

The William & Flora Hewlett Foundation

ANNUAL REPORT
1981

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Preface

The Hewlett Foundation, incorporated as a private foundation in the State of California in 1966, was established by the Palo Alto industrialist William R. Hewlett, his late wife, Flora Lamson Hewlett, and their eldest son, Walter B. Hewlett. The Foundation's broad purpose, as stated in the articles of incorporation, is to promote the well-being of mankind by supporting selected activities of a charitable, religious, scientific, literary, or educational nature, as well as organizations or institutions engaged in such activities.

More particularly, to date the Foundation has concentrated its resources on activities in the performing arts; education, particularly at the university and college level; population issues; and environmental issues. Some sub-areas of particular interest to the Foundation are listed in the Program Descriptions that follow. Special projects outside these broad areas may from time to time be approved by the Board of Directors. Although the Hewlett Foundation is a national foundation, with no geographic limit stipulated in its charter, a modest proportion of disburseable funds has been earmarked for projects in the San Francisco Bay Area.

The Foundation has a strong commitment to the voluntary, nonprofit sector. It will therefore assist efforts to improve the financial base and efficiency of organizations and institutions in this category. Proposals that show promise of stimulating private philanthropy are particularly welcome.

In its grantmaking decisions as well as in its interests and activities, the Hewlett Foundation is wholly independent of the Hewlett-Packard Company and the Hewlett-Packard Company Foundation.

For 1982 the Foundation plans grant authorizations of approximately \$15 million.

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President's Statement

The 1980 presidential election and the subsequent programs and policies of the administration have markedly changed the environment for virtually every segment of society. The precise meaning of the election and the mandate given to the President are subjects of controversy. The motivations of both supporters and opponents of these programs are diverse. One can discern, however, a general disposition to reduce the role of the federal government, to increase individual discretionary income, and to shift responsibilities from the federal to other levels of government or the private sector.

These changes have generated vigorous discussions of serious and important questions for society: Which social programs are important? What are our national goals for the poor, the environment, the arts, health care, and national defense? How will programs to achieve these objectives be organized and financed? This period is clearly one in which, through a process of proposal by the administration and counter-proposal by the Congress, our national values and aspirations will be clarified. The outcome will be a set of national priorities specifying our political, social, and economic objectives. The process will also involve decisions which assign responsibility for achieving these goals to governmental units, to business, to not-for-profit organizations, and to individual members of society. Some obligations will be borne entirely by one sector, others will be shared among several levels of government and private organizations, and still others may be left entirely to individual citizens.

The public debate on these matters quickly found its specific manifestation in the philanthropic community. Unfortunately, *although quite understandably, much of the initial discussion took place around the concept of "the gap."* The gap was defined as the discrepancy between the amount the federal government formerly spent in a particular area and the amount it proposed to spend. The philanthropic community was quick to point out that expectations that this gap would be filled by the private sector were quite unrealistic.

Fortunately, the nation is now in the process of defining "the gap" in a more instructive way. The important consideration for private philanthropy is the gap between the funds provided by all government sources and the cost of services society insists upon in the areas it regards as important. This is the gap that must be met by the institutions and the individuals in the private sector.

Without endorsing or opposing specific proposals, one can make some plausible guesses about what will be required from the various segments of the philanthropic community. These can be made even before we as a nation settle upon the relative priorities to be given to our national goals and give the various elements of our society their assignments.

Implications for Individuals

In the redistribution of responsibilities, more will be asked of us as individuals, of our time and talents, and of our money. We will no longer be as free to delegate our social responsibilities to agencies largely supported by taxes or the private contributions of others. It will no longer be possible for these agencies to buy all the skills they need, and more of these human resources will have to be provided by the rest of us as volunteers. We will be given ample and rewarding opportunities to tithe both our time and money.

Fortunately, there is a very strong and old tradition in our country of volunteering. The Independent Sector's study of volunteerism estimates that the dollar value of time volunteered by Americans in 1981 was \$64.5 billion. This figure is 50 percent higher than the amount of money individuals contributed to these same causes. Forty-seven percent of American adults were engaged in a structured volunteer situation. Seventy-six million adults volunteered an average of 102 hours of work each per year. There were seventy-seven million teenage volunteers.

While these figures are impressive, more volunteering will be needed. There are some formidable problems that must be solved, however, if this increase in volunteerism is to occur. A major source of volunteers has significantly declined in recent years as women have moved from the voluntary to the paid work force. The social status of the volunteer has declined. The personnel practices of social agencies, even those heavily dependent on volunteers, leave much to be desired. The intelligence and dedication of volunteers are all too frequently ignored or underutilized, and more attention must be given to the training, motivation, and morale of the volunteer. The social contract between the agency and the volunteer is often ambiguous and not mutually rewarding. Another major problem volunteers face is the territorial protectiveness of the professionals in an agency. Many not-for-profit organizations need the skills of the trained people, and the personnel practices perhaps appropriate for the untrained volunteer are clearly not satisfactory for more accomplished volunteers.

In the area of individual giving, we also have a strong tradition. Individual contributions accounted for almost \$40 billion or 84 percent of the \$47.74 billion contributed to charitable organizations from all sources in 1980. This represents an increase of 9.7 percent over the amount contributed by individuals in 1979, even though the cost of living increased 12 percent in 1980 and 13 percent in 1979.

Substantial improvement is possible. Individual giving in 1980 as a percent of the nation's personal income was 1.84 percent, the lowest since 1956. The highest level ever reached was 1.99 percent in 1970. Examination of tax returns since 1960 shows that contributions as a percentage of adjusted gross income have gone down steadily from 3.73 percent in 1960 to 2.91 percent in 1977. Individual gifts tend to come out of funds available after essential costs have been met, and this discretionary element is heavily affected by inflation. Nevertheless, the present level of 2 to 3 percent of adjusted gross income suggests that significant increases in individual giving are possible.

Implications for Corporations

The American business community contributed \$2.52 billion to charitable organizations in 1980, or 5.3 percent of all charitable giving. The average rate of corporate philanthropy has been about 1 percent of pre-tax profits for many years. Even though the corporate world is understandably anxious that no one expect industry to meet "the gap," it is equally clear that some of the increased demand for nongovernment funds will have to be met by increased corporate giving.

Perhaps the greatest barrier to increased corporate giving is the continuing debate about the validity of corporate philanthropy and the resulting uncertainty among top management and shareholders. This uncertainty has probably not only reduced corporate giving in total but markedly influenced the characteristics of corporate giving. Corporate philanthropy tends to be aimed toward activities that are easily defended as being in the interest of the company, narrowly defined. Corporate giving in general tends to concentrate in the areas of health, welfare, and education, typically in small amounts to largely noncontroversial projects.

It is not clear why federal legislation has not provided the same validity for corporate philanthropy as it has conferred upon individual giving. The federal provision for individual charitable

deductions is a well-established national statement that government should not be the sole source or support for social services, the arts, education, and other activities. It is intended to encourage private philanthropy. This same legitimization by federal legislation would appear to apply with equal force to corporate giving. The people, through their elected representatives, have chosen to limit their claims on corporate profits on the assumption that corporations will discharge their philanthropic tasks with sensitivity, intelligence, and a willingness to be held accountable. The recent increase to 10 percent in the amount corporations can deduct from pre-tax profit for philanthropic purposes will probably have little effect on corporate giving in light of the use made of the previous 5 percent allowed. Nevertheless, one way to interpret the recent authorized increase from a 5 to a 10 percent deduction is that it is the national will that corporate philanthropy be encouraged even further.

Having said this, however, a significant increase in corporate giving is not going to occur merely if the confusion and uncertainty about the validity of corporate philanthropy are removed. Other changes are needed.

Corporations that have been serious about their role as philanthropists have found it valuable to define their program interests carefully and to state their objectives clearly. This increased clarity and increased focus of the program has a number of advantages: it reduces the cafeteria quality of the philanthropic program; it increases the likelihood of corporate grants of sufficient size to make a difference; it recruits partners from other segments of the philanthropic community; and it reduces wasted effort on the part of out-of-program applicants. A well-argued, clear program will predictably reduce opposition to the philanthropic effort itself.

Closely related to this need for program planning is the obligation to staff the philanthropic effort adequately. Expenditures of company resources in this area must be taken as seriously as expenditures in other areas of corporate activity. They are not likely to increase until top management has equal confidence in the proposals and advice they receive from the staff in the corporate philanthropy section that they have in the recommendations of other units of the corporation. Philanthropy does not call for highly specialized skills, but sound and effective corporate giving does require the full attention of highly motivated, competent

people whose judgment is trusted and respected.

While the enormously increased demand for corporate giving will undoubtedly stimulate changes, substantial opportunities in the present situation ought to encourage the corporate community as well. The current climate invites the business community to adopt a problem-solving approach to the issues that previously have been left primarily to government: unemployment, housing, public transit, health care, crime, educational opportunity, and poverty. Society appears willing to strengthen the profitmaking sector in the belief that this posture will be in its long-term interest. It is important for business to justify that confidence through significant and successful attention to these problems.

Implications for Foundations

Simple justice requires that an essay so liberally sprinkled with admonitions for others must contain a comparable section addressed to the foundation world. Certainly foundations are not exempt from the general need to examine their programs, policies, and practices. Foundations are private trusts obligated to operate in the public interest, and this strenuous period obliges us to make sure we are indeed doing so.

Of the \$47.74 billion contributed by individuals, corporations, and foundations in 1980, foundations provided \$2.4 billion or 5 percent. This small fraction may surprise many and certainly does not correspond to the sense of importance foundations often exude. Nevertheless, it is, despite its size, arguably a very significant proportion of the total philanthropic effort.

While the implications will vary from one foundation to another, each now has an obligation to satisfy itself that its programs continue to be important. We must also examine our procedures. Because of the enormous pressure on nonprofit organizations to obtain funds from private sources, it is urgently necessary to reduce unproductive fundraising efforts on the part of clients through a clear statement of program interests, prompt responses to inquiries and proposals, and reduced travel expenses for staff and applicants. The need to monitor carefully administrative costs is always present, but now requires even more vigilance.

Most not-for-profit organizations have become heavily dependent on government funds. Many of these have served effectively and have developed competent staffs. They will need help to shift from government support to other sources, not as a temporary but as a

permanent arrangement. Foundations must assist in that transition, particularly since foundations in the past have been willing, even eager, partners in starting programs that were expected to become governmental responsibilities.

Despite the general support for a reduced federal budget, the magnitude of governmental cutbacks and the speed with which they are being implemented make it likely that some of the effects are not accurate reflections of the national intention. There are segments of society that will be severely hurt or unfairly treated. There is a special responsibility for foundations to be sensitive to these unintended, unexpected, or inequitable consequences. Projects that have a special potential for reducing the social tensions that would prevent an orderly transition also deserve particular attention. This Foundation's increased emphasis on community development and youth employment, described later in this report, is an example of our effort to demonstrate this sensitivity.

The new environment provides an opportunity to experiment with new structures that are neither exclusively governmental nor private, but quasi-governmental agencies jointly supported by public and private sources. Similarly we should give careful attention and be more receptive to the establishment of enterprises and organizations in which foundations are joint partners with profitmaking organizations. The Local Initiatives Support Corporation, begun by the Ford Foundation, is an example. The Corporation is a partnership of foundations and profitmaking institutions that provides grants, low interest loans, and loan guarantees to community development organizations. This mechanism could well be applied to other areas.

While joint efforts of two or more foundations to focus their efforts on particular problems are not new, the times appear to make these arrangements even more sensible. It would not be desirable, of course, for such cooperative arrangements to reduce the diversity of sources of assistance. But in those instances in which foundations already have a common interest, the utility of a coordinated effort is greater than ever. Many small organizations have common needs for office space, management and development capability, or performing space. Grants that serve the needs of groups of organizations, as opposed to responding to individual requests, may have particular utility, not only for the present emergencies but in the long run.

The most important opportunities for foundations derive from the suggestions for individuals and corporations in the preceding sections. We should be alert to ways in which the foundation's funds can be used to increase giving, both individual and corporate. We should be eager to entertain proposals that show promise for increasing the effective use of volunteers. We should welcome inquiries from corporations that think we might be helpful to them in the development of their philanthropic capacities.

