

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

Under Section 501(c)(3) of the Internal Revenue Code

1978

For the calendar year 1978, or taxable year beginning

, 1978 and ending

, 19

Please type, print or attach label. See instruction G	Name of organization The Kroec Foundation	Employer identification number (see instruction G) 36 6125258
	Address (number and street) 4425 Cass Street, Suite A	If the foundation is in a 60-month termination under section 507(b)(1)(B) check here <input type="checkbox"/>
	City or town, State and ZIP code San Diego, CA 92109	Fair market value of assets at end of year (see instruction H) 10,803,362.00
	If address changed, check here <input type="checkbox"/> Foreign organizations, check here <input type="checkbox"/>	If exemption application is pending, check here <input type="checkbox"/>

The books are in care of **Ford, Hickman, Gibbs & Massinger, Acct's Inc**
Located at **600 B St. Ste. 1200, San Diego** Telephone No. **(714) 231-0331**

Part I Analysis of Receipts and Expenditures (See instructions for Part I)		(A) Receipts and expenditures per books	(B) Computation of Not Investment Income	(C) Computation of Adjusted Not Income	(D) Disbursements for Exempt Purpose
Receipts	1 Gross contributions, gifts, grants, etc. (see instructions)	28,000			
	2 Contributions from split-interest trusts (see instructions)				
	3 Gross dues and assessments				
	4 Interest	52,156	52,156	52,156	
	5 Dividends	229,967	229,967	229,967	
	6 Gross rents and royalties	4,139	4,139	4,139	
	7 Net gain or (loss) from sale of assets not in line 2	(147,590)			
	8 Capital gain net income (see instructions)		1,689,910		
	9 Net short-term capital gain (see instructions)				
	10 Income modifications (see instructions)				
	11 Gross profit from any business activities: (Gross receipts \$..... minus cost of sales \$..... see instructions)				
	12 Other income (attach schedule) Schedule 2	88,048	88,048	88,048	
	13 Total—add lines 1 through 12	254,720	2,064,220	374,310	
Expenditures	14 Compensation of officers, etc. (see instructions)	51,517	10,303	10,303	41,214
	15 Other salaries and wages	223,905	44,781	44,781	179,124
	16 (a) Pension plan contributions (enter number of plans)				
	(b) Other employee benefits	7,767	1,553	1,553	6,214
	17 Investment, legal and other professional services	29,742	22,307	22,307	7,435
	18 Interest	1,966			1,966
	19 Taxes (see instructions) Schedule 2	121,958	2,212	2,212	119,746
	20 Depreciation, amortization, and depletion (see instructions)	8,197	-	8,197	
	21 Rent				
	22 Other expenses (attach schedule) Schedule 2	830,845	7,887	7,887	822,958
	23 Contributions, gifts, grants (see instructions)	4,130,678			4,130,678
	24 Total—add lines 14 through 23	5,406,575	89,043	97,240	5,309,335
25 Line 13 minus line 24: (a) Excess of receipts over expenditures	(5,151,855)				
(b) Net investment income (if negative enter -0-)		1,975,177			
(c) Adjusted net income (see instructions) (if negative enter -0-)			277,070		

Part II Excise Tax On Investment Income	
1 Domestic organizations enter 2% of line 25(b); foreign organizations enter 4% of line 25(b)	39,504
2 Credits: (a) Foreign organizations—tax withheld at source	
(b) Tax paid with application for extension of time to file (Form 2758)	
3 Tax Due—line 1 minus 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)	39,504
4 Overpayment—line 2 minus line 1	

Foreign organization—Enter book value \$	and fair market value \$	of investment assets held in U.S.
Under penalty 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.		
Signature of officer or trustee <i>Robert F. Kroec</i>	Date 5/11/79	Preparer's signature <i>Robert F. Kroec</i>
Title President		Preparer's name and address FORD, HICKMAN, GIBBS & MASSINGER Suite 1200, 600 B Street San Diego, Calif. 92101

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			157,204	
(b) Other	116,930	116,930	80,218	237,422
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 corporate bonds, etc. (attach schedule)		13,340,449		9,325,520
7 Investments in corporate stocks (attach schedule)				
8 Mortgage loans (number of loans)		2,200,000		
9 Other investments (attach schedule)				
10 Depreciable (depletable) assets (attach schedule):				
(a) Held for investment purposes				
(b) Minus accumulated depreciation				
(c) Held for charitable purposes	70,473		84,062	
(d) Minus accumulated depreciation	18,389	52,084	26,586	57,476
11 Land:				
(a) Held for investment purposes				
(b) Held for charitable purposes				
12 Other assets (attach schedule)		36,904		990,382
13 Total assets		15,746,367		10,610,800
Liabilities				
14 Accounts payable		25,820		12,363
15 Contributions, gifts, grants, etc., payable				
16 Mortgages and notes payable (attach schedule)				
17 Other liabilities (attach schedule)		9,819		39,564
18 Total liabilities		35,639		51,927
Net Worth (Fund Balances)				
19 Principal Fund		23,596,435		23,476,845
20 Income Fund		(7,885,707)		(12,917,972)
21 Total Net Worth (Fund Balances)		15,710,728		10,558,873
22 Total liabilities and Net Worth (line 18 plus line 21)		15,746,367		10,610,800

Part IV Analysis of Changes in Net Worth

1 Total net worth at beginning of year—line 21, Column B, Part III	15,710,728
2 Enter amount from line 25(a), Part I	(5,151,855)
3 Other increases not included in line 2 (itemize):	
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4 Total of lines 1, 2, and 3	10,558,873
5 Decreases not included in line 2 (itemize):	
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.	
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6 Total net worth at end of year (line 4 minus line 5)—line 21, Column D, Part III	10,558,873

Part V Statements with Respect to Certain Activities

File Form 4720 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		X
(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?		X
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?		X
If "Yes," attach a copy of the changes.		
4 (a) Did you have unrelated business gross income of \$1,000 or more during the year?		X
(b) If so, have you filed a tax return on Form 990-T for this year?		N/A
5 Was there a liquidation, termination, dissolution or substantial contraction during the year?		X
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?	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?	X	
(See general instruction L)		
If "Yes," have such requirements been satisfied by:		
(a) Language in the governing instrument (original or as amended), or	X	
(b) Enactment of State legislation that effectively amends the governing instrument with no mandatory directions in the governing instrument that conflict with the State law?		
8 (a) Enter the names of the States required to be listed by general instruction M		
California and Illinois		
(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 1978 or fiscal year beginning in 1978 (see instructions for Part XII)?		X
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		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 such acts in which you engaged excepted acts described in section C, Part V of the instructions?		N/A
(c) Have you, in a prior year, engaged in any of the acts described in (a) above that were 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 such act or acts were not corrected before the first day of your taxable year beginning in 1978?		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 1978 have any undistributed income (Lines 6(b) and (c), Part XI) for taxable year(s) beginning before 1978?		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?		N/A
(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		N/A
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 1978 which are subject to tax under section 4943?		N/A

