through 12	4,472,698	281,144	307,647	
Expenditures				
14 Compensation of officers, etc. (see instructions)	48,642	10,042	10,042	38,600
15 Other salaries and wages	109,879	20,415	20,415	89,464
16 (a) Pension plan contributions (enter number of plans)				
(b) Other employee benefits				
17 Investment, legal and other professional services	26,942	19,431	19,431	7,511
18 Interest				
19 Taxes (see instructions)	15,751	1,247	1,247	14,504
20 Depreciation, amortization, and depletion (see instructions)	6,714		6,714	
21 Rent				
22 Other expenses (attach schedule)	622,145	6,315	6,315	615,830
23 Contributions, gifts, grants (see instructions)	2,816,722			2,816,722
24 Total—add lines 14 through 23	3,646,795	57,450	64,164	3,582,631
25 Line 13 less line 24: (a) Excess of receipts over expenditures	825,903			
(b) Net investment income (if negative enter -0-)		223,694		
(c) Adjusted net income (see instructions) (if negative enter -0-)			243,483	

Part II Excise Tax On Investment Income

1 All organizations (see instructions)—enter 4% of line 25(b), Part I	8,948
2 Credits (a) Foreign organizations—tax withheld at source (attach Form(s) 1042)	
(b) Tax paid with application for extension of time to file (Form 2758)	8,840
3 Tax Due—line 1 less line 2. Pay in full with return. Make check or money order payable to Internal Revenue Service (write employer identification number on check or money order)	108
4 Overpayment—line 2 less line 1	
Foreign organization—Enter book value \$ and fair market value \$ of investment assets held in U.S.	

I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true and correct. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Signature of officer or trustee: *[Signature]* Title: *Chairman of the Board*

Signature of individual or firm preparing the return: *Doty, Jarow & Co.* Address of preparer: **20 N. Wacker Dr. Chicago, Ill. 60606**

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The Kroc Foundation #36-6125258

Form 990-PF (1977)

Balance Sheets

	Beginning of Taxable Year		End of Taxable Year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
Assets				
1 Cash:				
(a) Savings and interest-bearing accounts	537,478	537,478	116,930	116,930
(b) Other				
2 Accounts receivable net				
3 Notes receivable net (attach schedule)				
4 Inventories				
5 Government obligations:				
(a) U.S. and instrumentalities	200,000	200,000		
(b) State, subdivisions thereof, etc.				
6 Investments in nongovernment bonds, etc. (attach schedule)		266,500		
7 Investments in corporate stocks (attach schedule)		12,573,132		13,340,449
8 Mortgage loans (number of loans)		1,251,250		2,200,000
9 Other investments (attach schedule)				
10 Depreciable (depletable) assets (attach schedule):				
(a) Held for investment purposes				
(b) Less accumulated depreciation				
(c) Held for charitable purposes	35,660		70,473	
(d) Less accumulated depreciation	11,675	23,985	18,389	52,084
11 Land:				
(a) Held for investment purposes				
(b) Held for charitable purposes				
12 Other assets (attach schedule)		65,864		36,904
13 Total assets		14,918,209		15,746,367
Liabilities				
14 Accounts payable		18,392		25,820
15 Contributions, gifts, grants, etc., payable				
16 Mortgages and notes payable (attach schedule)				
17 Other liabilities (attach schedule)		14,992		9,819
18 Total liabilities		33,384		35,639
Net Worth (Fund Balances)				
19 Principal Fund		19,431,384		23,596,435
20 Income Fund		(4,546,559)		(7,885,707)
21 Total Net Worth (Fund Balances)		14,884,825		15,710,728
22 Total liabilities and Net Worth (line 18 plus line 21)		14,918,209		15,746,367

Part IV Analysis of Changes in Net Worth

1 Total net worth at beginning of year—line 21, Column B, Part III	14,884,825
2 Enter amount from line 25(a), Part I	825,903
3 Other increases not included in line 2 (itemize):	
4 Total of lines 1, 2, and 3	15,710,728
5 Decreases not included in line 2 (itemize):	
6 Total net worth at end of year (line 4 less line 5)—line 21, Column D, Part III	15,710,728

Statements with Respect to Certain Activities

File Form 990 if any of questions 10(b), 11(b) or 14(b) is answered "No," or question 10(c), 12(b), or 13(a) or (b) is answered "Yes."

	Yes	No
1 During the taxable year, have you (a) attempted to influence any national, State, or local legislation, or (b) participated or intervened in any political campaign?		X
(c) Did you expend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?		X
If 1(a), (b) or (c) is "Yes," attach a detailed description of such activities and copies of any materials published or distributed by the organization in connection with such activities.		
(d) Did you file Form 1120-POL?		X
2 Have you engaged in any activities which have not previously been reported to the Internal Revenue Service? If "Yes," attach a detailed description of such activities.		X
3 Have any changes not previously reported to the Internal Revenue Service been made in your governing instrument, articles of incorporation, or bylaws, or other instruments of similar import? If "Yes," attach a copy of the changes.		X
4 Have you filed a tax return on Form 990-T for this year?		X
5 Was there a liquidation, termination, dissolution or substantial contraction during the year? If "Yes," attach a schedule for the disposition(s) for the year showing type(s) of asset(s) disposed of, the date(s) disposed, the cost or other basis, the fair market value on date of disposition and the name(s) and address(es) of the recipient(s) of the asset(s) distributed. (See general instruction T)		X
6 (a) Did you have at least \$5,000.00 in assets at any time during the year?	X	
(b) If so did you file the annual report required by section 6056 (see Form 990-AR for instructions)?	X	
7 Are the requirements of section 508(e) (relating to governing instruments) satisfied? (See general instruction L)	X	
If "Yes," have such requirements been satisfied by:	X	
(a) Language in the governing instrument (original or as amended), or		
(b) Enactment of State legislation effectively amending the governing instrument and the governing instrument contains no mandatory directions which are in conflict with such State legislation?		
8 (a) Enter the names of the States required to be listed by general instruction M		
Illinois and California		
(b) If you answered 6(a) "Yes," have you furnished a copy of Form 990-AR (or equivalent report) to the Attorney General (or his/her designate) of each State as required by general instruction N?	X	
If "No," attach explanation.		
9 Are you claiming status as an operating foundation within the meaning of 4942(j)(3) for calendar year 1977 or fiscal year beginning in 1977 (see instructions for Part XII)? If "Yes," complete Part XII.		X
10 Self-dealing (section 4941):		
(a) Have you engaged in any of the following acts during the year either directly or indirectly, with one or more disqualified persons (see instruction B, Part V, for definition)—		
(1) Sale, exchange, or leasing of property		X
(2) Borrowing or lending of money or other extension of credit		X
(3) Furnishing of goods, services, or facilities		X
(4) Payment of compensation (or payment or reimbursement of expenses)		X
(5) Transfer to, or use by or for the benefit of, a disqualified person of any part of your income or assets		X
(6) Agreement to make any payment of money, or other property, to a government official (as defined in section 4946(c)) other than an agreement to make a grant to or employ such individual for any period after the termination of his or her government service if such individual is terminating his or her government service within a 90 day period?		X
(b) If any of questions (a)(1) through (a)(6) is answered "Yes," were all of such acts in which you engaged excepted acts described in section C, Part V of the instructions?		
(c) Have you, in a prior year, engaged in any of the acts described in (a) above that were acts that resulted in acts of self-dealing in years beginning after December 31, 1969, because they were not excepted acts described in Section C, Part V, of the instructions, and that were not corrected before the first day of your taxable year beginning in 1977?		X
11 Taxes on failure to distribute income (section 4942) (not applicable for years you were an operating foundation as defined in 4942(j)(3)):		
(a) Did you at the end of taxable year 1977 have any undistributed income (Lines 6(b) and (c), Part XI) for taxable year(s) beginning before 1977?		X
If "Yes," insert years		
(b) If "Yes," to (a) above, are you applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) with respect to the undistributed income for ALL such years?		
(c) If the provisions of section 4942(a)(2) are being applied to ANY of the years listed in (a) above, list such years here and see General Instruction A for Part V		
12 Taxes on excess business holdings (section 4943):		
(a) Did you hold more than two percent direct or indirect interest in any business enterprise (see instruction B, Part V "Definitions") at any time during the year?		X
(b) If "Yes," have you purchased or have disqualified persons purchased stock in a business enterprise since May 26, 1969, which resulted in excess business holdings (direct or indirect) in 1977 which are subject to tax under section 4943?		

Statement With Respect to Certain Activities (Continued)

	Yes	No
13 Taxes on investments which jeopardize charitable purpose (section 4944):		
(a) Did you invest during the year any amount in such a manner as to jeopardize the carrying out of any of your exempt purposes?		X
(b) Did you invest, in a prior year (but after December 31, 1969), any amount in such a manner as to jeopardize the carrying out of any of your exempt purposes and such investments were not removed from jeopardy before the first day of your taxable year beginning in 1977?		X
14 Taxes on taxable expenditures (section 4945):		
(a) During the year did you pay, or incur a liability to pay for any of the following—		
(1) To carry on propaganda, or otherwise attempt to influence legislation by attempting to affect the opinion of the general public or any segment thereof or by communicating with any member or employee of a legislative body, or by communicating with any other government official or employee who may participate in the formulation of legislation		X
(2) To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive		X
(3) As a grant to an individual for travel, study, or other similar purposes by such individual		X
(4) As a grant to an organization, other than a charitable, etc., organization described in paragraph (1), (2) or (3) of section 509(a) of the Code		X
(5) For any purpose other than religious, charitable, scientific, literary or educational purposes or for the prevention of cruelty to children or animals?		X
(b) If any of questions (a)(1) through (a)(5) is answered "Yes," were all of such transactions excepted transactions described in section F, Part V of the instructions?		
(c) With respect to part (a)(4) of this question, if you answered "Yes," did you apply the exception in item 13 of section F, Part V of the instructions? If "Yes," attach the statement required for such exception		

Part VI Statement With Respect to Contributors, Compensation, etc.**1. Persons who Became Substantial Contributors in 1977 (if more space is needed, attach schedule)**

Name	Address
Ray A. Kroc	San Diego, California

2. Officers, Directors, Trustees, Foundation Managers and Their Compensation, if any, for 1977.

Name and Address	Title and time devoted to position	Contributions to employee benefit plans	Expense account, other allowances	Compensation
Robert L. Kroc Box 547 Santa Ynez, Calif.	Pres. and Dir. Full			48,642
Ray A. Kroc % McDonald's Corp. McDonald's Plaza Oak Brook, Ill.	Chairman & Dir. Nominal			None
Donald Lubin 69 W. Washington Chicago, Ill.	Secy. Treas. Nominal			None
Total				48,642