Foundations may have specific interests in the substance of the social, economic, and political changes being contemplated. There is a particular opportunity, however, for foundations to facilitate the very process of restructuring. The credibility of our institutions, the effectiveness of our decisionmakers, and the need for informed participation are of critical importance. The present debate provides unique opportunities to help increase the effectiveness of and the ultimate satisfaction with the process of reexamination itself.

The philanthropic community has been preoccupied with the immediate effects of present governmental policies. It is important, however, that foundations do not perceive the consequences of these policies as temporary. The basic changes being proposed, debated, and evaluated are not likely to take place immediately, but rather constitute the nation's agenda for a considerable time to come. The preservation of institutions on which society has come to depend, the development of new sources of support for organizations of demonstrated value and importance, and the creation of new structures to meet social needs are among our enduring responsibilities.

Most of these suggestions for foundations imply the obligation to assist society in what it chooses to do. There is, however, an important responsibility for foundations to evaluate current dogmas and contemporary preferences. Foundations have a duty to befriend the unpopular cause, to be counter-cyclical, and to identify problems that receive less attention than the long-term interests of the nation require. It would be a mistake for foundations to abandon this role in a laudable and understandable effort to concentrate on current problems.



Program and New Grant Descriptions

The program statements that follow describe certain specific objectives of the Hewlett Foundation. Other goals are general; they underlie all the programs and all the funding choices the Foundation makes. First, the Foundation has a strong basic commitment to the voluntary, nonprofit sector that lies between industry and government. Institutions and organizations in this category serve purposes very important to our society, and their health and effectiveness is a major concern. Accordingly, the Foundation intends to assist efforts to strengthen their financial base and increase their efficiency.

Second, the Foundation also believes that private philanthropy is of great value to society. Support from individuals, businesses, or foundations can supplement government funding, and in some important cases can provide a benign and fruitful alternative. The Foundation considers the nation's habits of philanthropy, individual and corporate, less healthy than they should be, and therefore will be particularly receptive to proposals that show promise of stimulating private philanthropy.

A great many excellent organizations meet both the general criteria suggested here and the specifications set forth in the statements that follow. Competition for the available funds is intense. The Foundation can respond favorably to only a small proportion of the worthwhile proposals it receives.

Education

Grants in the education program are directed primarily to promote the underlying strengths of recipient institutions rather than to meet their short-term, specific needs. Most of the grants are made within the programs described below. For the few made outside these programs, preference is generally given to umbrella organizations that serve a number of institutions.

To assist selective private liberal arts colleges, the Foundation, jointly with the Andrew W. Mellon Foundation, has established a program to endow presidential discretionary funds. These grants are intended to ensure the colleges' capacity for self-renewal despite periods of budgetary stringency and will be used principally, but not exclusively, for faculty and curriculum development. To minimize unrewarded effort on the part of applicants, participation in this program is by invitation only. An advisory committee assists the two foundations in selecting participants.

The Hewlett Foundation and The Bush Foundation of St. Paul, Minnesota, have made a joint commitment to a \$10 million program of challenge grants to help private black colleges complete their capital campaigns. This program is administered by The Bush Foundation.

Assistance to research universities is focused in three areas: research libraries, scholarly publishing, and international and area studies. With respect to research libraries, the Foundation's grants reflect the conviction that only through collaboration can major libraries hope to provide services, build collections, and preserve deteriorating materials without being overwhelmed by spiraling costs.

Like research libraries, university presses play a crucial role in the dissemination of new knowledge. Because the demand for even the best scholarly books is necessarily limited, the presses often require substantial subsidies from their parent universities. The Foundation is interested in proposals that promise benefits to presses generally.

The Foundation provides support for international and area studies in selected major research universities, through grants to endow discretionary funds for international and area studies. Participation in this program also is by invitation.

In 1981 the Board approved a program of grants to strengthen the teaching and research programs of U.S. academic institutions in United States and Mexico relations. The Foundation will focus on comprehensive research and teaching programs in contrast to projects of limited duration and scope. Of particular concern will be cooperation among research programs, improved communication between consumers and providers of policy research, and attention to regional and local concerns, including involvement of local educators and journalists.

The public's capacity to understand and deal effectively with the rest of the world poses a major challenge for the United States. The Foundation is supporting efforts by the World Affairs Council, Stanford University, Global Perspectives in Education, and the University of California, Berkeley to implement a strategy that will draw a broad array of Bay Area leaders and organizations into an integrated effort to stimulate the public's interest in and understanding of international affairs.

The Foundation is in the last year of a five-year commitment to MESA (Mathematics, Engineering, Science Achievement), a program intended to correct the underrepresentation of minorities in engineering and the sciences. The program's activities focus on the motivation and preparation of pre-college minority students within California.

Although the Foundation has an interest in theological education, *for the next few years only activities that serve a number of institutions simultaneously will be considered.*

The Foundation does not encourage requests to fund student aid, construction, equipment purchases, education research, basic scientific research, health research, or health education programs. Nor can it consider requests involving kindergarten through twelfth grade except as these may explicitly relate to other Foundation objectives.

LIBERAL ARTS COLLEGE SELF-RENEWAL

Liberal Arts College Self-Renewal Program	\$1,225,000, <i>to be matched</i>
Berea College, Berea, Kentucky	75,000
Colby College, Waterville, Maine	100,000
Denison University, Granville, Ohio	87,500
Earlham College, Richmond, Indiana	75,000
Franklin & Marshall College, Lancaster, Pennsylvania	100,000
Grinnell College, Grinnell, Iowa	87,500
Hamilton College, Clinton, New York	100,000
Haverford College, Haverford, Pennsylvania	87,500
Lafayette College, Easton, Pennsylvania	100,000
Lehigh University, Bethlehem, Pennsylvania	100,000
Macalester College, St. Paul, Minnesota	87,500
Skidmore College, Saratoga Springs, New York	100,000
Wesleyan University, Middletown, Connecticut	125,000

These grants, combined with an equal amount from the Andrew W. Mellon Foundation and matched at the college's choice of a two-to-one or a three-to-one ratio, will create a presidential discretionary fund endowment. The income from this endowment will be used for faculty and curriculum development and other activities that are essential to long-term institutional vitality but difficult to fund in periods of financial stringency.

PRIVATE BLACK COLLEGES

The Bush Foundation, Black College Capital Campaign Challenge Grants Program,
St. Paul, Minnesota

\$120,000, *to be matched*

Following a successful partnership to increase alumni giving, The Bush Foundation and the Hewlett Foundation consulted with black college leaders about other ways to be of assistance. The resulting joint Black College Capital Campaign Challenge Grants Program, administered by The Bush Foundation, provides challenge grants for institutions with carefully planned capital campaigns that have raised at least half of their campaign objectives. Over the next seven years, the Hewlett Foundation will provide 30 percent of a pool of up to \$10 million in support of this program.

RESEARCH LIBRARIES

- Research Libraries Group, Stanford, California \$300,000
The Research Libraries Group is a consortium of university and other research libraries that share services, collections, and book-preservation programs to reduce spiraling costs. Half of the Foundation's grant is for general support; the other half is to meet a one-time expense to process data.

UNIVERSITY PRESSES

- Association of American University Presses, New York City \$135,000/\$5,000
The Hewlett Foundation grant will enable the Association of American University Presses to develop an annotated, computerized data base of university press books in print. The data base will facilitate the presses' sales efforts and will assist libraries and individuals in making purchases. The Foundation also made a grant of \$5,000 to send seven press staff members to management training seminars.

UNIVERSITY INTERNATIONAL STUDIES

- International and Area Studies Program \$450,000, *to be matched*
Columbia University, New York City 150,000
University of Wisconsin, Madison 150,000
Yale University, New Haven, Connecticut 150,000
These grants are part of the Foundation's program to strengthen the international capacity of selected research universities. When matched two for one, they will create discretionary fund endowments whose income will be available to international research and teaching programs.

INTERNATIONAL EDUCATION

- Oregon Educational Coordinating Commission, Governor's Commission on Foreign Language and International Studies, Salem, Oregon \$15,000, *to be matched*
Formed in 1979 by Governor Ateyeh, the Commission directs attention to the importance of foreign language and international studies in Oregon. The Foundation's matching grant will assist the Commission generate financial support.

**Stanford University, Center for Research in International Studies,
Bay Area Global Education Project, Stanford, California**

\$15,000

Begun in 1979, the Bay Area Global Education Project is a joint project of Stanford University, the World Affairs Council, and Global Perspectives in Education. The Hewlett grant supports the Project in its effort to help public school teachers increase the quality and quantity of international material taught.

**World Affairs Council of Northern California, Bay Area and the World Project,
San Francisco**

\$115,000

The Bay Area and the World Project will investigate how international affairs affect the economic, social, and cultural life of the Bay Area. Information collected will assist public school teachers, news media writers, and others to increase public understanding of international affairs. The project is jointly sponsored by the World Affairs Council, Global Perspectives in Education, Stanford University, and the University of California, Berkeley. The Hewlett grant provides general support for the Project.

World Without War Council of Northern California, Berkeley

\$5,400

The Foundation's grant provides partial support for the Council's effort to organize a major conference to develop an agenda on improving citizens' understanding of world affairs and to create a detailed directory of international education and public affairs organizations that are active in the Bay Area.

OTHER

Bay Area Institute, Pacific News Service, San Francisco

\$15,000

The Pacific News Service (PNS) is a ten-year-old organization of writers who research and prepare high-quality background stories on issues of international and domestic concern for publication in subscribing newspapers. The Hewlett Foundation is supporting the organization during the first stage of a new arrangement with the *Des Moines Register and Tribune* in which PNS expects to reduce from two-thirds to one-quarter its dependence on philanthropic support during the next year.

Independent Colleges of Northern California, San Francisco \$25,000, *to be matched*

Independent Colleges of Northern California (ICNC) is a fundraising consortium of nine private institutions. ICNC currently seeks to increase corporate giving. The Hewlett grant will match new donations of \$1,500 or more.

Research Corporation, New York City \$150,000 *over three years*

Research Corporation will use the Foundation's grant for its College Science Grants Program. This program makes research funds available on a competitive basis to liberal arts college faculty, a group often at a disadvantage in competing with university-based faculty for other grants.

Universities Field Staff International, Hanover, New Hampshire \$131,000 *over two years*

Universities Field Staff International is a consortium of institutions that maintains a network of scholar-journalists around the world. These individuals make their expertise available to members through research and campus visits. The Foundation's grant creates an incentive for institutions to join the consortium by subsidizing the membership fee for the first two years of a three year commitment.

Environment

The environment program of the Hewlett Foundation is designed to encourage intelligent, rewarding uses of man's natural environment for education, conservation, and development.

It is increasingly clear that major environmental questions are not simple issues and in the long run are not best resolved by impassioned advocacy either in the political arena or in the courts. The Foundation will therefore support organizations that produce policy-oriented studies designed to improve the objectivity and thoughtfulness of decisionmaking on environmental issues. We welcome proposals from organizations that have established, or show the capacity to establish, a record of sound, dispassionate, policy-related analysis of environmental questions.

In response to the intensifying struggle over numerous environmental issues, the Foundation continues to encourage new mechanisms to avert or resolve conflicts over environmental questions. Accordingly, the Foundation has encouraged proposals from organizations that can play a third-party role in the management of disputes. We continue to welcome proposals from organizations that would apply methods of conflict management developed in other fields to environmental problems, or would develop new mechanisms for resolving environmental disputes in a less divisive manner than currently prevails.

The Foundation will consider land acquisition proposals only when they involve areas of unique ecological value that are demonstrably suited to educational purposes. We encourage such proposals only from organizations that are equipped to document the ecological value of a given site and to plan and implement educational and scholarly programs once the land is acquired.

Environmental education is of continuing interest to the Foundation. We particularly welcome environmental education proposals that relate to our interests in policy analysis, the management of conflict, and ecologically unique areas. In addition, we encourage environmental education programs that demonstrate community support and make effective use of volunteers. Our funding for environmental education activities will be designed to stimulate support from other funders.