Part V 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 1978?		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)		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 such transactions excepted transactions described in section F, Part V of the instructions?		N/A
(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		N/A

Part VI Statement With Respect to Contributors, Compensation, etc.**1. Person Who Became Substantial Contributors in 1978 (if more space is needed, attach schedule)**

Name	Address
Ray A. Kroc	4425 Cass St., Suite A, San Diego, CA 92109

2. Officers, Directors, Trustees, Foundation Managers and Their Compensation, if any, for 1978.

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, CA 93460	Pres. & Director-Full	10,103	124	41,414
Ray A. Kroc 4425 Cass St., Ste. A, San Diego, CA 92109	Chmn. & Dir. Nominal	None	None	None
Fred L. Turner, c/o McDonalds Corp. McDonald's Plaza, Oak Brook, Ill. 60521	Secretary, Nominal	None	None	None
Ballard E. Smith, Jr. P.O. Box 2000, San Diego, CA 92120	Treasurer, Nominal	None	None	None
Total				

3. Compensation of Five Highest Paid Employees for 1978 (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
Peter Amacher, 128 San Marcos Trout Club, Santa Barbara, CA 93105	Conf. Prgm. Dir., Full	7,454	None	30,333
John Keller 4440 Caminito Ocio, San Diego, CA 92108	Administrator Full	5,400	None	44,400

Total number of other employees paid over \$30,000 ▶ None

Part VIII Minimum Investment Return for 1978
(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	11,417,237
(b) Monthly average of cash balances	1,615,524
(c) Fair market value of all other assets (see instructions)	78,263
(d) Total (add lines (a), (b), and (c))	13,111,024
2 Acquisition indebtedness applicable to line 1 assets	-
3 Line 1(d) minus line 2	13,111,024
4 Cash deemed held for charitable activities—enter 1½% of line 3 (for greater amount, see instructions)	196,665
5 Line 3 minus line 4	12,914,359
6 Enter 5% of line 5	645,718

Part IX Computation of Distributable Amount for 1978
(See instructions—not applicable to operating foundations)

1 Adjusted net income from line 25(c), Part I		277,070
2 Minimum investment return from line 6, Part VIII		645,718
3 Enter the higher of line 1 or line 2		645,718
4 Enter sum of: (a) Tax on investment income for 1978 from Part II	39,504	
(b) Income tax on unrelated business income for 1978 (Form 990-T)	-	39,504
5 Distributable amount (line 3 minus line 4)		606,214
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		606,214

Part X Qualifying Distributions in 1978
(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	5,309,335
(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 1978 (add lines 1, 2, and 3)	5,309,335

Part XI Computation of Undistributed Income (See instructions)

	(a) Corpus	(b) Years prior to 1977	(c) 1977	(d) 1978
1 Distributable amount for 1978 from Part IX				606,214
2 Undistributed income, if any, as of the end of 1977,				
(a) Enter amount for 1977			-	
(b) Total for prior years;		-		
3 Excess distributions carryover, if any, to 1978:				
(a) From 1973	48,422			
(b) From 1974	366,203			
(c) From 1975	890,101			
(d) From 1976	1,419,484			
(e) From 1977	2,207,523			
(f) Total of 3(a) through (e)	4,931,733			
4 Qualifying distributions for 1978 (5,309,335)				
(a) Applied to 1977 (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 1978 distributable amount				(606,214)
(e) Remaining amount distributed out of corpus	4,703,121			
5 Excess distributions carryover applied to 1978	(-)			(-)
(If an amount appears in column (d) the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
(a) Corpus. Lines 3(f), 4(c) and 4(e) minus line 5.	9,634,854			
(b) Prior years undistributed income. Line 2(b) minus line 4(b). This amount is taxable—File Form 4720		-		
(c) Undistributed income for 1977. Line 2(a) minus line 4(a). This amount is taxable—File Form 4720			-	
(d) Undistributed income for 1978. Line 1 minus lines 4(d) and 5. Amount must be distributed in 1979				-
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by Sections 170(b) (1)(D) or 4942(g)(3) (see instructions)	(-)			
8 Excess distributions carryover from 1973 not ap- plied on line 5 (see instructions)	(48,422)			
9 Excess distributions carried forward. (Line 6(a) minus lines 7 and 8)	9,586,432			
10 Analysis of line 9;				
(a) Excess from 1974	366,203			
(b) Excess from 1975	890,101			
(c) Excess from 1976	1,419,484			
(d) Excess from 1977	2,207,523			
(e) Excess from 1978	4,703,121			

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 1978, enter the date of such ruling

	Taxable year	Prior Three Years			(e) Total
	(a) 1978	(b) 1977	(c) 1976	(d) 1975	
2 (a) Adjusted net income (from line 25(c), Part I for 1978. Enter corresponding amount for prior years)					
(b) 85% of line (a)					
(c) Qualifying distributions from line 4, Part X for 1978 (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) minus 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 1978 (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, payments with respect to securities loans (section 512(a)(5)), 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
Schedule 1 (Page 1 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

All grants are for medical/scientific research and recipients are not related to the Foundation in any way.

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
G.D. Aurbach, M.D.	Foundation for Advancement of Education in the Sciences - Bethesda, MD.	\$ 6,512
Jack R. Battisto, Ph.D.	The Cleveland Clinic Foundation - Ohio	\$ 27,667
Rodney Bluestone, M.B., M.R.C.P.	University of California, Los Angeles	\$ 35,200
Roger M. Boyar, M.D.	University of Texas Health Science Center - Dallas	\$ 30,000
Edith M. Carlisle, Ph.D.	University of California, Los Angeles	\$ 9,834
Herbert Diamond, M.D.	State University of New York - Albany	\$ 32,945
Steven D. Douglas, M.D.	University of Minnesota - St. Paul	\$ 37,708
George J. Friou, M.D.	University of Southern California - Los Angeles	\$ 26,722
M. Eric Gershwin, M.D.	University of California, Davis	\$ 15,419
Henry P. Godfrey, M.D.	State University of New York at Stony Brook - Albany	\$ 42,649
Robert A. Greenwald, M.D.	Long Island Jewish-Hillside Medical Center - New Hyde Park, New York	\$ 26,569
Edward D. Harris, Jr., M.D.	Dartmouth Medical School - Hanover, New Hampshire	\$ 18,352
David W. Hollister, M.D.	Harbor General Hospital - Torrance, CA	\$ 34,748
David S. Howell, M.D.	University of Miami - Florida	\$ 29,768
David T. Kingsbury, Ph.D.	University of California, Irvine	\$ 17,871
George Lust, Ph.D.	Cornell University - Ithaca, New York	\$ 18,742
Stephen E. Malawista, M.D.	Yale University - New Haven, Connecticut	\$ 46,440
Neil S. Mandel, Ph.D.	Medical College of Wisconsin - Milwaukee	\$ 28,680
Donald M. Marcus, M.D.	Albert Einstein College of Medicine - Bronx, N.Y.	\$ 18,330