3. Compensation of Five Highest Paid Employees for 1977 (Other than included in 2 above—see instructions)

Name and address of employees paid more than \$30,000	Title and time devoted to position	Contributions to employee benefit plans	Expense account, other allowances	Compensation
None				

Total number of other employees paid over \$30,000 ▶

4. Five Highest Paid Persons for Professional Services for 1977 (See instructions)

[illegible]

Capital Gains and Losses for Tax on Investment Income

[illegible][illegible]

Complete only for assets showing gain in column i and owned by the foundation on 12/31/69

[illegible]

2 Capital gain net income/(Net capital loss). {If gain, also enter on line 8, Part I}
{If (loss) enter -0- on line 8, Part I}

3 Net short-term capital gain (loss) as defined in section 1222(5) and (6)

Minimum Investment Return for 1977
(Operating Foundations—See instructions)

1 Fair market value of assets not used (or held for use) directly in carrying out exempt purposes:	
(a) Monthly average of securities at fair market value	12,246,503
(b) Monthly average of cash balances	215,723
(c) Fair market value of all other assets (see instructions)	88,988
(d) Total (add lines (a), (b), and (c))	12,551,214
2 Acquisition indebtedness applicable to line 1 assets	
3 Line 1(d) less line 2	12,551,214
4 Cash deemed held for charitable activities—enter 1½% of line 3 (for greater amount, see instructions)	188,268
5 Line 3 less line 4	12,362,946
6 All organizations, enter 5% of line 5	618,147

Computation of Distributable Amount for 1977
(See instructions—not applicable to operating foundations)

1 Adjusted net income from line 25(c), Part I	243,483
2 Minimum investment return from line 6, Part VIII	618,147
3 Enter the higher of line 1 or line 2	618,147
4 Enter sum of: (a) Tax on investment income for 1977 from Part II	8,948
(b) Income tax on unrelated business income for 1977 (Form 990-T)	8,948
5 Distributable amount (line 3 less line 4)	609,199
6 Adjustments to distributable amount (see instructions)	
7 Distributable amount as adjusted (line 5 plus or minus line 6)—also enter on line 1, Part XI	609,199

Qualifying Distributions in 1977
(See instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:	
(a) Expenses, contributions, gifts, etc.—total from line 24, column (D), Part I	2,816,722
(b) Program related investments (see instructions)	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	
3 Amounts set aside for specific projects which are for charitable, etc., purposes	
4 Total qualifying distributions made in 1977 (add lines 1, 2, and 3)	2,816,722

Computation of Undistributed Income (See instructions)

	(a) Corpus	(b) Years Prior to 1976	(c) 1976	(d) 1977
1 Distributable amount for 1977 from Part IX				609,199
2 Undistributed income, if any, as of the end of 1976:				
(a) Enter amount for 1976				
(b) Total for prior years;				
3 Excess distributions carryover, if any, to 1977:				
(a) From 1972				
(b) From 1973 48,422				
(c) From 1974 366,203				
(d) From 1975 890,101				
(e) From 1976 1,419,484				
(f) Total of 3(a) through (e)	2,724,210			
4 Qualifying distributions for 1977 (2,816,722)				
(a) Applied to 1976 (but not in excess of 2(a))			()	
(b) Applied to undistributed income of prior years (Election required)		()		
(c) Treated as distributions out of corpus (Election required)				
(d) Applied to 1977 distributable amount				(609,199)
(e) Remaining amount distributed out of corpus	2,207,523			
5 Excess distributions carryover applied to 1977	()			()
(If an amount appears in 1977 column the same amount must be shown in the corpus column of line 5)				
6 Enter the net total of each column as indicated below:				
(a) Corpus. Lines 3(f), 4(c) and 4(e) less line 5	4,931,733			
(b) Prior years undistributed income. Line 2(b) less line 4(b). This amount is taxable—File Form 4720				
(c) Undistributed income for 1976. Line 2(a) less line 4(a). This amount is taxable—File Form 4720				
(d) Undistributed income for 1977. Line 1 less lines 4(d) and 5. Amount must be distributed in 1978.				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by Code Sections 170 (b)(1)(D) or 4942(g)(3) (see instructions)	()			
8 Excess distributions carryover from 1972 not ap- plied on line 5 (see instructions)	()			
9 Excess distributions carried forward. (Line 6(a) less lines 7 and 8)	4,931,733			
10 Analysis of line 9:				
(a) Excess from 1973 48,422				
(b) Excess from 1974 366,203				
(c) Excess from 1975 890,101				
(d) Excess from 1976 1,419,484				
(e) Excess from 1977 2,207,523				

Part XII Private Operating Foundations
(See instructions and Question 9, Part V)

1 If the foundation has received a ruling or determination letter that it is an "operating" foundation, and such ruling is effective for 1977, enter the date of such ruling

	Taxable year		Prior Three Years		(e) Total
	(a) 1977	(b) 1976	(c) 1975	(d) 1974	
2 (a) Adjusted net income (from line 25(c), Part I for 1977. Enter corresponding amount for prior years)					
(b) 85% of line (a)					
(c) Qualifying distributions from line 4, Part X for 1977. (enter corresponding amount for prior years) .					
(d) Amounts included in (c) not directly for active conduct of exempt activities					
(e) Qualifying distributions directly for active conduct of exempt purposes (line (c) less line (d))					
3 Complete the alternative test in (a), (b) or (c) on which the organization relies.					
(a) "Assets" alternative test—enter:					
(i) Value of all assets					
(ii) Value of assets qualifying under section 4942(j)(3)(B)(i)					
(b) "Endowment" alternative test—enter $\frac{2}{3}$ of minimum investment return shown on line 6, Part VIII for 1977 (enter $\frac{2}{3}$ of comparable amount for prior years)					
(c) "Support" alternative test—enter:					
(i) Total support other than gross investment income (interest, dividends, rents or royalties)					
(ii) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(iii) Largest amount of support from an exempt organization (see instructions)					
(iv) Gross investment income .					

The Kroc Foundation E.I. #36-6125258
Year Ended December 31, 1977
Form 990PF

	(A)	(B&C)	(D)
Part I - Line 12 - Other Income			
Miscellaneous income	\$ 26,503	\$ 26,503	\$ -
Part I - Line 19 - Taxes			
Payroll	\$ 6,236	\$ 1,247	\$ 4,989
Federal excise tax	8,840	-	8,840
Miscellaneous taxes	675	-	675
	\$ 15,751	\$ 1,247	\$ 14,504
Part I - Line 22 - Other Expenses			
Auto expense	\$ 1,466	\$	\$ 1,466
Dues and subscriptions	2,167		2,167
Conference expense	72,904		72,904
Office expense	11,268	2,254	9,014
Publications	36,131		36,131
Insurance	6,016		6,016
Telephone and utilities	10,611	1,061	9,550
Travel	18,754	3,000	15,754
Library expense	1,082		1,082
Maintenance and repairs	7,220		7,220
Donations	9,202		9,202
Miscellaneous	1,045		1,045
Operation Cork expenses	444,279		444,279
	\$ 622,145	\$ 6,315	\$ 615,830

The Kroc Foundation

Employer Identification No. 36-6125258

For the Year Ending 12/31/77

FIXED ASSETS AND RESERVES FOR DEPRECIATION - INCOME TAX RETURN

Kind of Property	Date Acq'd.	Balance at Beginning of Year	Additions	Sales, Trades, Retirements	Balance at End of Year	Method	Class Life or Rate	Balance at Beginning of Year	Additions	Sales, Trades, Retirements	Balance at End of Year
Furniture and Fixtures	Var	28,770	20,759		49,529	S.L.	10	9,091	4,289		13,380
Transportation Equipment	Var	6,890			6,890	S.L.	4	2,584	1,722		4,306
Research Equipment	1977		14,054		14,054	S.L.	10		703		703
Total Assets and Reserves		35,660	34,813		70,473			11,675	6,714		18,389
Analysis of Retirements											
Assets Sold											
Assets Traded											
Assets Retired and/or Abandoned											
Total Retirements											

The Kroc Foundation #36-6125258
 Year Ended December 31, 1977
 Form 990PF

PART III, LINE 5 (A)

United States Treasury Notes
 8.00% Due 2/15/83

Beginning		Ending	
Par Value	Cost	Par Value	Cost
\$ 200,000	\$ 200,000		

PART III, LINE 6

Chase Manhattan Corp.
 6-1/2% Due 7/1/96

250,000 \$ 266,500

PART III, LINE 9

First National Bank of Chicago
 6.50% Due 3/21/77

200,000 \$ 200,000

Harris Trust and Savings
 6.125% Due 9/7/77

200,000 200,000

Chase Manhattan Bank
 6.375% Due 7/26/77

200,000 200,000

Northern Trust Co.
 5.00% Due 12/7/77

200,000 200,000

Amax, Inc.
 8.50% Due 1/15/84

250,000 251,250

General Motors Acceptance Corp.
 5.75% Due 5/23/77

200,000 200,000

Ford Motor Credit Co.
 6.3% Due 1/3/78

\$ 800,000 \$ 800,000

Wells Fargo Co.
 7% Due 9/15/78

200,000 200,000

Northern Trust Company
 6.0% Due 2/17/78

200,000 200,000

Cleveland Trust Co. of Ohio
 6.7% Due 4/3/78

1,000,000 1,000,000

\$ 1,251,250

\$ 2,200,000

The Kroc Foundation #36-6125258
 Year Ended December 31, 1977
 Form 990PF

PART III - LINE 7 - INVESTMENTS IN CORPORATE STOCKS

Allied Chemical Corporation
 Anchor Hocking
 Beckton Dickinson & Co.
 Bristol Myers Co.
 Burroughs Corp.
 Citicorp
 Continental Oil
 Corning Glass Works
 Donaldson Company, Inc.
 Dun & Bradstreet Co., Inc.
 Eastman Kodak Co.
 General Electric
 Hewlett Packard Co.
 IBM Corp.
 J. C. Penny
 K Mart
 Liberty National Life Insurance Co.
 McDonald's Corp.
 Mapco, Inc.
 Minnesota Mining & Mfg.
 Motorola
 Phillip Morris, Inc.
 Steinroe Cash Reserves
 Stein Roe Farnham Fund
 Tektronic, Inc.
 Times-Mirror Co.
 Western Bancorporation
 Weyerhaeuser Corp.
 Bandag Inc.
 ERC Corp.
 Media General
 Merck & Co.
 Moore Corporation Ltd.
 Rank Organization
 Schering-Plough Corp.
 Xerox Corp.