24 POLICY ANALYSIS

Conservation Foundation, Washington, D.C. \$300,000 over three years, part to be matched
The Conservation Foundation is a policy-analysis group that focuses on such issues as land use, the management of public land, economics and the environment, problems of coastal resources, energy conservation, and pollution and toxic substance control. The Hewlett grant provides general support for both the policy analysis and the conflict management activities of the Conservation Foundation.

Environmental Law Institute,
Washington, D.C. \$220,000 over three years, part to be matched
The Environmental Law Institute's projects and activities focus on air and water pollution, the management of wetlands, toxic substances, and problems relating to regulation. Foundation funds are given in general support of the Institute's policy-research work.

The John Muir Institute, Napa, California \$150,000 over three years, part to be matched
The John Muir Institute identifies information gaps in environmental resource management and provides data to fill those gaps. It concentrates on Western issues and in particular water resources, watershed management, integrated pest management, forestry and soil research, and air quality. This grant will enable the Institute to do policy research on issues that may not yet be fundable through government sources and to increase the dissemination of the results of project-specific research.

The Northern Lights Institute,
Helena, Montana \$150,000 over three years, part to be matched
The Northern Lights Institute will provide a new resource to help people of the Northern Rockies come to wise decisions about environmental issues. The Institute will do arms-length research relevant to the Rockies' regional problems. A general support grant will help at the very beginning of the Institute's development. The grant is aimed toward improving the objectivity and thoughtfulness of decisionmaking on environmental issues in this region.

Northern Rockies Action Group, Helena, Montana \$15,000, matched
The Northern Rockies Action Group has been involved in planning The Northern Lights Institute. The Foundation's grant, which was matched by the Northern Rockies Action Group Board during July 1981, allowed the group to continue the planning process and be ready to hire a director.

Quebec-Labrador Foundation, Inc., The Atlantic Center for the Environment,
Ipswich, Massachusetts

\$90,000 over three years, part to be matched

The Atlantic Center for the Environment is a division of the Quebec-Labrador Foundation, which provides social, educational, and environmental services to the rural communities of the North Atlantic region. As more decisions are being made at state and local levels, it becomes important that groups exist to provide analyses of environmental issues and forums for the interchange of different opinions. The Center does both. The grant provides general support.

CONFLICT MANAGEMENT

Forum on Community and the Environment,
Palo Alto, California

\$120,000 over eighteen months

The Forum on Community and the Environment acts as the fiscal agent for a consortium of three Bay Area organizations (FORUM, Harbinger Communications, and the regional office of the American Arbitration Association), which are planning an eighteen-month program to train people in a variety of conflict management techniques. The curriculum will be organized and tested, and the program itself will be documented so that similar training efforts can be developed in other parts of the country. The Hewlett Foundation grant covers part of the cost of the program.

Harbinger Communications, Santa Cruz, California

\$60,000 over three years

Harbinger Communications brings people and groups concerned about environmental issues into cooperative and collaborative relationships by creating instant feedback systems to increase communication. With the assistance of the Foundation's general support grant, Harbinger Communications will be able to continue establishing information systems that encourage individual participation at local and regional levels and to manage data in ongoing conflict management procedures.

ROMCOE, Center for Environmental Problem Solving,
Boulder, Colorado

\$210,000 over three years

ROMCOE is a third-party intermediary organization whose objective is to assist others in reaching decisions about environmental issues in the most effective and efficient way possible by avoiding unnecessary conflict and by guiding legitimate disputes into productive channels. Foundation funds allow ROMCOE to conduct training programs, consult, and apply knowledge of conflict management to a wider audience.

- 26 Virginia Polytechnic Institute and State University, Blacksburg, Virginia \$6,400
The Foundation's grant will enable the Institute to carry out a study comparing different means of determining public views on controversial issues with those obtained by survey research methods.

LAND ACQUISITION

- Lincoln Institute of Land Policy, Cambridge, Massachusetts \$5,000
The Lincoln Institute of Land Policy was the auspices for the National Consultation on Local Land Conservation, which was convened in October 1981. Hewlett Foundation funds for this consultation brought together representatives of land trusts around the country which are attempting at the local level to preserve open space. The representatives consulted on policy issues, discussed problems of open space preservation, and exchanged information. This effort was directed toward developing a network for continuing contact among the organizations.

ENVIRONMENTAL EDUCATION

- Appalachian Trail Conference, Harpers Ferry, West Virginia \$5,000
This Foundation grant helps cover the cost of publishing and revising a book on the Appalachian Trail for use by the volunteers who design, construct, and maintain this 2,106-mile national scenic trail, which runs through fourteen states from Maine to Georgia.

- Bay Area Environmental Education Resources Fair,
San Francisco \$4,000 over two years, part to be matched
The BAEER Fair brings together individuals and groups interested in environmental education in the Bay Area to see what resources are available and to strengthen communication among the groups. Hewlett Foundation funds partially covered the costs of a one-day event on 24 October 1981 and also were given to stimulate other funding for future BAEER Fairs.

- Camp Unalayee, Palo Alto, California \$4,000 over two years, part to be matched
Camp Unalayee is a multicultural wilderness backpacking camp for children aged ten to seventeen. The Camp stresses cooperative living and a commitment to bringing together children and staff from many diverse backgrounds. The Hewlett Foundation grant provides support for a part-time person to stimulate recruitment for the Camp.

Environmental Volunteers, Mid-Peninsula Environmental Education Association,
Palo Alto, California

\$1,000

The Mid-Peninsula Environmental Education Association presented a one-day workshop on 14 September 1981 to look at ways its twenty-one member organizations could develop cooperative activities. One of the results of the workshop funded by the Hewlett grant was the development of a plan to produce a joint brochure to attract volunteers and explain programs. This was a first step toward other joint activities.

League of Women Voters Education Fund, Washington, D.C. \$100,000 *over two years*

The League of Women Voters Education Fund is a nonpartisan organization of members who vary in their political, geographical, ethnic, racial, and economic backgrounds and whose common goal is a commitment to informed citizen participation in the decisionmaking process. The Education Fund is the research and education arm of the League, serving a national network of 120,000 citizen volunteers in 1,400 state and local affiliates. The Hewlett grant provides funds to help strengthen state and local volunteer capability on environmental issues.

San Jose State University Foundation

\$7,700

This Hewlett Foundation grant provided funds to the Moss Landing Marine Laboratory to support a project coordinator for the marsh reclamation and development project in Elkhorn Slough, located adjacent to a unique ecological site managed by the Nature Conservancy. The faculty and students at Moss Landing Marine Laboratory plan to extend the educational use of the area by returning diked-off pastures to their original marsh states.

OTHER

California Tomorrow, San Francisco

\$15,000

Under the Program for California 2000, California Tomorrow undertook a four-year evaluation of the state's environmental, economic, social, and political problems. The Hewlett Foundation grant will help disseminate the results of that evaluation.

Performing Arts

The focus of the performing arts program is on the professional performing arts—classical music, dance, opera, and theatre. The Foundation's primary interest is in companies that serve the San Francisco Bay Area and that represent the highest prevailing standards in their field. From time to time, the Foundation will also consider requests from outside the region, when projects directly benefit performing groups in the Western United States.

The Foundation seeks proposals offering advanced levels of training and performing opportunities to young artists who have graduated from conservatory, college, or university arts programs (or the equivalent level in the working theatre) and who are making the difficult transition to recognized professional status. Of particular interest are training projects and programs offered by companies that present a full repertory season, which would give young artists sustained exposure to master professionals through association in rehearsal and performance.

A related concern is the overall health of the nation's leading performing companies. For a very small number of well-established institutions, the Hewlett Foundation will consider assistance to an artistic development project defined by the organization itself. The goal of such projects should be to enable a professional company to move to the next higher level of achievement. The company or organization seeking a grant in this category should have a strong board and an effective fundraising program. Applicants must demonstrate their capacity for excellent administration, high performance standards, and thorough preparation, as well as creative vitality.

Although our emphasis is on established excellence,

we recognize that there are institutions in the Bay Area just below the top level, in either performance or training, which can be helped to achieve distinction or are of such importance to the community that they merit consideration. These applicants, too, should have made significant strides toward professional quality in several aspects of their operations before seeking our assistance.

Proposals for joint funding with corporations or other foundations are especially welcome. We will consider requests for general operating funds, but prefer requests that identify a specific administrative or artistic outcome and that target the funds carefully toward a definable result.

We regret that we cannot consider requests in the following areas: capital improvements; endowments; general fund drives; the visual arts; elementary and secondary school performing arts programs; community arts classes; community outreach; ethnic arts (including crafts, folk arts, popular music, and ethnic dance); recreational, therapeutic, and social service arts programs, including those for senior citizens and the handicapped; and independent radio, television, and film projects, except as they address one of the arts program emphases described above.

In general, the Foundation does not sponsor one-time events such as seminars, conferences, festivals, or cultural foreign exchange programs. Nor does it assist with touring costs for performing companies. In 1982 the Foundation will not make grants to art museums, museum associations, or to the humanities.

TRAINING YOUNG ARTISTS

Metropolitan Opera National Council, Western Regional Educational Fund,
Marina Del Rey, California

\$10,000

The Western Regional Division supervises Metropolitan Opera National Council auditions in California, Nevada, and Arizona. The Educational Fund for regional winners provides modest cash awards for coaching, stage training, and travel related to professional job opportunities for the young singers.

Oregon Shakespearean Festival Association,
Ashland, Oregon

\$100,000 over two years, part to be matched

The Oregon Shakespearean Festival Association is the leading non-profit professional Shakespearean theatre in the Western United States. It trains many actors, directors, managers, and technicians who serve the Bay Area theatre community. The Hewlett grant is for stipends to assist interns at the Festival and, through a matching provision, to stimulate corporate contributions.

Peninsula Ballet Theatre,
San Mateo, California

\$30,000 over two years, to be matched/\$10,559

The Peninsula Ballet Theatre serves the region south of San Francisco. It presents four productions each year and maintains a separate school. The Foundation's grant provides stipends for young ballet soloists in the Theatre and some funds for the engagement of a professional scenic designer. The Foundation also made a grant of \$10,559 to the Theatre to assist the production of Tom Pazik's three-act ballet based on Prokofiev's *Cinderella*. The Theatre will raise funds to match the larger grant.

Peninsula Symphony Association, Los Altos, California

\$12,000

The Peninsula Symphony is a volunteer orchestra which operates fifty-two weeks per year. The Foundation's grant provides fees for four guest soloists, three of whom are young professionals.

San Francisco Ballet

\$186,000 over three years

The San Francisco Ballet, the oldest classical ballet company in the United States, presents more than 100 performances annually and is known for original choreography. The Hewlett Foundation grant provides stipends for seventeen apprentice artists who have completed their formal training. They are given special classes and individualized coaching in advanced roles by master professionals.

San Francisco Concert Orchestra

\$50,000 over two years/\$5,000

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The San Francisco Concert Orchestra gives gifted young instrumentalists experience which will help them qualify for jobs with major orchestras. The Hewlett grant provides salary support for a full-time fundraiser and in the second year a fee for a leading professional guest conductor to work with the young artists. The Orchestra also received a \$5,000 grant to assist with concert costs during 1981.

San Francisco Performances, Inc.

\$15,000

San Francisco Performances, Inc. gives young professional artists performing exposure in chamber music, recitals, and modern dance. The Foundation's grant is for general support.

STRENGTHENING MAJOR BAY AREA INSTITUTIONS

Oakland Symphony

\$129,070 over three years

The Hewlett Foundation grant pays half of the costs of extending the Oakland Symphony's season each year with four concerts and sixteen rehearsals of contemporary music. The concerts feature young artists as soloists.

San Jose Symphony Orchestra

\$102,000 over three years

The Hewlett Foundation grant helps extend the Orchestra's season with a popular concert series financed in cooperation with business donors. It also provides half of the salary of a staff assistant in fundraising.