The Kroc Foundation
Schedule 1 (Page 2 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Daniel J. McCarty, M.D.	Medical College of Wisconsin - Milwaukee	\$ 50,435
Hugh O. McDevitt, M.D.	Stanford University - Stanford, CA	\$ 72,872
Ralph A. Meyer, Jr., Ph.D.	Marquette University - Milwaukee, Wisconsin	\$ 27,929
John J. Miller, III, M.D., Ph.D.	Children's Hospital at Stanford, Palo Alto, CA	\$ 22,206
Robert I. Mishell, M.D.	University of California, Berkeley	\$ 29,970
Marcel E. Nimni, Ph.D.	University of Southern California - Los Angeles	\$ 9,900
Donald Nelson, M.D.	University of Utah - Salt Lake City	\$ 79,597
Francisco P. Quismorio, M.D.	University of Southern California - Los Angeles	\$ 26,723
Howard Rasmussen, M.D., Ph.D.	Yale University - New Haven, Connecticut	\$ 51,776
Christian Schwabe, Ph.D.	Medical University of South Carolina - Charleston	\$ 25,410
Edith R. Schwartz, Ph.D.	Bufts University School of Medicine - Boston	\$ 43,519
J. Edwin Seegmiller, M.D.	University of California, San Diego	\$ 46,778
Thomas H. Steele, M.D.	University of Wisconsin - Madison	\$ 48,256
Norman Talal, M.D.	University of California, San Francisco	\$ 50,798
Eng M. Tan, M.D.	University of Colorado Medical Center - Denver	\$ 52,186
Marvin L. Tanzer, M.D.	University of Connecticut Health Center - Farmington	\$ 4,427
John H. Vaughan, M.D.	Scripps Clinic and Research Foundation - La Jolla, CA	\$ 10,000
John R. Ward, M.D.	University of Utah - Salt Lake City	\$ 43,360
Stafford L. Warren, M.D.	University of California, Los Angeles	\$ 77,600
Ralph C. Williams, Jr., M.D.	University of New Mexico - Albuquerque	\$ 25,600
Nathan J. Zvaifler, M.D.	University of California, San Diego	\$ 35,331
A. M. Albisser, Ph.D.	Hospital for Sick Children - Toronto, Ontario, Canada	\$ 10,000

The Kroc Foundation
Schedule 1 (Page 3 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Edward R. Arquilla, M.D., Ph.D.	University of California, Irvine	\$ 43,816
Josiah Brown, M.D.	University of California, Los Angeles	\$ 10,117
Harris Busch, M.D., Ph.D.	Baylor College of Medicine - Houston, Texas	\$ 26,730
William L. Chick, M.D.	Joslin Diabetes Foundation, Inc. - Boston	\$ 43,688
Jose Cunha-Vaz, M.R.	University of Illinois at the Medical Center -	
Morton F. Goldberg, M.D.	Chicago	\$ 12,606
Mayer B. Davidson, M.D. (2 grants)	University of California, Los Angeles	\$ 15,879
G. Guy Dodson, Ph.D.	University of York - Heslington, York, England	\$ 6,600
William L. Duax, Ph.D.	Medical Foundation of Buffalo - Buffalo, N.Y.	\$ 19,800
R. Philip Eaton, M.D.	University of New Mexico - Albuquerque	\$ 25,925
R. Philip Eaton, M.D.	University of New Mexico - Albuquerque	
William J. Spencer, Ph.D.	(Sandia Laboratories)	\$ 75,700
Isidore Edelman, M.D.	Columbia University of Physicians and	
	Surgeons - New York, N.Y.	\$ 24,398
John W. Ensinnck, M.D.	University of Washington, Seattle	\$ 31,984
William W. Faloon, M.D.	Highland Hospital of Rochester - New York	\$ 33,275
W. Page Faulk, M.D.	Medical University of South Carolina - Charleston	\$ 27,116
John H. Fessler, Ph.D.	University of California, Los Angeles	\$ 21,570
Lawrence J. Fischer, Ph.D.	University of Iowa - Iowa City	\$ 10,000
Norbert Freinkel, M.D.	Northwestern University - Chicago	\$ 51,792
William F. Ganong, M.D.	University of California, San Francisco	\$ 55,908
John E. Gerich, M.D.	Mayo Clinic and Mayo Medical School -	
	Rochester, Minnesota	\$ 17,740
Harvey C. Gonick, M.D.	University of California, Los Angeles	\$ 32,742

The Kroc Foundation
Schedule 1 (Page 4 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Gerold M. Grodsky, Ph.D.	University of California, San Francisco	\$ 26,618
Charles F. Howard, Ph.D.	Medical Research Foundation of Oregon - Portland	\$ 34,430
Solomon A. Kaplan, M.D.		
Cynthia T. Barrett, M.D.	University of California, Los Angeles	\$ 37,967
Jack L. Kostyo, Ph.D.	Emory University - Atlanta, Georgia	\$ 77,750
Krahl, Ardis Lostroh-, Ph.D.		
Krahl, Maurice E., Ph.D.	Medical College of Virginia - Richmond	\$ 50,600
Paul E. Lacy, M.D.	Washington University - St. Louis, Missouri	\$ 73,891
Seymour R. Levin, M.D.	University of California, Los Angeles	\$ 5,000
Arthur A. Like, M.D.	University of Massachusetts - Amherst	\$ 19,188
Donald E. McMillan, M.D.	Sansum Medical Research Foundation - Santa Barbara, CA	\$ 31,240
Robert P. Metzger, Ph.D.	San Diego State University - California	\$ 25,740
Patrick W. Mobley, Ph.D.	City of Hope National Medical Center - Duarte, CA	\$ 6,600
Caroline S. Pace, Ph.D.	University of Alabama - Birmingham	\$ 39,977
E. L. Pautler, Ph.D.	Colorado State University - Fort Collins	\$ 16,823
Robert W. Phillips, D.V.M., Ph.D	Colorado State University - Fort Collins	\$ 73,346
Jackson B. Pickett, M.D.	University of California, San Francisco	\$ 2,750
Matthew M. Rechler, M.D.	Foundation for Advancement of Education in the Sciences - Bethesda, Maryland	\$ 9,135
Alvin H. Sacks, Ph.D.	Institute for Medical Research - San Jose, CA	\$ 9,953
Grady F. Saunders, Ph.D.	University of Texas Cancer Center - Houston	\$ 27,236
David W. Scharp, M.D.		
Walter F. Ballinger, M.D.	Washington University - St. Louis, Missouri	\$115,460