Beginning		Ending	
No. Of Shares	Cost	No. Of Shares	Cost
6,000	\$ 241,566	4,000	\$ 161,044
5,000	154,425	5,000	154,425
7,000	264,366	7,000	264,366
4,000	237,390	6,000	178,715
2,000	207,892	2,000	207,892
8,000	162,970	6,000	129,503
8,000	129,784	7,000	113,561
3,050	233,985	3,050	233,985
13,500	193,350	10,000	145,456
7,000	152,848	7,000	152,848
3,000	275,701	3,000	275,704
5,200	85,689	3,500	61,252
2,000	68,727	2,000	68,727
1,500	389,155	1,500	389,155
4,000	207,991	4,000	207,991
6,000	182,055	6,000	182,055
10,000	255,375	8,000	201,375
100,000	5,250,000	150,000	7,625,000
5,000	175,550	5,000	175,550
4,000	199,134	4,000	199,134
5,000	244,900	5,000	244,900
5,000	249,925	3,000	147,815
175,800	175,800	1,047,800	1,047,800
2,110	128,483	2,110	128,483
3,000	110,760	5,000	94,469
10,000	233,460	10,000	233,460
10,000	287,017	6,000	156,701
5,000	159,083	5,000	159,083
10,000	316,725		
4,000	165,750		
12,000	190,020		
1,500	68,726		
6,000	283,875		
22,000	188,600		
5,000	293,560		
5,000	408,495		
	<u>\$12,573,132</u>		<u>\$13,340,449</u>

NAME The Kroc Foundation #36-6125258

BALANCE SHEETS - SUPPORTING SCHEDULES

Year ended 12/31/77

[illegible]

The Kroc Foundation #36-6125258
Year Ended December 31, 1977
Part VII - Capital Gains and Losses

<u>(A) Kind of Property</u>	<u>(B) Description</u>	<u>(C) How Acquired</u>	<u>(D) Date Acquired</u>	<u>(E) Date Sold</u>	<u>(F) Gross Price</u>	<u>(H) Cost or Other Basis</u>	<u>(I) Gain or (Loss)</u>
Security	2,000 Shares Allied Chemical Corporation	P	9/28/73	6/17/77	\$ 94,662	\$ 80,522	\$ 14,140
Security	10,000 Shares Bandag Inc.	P	Various	5/10/77	146,595	316,725	(170,130)
Security	2,000 Shares Bristol Myers Co.	P	Various	10/ 3/77	68,968	58,675	10,193
Security	2,000 Shares Citicorp	P	Various	10/ 5/77	48,678	33,467	15,211
Security	1,000 Shares Continental Oil	P	8/24/72	6/10/77	32,229	16,223	16,006
Security	3,500 Shares Donaldson Company Inc.	P	Various	Various	71,747	47,894	23,853
Security	4,000 Shares ERC Corp.	P	7/31/72	10/ 4/77	91,000	165,750	(74,750)
Security	1,700 Shares General Electric	P	Various	Various	89,847	24,436	65,411
Security	2,000 Shares Liberty National Life Ins. Co.	P	Various	6/13/77	45,750	54,000	(8,250)
Security	50,000 Shares McDonald's Corp.	P	11/ 8/76	12/ 1/77	2,498,941	2,625,000	(126,059)
Security	12,000 Shares Media General Inc.	P	Various	11/23/77	169,597	190,020	(20,423)
Security	1,500 Shares Merck & Co.	P	Various	6/10/77	76,107	68,726	7,381
Security	6,000 Shares Moore Corp. Ltd.	P	Various	10/ 3/77	159,300	283,875	(124,575)
Security	2,000 Shares Phillip Morris	P	Various	Various	116,316	102,110	14,206
Security	22,000 Shares Rank Organization	P	Various	5/10/77	65,340	188,600	(123,260)
Security	5,000 Shares Schering-Plough Corp.	P	Various	10/ 5/77	143,045	293,560	(150,515)
Security	1,000 Shares Textronics	P	Various	6/17/77	33,937	16,291	17,646
Security	4,000 Shares Western Bancorporation	P	Various	Various	118,256	130,315	(12,059)
Security	5,000 Shares Xerox	P	Various	Various	247,207	408,495	(161,288)
Security	\$ 250,000 Par Value Amax, Inc.	P	6/12/75	6/30/77	262,188	251,250	10,938
Security	200,000 Par Value United States Treasury Notes	P	2/17/76	1/ 4/77	215,375	200,000	15,375
Security	250,000 Par Value Chase Manhattan Corp.	P	Various	4/11/77	192,500	266,500	(74,000)
					<u>\$ 4,987,485</u>	<u>\$ 5,822,434</u>	<u>\$ (834,949)</u>

The Kroc Foundation Employer I.D. # 36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Robert K. Yu Yale University School of Medicine New Haven, Connecticut 06519	None	Medical Research	\$ 36,000
Joseph R. Williamson, M.D. Washington University School of Medicine St. Louis, Missouri 63110	None	Scientific Research	25,826
Walter F. Ballinger, M.D. Ph.D. Washington University School of Medicine St. Louis, Missouri 63110	None	Medical Research	80,520
Jack S. Burkes, M.D. Veterans Administration Hospital Denver, Colorado 80220	None	Medical Research	75,240
Thomas H. Steele University of Wisconsin Madison, Wisconsin 53706	None	Medical Research	39,956
Robert B. Williams, M.D. University of Washington Seattle, Washington 98195	None	Medical Research	16,840
John R. Ward, M.D. University of Utah Salt Lake City, Utah 84132	None	Scientific Research	34,926
Donald Nelson, M.D. University of Utah Salt Lake City, Utah 84103	None	Scientific Research	63,000
Leslie F. Weiner, M.D. U.S.C. School of Medicine Los Angeles, California 90033	None	Medical Research	32,500
George J. Friou, M.D. U.S.C. School of Medicine Los Angeles, California 90033	None	Scientific Research	55,360
Donald H. Silberberg, M.D. University of Pennsylvania Philadelphia, Pennsylvania 19104	None	Medical Research	25,237
H. Ralph Schumacher, M.D. University of Pennsylvania Philadelphia, Pennsylvania 19104	None	Scientific Research	23,923

The Kroc Foundation Employer I.D. #36-6125258
Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manage.</u>	<u>Purpose of Grant</u>	<u>Amount</u>
R. Phillip Eaton, M.D. University of New Mexico Albuquerque, New Mexico 87131	None	Medical Research	\$ 38,300
Ralph C. Williams, M.D. University of New Mexico Albuquerque, New Mexico 87131	None	Scientific Research	27,500
Michael P. Kiley, Ph.D. University of Nevada School of Medicine Reno, Nevada 89507	None	Medical Research	8,750
Donald F. Steiner, M.D. University of Chicago Chicago, Illinois 60637	None	Medical Research	25,712
John Prineas College of Medicine and Dentistry Piscataway, New Jersey 07103	None	Medical Research	46,725
Norman Talal Regents, University of California San Francisco Medical Center San Francisco, California 94143	None	Medical Research	43,883
Gerald M. Grodsky, Ph.D. Regents, University of California San Francisco, California 94143	None	Medical Research	22,615
William F. Ganong, M.D. Regents, University of California San Francisco, California 94143	None	Medical Research	47,020
J. E. Seegmiller University of California La Jolla, California 92093	None	Medical Research	49,608
Wallace W. Tourtellotte, M.D. Regents, University of California Los Angeles, California 90073	None	Medical Research	33,000
Carl M. Pearson, M.D. Regents, University of California Los Angeles, California 90024	None	Scientific Research	36,058
Lawrence W. Myers, M.D. Regents, University of California Los Angeles, California 90024	None	Medical Research	36,547

The Kroc Foundation Employer I.D. #36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Edward R. Arquilla, M.D. Ph.D. Regents University of California Irvine, California 92717	None	Medical Research	\$ 37,270
M. Eric Gershwin Regents University of California Davis, California 95616	None	Scientific Research	14,175
David A. Prince, M.D. Stanford University Stanford, California 94305	None	Scientific Research	34,689
Maurice E. Krahrl, Ph.D. Stanford University Stanford, California 94305	None	Medical Research	52,800
W. F. Venderlaan Scripps Clinic & Research Fdn. La Jolla, California 92037	None	Medical Research	33,000
William J. Meinke, Ph.D. Scripps Clinic & Research Fdn. La Jolla, California 92037	None	Medical Research	22,440
Donald E. McMillan, M.D. Sensum Medical Research Santa Barbara, California 93102	None	Medical Research	27,500
Bartley G. Hoebe1, Ph.D. Princeton University Princeton, New Jersey 08540	None	Medical Research	2,500
C.F. Howard, Jr. Medical Research Foundation Beaverton, Oregon 97005	None	Medical Research	26,800
Norbert Freinkel, M.D. Northwestern University Evanston, Illinois 60611	None	Medical Research	49,457
J. L. Sever Foundation for Advanced Education in Science	None	Scientific Research	21,478
H. Edelhoch Foundation For Advanced Education in Science	None	Scientific Research	14,520
William W. Faloon, M.D. Highland Hospital of Rochester Rochester, New York 14620	None	Medical Research	28,750

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Jack L. Kostyo, Ph.D. Emory University Atlanta, Georgia 30322	None	Medical Research	\$ 30,000
William L. Chick Joslin Diabetic Foundation Boston, Massachusetts 02215	None	Medical Research	42,366
W. Bruce Wilson, M.D. Dept. of Health & Hospital Denver, Colorado 80204	None	Medical Research	10,989
E. L. Paulter, Ph.D. Colorado State University Fort Collins, Colorado 80523	None	Medical Research	18,359
Robert P. Metzger, Ph.D. San Diego State University Foundation San Diego, California 92182	None	Medical Research	20,000
Harold Wayland, Ph.D. Cal Tech Pasadena, California 91125	None	Medical Research	36,000
N.C. Pedersen University of California Davis, California 95616	None	Medical Research	11,607
Neil S. Mandel, Ph.D. Medical College of Wisconsin Milwaukee, Wisconsin 53228	None	Scientific Research	25,582
W. J. Zvaifler Regents, University of California Pheum Foundation San Diego, California 92182	None	Medical Research	28,983
Stephen E. Malawista, M.D. Yale University School of Medicine New Haven, Connecticut 06519	None	Scientific Research	42,683
Edith Schwartz University of Virginia Med. School Charlottesville, Virginia 22903	None	Medical Research	39,672
Floyd A. Davis, M.D. Rush Presbyterian - St. Lukes Medical Center Chicago, Illinois	None	Medical Research	27,500