STRENGTHENING REGIONAL ORGANIZATIONS

Berkeley Stage Company

\$40,000 over two years

The Berkeley Stage Company is a regional theatre devoted to the presentation of original plays and developing talent. The Foundation's grant provides salary support for a full-time fundraiser and professional management advice to strengthen administration and corporate contributions to the Company.

Julian Theatre, San Francisco\$40,000 *over two years*

The Julian Theatre operates in a settlement house area and is known for original plays dealing with serious social problems. It specializes in works of California playwrights. The Foundation's grant provides salary support for a full-time development director and stipends for board and staff training in fundraising.

Philharmonic Society of Fremont-Newark, Fremont, California

\$1,500

The Philharmonic Society of Fremont-Newark is beginning its eighteenth season, offering concerts to residents of Fremont, Newark, and neighboring communities in southern Alameda County who might not otherwise have an opportunity to see live performances. The Hewlett grant helps finance a concert to be performed with the San Francisco Community Chorus.

Santa Cruz County Symphony Association, Aptos, California \$12,000, *part to be matched*

The Santa Cruz County Symphony, a semi-professional orchestra, pays its musicians, on average, little more than \$500 per year. The single most pressing concern facing the Association is upgrading the musicians' salaries. The Hewlett grant increases stipends to the artists and stimulates business contributions to the orchestra.

Scholar Opera, Inc., Palo Alto, California

\$5,600

This semi-professional opera company employs young singers in community performances and educational programs. The Foundation's grant provides salary support for an office manager for two months to improve the quality of production planning and fundraising.

OTHER**Cabrillo Music Festival, Aptos, California**\$15,000, *to be matched*

The Cabrillo Music Festival features professional musicians in thirteen concerts of largely contemporary music at Cabrillo College. The grant requires two dollars from the local area to match every dollar contributed by the Foundation. The first \$15,000 raised by the community will go toward administrative development.

**Holy Names College, Kodaly Program,
Oakland**

\$157,000 over two years, part to be matched

Holy Names College operates one of the major centers for advanced training for music teachers in the methods developed by the Hungarian composer Zoltan Kodaly. The Hewlett grant strengthens fundraising for the Program. A sum of \$50,000 will support salary for a full-time professional fundraiser, and \$75,000 will be offered on a matching basis to stimulate new and increased gifts. The remaining \$32,000 will support eight fellowships for one year.

Performing Arts for Youth Society, San Mateo, California

\$1,000

The Foundation's grant helped defray the costs of two youth concerts given by the Oakland Symphony to increase appreciation of classical music among 3,200 San Mateo County students.

San Francisco Redevelopment Agency

\$10,000, to be matched

The Foundation's grant is for a feasibility study of Yerba Buena Center Cultural Facilities. The study will cover building design, an analysis of the economic base of the participating companies, and estimates of operating costs. This is a collaborative project with the Blyth-Zellerbach Committee and other funding organizations.

Seattle Symphony Orchestra

\$8,500

The Seattle Symphony is involved in an experimental effort to develop a new format for symphony orchestra youth concerts. The format would include a filmed biography of a composer on stage in performance with a live symphony orchestra. Foundation funds paid for a feasibility study of this project.

Theatre Communications Center of the Bay Area, San Francisco

\$15,000

The Center serves more than sixty theatres and 1,200 performers in the Bay Area with employment services and administration and management seminars. The Hewlett grant provides salary support for a full-time office manager and an accountant.

Population

Despite progress in many countries toward reducing birthrates, the significance of population growth as a worldwide problem remains undiminished. If present trends continue, world population will be at least twice its present size in the next century, and within twenty years the populations of most countries will have outstripped the food and energy resources available to them. The Hewlett Foundation will therefore continue to allocate substantial resources to projects in the population field, particularly those involving the less-developed countries, where most of the unsustainable population growth will occur.

Within this broad field, the Foundation has specific interests in the following areas: the training of population experts; policy-related research on population issues, particularly the relationship of socioeconomic factors to fertility; and the support of comprehensive family planning services and other fertility-reducing programs.

We plan continued support not only for analyses of the key variables affecting fertility behavior in a specific region and the way they interact, but also for efforts to implement fertility-reducing development policies. The Foundation will look to organizations that show an awareness of the complex relations between motivation, social and economic development, and fertility behavior, and that have an appreciation for the importance of both societal and personal approaches to population questions.

We will also encourage those that are trying to bridge the gap between research and the implementation of policies and programs.

The Foundation hopes to support innovative approaches to education in human sexuality and other programs concerned with the fertility-related behavior of the nation's sexually active teenagers, as well as others experiencing unwanted pregnancies. Within the United States, support for locally based organizations that provide direct family planning services has been limited to Planned Parenthood affiliates in and near the San Francisco Bay Area.

The Foundation will not consider support for biomedical research on reproduction or the development of contraceptives; nor will it fund population education programs directed toward the general public.

40 TRAINING AND POLICY RESEARCH

- El Colegio de Mexico, Mexico City** \$14,800
El Colegio de Mexico administers a master's degree program for the training of foreign students on population issues. The funds awarded by the Hewlett Foundation, along with those of two other respected American foundations, will support two foreign students who will return to their Latin American countries to apply their knowledge in practical situations.
- The Alan Guttmacher Institute, New York City** \$400,000 *over three years*
The Alan Guttmacher Institute is an organization for research, policy analysis, and public education in the field of population and fertility regulation. The organization looks at the issues of adolescent pregnancy, abortion, sterilization, and contraceptive safety in terms of adequacy of service distribution for particular groups, education, and public policy within the United States. The Foundation's grant will help the Institute continue to deal effectively with population issues.
- Howard University, Program in Demography, Washington, D.C.** \$14,500
The Demography Program at Howard University helps train students from Africa and the Caribbean. The University itself has provided support for the Program in the form of computer time and physical space. The Hewlett grant allows the Program to expand its library and its tape collection for training purposes.
- National Research Council, National Academy of Sciences, Committee on Population and Demography, Washington, D.C.** \$15,000
The Committee on Population and Demography, with support from the Agency for International Development, undertook to: evaluate available evidence and prepare estimates of levels and trends of fertility and mortality in selected countries; improve the technologies for estimating fertility and mortality; and evaluate the factors determining changes in birth rates of those selected countries. The Hewlett Foundation grant helps assure that all the results of the Committee's work will be published and disseminated.
- Population Association of America, Washington, D.C.** \$75,000 *over three years*
The Population Association of America, established in 1931, is a scientific professional organization drawing its 2,700-person membership from a variety of fields engaged in population research. Assisted by the Foundation's general support grant, it will extend its activities involving scholarly exchanges among researchers in the population field and communication of research findings.

Population Council, New York City

\$600,000 over three years

The Population Council conducts multidisciplinary research and provides technical and professional services in the broad field of population. Hewlett Foundation funds will be used for general social science activities, principally for the fellowship program and the development of a program to work with government planners.

INTERNATIONAL FAMILY PLANNING AND DEVELOPMENT

The Asia Foundation, San Francisco

\$180,000 over three years, part to be matched

The Asia Foundation was created in 1954 with the idea that a private grantmaking organization sensitive to the needs, aspirations, and capabilities of Asian people can play a distinctive role in stimulating development in Asia. The Asia Foundation provides assistance in many fields, such as law and justice, administration and public service, urban development, business, and health. The Hewlett Foundation grant will be used for opportunities in the population and family planning fields.

Association for Voluntary Sterilization, Inc.,

New York City

\$210,000 over three years, part to be matched

The Association for Voluntary Sterilization works in more than sixty countries to give people the choice of voluntary sterilization as a method of birth control. The Association stresses the importance of informed consent and the voluntary nature of sterilization procedures. Over the past four years, the Association has trained over 1,600 physicians who perform procedures and train others in the techniques. The Foundation's general support grant assists the Association, where government funds are not available, to cooperate with government and private agencies to provide and gain acceptance for voluntary sterilization as a part of comprehensive family planning work.

The Centre for Population Activities,

Washington, D.C.

\$150,000 over three years, part to be matched

The purpose of The Centre for Population Activities is to improve the management and supervisory skills of family planning, health, and development professionals from developing countries. The Centre began with a series of workshops in Washington, D.C., on the management of family planning programs. In 1978, it added programs in developing countries and a series of overseas workshops designed especially for women managers of service delivery programs. The Foundation's general support grant allows the Centre to increase its capacity to develop new programs.

42 Meals for Millions/Freedom from Hunger Foundation,
New York City

\$75,000 over two years

The programs of the Meals for Millions/Freedom from Hunger Foundation strengthen the capabilities of communities in developing nations to solve their own development problems within the framework of their existing economies and cultures. The Hewlett grant allows the Foundation to link its work with family planning agencies and to relate its nutrition activities to population programs.

Overseas Education Fund, Washington, D.C. \$150,000 over three years, part to be matched

The Overseas Education Fund has provided training and technical assistance to organizations in more than fifty countries since 1947. The Fund works with people to identify practical means whereby both men and women can actively participate in the development of their countries. The Hewlett grant allows the organization to integrate family planning activities more comprehensively into its ongoing work with women's grass roots organizations. The Fund provides training in leadership, organizational development, appropriate technology, employment, health, and nutrition.

DOMESTIC FAMILY PLANNING AND DEVELOPMENT

The Center for Population Options, Washington, D.C.

\$90,000 over three years

The Center for Population Options attempts to increase the availability of information and services about family planning and parenthood so that young people can make informed decisions about childbearing. Its overall goal is to address the problems associated with the high incidence of adolescent pregnancy. The Hewlett general support grant allows the Center to be flexible in cases of delayed or temporarily exhausted funding and to cover some administrative costs, fundraising, and public education.

Education, Training, and Research Associates,
Santa Cruz, California

\$150,000 over three years, part to be matched

Education, Training, and Research Associates extends knowledge about family life education through training, research, consultation, and the development and distribution of educational material. The Foundation's general support grant will be used to implement projects relating to sex education, particularly those relevant to unwanted pregnancy among teenagers.

Johns Hopkins University, School of Medicine, Baltimore, Maryland

\$15,000

The Hewlett grant will enable researchers at Johns Hopkins University School of Medicine to take advantage of an unusual opportunity to

administer a very detailed questionnaire to students from different racial mixes, academic opportunities, and academic levels in the Baltimore area. The questionnaire will produce baseline data on the attitudes of teenagers toward sexuality. This supplements a grant from another foundation, intended to develop educational modules based on student attitudes. The Foundation's grant allows that project to be based on responses from a larger and more varied population.

National Alliance for Optional Parenthood, Washington, D.C. \$60,000 *over two years*

The National Alliance for Optional Parenthood encourages young people to make thoughtful and responsible decisions about parenting by trying to reduce the impact of societal pressures that equate success or growing up with parenthood. The Alliance has a media-outreach program, a national referral file of people who counsel or present workshops on decisionmaking about parenthood, and a volunteer network with representatives in thirty states. The Foundation's general support grant will help the Alliance continue its education work and develop programs and resources for special target populations, such as teachers and counselors who work with adolescents.

Planned Parenthood Federation of America, Western Region Office,
San Francisco

\$10,000

The Western Region of the Planned Parenthood Federation of America sponsored a public affairs workshop held in September 1981 at Asilomar, California, to provide training to the thirty-eight Western Region affiliates on grass roots organizing and fundraising. Hewlett Foundation funds ensured that at least two representatives of each affiliate could participate in the training activities. The New York City office of the Federation acted as fiscal agent.

EDUCATION OF LEADERS

World Wildlife Fund, U.S., Year 2000 Committee, Washington, D.C. \$10,000

The Year 2000 Committee is a group of leading citizens from the corporate, government, and nonprofit sectors interested in providing information at the highest decisionmaking levels in government and corporations about the population and resource trends that were documented in the Global 2000 report and other recent publications. The Hewlett Foundation's contribution was made because of the Foundation's interest in the education of leaders about the interrelationships between population change and natural resource use.