The Kroc Foundation
Schedule 1 (Page 5 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
N. Raphael Shulman, M.D.	Foundation for Advancement of Education in	
Edwarda M. Buda, M.D.	the Sciences - Bethesda, Maryland	\$ 2,961
Lewis M. Slater, M.D.	University of California, Irvine	\$ 35,488
Shimon Slavin, M.D.	Hebrew University - Jerusalem, Israel	\$ 11,824
Donald F. Steiner, M.D.	University of Chicago - Illinois	\$ 28,677
David W. Talmage, M.D.	University of Colorado Medical Center - Denver	\$ 29,446
Willard P. VanderLaan, M.D.		
U. J. Lewis, Ph.D.	Scripps Clinic and Research Foundation - La Jolla, CA	\$ 54,425
Harold Wayland, Ph.D.	California Institute of Technology - Pasadena	\$ 37,826
Robert H. Williams, M.D.	University of Washington - Seattle	\$ 19,800
Joseph R. Williamson, M.D.	Washington University - St. Louis, Missouri	\$ 25,826
Richard J. Wurtman, M.D.	Massachusetts Institute of Technology - Cambridge	\$ 25,661
Milton Alter, M.D., Ph.D.	Temple University - Philadelphia	\$ 12,375
Max J. Appel, D.V.M., Ph.D.	Cornell University - Ithaca, N.Y.	\$ 9,552
Barry G. W. Arnason, M.D.	University of Chicago - Illinois	\$ 6,256
Jack S. Burks, M.D.	University of Colorado Medical Center - Denver	\$ 79,290
David L. Camenga, M.D.	University of Maryland - Baltimore	\$ 14,508
Purnell W. Choppin, M.D.	The Rockefeller University - New York	\$ 43,397
Melvin Cohn, Ph.D.	The Salk Institute for Biological Studies - San Diego, CA	\$ 33,000
Linda C. Cork, D.V.M., Ph.D.	Johns Hopkins University - Baltimore, Maryland	\$ 37,560
Peter C. Dau, M.D.	Children's Hospital of San Francisco - California	\$ 18,315
Floyd A. Davis, M.D.	Rush-Presbyterian-St. Luke's Medical Center - Chicago, Illinois	\$ 28,875

The Kroc Foundation
Schedule 1 (Page 6 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Leslie J. Dorfman, M.D.	Stanford University - Stanford, CA	\$ 21,914
George W. Ellison, M.D.	University of California, Los Angeles	\$ 42,234
Johr L. Fahey, M.D.		
Ruth Arnon, Ph.D.	University of California, Los Angeles	\$ 20,416
Roger A. Gorski, Ph.D.	University of California, Los Angeles	\$ 5,500
Kenneth P. Johnson, M.D.		
Erling Norrby, M.D.	University of California, San Francisco	\$ 4,000
Kenneth P. Johnson, M.D.	University of California, San Francisco	\$ 11,910
Fred S. Kantor, M.D.	Yale University - New Haven, Connecticut	\$ 9,900
Vanda A. Lennon, M.D., Ph.D.	Mayo Clinic and Mayo Medical School - Rochester, Minnesota	\$ 49,940
Seymour Levine, M.D.	New York Medical College - Valhalla, New York	\$ 73,050
Jesnua Levy, M.D.	University of California, Los Angeles	\$ 43,707
Howard L. Lipton, M.D.	Northwestern University - Chicago, Illinois	\$ 9,627
F. Arthur McMorris, Ph.D.	The Wistar Institute - Philadelphia	\$ 13,375
William J. Meinke, Ph.D.	University of Arizona - Tucson	\$ 23,760
Lawrence W. Myers, M.D.	University of California, Los Angeles	\$ 45,455
Ronald A. Pieringer, Ph.D.	Temple University - Philadelphia	\$ 13,296
David C. Poskanzer, M.D.	Massachusetts General Hospital - Boston	\$ 10,000
John W. Prineas, M.D.	College of Medicine and Dentistry of New Jersey - Newark	\$ 34,558
Maurice M. Rapport, Ph.D.	Research Foundation for Mental Hygiene - New York	\$ 32,414
John L. Sever, M.D., Ph.D.	Foundation for Advancement of Education in the Sciences - Bethesda, Maryland	\$ 28,533

The Kroc Foundation
Schedule 1 (Page 7 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
William T. Shearer, M.D., Ph.D.		
Harish C. Agrawal, Ph.D.		
John L. Trotter, M.D.	Washington University	\$ 33,761
Donald H. Silberberg, M.D.	University of Pennsylvania	\$ 28,507
Jack G. Stevens, D.V.M., Ph.D.	University of California, Los Angeles	\$ 12,798
Roy L. Swank, M.D., Ph.D.		
Michael Daley, Ph.D.	University of Oregon	\$ 9,337
Wallace W. Tourtellotte, M.D., Ph.D.	University of California, Los Angeles	\$ 38,214
Leslie P. Weiner, M.D.	University of Southern California	\$ 41,355
W. Bruce Wilson, M.D.	City and County of Denver, Department of Health and Hospitals	\$ 22,710
Robert K. Yu, Ph.D.	Yale University	\$ 39,355
Robert B. Zurier, M.D.	University of Connecticut	\$ 16,553
Dartmouth Medical School		
Hanover, New Hampshire		\$184,676
Villa View Hospital		
San Diego, California		\$ 25,294
March of Dimes		\$ 100
Second World Congress - Microcirculation		\$ 500
American Heart Association		\$ 100
Santa Ynez Historical Society		\$ 25
Center for Study of Democratic Institutions		\$ 100
C.H. Best Institute		\$ 100
Downstate Medical Center		\$ 500
Vancouver Epilepsy Society		\$ 500

The Kroc Foundation
Schedule 1 (Page 8 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>AMOUNT</u>
Solomon A. Berson Fund	\$ 5,000
Perspectives in Biology	\$ 350
Arthritis Foundation	\$ 95
American Thyroid Association	\$ 500
Worcester Foundation	\$ 500
American Diabetes Association So. California Affiliate	\$ 20
American Diabetes Association Research Fund	\$ 100
Western Association of Physicians	\$ 1,000
Miscellaneous	\$ 65
TOTAL	\$4,130,678

The Kroc Foundation
Schedule 2 (Form 990PF)

36-6125258
YE 12/31/78

	<u>Col. A.</u>	<u>Col. B & C</u>	<u>Col. D</u>
Other Income			
Film and book sales	79,465	79,465	
Grant refunds	7,935	7,935	
Miscellaneous	648	648	
	<u>88,048</u>	<u>88,048</u>	<u>-</u>
Taxes (Part 1, Line 19)			
Payroll taxes	11,061	2,212	8,849
Excise taxes	110,014		110,014
Property taxes	883		883
	<u>121,958</u>	<u>2,212</u>	<u>119,746</u>
Other Expenses (Part 1, Line 22)			
Auto expense	1,130		1,130
Dues and subscriptions	2,831		2,831
Conference expense	125,388		125,388
Office expense	10,539	2,108	8,431
Publication expense	71,948		71,948
Telephone and utilities	12,209	1,221	10,983
Travel and entertainment	22,788	4,558	18,230
Library expense	1,482		1,482
Maintenance and repair	12,894		12,894
Miscellaneous expense	3,772		3,772
Operation Cork expense	565,864		565,864
	<u>830,845</u>	<u>7,887</u>	<u>822,958</u>

Investments in Corporate Stocks (Part III, Line 7)