The Kroc Foundation Employer I.D. #36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
University of Massachusetts Arthur Like Research	None	Medical Research	\$ 5,000
John H. Vaughan Scripps Clinic & Research Fdn. La Jolla, California 92037	None	Scientific Research	40,050
Purnell W. Choppin, M.D. Rockefeller University New York, New York 10021	None	Medical Research	39,326
Seymour Levine, M.D. New York Medical College New York, New York 10017	None	Medical Research	63,798
Steven Douglas University of Minnesota Medical School Minneapolis, Minnesota 55455	None	Medical Research	33,612
W. Ann Reynolds, Ph.D. University of Illinois Medical School Chicago, Illinois 60680	None	Medical Research	27,565
Maurice Rapport Research Foundation of State of N.Y. New York	None	Medical Research	32,997
Vanda A. Lennon, M.D. Ph.D. The Salk Institute San Diego, California 92112	None	Medical Research	40,653
Robert Phillips Colorado State University Fort Collins, Colorado 80521	None	Medical Research	87,977
Stafford L. Warren, M.D. Regents, University of California Los Angeles, California 90024	None	Scientific Research	60,000
Ralph E. Miller University of Kentucky Lexington, Kentucky 40506	None	Medical Research	31,811
Henry P. Godfrey Research Foundation - State of N.Y. New York	None	Medical Research	33,686

The Kroc Foundation Employer I.D. #36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Seymour R. Levin Veterans Administration Los Angeles, California	None	Medical Research	\$ 4,620
Grady F. Saunders University of Texas Cancer Center Austin, Texas 78701	None	Medical Research	21,810
G. D. Aurbach Foundation for Advanced Education in Science	None	Scientific Research	8,226
Marian Kies Foundation for Advanced Education in The Sciences	None	Scientific Research	18,900
Jack Battisto Cleveland Clinic Foundation Cleveland, Ohio	None	Medical Research	13,189
Daniel T. McCarty Medical College of Wisconsin Milwaukee, Wisconsin 53228	None	Medical Research	35,353
Regents University of California Diabetes Colloquium San Diego, California	None	Medical Research	1,000
Symposium on Drugs of Affect on Lipid Metabolism	None	Medical Research	250
John Fessler University of California Los Angeles, California 90073	None	Medical Research	5,392
Melvin Cohn Salk Institute San Diego, California 92112	None	Medical Research	24,750
E. T. Angelakos Hahnemann Medical College Philadelphia, Pennsylvania 19102	None	Medical Research	5,000
17th Symposium on Biology of Skin	None	Medical Research	250
Joshua Levy, M.D. University of California Los Angeles, California 90073	None	Medical Research	25,500

The Kroc Foundation Employer I.D. #36-6125258
Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
John J. Miller III Children's Hospital -Stanford Stanford, California	None	Medical Research	\$ 10,242
F. Arthur McMorris The Wistar Institute Philadelphia, Pennsylvania 19104	None	Medical Research	11,425
Robert Boyar University of Texas Health Center Dallas, Texas 75235	None	Scientific Research	20,625
Harish C. Agrawal John L. Trotter William Shearer Washington University St. Louis, Missouri 63110	None	Medical Research	57,436
Second International Conference on Obesity	None	Medical Research	1,000
University of California Los Angeles, California 90033	None	Medical Research	2,000
L.A. Inter. Fed. Center	None	Scientific Research	1,000
6th Parathyroid Conference	None	Medical Research	500
American Thyroid Association	None	Medical Research	250
American Diabetes Association	None	Medical Research	20,000
Lawrence Werner Diabetes Research Center	None	Medical Research	100
American Section of International Society for Heart Research	None	Medical Research	500
International Society of Neurochemistry	None	Medical Research	500
Wlodzimierz Kozak Carnegie Mellon University	None	Medical Research	3,850
David S. Howell University of Miami Miami, Florida 33152	None	Scientific Research	17,364
David Kritchevsky The Wistar Institute Philadelphia, Pennsylvania 19104	None	Medical Research	4,000

The Kroc Foundation Employer I.D. #36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Howard Rasmussen Yale University New Haven, Connecticut 06519	None	Medical Research	\$ 32,118
The Arthritis Foundation	None	Medical Research	100
The Foundation Center	None	Medical Research	2,500
Pacific Conservatory for the Performing Arts	None	Scientific Research	100
3rd International Conf. on Cyclic Nucleotides	None	Medical Research	250
Hugh O. McDevitt Stanford University Stanford, California 94305	None	Scientific Research	98,936
Isidore Edleman Columbia UNN. College of Phy & Surg. New York, New York 10227	None	Medical Research	6,100
Raphael N. Shulman Foundation For Advanced Education in Science	None	Scientific Research	2,961
Richard Wurtman Massachusetts Institute of Technology Cambridge, Massachusetts 02137	None	Scientific Research	13,618
W. Page Faulk Medical University of South Carolina Charleston, South Carolina 29401	None	Medical Research	6,778
Paul Lacy Washington University St. Louis, Missouri 63110	None	Medical Research	45,872
David Sharp Washington University St. Louis, Missouri 63110	None	Medical Research	34,650
Milton Alter Temple University Health Science Center Philadelphia, Pennsylvania 19140	None	Medical Research	4,125
Josiah Brown University of California Los Angeles, California 90073	None	Medical Research	9,667

The Kroc Foundation Employer I.D. #36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Edith M. Carlisle, Ph.D. University of California Los Angeles, California 90073	None	Scientific Research	\$ 4,677
Mayer Davidson University of California Los Angeles, California 90073	None	Medical Research	11,369
George Ellison University of California Los Angeles, California 90073	None	Medical Research	10,558
Harris Busch Baylor College of Medicine Houston, Texas 77025	None	Medical Research	6,600
David Talmage University of Colorado Webb, Colorado	None	Medical Research	14,224
Eng Tan University of Colorado Webb, Colorado	None	Medical Research	34,050
Edward Harris Dartmouth Medical School Hanover, New Hampshire 03755	None	Medical Research	4,591
M. Michael Appleman University of Southern California Los Angeles, California 90007	None	Medical Research	7,150
David Hollister Harbor General Hospital	None	Medical Research	8,687
David T. Kingsbury University of California Irvine, California 92717	None	Medical Research	4,467
Lewis Slater University of California Irvine, California 92717	None	Medical Research	5,325
Robert B. Zurier University of Connecticut Health Center Storrs, Connecticut 06268	None	Medical Research	4,138

The Kroc Foundation Employer I.D. # 36-6125258
Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Roy Swank Michael Daley University of Oregon, Health Science Center Eugene, Oregon 97403	None	Medical Research	\$ 2,334
John L. Fahey Ruth Arnon University of California Los Angeles, California 90073	None	Medical Research	5,104
Total contributions			<u>\$ 2,816,722</u>

1977

Annual Report of Private Foundation

THE KROC FOUNDATION

Name

Under Section 6056 of the Internal Revenue Code

In addition to this Annual Report,
the annual return of the Foundation
filed on Form 990-PF is available for
public inspection. Consult an
Internal Revenue Service office for
further information.

Internal
Revenue
Service

Annual report for calendar 1977, or fiscal year beginning 1977, and ending 19

Name of organization

The Kroc Foundation

Employer identification number

36 6125258

Address of principal office

% A. H. Doty 20 N. Wacker Dr. Chicago, Illinois 60606

If books and records are not at above address, specify where they are kept

Name of principal officer of foundation

Robert Kroc

Public Inspection (See Instruction C):

(a) Enter date the notice of availability of annual report appeared in newspaper March 31, 1978

(b) Enter name of newspaper Chicago Daily Law Bulletin

(c) Check here ☒ if you have attached a copy of the newspaper notice as required by instruction "C" (If the notice is not attached, the report will be considered incomplete.)Check box for type of annual return ☒ Form 990-PF ☐ Form 5227Check this box if your private foundation status terminated under section 507(b)(1)(A) ☐

Revenues

1 Amount of gifts, grants, bequests, and contributions received for the year	5,000,000
2 Gross income for the year	(527,302)
3 Total	4,472,698

Disbursements and Expenses

4 Disbursements for the year for the purposes for which exempt (including administrative expenses)	3,582,631
5 Expenses attributable to gross income (item 2 above) for the year	73,112

Foundation Managers

6 List all managers of the foundation (see section 4946(b) IRC):

Name and title	Address where manager may be contacted during normal business hours
Robert L. Kroc - President	Box 547 Santa Ynez, California 93460
Ray A. Kroc - Chairman of the Board	% McDonalds Corp. McDonald's Plaza Oak Brook, Illinois 60521
Donald G. Lubin - Secretary Treasurer	69 West Washington St. Chicago, Illinois 60602

6a List here any managers of the foundation (see section 4946(b) IRC) who have contributed 2 percent of the total contributions received by the foundation before the close of any taxable year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

Ray A. Kroc

RECEIVED

6b List here any managers of the foundation (see section 4946(b) IRC) who own 10 percent or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10 percent or greater interest.

None

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Balance Sheet Per Books at the Beginning of the Year

Assets		Liabilities	
Cash	537,478	Accounts payable	18,392
Accounts and notes receivable	65,864	Contributions, gifts, grants, etc. payable	
Inventories		Bonds and notes payable	
Securities		Mortgages payable	
Government obligations	200,000	Other liabilities	14,992
Corporate bonds	1,517,750	Total liabilities	33,384
Corporate stocks	12,573,132	Net Worth	
Mortgage loans		Principal fund	19,431,384
Real estate			
Less: Depreciation		Income fund	(4,546,559)
Other assets	35,660		
Less: Depreciation	11,675	Total net worth	14,884,825
Total assets	14,918,209	Total liabilities and net worth	14,918,209

Itemized Statement of Securities and All Other Assets Held at the Close of the Taxable Year

Asset	Book value	Market value
Cash	116,930	116,930
Receivables	36,904	36,904
Fixed assets, net	52,084	52,084
Marketable securities	15,540,449	15,868,098
Total	15,746,367	16,074,016

Grants and Contributions Paid or Approved for Future Payment During the Year

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Concise statement of purpose of grant or contribution	Amount
Name and address (home or business)			
Paid during year			
Schedule Attached			2,816,722
Total			2,816,722
Approved for future payment			
Total			

A notice has been published that this Annual Report is available for public inspection at the principal offices of the foundation, and copies of this Annual Report have been furnished to the Attorney General (or his/her designate) of each State entitled to receive reports as required by instruction F.

6/14/78 ☒ Date
 Signature of foundation manager
 Chairman of the Board
 Title
 6/13/78 ☒ Date
 Signature of individual or firm preparing the report
 Doty, Jarow & Co.
 20 N. Wacker Dr. Chicago, Ill.
 Preparer's address 60606

Instructions

A. Annual Report.—An annual report is required from the foundation managers (as defined in section 4946(b)) of every organization which is a private foundation, including a nonexempt trust described in section 4947(a)(1) which is treated as a private foundation, having at least \$5,000 of assets at any time during a taxable year. A private foundation may use this form for its annual reporting requirements.