Regional Grants

Through the regional grants program, the Foundation responds to requests from organizations based in the nine-county San Francisco Bay Area that serve local residents. There are three categories in this program area: community development, youth employment, and selected human services. In the community development category, the Foundation funds organizations that conduct programs designed to revitalize neighborhoods by improving living conditions and the climate for business investment. More than half of the program's budget is for grants in this category. In the youth employment category, grants are made to encourage or sustain well-designed youth training and placement programs that have the active involvement of potential private employers and show promise of being able to help young people make a successful transition from school to work. In the selected human services category, a small portion of the program's budget is directed primarily to organizations that serve low-income sections of the Peninsula counties. The proposals that are most likely to be funded in this category are those that point to new ways to address certain social problems, and those that suggest program activities that will facilitate the transition of an organization from primarily government support to other sources of support.

We are attracted to proposals that are well-designed and reflect serious and careful thinking on the part of the staff and board of an organization. We are open to making different types of grants: for general, program, or project support. Grants may be made on a one-year or multi-year basis. We welcome opportunities to fund programs with other grantmakers.

Less than one-tenth of the formal requests received can be supported. To improve the efficiency of the grantseeking process for applicants and the Foundation staff, we discourage proposals from the following fields: physical or mental health; law and related fields; criminal justice or juvenile delinquency; public school education; drug and alcohol addiction; or the problems of the elderly and the handicapped. These exclusions derive not from a lack of sympathy with the needs in these fields, but from the limitation on our funds.

COMMUNITY DEVELOPMENT

Bernal Heights Community Foundation, San Francisco

\$27,500

Bernal Heights is a low- and moderate-income community in San Francisco that is undergoing social and economic change. The Bernal Heights Community Foundation was organized in 1978 by a coalition of block clubs and individuals to help residents in securing better municipal services, improved housing, and a voice in the future development of the area. The Foundation's grant will be used mainly to assist in developing a neighborhood center.

Center for Community Change, Washington, D.C.

\$100,000 *over two years*

The Foundation actively funds community development organizations in the Bay Area. The Center for Community Change is noted for its expertise in monitoring public policies that affect community development organizations and in assisting these organizations to benefit from such policies. The Hewlett grant will make it possible for the Center to provide technical assistance on a more systematic basis to Bay Area community development organizations.

East Bay Asian Local Development Corporation, Oakland

\$15,000

The Corporation, a past Hewlett Foundation grantee, experienced reduced revenues because there was a delay in renting the third floor of its three-story building in Oakland Chinatown. The Hewlett grant will help the Corporation make its loan payments through April 1982, by which time the Corporation expects to have sufficient income from the third floor rental and the sale of some of its property to be able to meet its current expenses from current revenues.

Institute for the Study of Community Economic Development, East Palo Alto

\$100,000 *over two years*

The principal activities of the Institute focus on promoting the development of low- and moderate-income communities in eastern San Mateo County. These activities include collecting data on the state of these communities, arranging for public discussions of community issues, overseeing feasibility studies on the incorporation of East Palo Alto, and providing technical assistance to community organizations and public agencies that serve these communities. The Hewlett Foundation grant will support these activities of the Institute.

Institute for the Study of Community Economic Development, East Palo Alto \$3,300

The Institute received Foundation funds for the 1981 Nairobi Youth Cultural Exposition. The Exposition has become an annual affair that publicizes the programs of organizations serving youth in East Palo Alto and East Menlo Park; that encourages collaboration among these organizations; and that rewards the area's youth for excellence in academic and cultural endeavors.

La Raza Graphic Center, San Francisco \$50,000 *over two years*

La Raza Graphic Center, based in the Mission District, provides graphic arts and printing services to nonprofit organizations and public agencies, and trains Hispanics for printing jobs. Its work encourages business development in a low-income community. The Foundation's two-year grant will help strengthen the Center.

North of Market Planning Coalition, San Francisco \$15,000

The North of Market Planning Coalition is a four-year-old membership organization of individuals who are concerned about the future development of the economically depressed Tenderloin District in San Francisco. It has functioned as a community planning body and voice for residents in the public discussions about the future of the District. The Foundation's grant helped support the planning activities of the organization in 1981.

YOUTH EMPLOYMENT

Horizons Unlimited of San Francisco \$2,000

Horizons Unlimited provides educational services designed to enrich the lives of San Francisco youngsters, particularly those in the Mission District. The Foundation's grant supported a photography program for low-income teenagers in San Francisco's Mission District.

NAACP Legal Defense and Education Fund, Oakland \$15,000. *part to be matched*

Following the release of the Fund's two-year study, *Vocational Education: Cause or Cure for Youth Unemployment*, a commission comprised of members from the education, business, and civic communities was formed to stimulate implementation of the study's recommendations. The Foundation's grant will support the activities of the commission to increase public awareness of the need for improved vocational education. Half of the grant must be matched by Oakland funding sources.

Stanford Mid-Peninsula Urban Coalition\$90,000 *over three years*

The Coalition's work is directed towards finding and demonstrating solutions or approaches to such issues as youth unemployment, housing discrimination, and community development. The Hewlett Foundation grant continues general support for the activities of the Urban Coalition.

Stanford Mid-Peninsula Urban Coalition, Peninsula Academies Program\$150,000 *over five years*

In 1981 the Coalition started its Peninsula Academies Program. This program will use funds and resources from corporations, foundations, and the schools to run a 'school-within-a-school' in the Sequoia Union High School District for potential high school dropouts. This mini-school will provide students with academic and other skills needed to get and hold entry-level jobs. The Foundation's grant will pay for the research and evaluation of the Program.

SELECTED HUMAN SERVICES**Community Board Program, San Francisco**\$150,000 *over two years*

The Community Board Program operates neighborhood-based dispute resolution centers in San Francisco neighborhoods. It invites neighborhood residents to bring their disputes to its centers rather than to the traditional criminal justice system and it trains residents in all aspects of dispute resolution work. The early evidence on this four-year-old demonstration program suggests that residents regard and use the centers as an alternative to other methods of resolving disputes, and that the existence of the centers has a beneficial impact on the quality of life in the neighborhoods. The Hewlett Foundation grant, the third to the Program, will help sustain its work in 1981 and 1982.

Community Foundation of Santa Clara County, San Jose

\$3,500

The San Francisco Bay Area is a favored resettlement area for Southeast Asian refugees who came to the United States over the past three years. Bay Area corporations and foundations created the Southeast Asian Refugee Task Force to be informed about the numbers of Southeast Asian refugees in different counties, to understand their special needs, and to respond to them. The Foundation's grant helped pay the salaries and related expenses of the staff of the Task Force. Their work resulted in data and analysis which made it easier for funders to make grants in this field. The Community Foundation of Santa Clara County acted as fiscal agent for the grant.

Crittenton Friends, Inc., Palo Alto

\$27,000 over three years

Crittenton Friends, Inc. provides supportive services to single mothers and mothers-to-be who are in stressful family circumstances. Its services help the parent adapt to her new role and ensure that the infant's welfare is protected. This Hewlett grant continues support of this organization.

Cuahtemoc Youth Group, Richmond

\$15,000

Cuahtemoc Youth Group conducts educational and cultural programs to help the growing Hispanic youth population in Richmond to benefit fully from their school experience and public services. The programs draw on Hispanic history and culture. An able and caring bilingual staff serve the special needs of new Hispanic youngsters and their parents as they make the adjustment from their native culture to a new one. Foundation funds help pay staff salaries of this community-based organization.

Executive Service Corps of the San Francisco Bay Area, San Francisco

\$15,000

The Executive Service Corps of the San Francisco Bay Area, like its counterparts in Chicago, Denver, and other areas, was organized to make the talents of retired senior-level executives available to help nonprofit organizations with management problems. Distinguished former corporate executives, and partners of leading law and accounting firms comprise the Board of the Executive Service Corps. The Board directs the affairs of the Corps; its members recruit their peers for volunteer assignments. The Corps began operations early in 1981 with the support of funds from the Hewlett Foundation and other corporate and foundation funders.

Mid-Peninsula Youth and Community Services, East Palo Alto

\$5,000

Southeast Asian refugees face special problems and challenges in adjusting to their new homes and communities. To help with this adjustment, a team of representatives of the refugee community and the host community agreed to sponsor an effort to alleviate the problems of refugees in East Palo Alto and to promote cordial and cooperative relationships between the two communities. The Hewlett Foundation grant allows team members to be paid for their ongoing work.

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- Nairobi Schools, Inc., Palo Alto** \$10,000
This fifteen-year-old organization, located in eastern San Mateo County, operates an alternative elementary school for children whose parents are dissatisfied with the public schools. The Hewlett grant supplemented the school's income to ensure completion of the 1980-81 school year without interruption.
- St. Vincent de Paul Society, San Jose** \$10,000
The St. Vincent de Paul Society's major program provides emergency assistance to the needy in Santa Clara County. This program was in jeopardy because of the abrupt termination of a government grant. Hewlett Foundation funds will be used to help the program shift from paid to volunteer staff and ensure its short-term continuation.
- Santa Clara County Girl Scout Council, Inc., San Jose** \$44,000
The Santa Clara County Girl Scout Council organized a program to bring scouting and some social services to girls in East San Jose who are underserved by cultural and social organizations. The Council plans a special effort to reach Hispanic and Asian girls and to enlist minority adults as volunteers. The Hewlett Foundation grant supported the program in 1981.
- Senior Coordinating Council of the Palo Alto Area, Inc., Palo Alto** \$34,000 *over three years*
Retired Executive Volunteers, a new program of the Senior Coordinating Council of the Palo Alto Area, enlists retired executives to provide volunteer consulting services to the area's nonprofit organizations and public agencies. This grant continues Hewlett Foundation support for the program.
- Valley Volunteer Bureau, Pleasanton** \$1,500
The Valley Volunteer Bureau administers a program to attract corporate volunteers to nonprofit organizations in southern Alameda County. The Hewlett Foundation grant made possible the attendance of two representatives of the Bureau at a national conference where one of the main topics was how to attract corporate volunteers to nonprofit organizations.
- Youth Advocates, Inc., San Francisco** \$25,000
Youth Advocates, Inc. serves runaway and homeless youth in San Francisco and other parts of the Bay Area. Its programs include crisis counseling, temporary housing and emergency assistance, and job training and placement. The Hewlett Foundation grant helped the organization buy a new building for temporary housing to replace a rental facility which it had outgrown.

- Community Foundation of Santa Clara County, San Jose** \$1,000
Peninsula Grantmakers, an association of corporate and foundation grantmakers who are active in Santa Clara and San Mateo Counties, conducted the first survey of corporate grantmaking in Santa Clara County. The results of the survey are being used to educate grantmakers and the public about grantmaking in the county and to stimulate increased grants. The Foundation's grant, along with others from association members, paid for consultant's expenses in preparing the survey. The Community Foundation of Santa Clara County acted as the fiscal agent for the grant.
- Grantsmanship Center, Los Angeles** \$5,000
Some applicants and grantees of the Foundation need systematic instruction in program planning and proposal preparation. The Grantsmanship Center offers some of the best classes in these areas. The Foundation's grant paid for partial tuition scholarships for some of its grantees and applicants to participate in the Center's instructional program and made a contribution to the Center's operating expenses.
- Peninsula Community Foundation, Burlingame** \$125,000 *over two years, to be matched*
The Peninsula Community Foundation, formerly the San Mateo Foundation, is a young and growing community foundation that serves San Mateo County and Palo Alto/Stanford by making grants to community nonprofit organizations. To stimulate the growth of its assets, the Hewlett Foundation provided a challenge grant for endowment to be matched by donations for the same purpose.
- San Francisco Foundation** \$3,000
The Hewlett Foundation grant paid the fees of consultants to the Government Funding Committee of Northern California Grantmakers. This special-purpose committee prepared information bulletins on federal budget reductions that have a direct impact on the work of corporate and foundation grantmakers.
- San Francisco Study Center** \$10,000
The Community Training and Development Project, a program of the San Francisco Study Center, provides low-cost workshops and consulting services designed to improve the management of nonprofit organizations. The Hewlett Foundation grant enables the Project to expand its offerings in Santa Clara County.