<u>Security</u>	<u>12/31/77</u>		<u>12/31/78</u>	
	<u># of Shares</u>	<u>Cost</u>	<u># of Shares</u>	<u>Cost</u>
Allied Chemical Corp.	4,000	161,044		
Anchor Hocking	5,000	154,425		
Becton Dickinson & Co.	7,000	264,366	6,000	221,116
Bristol Myers Co.	6,000	178,715	5,000	148,075
Burroughs Corp.	2,000	207,892	2,000	207,892
Citicorp.	6,000	129,503	6,000	129,503
Continental Oil	7,000	113,561	6,000	97,338
Corning Glass Works	3,650	233,985	3,050	233,985
Donaldson Co.	10,000	145,456	10,000	80,525
Dun & Bradstreet Co., Inc.	7,000	152,848	5,000	96,448
Eastman Kodak Co.	3,000	275,704	3,000	275,704
General Electric	3,500	61,252	3,500	61,252
Hewlett Packard Co.	2,000	68,727	2,000	68,727
IBM Corp.	1,500	389,155	1,200	300,701
J.C. Penny Co.	4,000	207,991		
K Mart	6,000	182,055		
Liberty Nat'l Life Insurance Co.	8,000	201,375	8,000	201,375
McDonald's Corp.	150,000	7,625,000	115,000	5,787,500
Mapco, Inc.	5,000	175,550		
Minnesota Mining & Mfg.	4,000	199,134	4,000	199,134
Motorola	5,000	244,900	4,000	194,535
Phillip Morris, Inc.	3,000	147,815	2,500	122,287
Tektronix	5,000	94,469	4,500	84,612
Times Mirror Co.	10,000	233,460	7,000	152,707
Western Bancorporation	6,000	156,701	7,500	126,100
Weyerhaeuser Corp.	5,000	159,083		
Stein Roe Cash Reserves	1,047,800	1,047,800	408,747	407,521
SRF Fund	2,109.882	128,483	2,109.882	128,483
		<u>13,340,449</u>		<u>9,325,520</u>

Balance

Balance

Other Investments (Part III, Line 9)

	<u>12/31/77</u>	
Ford Motor Credit Co. 6.3% due 1/3/78	800,000	
Wells Fargo Co. 7% due 9/5/78	200,000	
Northern Trust Co. 6.0% due 2/17/78	200,000	
Cleveland Trust Co. 6.7% due 4/3/78	1,000,000	
	<u>2,200,000</u>	

Other Assets (Part III, Line 13)

Accrued interest receivable	18,255	1,922
Accrued dividends receivable	18,649	18,865
Proceeds from sales of securities receivable	-	969,595
	<u>36,904</u>	<u>990,382</u>

<u>Other Liabilities (Part III, Line 17)</u>	<u>Balance</u> <u>12/31/77</u>	<u>Balance</u> <u>12/31/78</u>
Federal excise taxes	8,840	38,400
Accrued payroll taxes	<u>979</u>	<u>1,164</u>
	<u>9,819</u>	<u>39,564</u>

The Kroc Foundation
Part VII - Capital Gains and Losses for Tax on Investment Income
Schedule 4

36-6125258
YE 12/31/78

<u># Shares</u>	<u>Security</u>	<u>How Acquired</u>	<u>Date Acquired</u>	<u>Date Sold</u>	<u>Net Proceeds</u>	<u>Cost</u>	<u>Gain (Loss)</u>
25,000	McDonald's Corp.	D	11-8-76	5-12-78	1,246,696	-0-	1,246,696
1,000	Donaldson	P	1971	9-12-78	26,750	12,986	13,764
1,000	Western Bancorporation	P	71-74	9-12-78	42,968	30,601	12,367
5,000	Weyerhaeuser	P	1-8-75	9-12-78	153,044	159,083	(6,039)
2,000	Times Mirror	P	72-73	9-12-78	69,018	53,836	15,182
4,000	J.C. Penny	P	1975	9-12-78	154,354	207,991	(53,637)
4,000	Allied Chemical	P	9-28-73	9-13-78	155,115	161,044	(5,929)
2,200	Mapco	P	11-13-75	9-13-78	78,394	77,242	1,152
2,800	Mapco	P	11-13-75	9-22-78	97,577	98,308	(731)
1,000	Times Mirror	P	72-73	12-8-78	26,398	26,918	(520)
500	Phillip Morris	P	6-75	12-8-78	34,519	25,528	8,991
1,000	Dun & Bradstreet	P	74-75	12-8-78	36,333	28,201	8,132
2,000	Donaldson	P	1971	12-8-78	52,000	25,972	26,028
2,000	Donaldson	P	1971	12-13-78	52,500	25,972	26,528
1,000	Becton Dickinson	P	71-73	12-12-78	32,858	43,250	(10,392)
5,000	Anchor Hocking	P	10-11-76	12-22-78	124,815	154,425	(29,610)
1,000	Continental Oil	P	8-24-72	12-22-78	26,769	16,223	10,546
1,000	Dun & Bradstreet	P	74-75	12-22-78	34,374	28,200	6,174
300	IBM Corp	P	Various	12-22-78	37,894	88,454	(5060)
500	Tektronix	P	1971	12-22-78	23,669	9,857	13,812
1,000	Bristol Myers	P	9-75	12-22-78	34,749	30,640	4,109
6,000	K Mart	P	1975	12-22-78	138,025	182,055	(44,030)
1,000	Motorola	P	1975	12-22-78	39,229	50,365	(11,136)
10,000	McDonald's Corp	D	11-8-76	12-22-78	460,072	-0-	460,072
-	Stein Roe Cash Reserves	P	Various	1978	639,220	640,279	(1,059)
					<u>3,867,340</u>	<u>2,177,430</u>	<u>1,689,910</u>

Supplemental Depreciation

STATEMENT SD

Year 1978

Supplement to 990PF

Page 1 of 1

Name The Kroc Foundation

36-6125258

No.	DESCRIPTION OF PROPERTY	Date Acquired	PW, CR, ✓	Cost or Other Basis (Less Land)	ADJUSTMENTS TO BASIS		Depreciable Basis	Prior Depreciation	Remaining Cost	Method	Life in Years	Rate	Depreciation This Year
					Spec. 20% (10 or more life yrs.)	Salvage Only							
	Furniture and fixtures	Various		43,294			43,294	12,545	30,749	SL	Var.		3,193
	Furniture and fixtures	Various		19,392			19,392	835	18,557	SL	10		1,876
	Transportation equipment	8/31/75		6,890			6,890	4,306	2,584	SL	4		1,723
	Medical research equipment	1977		14,486			14,486	703	13,783	SL	Var.		1,405
TOTALS				84,062			84,062	18,389	65,673				8,197

***METHOD CODE**

1. STRAIGHT LINE

2. 200% DECLINING BALANCE

3. 150% DECLINING BALANCE

4. 125% DECLINING BALANCE

5. SUM OF THE YEARS-DIGITS

6. OTHER

➔ Add 20% additional depreciation on items purchased THIS year (Not to exceed \$2000 and \$4000 limitation)

TOTAL DEPRECIATION THIS YEAR 8,197

1978

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.