If you prefer not to use this form, you may prepare the report in printed, typewritten or any other form you choose, provided it readily and legibly discloses the information required by section 6056 and the regulations thereunder.

The annual report is in addition to and not in lieu of submitting the information required on Form 990-PF under section 6033.

B. Where and When to File.

(1) **Tax-exempt private foundation.**—File the report at the time and place specified for filing Form 990-PF, Return of Private Foundation Exempt from Income Tax.

(2) **Nonexempt trust described in section 4947(a)(1) and treated as a private foundation.**—File the report at the time and place specified for filing Form 5227, Return of Nonexempt Charitable or Split-Interest Trust Treated as a Private Foundation under section 4947(a) of the Internal Revenue Code.

C. Public Inspection of Private Foundation's Annual Reports.—As a foundation manager, you must make the annual report required by section 6056 available at the principal office of the foundation for inspection during regular business hours by any citizen who so requests within 180 days after publication of notice of its availability, or, if you choose, you may furnish a copy free of charge to such persons requesting inspection, provided these persons do so at the time and manner prescribed in section 6104(d) and the regulations thereunder.

The notice must be published not later than the day prescribed for filing the annual report (determined with regard to any extensions of time for filing), in a newspaper having general circulation in the county in which the principal office of the private foundation is located. The notice must state that the annual report of the private foundation is available at its principal office during regular business hours for inspection

by any citizen who so requests within 180 days after the date of the publication. It must also show the address of the private foundation's principal office and the name of its principal manager. A private foundation may designate in addition to its principal office, or (if the foundation has no principal office or none other than the residence of a substantial contributor or foundation manager) instead of such office, any other location where its annual report is available.

The term "newspaper having general circulation" shall include any newspaper or journal which is permitted to publish statements in satisfaction of State statutory requirements relating to transfer of title to real estate or other similar legal notices.

A copy of the notice must be attached to the annual report filed with the Internal Revenue Service. Because IRS also makes the annual report available for public inspection under section 6104(d), the report and any attachments should be of such quality that they can be reproduced photographically.

A private foundation which has terminated its status as such under section 507(b)(1)(A), by distributing all its net assets to one or more public charities without retaining any right, title or interest in such assets, does not have to publish notice of availability of its annual report or furnish such report to the public for the taxable year in which it so terminates (Reg. 1.507-2(a)(6)). Be sure to check box on page 2.

D. Signature and Verification.—The report must be signed by the foundation manager.

E. List of States.—A private foundation is required to attach to its Form 990-PF a list of all States

(1) to which the organization reports in any fashion concerning its organization, assets, or activities; and

(2) with which the organization has registered (or which it has otherwise notified in any manner) that it intends to be, or is a charitable organization or that it is, or intends to be, a holder of property devoted to a charitable purpose.

F. Furnishing of Copies to State Officers; Listing of States.—If the organization has at least \$5,000 in assets at any time during the year the foundation managers must furnish a copy of this annual report to the Attorney General (or

his/her designate) of (1) each State listed for Form 990-PF above, (2) the State in which the principal office of the foundation is located, and (3) the State in which the foundation was incorporated or organized. Such report must be furnished at the same time it is sent to the Internal Revenue Service. In addition, the foundation managers shall provide upon request a copy of the annual report to the Attorney General or other appropriate State officer of any other State. The foundation manager shall also attach to the report a copy of the Form 990-PF (or Form 5227 for a 4947(a)(1) trust) and a copy of the Form 4720 (if any) filed by the foundation with the Internal Revenue Service for the year.

G. Penalty for Failure to File Report and Notice on Time.—If a private foundation fails to file the annual report on or before the due date, or to comply with the requirements under "C" above, there will be imposed on the person (any one under a duty to perform the act), a \$10 penalty for each day during which the failure continues, not to exceed \$5,000. (See section 6652 (d)(3).)

The penalty of \$10.00 a day for failure to file may also be charged if an incomplete report is submitted with information omitted. Therefore, please be sure to make an entry in each part of the form even the ones that do not apply to you. If a part or line item does not apply, enter "N/A" (not applicable). If more than one person is liable, all such persons shall be jointly and severally liable with respect to such failure. Organizations that have given notice under section 508(b) as to their status and have not received a letter from the Internal Revenue Service containing a determination as to such status—refer to Revenue Procedure 72-31, 1972-1 C.B. 759, or later revisions, for rules relating to relief from the penalty provision of section 6652. If the failure to file the annual report or comply with "C" is willful, there will be imposed, in addition to the amount mentioned above, a penalty of \$1,000 for each such report or notice. (See section 6685.)

H. Foreign Organizations.—A foreign organization which has received substantially all of its support (other than gross investment income) from sources outside the United States will not be subject to the requirements of instructions C and F above.

PURSUANT TO SECTION 6004(d) OF the United States Internal Revenue Code, notice is hereby given that the 1977 annual report of each of the following private foundations is available at the indicated principal office of each organization during regular business hours upon request by any citizen within 180 days after the date of this publication.

D & K FOUNDATION
c/o Draper & Kramer, Inc.
20 West Monroe Street
Chicago, Illinois 60603
Ferd Kramer,
President and Principal Manager

B & J ASSOCIATION, INC.
c/o Sherwin Scully
2820 Greenwood Street
Evanston, Illinois 60201
Ida B. Scully,
President and Principal Manager

A. P. FUND
8000 Sears Tower
Chicago, Illinois 60606
Abraham Fishman,
President and Principal Manager

I & R MEYERHOFF FUND
120 South LaSalle Street, Room 910
Chicago, Illinois 60603
Irving E. Meyerhoff,
Principal Manager

BOWARD & HARRIET WOLFSON FOUNDATION
c/o Bernard Nath
8000 Sears Tower
Chicago, Illinois 60606
Harriet Wolfson,
President and Principal Manager

CHARLES SATINOVER FUND
8000 Sears Tower
Chicago, Illinois 60606
Charles Satinover,
President and Principal Manager

HOLZHEIMER FUND
123 South LaSalle Street, Room 615
Chicago, Illinois 60603
Carl Holzheimer,
President and Principal Manager

D & R FUND
8000 Sears Tower
Chicago, Illinois 60606
Samuel R. Rosenthal,
President and Principal Manager

THE KROC FOUNDATION
20 North Wacker Drive, Room 2720
Chicago, Illinois 60606
Robert L. Kroc,
President and Principal Manager

ROGER AND RUTH BLOCH FUND
8000 Sears Tower
Chicago, Illinois 60606
Ruth H. Bloch,
President and Principal Manager

CARLIN FUND
8000 Sears Tower
Chicago, Illinois 60606
Leo J. Carlin,
President and Principal Manager

JEROME S. WEISS FUND
8000 Sears Tower
Chicago, Illinois 60606
Jerome S. Weiss,
President and Principal Manager

ELSON FOUNDATION
c/o I. E. Meyerhoff
120 South LaSalle Street, Room 910
Chicago, Illinois 60603
Ruth Meyerhoff,
Principal Manager

CHARLES HYMEN FUND
221 North LaSalle Street
Chicago, Illinois 60601
Charles Hymen,
President and Principal Manager

LOTTIE NATH FUND
8000 Sears Tower
Chicago, Illinois 60606
Bernard Nath,
President and Principal Manager

FANNY R. AND GEORGE L. SIMMONDS FOUNDATION
8000 Sears Tower
Chicago, Illinois 60606
Fanny R. Simmonds,
President and Principal Manager

MORRIS NOZETTE FAMILY FOUNDATION
8000 Sears Tower
Chicago, Illinois 60606
Morris Nozette,
President and Principal Manager
Mar-31

CERTIFICATE OF PUBLICATION CIRCUIT COURT OF COOK COUNTY

CASE NO.

ANN RPT D & K FDN ET AL

LAW BULLETIN PUBLISHING CO.

does hereby certify that it is the publisher of the

**CHICAGO
DAILY LAW BULLETIN**

That said **CHICAGO DAILY LAW BULLETIN** is a secular newspaper and has been published **DAILY** in the City of Chicago, County of Cook and State of Illinois, continuously for more than one year prior to the first publication of the notice appended, and is of general circulation throughout said County and State, and that it is a newspaper as defined in "an Act to revise the law in relation to notices" as amended by Act approved July 17, 1959 — Ill. Revised Statutes, Chap. 100, Paragraphs 1 & 5

That the notice appended was published in the said **CHICAGO DAILY LAW BULLETIN** on:

MARCH 31, 1978

IN WITNESS WHEREOF, the undersigned has caused this certificate to be signed and its corporate seal affixed at Chicago, Illinois, this

31ST DAY OF MARCH 1978

LAW BULLETIN PUBLISHING CO.

B. *George E. Chismail, Jr.*

<u>Name of Security Stock</u>	<u>No. of Shares or Par Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Allied Chemical Corporation	4,000	\$ 161,044	\$ 177,000
Anchor Hocking	5,000	154,425	137,500
Beckton Dickinson & Co.	7,000	264,366	220,500
Bristol Myers Co.	6,000	178,715	201,750
Burroughs Corp.	2,000	207,892	145,750
Citicorp	6,000	129,503	137,250
Continental Oil	7,000	113,561	210,000
Corning Glass Works	3,050	233,985	158,981
Donaldson Company, Inc.	10,000	145,456	230,000
Dun & Bradstreet Co., Inc.	7,000	152,848	217,000
Eastman Kodak Co.	3,000	275,704	153,375
General Electric	3,500	61,252	174,563
Hewlett Packard Co.	2,000	68,727	146,500
IBM Corp.	1,500	389,155	410,250
J. C. Penny	4,000	207,991	142,000
K Mart	6,000	182,055	164,250
Liberty National Life Insurance Co.	8,000	201,375	178,000
McDonald's Corp.	150,000	7,625,000	7,725,000
Mapco, Inc.	5,000	175,550	198,125
Minnesota Mining & Mfg.	4,000	199,134	194,000
Motorola	5,000	244,900	183,125
Phillip Morris, Inc.	3,000	147,815	185,625
Steinroe Cash Reserves	1,047,800	1,047,800	1,047,800
SRF Fund	2,110	128,483	151,004
Tektronix, Inc.	5,000	94,469	188,125
Times-Mirror Co.	10,000	233,460	255,000
Western Bancorporation	6,000	156,701	198,750
Weyerhaeuser Corp.	5,000	159,083	136,875
		<hr/>	<hr/>
		\$13,340,449	\$13,668,098
		<hr/>	<hr/>

The Kroc Foundation. 36-6125258
From 990-AR
Page 3 - Schedule of Marketable Securities