Special Projects

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Special projects permit the Foundation to respond to a few especially interesting and important proposals that are consistent with the broad purposes of the Foundation but fall outside its established programs.

PUBLIC POLICY

- The American Assembly, New York City** \$100,000
The American Assembly holds nonpartisan meetings and publishes books on important issues of U.S. policy. The Foundation's grant helps strengthen the Assembly's endowment fund.
- Brookings Institution, Washington, D.C.** \$400,000 *over three years*
The Brookings Institution undertakes research in economics, government, and foreign policy. The Hewlett grant is for general support.
- Overseas Development Council, Washington, D.C.** \$300,000 *over three years*
The Overseas Development Council is a policy study and information center concerned with United States' relations with less-developed nations. The Hewlett grant is for general support.
- University of Virginia, White Burkett Miller Center for Public Affairs, Charlottesville** \$150,000 *over three years*
The White Burkett Miller Center for Public Affairs at the University of Virginia collects data and supports research on the U.S. presidency. It also conducts forums and round-table discussions on related topics. The Foundation's grant is for general support of the Center.

CONFLICT RESOLUTION

- American Arbitration Association, San Francisco** \$15,000
The San Francisco office of the American Arbitration Association, among its other activities, conducts a community dispute services program. The Foundation's grant meets part of the first year's costs of the effort to raise funds from corporate sources for this program.
- Family Mediation Association, Washington, D.C.** \$4,000
The editors of *The American Family*, in collaboration with the Family Mediation Association, published a special issue that examined the record and the potential effectiveness of mediation to resolve family conflicts. The Hewlett Foundation's grant helped finance this special issue of *The American Family*.

National Institute for Dispute Resolution

\$300,000

The National Institute for Dispute Resolution was established to provide advice and assistance to those interested in alternative mechanisms of conflict resolution, to facilitate communication among practitioners, and to make grants in the conflict resolution field. The Foundation's grant is for general support.

OTHER**University of California, Berkeley, Institute of Human Development**

\$15,000

The Institute of Human Development maintains the records of several studies of infants and adolescents that have been observed since 1928. To preserve these documents and make them permanently accessible to educators, the Institute hired an archivist to put the material on microfilm. The Foundation's grant provides partial support for these preservation efforts.

University of California, Berkeley, University Research Expeditions Program

\$4,000

The University Research Expeditions Program (UREP) invites members of the public to become active participants on U.C. research teams and to help subsidize research costs. In the past five years, UREP has supported fifty-two field projects, sending U.C. scholars and their UREP assistants to twenty-seven countries on projects ranging from archaeological excavations to wildlife surveys. The Hewlett grant provides general support.

Carnegie Foundation for the Advancement of Teaching, Washington, D. C.

\$15,000

The Carnegie Foundation for the Advancement of Teaching facilitates continued discussion about the deteriorating quality of public education. The Carnegie Foundation organized a week-long meeting of fifty state school officers and fifty college and university presidents to discuss the major issues in education at all levels that are of importance to both groups. The Hewlett Foundation grant provided partial support for this conference and for the publications that resulted.

Center for Effective Philanthropy, Cambridge, Massachusetts

\$15,000

The Center for Effective Philanthropy is being organized by a group of experienced foundation executives to help foundations and corporate philanthropy programs increase their effectiveness. This nonprofit organization will provide consultant services and conduct research and educational activities. The Hewlett Foundation grant provides support of the organization during the planning stage.

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- Institute for Historical Study, San Francisco** \$7,500
The Institute for Historical Study is developing a program to assist trained historians identify and develop professional opportunities outside academia. The Hewlett Foundation grant underwrites part of the cost for this effort.
- The Institute for Journalism Education, Berkeley** \$100,000 over three years
The Institute for Journalism Education conducts training programs to prepare minority journalists for professional positions in the newspaper industry. The grant is for core support of the Institute's programs.
- Menlo College, Menlo Park, California** \$14,250
Menlo College is a two-year liberal arts institution with a four-year business program. The Hewlett Foundation grant provides funds for half the costs of a study to determine the feasibility of establishing a computer science curriculum in the college.
- Monterey Institute for Research in Astronomy, Monterey, California** \$15,000
The Monterey Institute for Research in Astronomy is assembling an efficient stellar data-gathering system. The Hewlett Foundation grant will help in the acquisition of certain technical machine tools required to complete the Institute's spectrophotometer project.

Advice to Applicants

Because the foregoing Program Descriptions are brief and are under continuing review, the most efficient means of initial contact with the Hewlett Foundation is a letter of inquiry, addressed to the President, Roger W. Heyns, at the Menlo Park office. The letter should contain a brief statement of the applicant's need for funds and enough factual information to enable the staff to determine whether or not the application falls within the Foundation's areas of preferred interest or warrants consideration as a special project. There is no fixed minimum or maximum with respect to the size of grants; applicants should provide a straightforward statement of their needs and aspirations for support, taking into account other possible sources of funding.

Letters of application will be briefly acknowledged upon their receipt. But because the Foundation prefers to conduct its affairs with a small staff, a more detailed response will in some cases be delayed. Applicants who have not had a substantive reply after a reasonable period of time should feel free to make a follow-up inquiry.

The Foundation recognizes that significant programs require time to demonstrate their value. It is therefore willing to consider proposals covering several years of support. While the Foundation will entertain specific projects in its areas of interest and will on occasion provide general support for organizations of special interests, it expects to work primarily through program support of organizations active in its main areas of interest. One exception is the regional grants program, under which the Foundation will make some small grants for specific projects that meet an immediate community need. Like most foundations, the Hewlett Foundation is unwilling to assume

responsibility for the long-term support of any organization or activity.

All inquiries are reviewed first by the relevant program officer. He or she will either (1) in consultation with the President, decline those requests which seem unlikely to result in a project the Foundation can support; (2) request further information if a decision cannot be made on the basis of the initial inquiry; or (3) present the request to the rest of the staff for discussion.

Applicants who receive a favorable response to their initial inquiry will be invited to submit a formal proposal. Special supporting materials may be requested in some cases, but normally the proposal should include:

1. A concise statement of the purpose of the request, its significance or uniqueness in relation to other work being done in the field, and the results sought.

2. A budget for the program; an indication of other prospective funding sources and the amount requested of each; and a statement of the sponsoring organization's total budget and financial position. Applicants should indicate how they would continue a successful program once support from the Hewlett Foundation ceased.

3. The identity and qualifications of the key personnel to be involved.

4. A list of members of the governing body.

5. Evidence of tax-exempt status.

6. A statement to the effect that the proposal has been reviewed by the applicant's governing body and specifically approved for submission to the William and Flora Hewlett Foundation.

Normally the Foundation will not consider for support grants or loans to individuals; grants for basic research; endowment funds; capital construction funds; grants in the medical or health-related fields; or general fundraising drives. It will not make grants intended directly or indirectly to support candidates for political office or to influence legislation.

Grants must be approved by the Board of Directors, which meets quarterly. Meeting dates are available upon request, but applicants should realize that even proposals which are to be recommended for Board approval cannot in every case be reviewed at the first meeting following their receipt. All inquiries and proposals are reported to the Board, including both those that lie clearly outside the Foundation's declared interests and those declined at the staff level.

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Education	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
American Council on Education, Washington, D.C. For general support	\$75,000		\$75,000	
Association of American University Presses, New York, New York To subsidize university press staff attending management training seminars To develop an annotated, computerized data base of university press books in print		\$5,000 135,000	5,000 2,500	\$132,500
Bay Area Institute, Pacific News Service, San Francisco, California For general support		15,000	15,000	
The Bush Foundation, St. Paul, Minnesota For the College Alumni Challenge Grant Program For the Black College Capital Campaign Challenge Grants Program	300,000	120,000	35,000 120,000	265,000
University of California, Berkeley, Berkeley, California For the MESA program	350,000	375,000	350,000	375,000
Council on Library Resources, Washington, D.C. For development of a computerized bibliographic system for the nation's libraries	150,000		150,000	
Independent Colleges of Northern California, San Francisco, California To stimulate large contributions to the ICNC campaign	10,000	25,000	16,500	18,500
International and Area Studies Program To establish discretionary fund endowments for international and area studies University of California, Berkeley, Berkeley, California University of California, Los Angeles, Los Angeles, California University of Chicago, Chicago, Illinois Columbia University, New York, New York University of Michigan, Ann Arbor, Michigan University of Washington, Seattle, Washington University of Wisconsin, Madison, Wisconsin Yale University, New Haven, Connecticut	100,000 75,000 100,000 150,000 96,775	150,000 150,000	100,000 72,500 150,000 25,000	75,000 100,000 150,000 24,275 125,000

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
International Council on the Future of the University, New York, New York				
For general support of its convention, research, and publication activities	10,000		10,000	
Liberal Arts College Self-Renewal Program				
To help endow presidential discretionary funds of liberal arts colleges				
Bates College, Lewiston, Maine	62,500		25,000	37,500
Beloit College, Beloit, Wisconsin	50,000		50,000	
Berea College, Berea, Kentucky		75,000		75,000
Bryn Mawr College, Bryn Mawr, Pennsylvania	100,000		25,000	75,000
Calvin College, Grand Rapids, Michigan	75,000		25,000	50,000
Carleton College, Northfield, Minnesota	100,000		100,000	
Colby College, Waterville, Maine		100,000		100,000
Colgate University, Hamilton, New York	75,000		25,000	50,000
Davidson College, Davidson, North Carolina	100,000		100,000	
Denison University, Granville, Ohio		87,500		87,500
Earlham College, Richmond, Indiana		75,000		75,000
Franklin & Marshall College, Lancaster, Pennsylvania		100,000		100,000
Gettysburg College, Gettysburg, Pennsylvania	75,000		50,000	25,000
Goucher College, Towson, Maryland	75,000			75,000
Grinnell College, Grinnell, Iowa		87,500		87,500
Hamilton College, Clinton, New York		100,000		100,000
Haverford College, Haverford, Pennsylvania		87,500		87,500
Hope College, Holland, Michigan	75,000			75,000
Kalamazoo College, Kalamazoo, Michigan	75,000		25,000	50,000
Knox College, Galesburg, Illinois	75,000		25,000	50,000
Lafayette College, Easton, Pennsylvania		100,000		100,000
Lawrence University, Appleton, Wisconsin	87,500		25,000	62,500
Lehigh University, Bethlehem, Pennsylvania		100,000		100,000
Macalester College, St. Paul, Minnesota		87,500		87,500
Middlebury College, Middlebury, Vermont	100,000		50,000	50,000
Occidental College, Los Angeles, California	62,500			62,500
St. Lawrence University, Canton, New York	62,500		50,000	12,500
Skidmore College, Saratoga Springs, New York		100,000		100,000
Swarthmore College, Swarthmore, Pennsylvania	100,000			100,000
Trinity College, Hartford, Connecticut	100,000		25,000	75,000
Wesleyan University, Middletown, Connecticut		125,000		125,000
Williams College, Williamstown, Massachusetts	125,000		100,000	25,000

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Massachusetts Institute of Technology, Cambridge, Massachusetts For start-up costs of the College of Science, Technology, and Society	200,000		100,000	100,000
National Institute for Campus Ministries, Newton Centre, Massachusetts For general support	10,000		10,000	
Oregon Educational Coordinating Commission, Governor's Commission on Foreign Language and International Studies, Salem, Oregon For general support		15,000	15,000	
Research Corporation, New York, New York To support research grants in science for liberal arts college faculty		150,000	50,000	100,000
Research Libraries Group, Stanford, California For general support (\$150,000) and project support (\$150,000)		300,000	300,000	
Stanford University, Center for Research in International Studies, Bay Area Global Education Project, Stanford, California For general support		15,000	15,000	
Universities Field Staff International, Hanover, New Hampshire To attract new members by subsidizing memberships		131,000	65,000	66,000
World Affairs Council of Northern California, Bay Area and the World Project, San Francisco, California To stimulate demand for and improve supply of international education and information services in the Bay Area		115,000	115,000	
World Without War Council of Northern California, Berkeley, California To help cover expenses of a conference on improving American competence in world affairs and for inventory of world affairs organizations in the Bay Area		5,400	5,400	
TOTAL EDUCATION	3,201,775	3,081,400	2,501,900	3,781,275