RECEIVED
FRESNO SERVICE CENTER

051579 NO.
230

INTERNAL REVENUE SERVICE
FRESNO, CA

**Department
of the
Treasury
Internal
Revenue
Service**

Annual report for calendar year 1978, or fiscal year beginning , 1978 and ending , 19

Name of organization The Kroc Foundation Employer identification number 36 6125258

Address of principal office
4425 Cass Street, Suite A, San Diego, CA 92109

If books and records are not at above address, specify where they are kept Ford, Hickman, Gibbs & Massinger, Accountants, Inc. Name of principal officer of foundation
600 B Street, Suite 1200, San Diego, CA 92101 Dr. Robert L. Kroc

Public Inspection (See Instruction C):

- (a) Enter date the notice of availability of annual report appeared in newspaper May
 (b) Enter name of newspaper
 (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 5227 Check 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	28,000
2 Gross income for the year	226,720
3 Total	254,720

Disbursements and Expenses

4 Disbursements for the year for the purposes for which exempt (including administrative expenses)	5,309,335
5 Expenses attributable to gross income (item 2 above) for the year	97,240

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, CA 93460
Ray A. Kroc - Chairman of the Board	4425 Cass Street, Suite A San Diego, CA 92109
Fred L. Turner - Secretary	c/o McDonald's Corp , McDonald's Plaza Oak Brook, Illinois 60521
Ballard F. Smith, Jr. - Treasurer	Box 2000 San Diego, CA 92120

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

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

FILMED
 S-30-77

Balance Sheet Per Books at the Beginning of the Year

Assets		Liabilities	
Cash	116,930	Accounts payable	25,820
Accounts and notes receivable	36,904	Contributions, gifts, grants, etc., payable	
Inventories		Bonds and notes payable	
Securities		Mortgages payable	
Government obligations		Other liabilities	9,819
Corporate bonds		Total liabilities	35,639
Corporate stocks & TCD's	15,540,449	Net Worth	
Mortgage loans		Principal fund	23,596,435
Real estate			
Less: Depreciation		Income fund	(7,885,707)
Other assets	70,473		
Less: Depreciation	18,389	Total net worth	15,710,728
Total assets	15,746,367	Total liabilities and net worth	15,746,367

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

Asset	Book value	Market value
Cash	237,422	237,422
Receivables	990,382	990,382
Fixed assets, net	57,476	57,476
Marketable securities - Schedule	9,325,520	9,518,082
Total	10,610,800	10,803,362

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Concise statement of purpose of grant or contribution	Amount
Paid during year			
Schedule 1 Attached	None		4,130,678
Total			4,130,678
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.

Signature of foundation manager *Robert H. Ford* Date *5/11/79*
 Title *President*
 Preparer's signature *Richard C. Massinger* *4/22*
 FORD, HICKMAN, GIBBS & MASSINGER
 Suite 1200, 600 B Street San Diego, Calif. 92101
 Preparer's address

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(f) 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 IRS. 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 IRS 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 (anyone 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 a 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). (See Rev. Rul. 77-162, 1977-1 C.B. 400 for details.) 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 foundation status and have not received a letter from IRS containing a determination as to such status—refer to Rev. Proc. 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.

In the Superior Court of the State of California In and for the County of Santa Barbara

In the Matter of THE KROC FOUNDATION

NOTICE OF AVAILABILITY OF

ANNUAL REPORT

PROOF OF PUBLICATION

(2015.5 C.C.P.)

STATE OF CALIFORNIA }
County of Santa Barbara } ss.

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Santa Barbara News-Press, a newspaper of general circulation, printed and published daily in the City of Santa Barbara, County of Santa Barbara, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Santa Barbara, State of California, under date of June 8, 1952, Case Number 47171; that the notice herein mentioned was set in type not smaller than nonpareil and was preceded by words printed in black face type not smaller than nonpareil, describing in general terms the purport and character of the notice intended to be given; that the notice, of which the annexed is a printed copy, has been published in each regular issue of said Santa Barbara News-Press on the following dates, to-wit:

May 4,

all in the year 1979.

I hereby certify (or declare) under penalty of perjury that the foregoing is true and correct.

Executed this 4th day of May, 1979, at Santa Barbara, California.

Ronda Maynes
Signature

PUBLIC NOTICE
The annual report of THE KROC FOUNDATION is available at the J & R DOUBLE ARCH RANCH, Happy Canyon Road, Santa Ynez, California 93460, for inspection during regular business hours by any citizen who requests it within 100 days of this notice.
ROBERT L. KROG
President
May 1 - 1979

The Kroc Foundation
Schedule 1 (Page 1 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

All grants are for medical/scientific research and recipients are not related to the Foundation in any way.

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
G.D. Aurbach, M.D.	Foundation for Advancement of Education in the Sciences - Bethesda, MD.	\$ 6,512
Jack R. Battisto, Ph.D.	The Cleveland Clinic Foundation - Ohio	\$ 27,667
Rodney Bluestone, M.B., M.R.C.P.	University of California, Los Angeles	\$ 35,200
Roger M. Boyar, M.D.	University of Texas Health Science Center - Dallas	\$ 30,000
Edith M. Carlisle, Ph.D.	University of California, Los Angeles	\$ 9,834
Herbert Diamond, M.D.	State University of New York - Albany	\$ 32,945
Steven D. Douglas, M.D.	University of Minnesota - St. Paul	\$ 37,708
George J. Friou, M.D.	University of Southern California - Los Angeles	\$ 26,722
M. Eric Gershwin, M.D.	University of California, Davis	\$ 15,419
Henry P. Godfrey, M.D.	State University of New York at Stony Brook - Albany	\$ 42,649
Robert A. Greenwald, M.D.	Long Island Jewish-Hillside Medical Center - New Hyde Park, New York	\$ 26,569
Edward D. Harris, Jr., M.D.	Dartmouth Medical School - Hanover, New Hampshire	\$ 18,352
David W. Hollister, M.D.	Harbor General Hospital - Torrance, CA	\$ 34,748
David S. Howell, M.D.	University of Miami - Florida	\$ 29,768
David T. Kingsbury, Ph.D.	University of California, Irvine	\$ 17,871
George Lust, Ph.D.	Cornell University - Ithaca, New York	\$ 18,742
Stephen E. Malawista, M.D.	Yale University - New Haven, Connecticut	\$ 46,440
Neil S. Mandel, Ph.D.	Medical College of Wisconsin - Milwaukee	\$ 28,680
Donald M. Marcus, M.D.	Albert Einstein College of Medicine - Bronx, N.Y.	\$ 18,330