<u>Name of Security</u>	<u>Par Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
NOTES			
Ford Motor Credit Co. 6.3% Due 1/3/78	\$ 800,000	\$ 800,000	\$ 800,000
Wells Fargo Co. 7% Due 9/15/78	200,000	200,000	200,000
		<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
CERTIFICATES OF DEPOSIT			
Northern Trust Company 6% Due 2/17/78	\$ 200,000	\$ 200,000	\$ 200,000
Cleveland Trust Co. of Ohio 6.7% Due 4/3/78	1,000,000	1,000,000	1,000,000
		<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>

The Kroc Foundation Employer I.D. # 36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Robert K. Yu Yale University School of Medicine New Haven, Connecticut 06519	None	Medical Research	\$ 36,000
Joseph R. Williamson, M.D. Washington University School of Medicine St. Louis, Missouri 63110	None	Scientific Research	25,826
Walter F. Ballinger, M.D.Ph.D. Washington University School of Medicine St. Louis, Missouri 63110	None	Medical Research	80,520
Jack S. Burkes, M.D. Veterans Administration Hospital Denver, Colorado 80220	None	Medical Research	75,240
Thomas H. Steele University of Wisconsin Madison, Wisconsin 53706	None	Medical Research	39,956
Robert B. Williams, M.D. University of Washington Seattle, Washington 98195	None	Medical Research	16,840
John R. Ward, M.D. University of Utah Salt Lake City, Utah 84132	None	Scientific Research	34,926
Donald Nelson, M.D. University of Utah Salt Lake City, Utah 84103	None	Scientific Research	63,000
Leslie P. Weiner, M.D. U.S.C. School of Medicine Los Angeles, California 90033	None	Medical Research	32,500
George J. Friou, M.D. U.S.C. School of Medicine Los Angeles, California 90033	None	Scientific Research	55,360
Donald H. Silberberg, M.D. University of Pennsylvania Philadelphia, Pennsylvania 19104	None	Medical Research	25,237
H. Ralph Schumacher, M.D. University of Pennsylvania Philadelphia, Pennsylvania 19104	None	Scientific Research	23,923

The Kroc Foundation Employer I.D. #36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
R. Phillip Eaton, M.D. University of New Mexico Albuquerque, New Mexico 87131	None	Medical Research	\$ 38,300
Ralph C. Williams, M.D. University of New Mexico Albuquerque, New Mexico 87131	None	Scientific Research	27,500
Michael P. Kiley, Ph.D. University of Nevada School of Medicine Reno, Nevada 89507	None	Medical Research	8,750
Donald F. Steiner, M.D. University of Chicago Chicago, Illinois 60637	None	Medical Research	25,712
John Prineas College of Medicine and Dentistry Piscataway, New Jersey 07103	None	Medical Research	46,725
Norman Talal Regents, University of California San Francisco Medical Center San Francisco, California 94143	None	Medical Research	43,883
Gerold M. Grodsky, Ph.D. Regents, University of California San Francisco, California 94143	None	Medical Research	22,615
William F. Ganong, M.D. Regents, University of California San Francisco, California 94143	None	Medical Research	47,020
J. E. Seegmiller University of California La Jolla, California 92093	None	Medical Research	49,608
Wallace W. Tourtellotte, M.D. Regents, University of California Los Angeles, California 90073	None	Medical Research	33,000
Carl M. Pearson, M.D. Regents, University of California Los Angeles, California 90024	None	Scientific Research	36,058
Lawrence W. Myers, M.D. Regents, University of California Los Angeles, California 90024	None	Medical Research	36,547

The Kroc Foundation Employer I.D. #36-6125258
Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Edward R. Arquilla, M.D.Ph.D Regents University of California Irvine, California 92717	None	Medical Research	\$ 37,270
M. Eric Gershwin Regents, University of California Davis, California 95616	None	Scientific Research	14,175
David A. Prince, M.D. Stanford University Stanford, California 94305	None	Scientific Research	34,689
Maurice E. Krah, Ph.D. Stanford University Stanford, California 94305	None	Medical Research	52,800
W. P. Vanderlaan Scripps Clinic & Research Fdn. La Jolla, California 92037	None	Medical Research	33,000
William J. Meinke, Ph.D. Scripps Clinic & Research Fdn. La Jolla, California 92037	None	Medical Research	22,440
Donald E. McMillan, M.D. Sanson Medical Research Santa Barbara, California 93102	None	Medical Research	27,500
Bartley G. Hoebel, Ph.D. Princeton University Princeton, New Jersey 08540	None	Medical Research	2,500
C.F. Howard, Jr. Medical Research Foundation Beaverton, Oregon 97005	None	Medical Research	26,800
Norbert Freinkel, M.D. Northwestern University Evanston, Illinois 60611	None	Medical Research	49,457
J. L. Sever Foundation for Advanced Education in Science	None	Scientific Research	21,478
H. Edelhoch Foundation For Advanced Education in Science	None	Scientific Research	14,520
William W. Faloon, M.D. Highland Hospital of Rochester Rochester, New York 14620	None	Medical Research	28,750

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Jack L. Kostyo, Ph.D. Emory University Atlanta, Georgia 30322	None	Medical Research	\$ 30,000
William L. Chick Joslin Diabetic Foundation Boston, Massachusetts 02215	None	Medical Research	42,366
W. Bruce Wilson, M.D. Dept. of Health & Hospital Denver, Colorado 80204	None	Medical Research	10,989
E. L. Paulter, Ph.D. Colorado State University Fort Collins, Colorado 80523	None	Medical Research	18,359
Robert P. Metzger, Ph.D. San Diego State University Foundation San Diego, California 92182	None	Medical Research	20,000
Harold Wayland, Ph.D. Cal Tech Pasadena, California 91125	None	Medical Research	36,000
N.C. Pedersen University of California Davis, California 95616	None	Medical Research	11,607
Neil S. Mandel, Ph.D. Medical College of Wisconsin Milwaukee, Wisconsin 53228	None	Scientific Research	25,582
M. J. Zvaifler Regents, University of California Pheun Foundation San Diego, California 92182	None	Medical Research	28,983
Stephan E. Malawista, M.D. Yale University School of Medicine New Haven, Connecticut 06519	None	Scientific Research	42,683
Edith Schwartz University of Virginia Med. School Charlottesville, Virginia 22903	None	Medical Research	39,672
Floyd A. Davis, M.D. Rush Presbyterian - St. Lukes Medical Center Chicago, Illinois	None	Medical Research	27,500

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
University of Massachusetts Arthur Like Research	None	Medical Research	\$ 5,000
John H. Vaughan Scripps Clinic & Research Fdn. La Jolla, California 92037	None	Scientific Research	40,050
Purnell W. Choppin, M.D. Rockefeller University New York, New York 10021	None	Medical Research	39,326
Seymour Levine, M.D. New York Medical College New York, New York 10017	None	Medical Research	63,798
Steven Douglas University of Minnesota Medical School Minneapolis, Minnesota 55455	None	Medical Research	33,612
W. Ann Reynolds, Ph.D. University of Illinois Medical School Chicago, Illinois 60680	None	Medical Research	27,565
Maurice Rapport Research Foundation of State of N.Y. New York	None	Medical Research	32,997
Vanda A. Lennon, M.D. Ph.D. The Salk Institute San Diego, California 92112	None	Medical Research	40,653
Robert Phillips Colorado State University Fort Collins, Colorado 80521	None	Medical Research	87,977
Stafford L. Warren, M.D. Regents, University of California Los Angeles, California 90024	None	Scientific Research	60,000
Ralph E. Miller University of Kentucky Lexington, Kentucky 40506	None	Medical Research	31,811
Henry P. Godfrey Research Foundation - State of N.Y. New York	None	Medical Research	33,686

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Seymour R. Levin Veterans Administration Los Angeles, California	None	Medical Research	\$ 4,620
Grady F. Saunders University of Texas Cancer Center Austin, Texas 78701	None	Medical Research	21,810
G. D. Aurbach Foundation for Advanced Education in Science	None	Scientific Research	8,226
Marian Kies Foundation for Advanced Education in The Sciences	None	Scientific Research	18,900
Jack Battisto Cleveland Clinic Foundation Cleveland, Ohio	None	Medical Research	13,189
Daniel T. McCarty Medical College of Wisconsin Milwaukee, Wisconsin 53228	None	Medical Research	35,353
Regents University of California Diabetes Colloquium San Diego, California	None	Medical Research	1,000
Symposium on Drugs of Affect on Lipid Metabolism	None	Medical Research	250
John Fessler University of California Los Angeles, California 90073	None	Medical Research	5,392
Melvin Cohn Salk Institute San Diego, California 92112	None	Medical Research	24,750
E. T. Angelakos Hahnemann Medical College Philadelphia, Pennsylvania 19102	None	Medical Research	5,000
17th Symposium on Biology of Skin	None	Medical Research	250
Joshua Levy, M.D. University of California Los Angeles, California 90073	None	Medical Research	25,500

The Kroc Foundation Employer I.D. #36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
John J. Miller III Children's Hospital -Stanford Stanford, California	None	Medical Research	\$ 10,242
F. Arthur McMorris The Wistar Institute Philadelphia, Pennsylvania 19104	None	Medical Research	11,425
Robert Boyar University of Texas Health Center Dallas, Texas 75235	None	Scientific Research	20,625
Harish C. Agrawal John L. Trotter William Shearer Washington University St. Louis, Missouri 63110	None	Medical Research	57,436
Second International Conference on Obesity	None	Medical Research	1,000
University of California Los Angeles, California 90033	None	Medical Research	2,000
L.A. Inter. Fed. Center	None	Scientific Research	1,000
6th Parathyroid Conference	None	Medical Research	500
American Thyroid Association	None	Medical Research	250
American Diabetes Association	None	Medical Research	20,000
Lawrence Werner Diabetes Research Center	None	Medical Research	100
American Section of International Society for Heart Research	None	Medical Research	500
International Society of Neurochemistry	None	Medical Research	500
Wlodzimierz Kozak Carnegie Mellon University	None	Medical Research	3,850
David S. Howell University of Miami Miami, Florida 33152	None	Scientific Research	17,364
David Kritchevsky The Wistar Institute Philadelphia, Pennsylvania 19104	None	Medical Research	4,000