Environment

Environment	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
American Land Forum, Washington, D.C. For general support	40,000		40,000	
Appalachian Trail Conference, Harpers Ferry, West Virginia Toward publication and revision of <i>The Appalachian Trail Stewardship Manual</i>		5,000	5,000	
Bay Area Environmental Education Resources Fair, San Francisco, California To cover costs of a one-day event and to stimulate other sources of support		4,000	1,000	3,000
University of California, Santa Cruz, Santa Cruz, California For the Environmental Field Program	15,000		15,000	
California Tomorrow, San Francisco, California For costs of dissemination of reports of the Program for California 2000		15,000	15,000	
Camp Unalayee, Palo Alto, California For support of a part-time person to stimulate recruitment for the camp		4,000	1,200	2,800
Center for Collaborative Problem Solving, San Francisco, California To plan collaborative curriculum program with American Arbitration Association, Forum on Community and the Environment, Harbinger Communications, Resolve, and ROMCOE	7,000		7,000	
Center for Environmental Intern Programs, Boston, Massachusetts For general support	50,000		30,000	20,000
Conservation Foundation, Washington, D.C. For general support		300,000	80,000	220,000
Environmental Law Institute, Washington, D.C. For general support		220,000	50,000	170,000
Environmental Volunteers, Mid-Peninsula Environmental Education Association, Palo Alto, California For a workshop on the development of cooperative activities among member organizations		1,000	1,000	

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Filoli Center, Woodside, California For an interest-free loan for land acquisition	400,000			400,000
Forum on Community and the Environment, Palo Alto, California For a program in participatory planning and conflict management for the State of California Department of Parks and Recreation For development of a training program in conflict management	40,000	120,000	40,000 120,000	
Harbinger Communications, Santa Cruz, California For general support		60,000	30,000	30,000
Hidden Villa, Los Altos, California For general support	20,000		10,000	10,000
Keystone Center for Continuing Education, Keystone, Colorado For its conflict management efforts	50,000		50,000	
League of Women Voters Education Fund, Washington, D.C. To support the League's efforts to strengthen state and local League volunteer capability on environmental issues		100,000	50,000	50,000
Lincoln Institute of Land Policy, Cambridge, Massachusetts For support of the National Consultation on Local Land Conservation conference		5,000	5,000	
The John Muir Institute, Napa, California For general support		150,000	40,000	110,000
Nature Conservancy, Arlington, Virginia For the Land Preservation Fund	100,000		100,000	
The Northern Lights Institute, Helena, Montana To improve decisionmaking on environmental issues at the regional level		150,000		150,000
Northern Rockies Action Group, Helena, Montana For planning of the Northern Lights Institute		15,000	15,000	
Oceanic Society, San Francisco, California For development of its Speakers Bureau in the Bay Area	1,390			1,390

	1981			
	Unpaid Grants 1 January 1981	Grants Authorized	Payments Made	Unpaid Grants 31 December 1981
Quebec-Labrador Foundation, Inc., The Atlantic Center for the Environment, Ipswich, Massachusetts For general support		90,000	30,000	60,000
Resources for the Future, Washington, D.C. For general support	200,000		100,000	100,000
ROMCOE, Center for Environmental Problem Solving, Boulder, Colorado For a program of education and training in the techniques of conflict management		210,000	70,000	140,000
San Jose State University Foundation, San Jose, California For the Moss Landing Marine Laboratory marsh reclamation project		7,700	7,700	
Scientists' Institute for Public Information, New York, New York To support the parts of their program that focus on environmental issues	45,000		45,000	
Sierra Club Foundation, San Francisco, California For the Inner City Outings Program which provides outdoor experience to inner city youth	5,000		2,830	2,170
Student Conservation Association, Inc., Charlestown, New Hampshire For general support	60,000		30,000	30,000
Trust for Public Land, San Francisco, California To support its technical assistance and management activities	60,000		60,000	
Virginia Polytechnic Institute and State University, Blacksburg, Virginia For a study to recommend improvements in the participatory process relating to potential environmental conflicts		6,400	6,400	
Worldwatch Institute, Washington, D.C. For general support	120,000		60,000	60,000
TOTAL ENVIRONMENT	1,213,390	1,463,100	1,117,130	1,559,360



Performing Arts

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Affiliate Artists, Inc. , San Francisco, California For the Community Artist Residency Training Program in California	40,000		20,000	20,000
American Association of Museums , Washington, D.C. For their accreditation program	50,000		25,000	25,000
American Dance Festival , Durham, North Carolina For general operating support	15,000		15,000	
American Theatre Association , Washington, D.C. To support administrative restructuring	5,000		5,000	
Berkeley Stage Company , Berkeley, California Salary support for a full-time fundraiser and professional management advice		40,000	18,645	21,355
Cabrillo Music Festival , Aptos, California To strengthen fundraising and administration		15,000	7,550	7,450
El Centro Campesino Cultural, Inc. , San Juan Bautista, California For salary support to hire full-time professionals for four positions	88,600		44,300	44,300
Firehouse Theatre Company , Mill Valley, California For operating costs of the Threepenny Review	8,000		8,000	
The Folger Shakespeare Library , Washington, D.C. For building renovation	60,000		60,000	
Foundation for the Extension and Development of the American Professional Theatre , New York, New York For its technical and management assistance programs for theatre and dance companies	51,150		51,150	
Holy Names College, Kodaly Program , Oakland, California To strengthen fundraising for an advanced training program for music teachers		157,000	57,000	100,000
Julian Theatre , San Francisco, California For salary support for a development director and administrative improvements		40,000	20,000	20,000

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Marin Symphony Association, San Rafael, California For Orchestra Piccola general support (\$3,000) and coaching program (\$8,000)	1,400		1,400	
Metropolitan Opera National Council, Western Regional Educational Fund, Marina Del Rey, California To provide modest cash awards for coaching, training, and travel related to professional job opportunities for young singers		10,000		10,000
Mission San Juan Bautista Museum, San Juan Bautista, California For preserving and cataloging the Museum's collection over a ten-week period	5,500		5,500	
National Opera Institute, Washington, D.C. For apprenticeship program in opera administration	15,000		10,000	5,000
Oakland Symphony, Oakland, California For extending the Symphony's summer season with four concerts and sixteen rehearsals of contemporary music		129,070	38,610	90,460
One Act Theatre Company of San Francisco, San Francisco, California To provide salaries for a business manager and other staff	3,000		3,000	
Oregon Shakespearean Festival Association, Ashland, Oregon For advanced training of young artists		100,000		100,000
Peninsula Ballet Theatre, San Mateo, California To assist with a three-act production of <i>Cinderella</i> , offering performance experience to six apprentice artists Toward stipends for young classical ballet soloists and fees for a scenic designer		10,559 30,000	10,559	30,000
Peninsula Symphony Association, Los Altos, California To provide fees for four guest soloists		12,000	12,000	
Performing Arts for Youth Society, San Mateo, California Toward the costs of two youth concerts by the Oakland Symphony		1,000	1,000	

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Philharmonic Society of Fremont-Newark, Fremont, California For concert to be performed in conjunction with the San Francisco Community Chorus		1,500	1,500	
The Pocket Opera Company, San Francisco, California For salary support of two administrative positions	18,000		10,000	8,000
San Francisco Ballet, San Francisco, California For training programs for gifted young dancers To provide stipends for seventeen apprentice artists	25,000	186,000	25,000 62,000	124,000
San Francisco Concert Orchestra, San Francisco, California To help meet short-term cash flow difficulties To strengthen fundraising capacity and pay for a guest conductor		5,000 50,000	5,000 23,500	26,500
San Francisco Conservatory of Music, San Francisco, California For its master classes and workshops	52,000		26,000	26,000
San Francisco Contemporary Music Players, San Francisco, California For general support	18,000		18,000	
San Francisco Performances, Inc., San Francisco, California For general support		15,000	15,000	
San Francisco Redevelopment Agency, San Francisco, California For a feasibility study of the Yerba Buena Center Cultural Facilities		10,000		10,000
The San Francisco Symphony Association, San Francisco, California For the National Auditions Program and musicians' salaries	35,600		35,600	
San Jose Repertory Company, San Jose, California To provide salary support for the general manager and the development director	40,000		20,000	20,000
San Jose Symphony Orchestra, San Jose, California To finance a popular concert series and provide salary support for a fundraising assistant		102,000		102,000

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
San Mateo County Historical Association, San Mateo, California To increase membership in the museum	5,000		5,000	
Santa Cruz County Symphony Association, Aptos, California To improve the salaries of members of the orchestra		12,000	12,000	
Scholar Opera, Inc., Palo Alto, California For salary of a full-time manager, upgraded production planning, and fundraising		5,600	5,600	
The School of American Ballet, Inc., New York, New York For general support	50,000		50,000	
Seattle Symphony Orchestra, Seattle, Washington For revision of a script to be used with a live orchestra to present a series on the lives of composers	5,000		5,000	
For third phase of script revision and production needs related to new format for youth concerts		8,500	8,500	
Six Characters, Inc., Los Altos, California For the Playwrights-in-Residence Program at the Los Altos Conservatory Theatre	4,500		4,500	
Theatre Communications Center of the Bay Area, San Francisco, California To provide salary support for an office manager and a bookkeeper		15,000	15,000	
Western Association of Art Museums, San Francisco, California For support of the Museum Management Institute	10,000		10,000	
TOTAL PERFORMING ARTS	605,750	955,229	770,914	790,065



Population

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
The Asia Foundation, San Francisco, California For family planning and population programs		180,000	50,000	130,000
Association for Voluntary Sterilization, Inc., New York, New York To support non-U.S. government-funded activities		210,000	40,000	170,000
Brown University, Providence, Rhode Island General support of the Population Studies and Training Center	80,000			80,000
University of California, Berkeley, Berkeley, California For Graduate Group in Demography/Program in Population Research	70,000		20,000	50,000
The Center for Population Options, Washington, D.C. For general support		90,000	30,000	60,000
The Centre for Population Activities, Washington, D.C. For general support		150,000	30,000	120,000
Columbia University, New York, New York For general support of the Center for Population and Family Health	40,000		40,000	
Education, Training, and Research Associates, Santa Cruz, California To support activities relating to teenage sex education, particularly those relating to unwanted pregnancy		150,000		150,000
El Colegio de Mexico, Mexico City, Mexico To provide support for two students from other Latin American countries to participate in a master's program in demography		14,800	14,800	
Florida State University, Tallahassee, Florida To support the library of the Center for the Study of Population	32,000		16,000	16,000
The Alan Guttmacher Institute, New York, New York For general support		400,000	134,000	266,000

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Howard University, Program in Demography, Washington, D.C. To increase its capacity in meeting the needs of students from developing countries		14,500	14,500	
International Committee on the Management of Population Programs, Salangor, Malaysia For general support	100,000		50,000	50,000
International Union for the Scientific Study of Population, Belgium For its committees on fertility, population policies, and relationships between income distribution and demographic variables	40,000		20,000	20,000
Johns Hopkins University, Baltimore, Maryland For general support of the Population Center For researchers at the School of Medicine to collect baseline data on attitudes toward sexuality of teenagers in Baltimore schools	55,000	15,000	55,000	
Meals for Millions/Freedom from Hunger Foundation, New York, New York For general support of efforts to integrate family planning components into its program		75,000	30,000	45,000
University of Michigan, Ann Arbor, Michigan For general support of the Population Studies Center To the Institute for Social Research to provide fellowships for foreign students	50,000 15,000		50,000 15,000	
National Alliance for Optional Parenthood, Washington, D.C. For general support		60,000	30,000	30,000
National Audubon Society, New York, New York For the Leadership Conference on Population, Resources, and Environment	5,000		5,000	
National Research Council, National Academy of Sciences, Committee on Population and Demography, Washington, D.C. To complete publication of reports on fertility and mortality trends in developing countries		15,000	15,000	
Overseas Education Fund, Washington, D.C. For the Fund's efforts to further integrate family planning components into its program		150,000	25,000	125,000