The Kroc Foundation
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Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Daniel J. McCarty, M.D.	Medical College of Wisconsin - Milwaukee	\$ 50,435
Hugh O. McDevitt, M.D.	Stanford University - Stanford, CA	\$ 72,872
Ralph A. Meyer, Jr., Ph.D.	Marquette University - Milwaukee, Wisconsin	\$ 27,929
John J. Miller, III, M.D., Ph.D.	Children's Hospital at Stanford, Palo Alto, CA	\$ 22,206
Robert I. Mishell, M.D.	University of California, Berkeley	\$ 29,970
Marcel E. Nimni, Ph.D.	University of Southern California - Los Angeles	\$ 9,900
Donald Nelson, M.D.	University of Utah - Salt Lake City	\$ 79,597
Francisco P. Quismorio, M.D.	University of Southern California - Los Angeles	\$ 26,723
Howard Rasmussen, M.D., Ph.D.	Yale University - New Haven, Connecticut	\$ 51,776
Christian Schwabe, Ph.D.	Medical University of South Carolina - Charleston	\$ 25,410
Edith R. Schwartz, Ph.D.	Tufts University School of Medicine - Boston	\$ 43,519
J. Edwin Seegmiller, M.D.	University of California, San Diego	\$ 46,773
Thomas H. Steele, M.D.	University of Wisconsin - Madison	\$ 48,256
Norman Talal, M.D.	University of California, San Francisco	\$ 50,798
Eng M. Tan, M.D.	University of Colorado Medical Center - Denver	\$ 52,186
Marvin L. Tanzer, M.D.	University of Connecticut Health Center - Farmington	\$ 4,427
John H. Vaughan, M.D.	Scripps Clinic and Research Foundation - La Jolla, CA	\$ 10,000
John R. Ward, M.D.	University of Utah - Salt Lake City	\$ 43,360
Stafford L. Warren, M.D.	University of California, Los Angeles	\$ 77,600
Ralph C. Williams, Jr., M.D.	University of New Mexico - Albuquerque	\$ 25,600
Nathan J. Zvaifler, M.D.	University of California, San Diego	\$ 35,331
A. M. Albisser, Ph.D.	Hospital for Sick Children - Toronto, Ontario, Canada	\$ 10,000

The Kroc Foundation
Schedule 1 (Page 3 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Edward R. Arquilla, M.D., Ph.D.	University of California, Irvine	\$ 43,816
Josiah Brown, M.D.	University of California, Los Angeles	\$ 10,117
Harris Busch, M.D., Ph.D.	Baylor College of Medicine - Houston, Texas	\$ 26,730
William L. Chick, M.D.	Joslin Diabetes Foundation, Inc. - Boston	\$ 43,688
Jose Cunha-Vaz, M.R.	University of Illinois at the Medical Center -	
Morton F. Goldberg, M.D.	Chicago	\$ 12,606
Mayer B. Davidson, M.D. (2 grants)	University of California, Los Angeles	\$ 15,879
G. Guy Dodson, Ph.D.	University of York - Heslington, York, England	\$ 6,600
William L. Duax, Ph.D.	Medical Foundation of Buffalo - Buffalo, N.Y.	\$ 19,800
R. Philip Eaton, M.D.	University of New Mexico - Albuquerque	\$ 25,925
R. Philip Eaton, M.D.	University of New Mexico - Albuquerque	
William J. Spencer, Ph.D.	(Sandia Laboratories)	\$ 75,700
Isidore Edelman, M.D.	Columbia University of Physicians and Surgeons - New York, N.Y.	\$ 24,398
John W. Ensinnck, M.D.	University of Washington, Seattle	\$ 31,934
William W. Faloon, M.D.	Highland Hospital of Rochester - New York	\$ 33,275
W. Page Faulk, M.D.	Medical University of South Carolina - Charleston	\$ 27,116
John H. Fessler, Ph.D.	University of California, Los Angeles	\$ 21,570
Lawrence J. Fischer, Ph.D.	University of Iowa - Iowa City	\$ 10,000
Norbert Freinkel, M.D.	Northwestern University - Chicago	\$ 51,792
William F. Ganong, M.D.	University of California, San Francisco	\$ 55,908
John E. Gerich, M.D.	Mayo Clinic and Mayo Medical School - Rochester, Minnesota	\$ 17,740
Harvey C. Gonick, M.D.	University of California, Los Angeles	\$ 32,742

The Kroc Foundation
Schedule 1 (Page 4 of 8)
Schedule of Contributions, Gifts and Grants

36-6125238
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Gerold M. Grodsky, Ph.D.	University of California, San Francisco	\$ 26,618
Charles F. Howard, Ph.D.	Medical Research Foundation of Oregon - Portland	\$ 34,430
Solomon A. Kaplan, M.D.		
Cynthia T. Barrett, M.D.	University of California, Los Angeles	\$ 37,967
Jack L. Kostyo, Ph.D.	Emory University - Atlanta, Georgia	\$ 77,750
Krahl, Ardis Lestroh-, Ph.D.		
Krahl, Maurice E., Ph.D.	Medical College of Virginia - Richmond	\$ 50,600
Paul E. Lacy, M.D.	Washington University - St. Louis, Missouri	\$ 73,891
Seymour R. Levin, M.D.	University of California, Los Angeles	\$ 5,000
Arthur A. Like, M.D.	University of Massachusetts - Amherst	\$ 19,188
Donald E. McMillan, M.D.	Sansum Medical Research Foundation - Santa Barbara, CA	\$ 31,240
Robert P. Metager, Ph.D.	San Diego State University - California	\$ 25,740
Patrick W. Mobley, Ph.D.	City of Hope National Medical Center - Duarte, CA	\$ 6,600
Caroline S. Pace, Ph.D.	University of Alabama - Birmingham	\$ 39,970
E. L. Pautler, Ph.D.	Colorado State University - Fort Collins	\$ 16,823
Robert W. Phillips, D.V.M., Ph.D.	Colorado State University - Fort Collins	\$ 73,346
Jackson B. Pickett, M.D.	University of California, San Francisco	\$ 2,750
Matthew M. Rechler, M.D.	Foundation for Advancement of Education in the Sciences - Bethesda, Maryland	\$ 9,135
Alvin H. Sacks, Ph.D.	Institute for Medical Research - San Jose, CA	\$ 9,953
Grady F. Saunders, Ph.D.	University of Texas Cancer Center - Houston	\$ 27,236
David W. Scharp, M.D.		
Walter F. Ballinger, M.D.	Washington University - St. Louis, Missouri	\$115,460