The Kroc Foundation Employer I.D. #36-6125258
Year Ended December 31, 1977

Page 8 of 10

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Howard Rasmussen Yale University New Haven, Connecticut 06513	None	Medical Research	\$ 32,118
The Arthritis Foundation	None	Medical Research	100
The Foundation Center	None	Medical Research	2,500
Pacific Conservatory for the Performing Arts	None	Scientific Research	100
3rd International Conf. on Cyclic Nucleotides	None	Medical Research	250
Hugh O. McDevitt Stanford University Stanford, California 94305	None	Scientific Research	98,936
Isidore Edleman Columbia UNN. College of Phy & Surg. New York, New York 10227	None	Medical Research	6,100
Raphael N. Shulman Foundation For Advanced Education in Science	None	Scientific Research	2,961
Richard Wurtman Massachusetts Institute of Technology Cambridge, Massachusetts 02137	None	Scientific Research	13,618
W. Page Faulk Medical University of South Carolina Charleston, South Carolina 29401	None	Medical Research	6,778
Paul Lacy Washington University St. Louis, Missouri 63110	None	Medical Research	45,872
David Sharp Washington University St. Louis, Missouri 63110	None	Medical Research	34,650
Milton Alter Temple University Health Science Center Philadelphia, Pennsylvania 19140	None	Medical Research	4,125
Josiah Brown University of California Los Angeles, California 90073	None	Medical Research	9,667

The Kroc Foundation Employer I.D. #36-6125258
 Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Edith M. Carlisle, Ph.D. University of California Los Angeles, California 90073	None	Scientific Research	\$ 4,677
Mayer Davidson University of California Los Angeles, California 90073	None	Medical Research	11,369
George Ellison University of California Los Angeles, California 90073	None	Medical Research	10,558
Harris Busch Baylor College of Medicine Houston, Texas 77025	None	Medical Research	6,600
David Talmage University of Colorado Webb, Colorado	None	Medical Research	14,224
Eng Tan University of Colorado Webb, Colorado	None	Medical Research	34,050
Edward Harris Dartmouth Medical School Hanover, New Hampshire 03755	None	Medical Research	4,591
M. Michael Appleman University of Southern California Los Angeles, California 90007	None	Medical Research	7,150
David Hollister Harbor General Hospital	None	Medical Research	8,687
David T. Kingsbury University of California Irvine, California 92717	None	Medical Research	4,467
Lewis Slater University of California Irvine, California 92717	None	Medical Research	5,325
Robert B. Zurier University of Connecticut Health Center Storrs, Connecticut 06268	None	Medical Research	4,138

The Kroc Foundation Employer I.D. # 36-6125258
Year Ended December 31, 1977

Schedule of Contributions

<u>Name and Address</u>	<u>Relationship to Foundation Manager</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Roy Swank Michael Daley University of Oregon, Health Science Center Eugene, Oregon 97403	None	Medical Research	\$ 2,334
John L. Fahey Ruth Arnon University of California Los Angeles, California 90073	None	Medical Research	5,104
Total contributions			<u>\$ 2,816,722</u>

Form **990-PF**
Department of the Treasury
Internal Revenue Service**Return of Private Foundation
Exempt from Income Tax****1977**

For the calendar year 1977, or taxable year beginning

1977 and ending

19

Please type,
print or
attach label.
See instruction
G

Name of organization

THE KROC FOUNDATION

Address (number and street)

4425 Cass Street, Suite A

City or town, State and ZIP code

San Diego, CA 92109Employer identification number
(see instruction G)**36 6125258**If the foundation is in a 60-month
termination under section 507(b)
(1)(B) check here ☐Fair market value of assets at end of
year (see instruction H)**16,074,016 As Filed**If address changed, check here ☒Foreign organizations, check here ☐The books are in care of **Ford, Hickman, Gibbs & Massinger, Acct's, Inc.**
Located at **600 B St. #1200, San Diego, CA** Telephone No. **(714) 231-0331**If exemption application is
pending, check here ☐**Part I Analysis of Receipts and Expenditures (See instructions for Part I)**

	(A) Receipts and expenditures per books	(B) Computation of Net Investment Income	(C) Computation of Adjusted Net Income	(D) Disbursements for Exempt Purpose
Receipts				
1 Gross contributions, gifts, grants, etc. (see instructions)	5,000,000			
2 Contributions from split-interest trusts (see instructions)				
3 Gross dues and assessments				
4 Interest As filed	221,778	221,778	221,778	
5 Dividends As filed	59,366	59,366	59,366	
6 Gross rents and royalties Reclassified from other income	5,604	5,604	5,604	
7 Net gain or (loss) from sale of assets not in line 11	-0-			
8 Capital gain net income (see instructions)		1,782,059		
9 Net short-term capital gain (see instructions)				
10 Income modifications (see instructions)				
11 Loss profit from any business activities: (Gross receipts \$ less cost of sales \$ Included see instructions)				
12 Other income (attach schedule) now reported on line G	20,899		20,899	
13 Total—add lines 1 through 12	5,307,647	2,068,807	307,647	
Expenditures				
14 Compensation of officers, etc. (see instructions)				
15 Other salaries and wages				
16 (a) Pension plan contributions (enter number of plans 1)				
(b) Other employee benefits				
17 Investment, legal and other professional services				
18 Interest				
19 Taxes (see instructions)				
20 Depreciation, amortization, and depletion (see instructions)				
21 Rent				
22 Other expenses (attach schedule)				
23 Contributions, gifts, grants (see instructions)				
24 Total—add lines 14 through 23 As filed	3,646,795	57,450	64,164	3,582,631
25 Line 13 less line 24: (a) Excess of receipts over expenditures	1,660,852			
(b) Net investment income (if negative enter -0-)		2,011,357		
(c) Adjusted net income (see instructions) (if negative enter -0-)			243,483	

Part II Excise Tax On Investment Income

1 All organizations (see instructions)—enter 4% of line 25(b), Part I	80,454
2 Credits: (a) Foreign organizations—tax withheld at source (attach Form(s) 1042) Tax paid with orig. return	8,948
(b) Tax paid with application for extension of time to file (Form 2758)	
3 Tax Due—line 1 less line 2. Pay in full with return. Make check or money order payable to Internal Revenue Service (write employer identification number on check or money order) 71506 & 1966	
4 Overpayment—line 2 less line 1	
Foreign organization—Enter book value \$ and fair market value \$ of investment assets held in U.S.	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Date **10/27/78**Signature of officer or trustee **543-30-0344**

Chairman of the Board & Founder

FORD, HICKMAN, GIBBS & MASSINGERSuite 1200, 600 B Street, San Diego, Calif. 92101
Address of preparer

Signature of individual or firm preparing the return

*Includes interest to 10/31/78 \$1966

95-2692824

FILMED

Part III Balance Sheets

	Beginning of Taxable Year		End of Taxable Year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
Assets				
1 Cash:				
(a) Savings and interest-bearing accounts				
(b) Other				
2 Accounts receivable net				
3 Notes receivable net (attach schedule)				
4 Inventories				
5 Government obligations:				
(a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
6 Investments in nongovernment bonds, etc. (attach schedule)				
7 Investments in corporate stocks (attach schedule)				
8 Mortgage loans (number of loans)				
9 Other investments (attach schedule)				
10 Depreciable (depletable) assets (attach schedule):				
(a) Held for investment purposes				
(b) Less accumulated depreciation				
(c) Held for charitable purposes				
(d) Less accumulated depreciation				
11 Land:				
(a) Held for investment purposes				
(b) Held for charitable purposes				
12 Other assets (attach schedule)				
13 Total assets				
Liabilities				
14 Accounts payable				
15 Contributions, gifts, grants, etc., payable				
16 Mortgages and notes payable (attach schedule)				
17 Other liabilities (attach schedule)				
18 Total liabilities				
Net Worth (Fund Balances)				
19 Principal Fund				
20 Income Fund				
21 Total Net Worth (Fund Balances)				
22 Total liabilities and Net Worth (line 18 plus line 21)				

Part IV Analysis of Changes in Net Worth

1 Total net worth at beginning of year—line 21, Column B, Part III	
2 Enter amount from line 25(a), Part I	
3 Other increases not included in line 2 (itemize):	
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4 Total of lines 1, 2, and 3	
5 Decreases not included in line 2 (itemize):	
.	
.	
.	
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.	
6 Total net worth at end of year (line 4 less line 5)—line 21, Column D, Part III	

Statements with Respect to Certain Activities

	Yes	No
File Form 990-AR if any of questions 10(a), 11, 12, or 14(b) is answered "No," or question 10(c), 12(b), or 13(a) or (b) is answered "Yes."		
1 During the taxable year, have you (a) attempted to influence any national, State, or local legislation, or . . .		
(b) participated or intervened in any political campaign?		
(c) Did you expend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?		
If 1(a), (b) or (c) is "Yes," attach a detailed description of such activities and copies of any materials published or distributed by the organization in connection with such activities.		
(d) Did you file Form 1120-POL?		
2 Have you engaged in any activities which have not previously been reported to the Internal Revenue Service? . . .		
If "Yes," attach a detailed description of such activities.		
3 Have any changes not previously reported to the Internal Revenue Service been made in your governing instrument, articles of incorporation, or bylaws, or other instruments of similar import?		
If "Yes," attach a copy of the changes.		
4 Have you filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution or substantial contraction during the year?		
If "Yes," attach a schedule for the disposition(s) for the year showing type(s) of asset(s) disposed of, the date(s) disposed, the cost or other basis, the fair market value on date of disposition and the name(s) and address(es) of the recipient(s) of the asset(s) distributed. (See general instruction T)		
6 (a) Did you have at least \$5,000.00 in assets at any time during the year?		
(b) If so did you file the annual report required by section 6056 (see Form 990-AR for instructions)?		
7 Are the requirements of section 508(e) (relating to governing instruments) satisfied?		
(See general instruction L.)		
If "Yes," have such requirements been satisfied by:		
(a) Language in the governing instrument (original or as amended), or		
(b) Enactment of State legislation effectively amending the governing instrument and the governing instrument contains no mandatory directions which are in conflict with such State legislation?		
8 (a) Enter the names of the States required to be listed by general instruction M ▶		
(b) If you answered 6(a) "Yes," have you furnished a copy of Form 990-AR (or equivalent report) to the Attorney General (or his/her designate) of each State as required by general instruction N?		
If "No," attach explanation.		
9 Are you claiming status as an operating foundation within the meaning of 4942(j)(3) for calendar year 1977 or fiscal year beginning in 1977 (see instructions for Part XII)?		
If "Yes," complete Part XII.		
10 Self-dealing (section 4941):		
(a) Have you engaged in any of the following acts during the year either directly or indirectly, with one or more disqualified persons (see instruction B, Part V, for definition)—		
(1) Sale, exchange, or leasing of property		
(2) Borrowing or lending of money or other extension of credit		
(3) Furnishing of goods, services, or facilities		
(4) Payment of compensation (or payment or reimbursement of expenses)		
(5) Transfer to, or use by or for the benefit of, a disqualified person of any part of your income or assets		
(6) Agreement to make any payment of money, or other property, to a government official (as defined in section 4946(c)) other than an agreement to make a grant to or employ such individual for any period after the termination of his or her government service if such individual is terminating his or her government service within a 90 day period?		
(b) If any of questions (a)(1) through (a)(6) is answered "Yes," were all of such acts in which you engaged excepted acts described in section C, Part V of the instructions?		
(c) Have you, in a prior year, engaged in any of the acts described in (a) above that were acts that resulted in acts of self-dealing in years beginning after December 31, 1969, because they were not excepted acts described in Section C, Part V, of the instructions, and that were not corrected before the first day of your taxable year beginning in 1977?		
11 Taxes on failure to distribute income (section 4942) (not applicable for years you were an operating foundation as defined in 4942(j)(3)):		
(a) Did you at the end of taxable year 1977 have any undistributed income (Lines 6(b) and (c), Part XI) for taxable year(s) beginning before 1977?		
If "Yes," insert years ▶		
(b) If "Yes," to (a) above, are you applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) with respect to the undistributed income for ALL such years?		
(c) If the provisions of section 4942(a)(2) are being applied to ANY of the years listed in (a) above, list such years here and see General Instruction A for Part V ▶		
12 Taxes on excess business holdings (section 4943):		
(a) Did you hold more than two percent direct or indirect interest in any business enterprise (see instruction B, Part V "Definitions") at any time during the year?		
(b) If "Yes," have you purchased or have disqualified persons purchased stock in a business enterprise since May 26, 1969, which resulted in excess business holdings (direct or indirect) in 1977 which are subject to tax under section 4943?		

Part V Statement With Respect to Certain Activities (Continued)

13 Taxes on investments which jeopardize charitable purpose (section 4944):

- (a) Did you invest during the year any amount in such a manner as to jeopardize the carrying out of any of your exempt purposes?
- (b) Did you invest, in a prior year (but after December 31, 1969), any amount in such a manner as to jeopardize the carrying out of any of your exempt purposes and such investments were not removed from jeopardy before the first day of your taxable year beginning in 1977?

14 Taxes on taxable expenditures (section 4945):

- (a) During the year did you pay, or incur a liability to pay for any of the following—
- (1) To carry on propaganda, or otherwise attempt to influence legislation by attempting to affect the opinion of the general public or any segment thereof or by communicating with any member or employee of a legislative body, or by communicating with any other government official or employee who may participate in the formulation of legislation
 - (2) To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive
 - (3) As a grant to an individual for travel, study, or other similar purposes by such individual
 - (4) As a grant to an organization, other than a charitable, etc., organization described in paragraph (1), (2) or (3) of section 509(a) of the Code
 - (5) For any purpose other than religious, charitable, scientific, literary or educational purposes or for the prevention of cruelty to children or animals?
- (b) If any of questions (a)(1) through (a)(5) is answered "Yes," were all of such transactions excepted transactions described in section F, Part V of the instructions?
- (c) With respect to part (a)(4) of this question, if you answered "Yes," did you apply the exception in item 13 of section F, Part V of the instructions? If "Yes," attach the statement required for such exception

Part VI Statement With Respect to Contributors, Compensation, etc.

1. Persons who Became Substantial Contributors in 1977 (if more space is needed, attach schedule)

Name	Address

2. Officers, Directors, Trustees, Foundation Managers and Their Compensation, if any, for 1977.

[illegible]**Total**

3. Compensation of Five Highest Paid Employees for 1977 (Other than included in 2 above—see instructions)

[illegible]

Total number of other employees paid over \$30,000 ►

Statement With Respect to Contributors, Compensation, etc. (continued)**4. Five Highest Paid Persons for Professional Services for 1977 (See Instructions)**

Name and address of persons paid more than \$30,000	Type of service	Compensation

Total number of others receiving over \$30,000 for professional services ▶

Part VII Capital Gains and Losses for Tax on Investment Income

a. Kind of property. Indicate security, real estate or other (specify)	b. Description (Examples: 100 sh. of "Z" Co., 2 story brick, etc.)	c. How acquired P—Purchase D—Donation	d. Date acquired (mo., day, yr.)	e. Date sold (mo., day, yr.)
1				

f. Gross sales price	g. Depreciation allowed (or allowable)	h. Cost or other basis and expense of sale	i. Gain or (loss) (f plus g less h)

Complete only for assets showing gain in column i and owned by the foundation on 12/31/69

j. F.M.V. as of 12/31/69	k. Adjusted basis as of 12/31/69	l. Excess of col. j over col. k, if any	m. Enter losses from col. i, and gains (excess of col. i gain over col. l, but not less than zero)

2 Capital gain net income/(Net capital loss). {If gain, also enter on line 8, Part I}. Sched. 1
{If (loss) enter -0- on line 8, Part I}

1,782,059

3 Net short-term capital gain (loss) as defined in section 1222(5) and (6)

Minimum Investment Return for 1977
 (Operating Foundations—See instructions)

1	Fair market value of assets not used (or held for use) directly in carrying out exempt purposes:	
(a)	Monthly average of securities at fair market value	
(b)	Monthly average of cash balances	
(c)	Fair market value of all other assets (see instructions)	
(d)	Total (add lines (a), (b), and (c))	
2	Acquisition indebtedness applicable to line 1 assets	
3	Line 1(d) less line 2	
4	Cash deemed held for charitable activities—enter 1½% of line 3 (for greater amount, see instructions)	
5	Line 3 less line 4	
6	All organizations, enter 5% of line 5 As filed	618,147

Computation of Distributable Amount for 1977
 (See instructions—not applicable to operating foundations)

1	Adjusted net income from line 25(c), Part I	243,483
2	Minimum investment return from line 6, Part VIII	618,147
3	Enter the higher of line 1 or line 2	618,147
4	Enter sum of: (a) Tax on investment income for 1977 from Part II 80,454	
	(b) Income tax on unrelated business income for 1977 (Form 990-T)	80,454
5	Distributable amount (line 3 less line 4)	537,693
6	Adjustments to distributable amount (see instructions)	
7	Distributable amount as adjusted (line 5 plus or minus line 6)—also enter on line 1, Part XI	537,693

Qualifying Distributions in 1977
 (See instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:	
(a)	Expenses, contributions, gifts, etc.—total from line 24, column (D), Part I	
(b)	Program related investments (see instructions)	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	
3	Amounts set aside for specific projects which are for charitable, etc., purposes	
4	Total qualifying distributions made in 1977 (add lines 1, 2, and 3) As filed	2,816,722

Part XI Computation of Undistributed Income (See instructions)

	(a) Corpus	(b) Years Prior to 1976	(c) 1976	(d) 1977
1 Distributable amount for 1977 from Part IX				537,693
2 Undistributed income, if any, as of the end of 1976;				
(a) Enter amount for 1976				
(b) Total for prior years;				
3 Excess distributions carryover, if any, to 1977;				
(a) From 1972				
(b) From 1973 48,422				
(c) From 1974 366,203				
(d) From 1975 890,101				
(e) From 1976 1,419,484				
(f) Total of 3(a) through (e) As filed 2,724,210				
4 Qualifying distributions for 1977 (2,816,722)				
(a) Applied to 1976 (but not in excess of 2(a))			()	
(b) Applied to undistributed income of prior years (Election required)		()		
(c) Treated as distributions out of corpus (Election required)				
(d) Applied to 1977 distributable amount				(537,693)
(e) Remaining amount distributed out of corpus 2,279,029				
5 Excess distributions carryover applied to 1977 ()				()
(If an amount appears in 1977 column the same amount must be shown in the corpus column of line 5)				
6 Enter the net total of each column as indicated below:				
(a) Corpus. Lines 3(f), 4(c) and 4(e) less line 5 5,003,239				
(b) Prior years undistributed income. Line 2(b) less line 4(b). This amount is taxable—File Form 4720				
(c) Undistributed income for 1976. Line 2(a) less line 4(a). This amount is taxable—File Form 4720				
(d) Undistributed income for 1977. Line 1 less lines 4(d) and 5. Amount must be distributed in 1978.				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by Code Sections 170 (b)(1)(D) or 4942(g)(3) (see instructions) ()				
8 Excess distributions carryover from 1972 not ap- plied on line 5 (see instructions) ()				
9 Excess distributions carried forward. (Line 6(a) less lines 7 and 8) 5,003,239				
10 Analysis of line 9:				
(a) Excess from 1973 48,422				
(b) Excess from 1974 366,203				
(c) Excess from 1975 890,101				
(d) Excess from 1976 1,419,484				
(e) Excess from 1977 2,279,029				

Part XII Private Operating Foundations
 (See instructions and Question 9, Part V)

N/A

1 If the foundation has received a ruling or determination letter that it is an "operating" foundation, and such ruling is effective for 1977, enter the date of such ruling

	Taxable year	Prior Three Years			(e) Total
	(a) 1977	(b) 1976	(c) 1975	(d) 1974	
2 (a) Adjusted net income (from line 25(c), Part I for 1977. Enter corresponding amount for prior years)					
(b) 85% of line (a)					
(c) Qualifying distributions from line 4, Part X for 1977, (enter corresponding amount for prior years) .					
(d) Amounts included in (c) not directly for active conduct of exempt activities					
(e) Qualifying distributions directly for active conduct of exempt purposes (line (c) less line (d))					
3 Complete the alternative test in (a), (b) or (c) on which the organization relies.					
(a) "Assets" alternative test—enter:					
(i) Value of all assets					
(ii) Value of assets qualifying under section 4942(j)(3)(B)(i)					
(b) "Endowment" alternative test—enter $\frac{2}{3}$ of minimum investment return shown on line 6, Part VIII for 1977 (enter $\frac{2}{3}$ of comparable amount for prior years)					
(c) "Support" alternative test—enter:					
(i) Total support other than gross investment income (interest, dividends, rents or royalties)					
(ii) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(iii) Largest amount of support from an exempt organization (see instructions)					
(iv) Gross investment income					

NAME: THE KROC FOUNDATIONIDENTIFICATION NO. 36-6125258STATEMENT NO. 1YEAR ENDED 1977

PART VII - CAPITAL GAINS & LOSSES:	<u>Gross Sales Price</u>	<u>Cost or Other Basis</u>	<u>Gain (Loss)</u>
As filed on original return	4,987,485	5,822,434	(834,949)
Adjust cost of 50,000 McDonalds stock to -0- basis	No change	(2,625,000)	2,625,000
Adjust cost of 1700 SH General Electric to FMV at 12/31/69: originally reported	(89,847)	(24,436)	(65,411)
as adjusted	<u>89,847</u>	<u>32,428</u>	<u>57,419</u>
TOTAL GAIN - TO PAGE 5, PART VII, LINE 2	<u>4,987,485</u>	<u>3,205,426</u>	<u>1,782,059</u>