The Kroc Foundation
Schedule 1 (Page 5 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
N. Raphael Shulman, M.D. Edwarda M. Buda, M.D.	Foundation for Advancement of Education in the Sciences - Bethesda, Maryland	\$ 2,961
Lewis M. Slater, M.D.	University of California, Irvine	\$ 35,488
Shimon Slavin, M.D.	Hebrew University - Jerusalem, Israel	\$ 11,824
Donald F. Steiner, M.D.	University of Chicago - Illinois	\$ 28,677
David W. Talmage, M.D.	University of Colorado Medical Center - Denver	\$ 29,446
Willard P. VanderLaan, M.D. U. J. Lewis, Ph.D.	Scripps Clinic and Research Foundation - La Jolla, CA	\$ 54,425
Harold Wayland, Ph.D.	California Institute of Technology - Pasadena	\$ 37,826
Robert H. Williams, M.D.	University of Washington - Seattle	\$ 19,800
Joseph R. Williamson, M.D.	Washington University - St. Louis, Missouri	\$ 25,826
Richard J. Wurtman, M.D.	Massachusetts Institute of Technology - Cambridge	\$ 25,661
Milton Alter, M.D., Ph.D.	Temple University - Philadelphia	\$ 12,375
Max J. Appel, D.V.M., Ph.D.	Cornell University - Ithaca, N.Y.	\$ 9,552
Barry G. W. Arnason, M.D.	University of Chicago - Illinois	\$ 6,256
Jack S. Burks, M.D.	University of Colorado Medical Center - Denver	\$ 79,290
David L. Camenga, M.D.	University of Maryland - Baltimore	\$ 14,508
Purnell W. Choppin, M.D.	The Rockefeller University - New York	\$ 43,397
Melvin Cohn, Ph.D.	The Salk Institute for Biological Studies - San Diego, CA	\$ 33,000
Linda C. Cork, D.V.M., Ph.D.	Johns Hopkins University - Baltimore, Maryland	\$ 37,560
Peter C. Dau, M.D.	Children's Hospital of San Francisco - California	\$ 18,315
Floyd A. Davis, M.D.	Rush-Presbyterian-St. Luke's Medical Center - Chicago, Illinois	\$ 28,875

The Kroc Foundation
Schedule 1 (Page 6 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
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<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Leslie J. Dorfman, M.D.	Stanford University - Stanford, CA	\$ 21,914
George W. Ellison, M.D.	University of California, Los Angeles	\$ 42,234
John L. Fahey, M.D.		
Ruth Arnon, Ph.D.	University of California, Los Angeles	\$ 20,416
Roger A. Gorski, Ph.D.	University of California, Los Angeles	\$ 5,500
Kenneth P. Johnson, M.D.		
Erling Norrby, M.D.	University of California, San Francisco	\$ 4,000
Kenneth P. Johnson, M.D.	University of California, San Francisco	\$ 11,910
Fred S. Kantor, M.D.	Yale University - New Haven, Connecticut	\$ 9,900
Vanda A. Lennon, M.D., Ph.D.	Mayo Clinic and Mayo Medical School - Rochester, Minnesota	\$ 49,940
Seymour Levine, M.D.	New York Medical College - Valhalla, New York	\$ 73,050
Joshua Levy, M.D.	University of California, Los Angeles	\$ 43,707
Howard L. Lipton, M.D.	Northwestern University - Chicago, Illinois	\$ 9,627
F. Arthur McMorris, Ph.D.	The Wistar Institute - Philadelphia	\$ 13,375
William J. Meinke, Ph.D.	University of Arizona - Tucson	\$ 23,760
Lawrence W. Myers, M.D.	University of California, Los Angeles	\$ 45,455
Ronald A. Pieringer, Ph.D.	Temple University - Philadelphia	\$ 13,296
David C. Poskanzer, M.D.	Massachusetts General Hospital - Boston	\$ 10,000
John W. Prineas, M.D.	College of Medicine and Dentistry of New Jersey - Newark	\$ 34,558
Maurice M. Rapport, Ph.D.	Research Foundation for Mental Hygiene - New York	\$ 32,414
John L. Sever, M.D., Ph.D.	Foundation for Advancement of Education in the Sciences - Bethesda, Maryland	\$ 28,533

The Kroc Foundation
Schedule 1 (Page 7 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
William T. Shearer, M.D., Ph.D.		
Harish C. Agrawal, Ph.D.		
John L. Trotter, M.D.	Washington University	\$ 33,761
Donald H. Silberberg, M.D.	University of Pennsylvania	\$ 28,507
Jack G. Stevens, D.V.M., Ph.D.	University of California, Los Angeles	\$ 12,798
Roy L. Swank, M.D., Ph.D.		
Michael Daley, Ph.D.	University of Oregon	\$ 9,337
Wallace W. Tourtellotte, M.D., Ph.D.	University of California, Los Angeles	\$ 38,214
Leslie P. Weiner, M.D.	University of Southern California	\$ 41,355
W. Bruce Wilson, M.D.	City and County of Denver, Department of Health and Hospitals	\$ 22,710
Robert K. Yu, Ph.D.	Yale University	\$ 39,355
Robert B. Zurier, M.D.	University of Connecticut	\$ 16,553
Dartmouth Medical School		\$184,676
Hanover, New Hampshire		
Villa View Hospital		
San Diego, California		\$ 25,294
March of Dimes		\$ 100
Second World Congress - Microcirculation		\$ 500
American Heart Association		\$ 100
Santa Ynez Historical Society		\$ 25
Center for Study of Democratic Institutions		\$ 100
C.H. Best Institute		\$ 100
Downstate Medical Center		\$ 500
Vancouver Epilepsy Society		\$ 500

The Krooc Foundation
Schedule 1 (Page 8 of 8)
Schedule of Contributions, Gifts and Grants

36-6125258
YE 12/31/78

<u>NAME</u>	<u>AMOUNT</u>
Salomon A. Berson Fund	\$ 5,000
Perspectives in Biology	\$ 350
Arthritis Foundation	\$ 95
American Thyroid Association	\$ 500
Winchester Foundation	\$ 500
American Diabetes Association So. California Affiliate	\$ 20
American Diabetes Association Research Fund	\$ 100
Western Association of Physicians	\$ 1,000
Miscellaneous	\$ 65
TOTAL	<u>\$4,130,678</u>

The Kroc Foundation
Schedule 2 (990 AR)

36-6125258
YE 12/31/78

Schedule of Marketable Securities

<u>Security</u>	<u># of Shares</u>	<u>Cost</u>	<u>Market Value</u>
Becton Dickinson & Co.	6,000	221,116	187,500
Bristol Myers Co.	5,000	148,075	178,750
Burroughs Corp.	2,000	207,892	146,000
Citicorp	6,000	129,503	141,000
Continental Oil	6,000	97,338	168,750
Corning Glass Works	3,050	233,985	162,413
Donaldson Co.	10,000	80,525	230,000
Dun & Bradstreet Co., Inc.	5,000	96,448	174,375
Eastman Kodak Co.	3,000	275,704	175,876
General Electric	3,500	61,252	164,938
Hewlett Packard Co.	2,000	68,727	179,752
IBM Corp.	1,200	300,701	358,201
Liberty Nat'l Life Insurance Co.	8,000	201,375	176,000
McDonald's Corp.	115,000	5,787,500	5,318,750
Minnesota Mining & Mfg.	4,000	199,134	252,500
Motorola	4,000	194,535	159,501
Phillip Morris, Inc.	2,500	122,287	176,250
Tektronix	4,500	84,612	213,188
Times Mirror Co.	7,000	152,707	208,250
Western Bancorporation	7,500	126,100	180,938
Stein Roe Cash Reserves	408,747	407,521	407,521
SRF Fund	2,109.882	128,483	157,629
		<u>9,325,520</u>	<u>9,518,082</u>