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Pathfinder Fund, Chestnut Hill, Massachusetts For general support	230,000		160,000	70,000
University of Pennsylvania, Philadelphia, Pennsylvania For the Population Studies Center	100,000			100,000
Planned Parenthood Federation of America, New York, New York For its domestic activities	200,000		200,000	
For a public affairs workshop concerning grass roots organizing and fundraising among western regional affiliates		10,000	10,000	
Planned Parenthood Federation of America, Western Region Office, San Francisco, California For a cooperative fundraising program of eight Planned Parenthood affiliates	70,000		70,000	
Population Association of America, Washington, D.C. For general support		75,000	25,000	50,000
Population Council, New York, New York For the Council's social science activities		600,000	200,000	400,000
Population Crisis Committee, Washington, D.C. To encourage governments of developing nations in their efforts to curb population growth	30,000		30,000	
Population Resource Center, New York, New York For general support	50,000		25,000	25,000
Princeton University, Princeton, New Jersey For general support of the Office of Population Research	50,000		50,000	
Program for the Introduction and Adaptation of Contraceptive Technology, Seattle, Washington For general support	70,000		35,000	35,000
University of Southern California, Population Research Laboratory, Los Angeles, California For development of a population policy program	50,000		25,000	25,000
University of Texas, Austin, Texas For general support of the Population Research Center	80,000		20,000	60,000

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
University of Wisconsin, Madison, Wisconsin For general support of the Center for Demography and Ecology	120,000		40,000	80,000
World Education, New York, New York To identify and develop women's programs	100,000		50,000	50,000
World Neighbors, Oklahoma City, Oklahoma To support its family planning activities	60,000		60,000	
World Wildlife Fund, U.S., Year 2000 Committee, Washington, D.C. For development of the Committee		10,000	10,000	
Yale University, New Haven, Connecticut For general support of the Economic Growth Center	37,000		10,000	27,000
TOTAL POPULATION	1,734,000	2,219,300	1,719,300	2,234,000



Regional Grants

Regional Grants	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Bay Area Black United Fund, Oakland, California For general support	35,000		18,000	17,000
The Bay Area Urban League, Inc., San Francisco, California For general support of their training center	80,000		50,000	30,000
Bernal Heights Community Foundation, San Francisco, California For general support and assistance in developing a neighborhood center		27,500	20,334	7,166
Big Sisters of East Palo Alto/East Menlo Park, East Palo Alto, California For general support	17,500		11,500	6,000
Center for Community Change, Washington, D.C. To provide specialized assistance to community development organizations in the Bay Area		100,000	50,000	50,000
A Central Place, Oakland, California For administrative and operating expenses	16,000		16,000	
Chinatown Neighborhood Improvement Resource Center, San Francisco, California For general support of a community development program	70,000		35,000	35,000
Community Board Program, San Francisco, California For general support of the Program's dispute resolution centers		150,000	15,000	135,000
Community Foundation of Santa Clara County, San Jose, California To support work of the Southeast Asian Refugee Task Force		3,500		3,500
To support the Santa Clara County Corporate Contributions Survey of the Peninsula Grantmakers		1,000	1,000	
Crittenton Friends, Inc., Palo Alto, California For general support of services to single mothers and mothers-to-be		27,000	10,000	17,000
Cuauhtemoc Youth Group, Richmond, California For general support of programs for Hispanic youth		15,000	15,000	

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
East Bay Asian Local Development Corporation, Oakland, California For general support To help meet loan payments until part of the Corporation's building is rented	80,000	15,000	50,000 15,000	30,000
Executive Service Corps of the San Francisco Bay Area, San Francisco, California For first-year operations of the organization		15,000	15,000	
Girls' Club of the Mid-Peninsula, Menlo Park, California For general support, management assistance, board development, energy conservation, and capital improvements	42,900		20,000	22,900
Grantsmanship Center, Los Angeles, California For general support and partial tuition expenses for some Foundation grantees		5,000	5,000	
Horizons Unlimited of San Francisco, San Francisco, California To support the photography program for low-income teenagers		2,000	2,000	
Institute for the Study of Community Economic Development, East Palo Alto, California For general support of the Institute's promotion of development in low- and moderate-income communities For the 1981 Nairobi Youth Cultural Exposition		100,000 3,300	25,000 3,300	75,000
La Raza Graphic Center, San Francisco, California For general support of the Center's graphic arts and printing services for nonprofit organizations and its job training program for Hispanics		50,000	12,500	37,500
Mid-Peninsula Support Network, Mountain View, California For general support of services to abused women and their children	15,000		15,000	
Mid-Peninsula Youth and Community Services, East Palo Alto, California For salary and related expenses of three part-time consultants on the Indochinese Refugee Project		5,000	5,000	

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
NAACP Legal Defense and Education Fund, Oakland, California For the Education and Career Development Project to expand vocational education and reduce youth unemployment in Oakland		15,000	7,500	7,500
Nairobi Schools, Inc., Palo Alto, California For general support during the 1980-81 school year		10,000	10,000	
North of Market Planning Coalition, San Francisco, California To support the Coalition's 1981 operations, including salary and office expenses		15,000	15,000	
Peninsula Community Foundation (formerly San Mateo Foundation), Burlingame, California To support the Foundation's endowment		125,000		125,000
Resource Center for Women, Palo Alto, California For general support	30,000		15,000	15,000
St. Vincent de Paul Society, San Jose, California For Project Sustain, to recruit, train, and place volunteers to staff the Society's emergency assistance program		10,000	10,000	
San Francisco Foundation, San Francisco, California For the Government Spending Committee of Northern California Grantmakers in 1981		3,000	3,000	
San Francisco Study Center, San Francisco, California For general support For the Community Training and Development Project's activities in Santa Clara County	20,000	10,000	20,000 10,000	
Santa Clara County Girl Scout Council, Inc., San Jose, California For general support of Project Opportunity in East San Jose		44,000	44,000	
Senior Coordinating Council of the Palo Alto Area, Inc., Palo Alto, California To provide general support for the Retired Executive Volunteers		34,000	10,000	24,000



	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Spanish Speaking Unity Council, Oakland, California To support the Council's Community Economic Development Program	60,000		60,000	
Stanford Mid-Peninsula Urban Coalition, Stanford, California For general support To finance the research and evaluation component of the Coalition's Peninsula Academies Program		90,000 150,000	30,000 50,000	60,000 100,000
United Way of the Bay Area, San Francisco, California For support of the Summer Youth Project	20,000		10,000	10,000
Valley Volunteer Bureau, Pleasanton, California To allow two of the Bureau's staff members to attend a national conference on how to attract corporate volunteers		1,500	1,500	
Volunteer Bureau/Voluntary Action Centers, San Francisco, California For the recruitment campaign of the Northern California Council of Volunteer Bureaus/Voluntary Action Centers	11,000		11,000	
Youth Advocates, Inc., San Francisco, California To support a new building for runaway and homeless youth		25,000	25,000	
TOTAL REGIONAL	497,400	1,051,800	741,634	807,566

Special Projects

Special Projects	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
American Arbitration Association, San Francisco, California For fundraising efforts in connection with its community dispute services program		15,000	15,000	
The American Assembly, New York, New York To help strengthen the Assembly's endowment fund		100,000	100,000	
American Historical Association, Washington, D.C. For Project '87 Phase Three activities	37,500		37,500	
Brookings Institution, Washington, D.C. For general support of the Institution's research		400,000	134,000	266,000
University of California, Berkeley, Berkeley, California For the Institute of Human Development in its effort to preserve records of its longitudinal studies For the University Research Expeditions Program		15,000 4,000	15,000 4,000	
Carnegie Foundation for the Advancement of Teaching, Washington, D.C. To support a conference of state school superintendents and college presidents		15,000	15,000	
Center for Effective Philanthropy, Cambridge, Massachusetts Toward the cost of an initial planning period		15,000	15,000	
Exploratorium, San Francisco, California To strengthen management operations	110,000		55,000	55,000
Family Mediation Association, Washington, D.C. Toward the costs of publication for a special issue of <i>The American Family</i> focusing on mediation of family conflicts		4,000	4,000	
The Foundation Center, New York, New York For general support of its national program (10 percent for the San Francisco office)	50,000		25,000	25,000
Independent Sector (formerly Coalition of National Voluntary Organizations/National Council on Philanthropy), Washington, D.C. To support the work of the Organizing Committee	15,000		15,000	

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Institute for Historical Study, San Francisco, California To cover expenses of a membership campaign		7,500	7,500	
The Institute for Journalism Education, Berkeley, California For general support of the Institute's training programs for minority journalists		100,000	45,000	55,000
Menlo College, Menlo Park, California For a feasibility study of a computer science degree program		14,250	14,250	
Monterey Institute for Research in Astronomy, Monterey, California For machine tools		15,000	15,000	
National Institute for Dispute Resolution For general support		300,000		300,000
National Urban Fellows, Inc., New York, New York For general support	100,000		50,000	50,000
University of Notre Dame, Notre Dame, Indiana For the Ecumenical Institute for Advanced Theological Studies in Jerusalem	50,000		50,000	
Overseas Development Council, Washington, D.C. For general support		300,000	200,000	100,000
Prosocial Development Program: Prevention Materials Institute, Lafayette, California To complete the developmental phase of the Institute's program to increase prosocial development in American children For Foundation-related expenses	78,844	554,000	277,000 12,779	277,000 66,065
Stanford University, Stanford, California For construction costs of the Music building	100,000		100,000	
The Trilateral Commission, New York, New York For general support to continue the Commission through its final three-year period	50,000		25,000	25,000

	Unpaid Grants 1 January 1981	1981		Unpaid Grants 31 December 1981
		Grants Authorized	Payments Made	
Urban Institute, Washington, D.C. For programs in population change and public policy; employment problems; and minority disparities and public policy	200,000			200,000
Vanderbilt University, Nashville, Tennessee For the Television News Archive's project to convert its collection of video tape reels to cassettes	36,250		36,250	
University of Virginia, White Burkett Miller Center for Public Affairs, Charlottesville, Virginia For general support of research on the U.S. presidency		150,000	50,000	100,000
Yale University, New Haven, Connecticut To provide general support for the research activities of the Program on Nonprofit Organizations	200,000		100,000	100,000
TOTAL SPECIAL PROJECTS	1,027,594	2,008,750	1,417,279	1,619,065

TOTAL—ALL PROGRAM AREAS	8,279,909			10,791,331
Less program-related loan commitment to Filoli Center, included above	(400,000)			(400,000)
GRAND TOTAL	\$7,879,909	\$10,779,579	\$8,268,157	\$10,391,331
Less grant refunds		(33,397)		
Grants authorized, net of grant refunds		\$10,746,182		



12 March 1982

To the Board of Directors of
The William and Flora Hewlett Foundation

In our opinion, the accompanying balance sheets and the related statements of income, expenses, grants and fund balance present fairly the financial position of The William and Flora Hewlett Foundation at 31 December 1981 and 1980, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

Financial Statements

BALANCE SHEET

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Assets	31 December	
	1981	1980
Investments:		
Hewlett-Packard Company common stock	\$251,471,741	\$73,059,745
Other equity securities	30,915,028	25,502
Fixed income securities	31,596,832	
Money market funds	15,600	931,403
Cash:		
Commercial account	79,310	25,959
Time account and certificates of deposit		3,000,000
Interest receivable	1,115,957	56,166
Dividends receivable	465,859	
Office equipment, automobile and leasehold improvements, net of accumulated depreciation and amortization of \$69,887 and \$37,493	221,391	213,408
Program-related loan	150,000	150,000
Other assets	21,371	24,556
	<u>\$316,053,089</u>	<u>\$77,486,739</u>

Liabilities and Fund Balance

Grants payable	\$ 10,391,331	\$ 7,879,909
Accounts payable and accrued liabilities	42,699	92,894
Federal excise tax payable	169,435	9,444
Deferred federal excise tax payable	3,061,075	1,461,385
Total liabilities	13,664,540	9,443,632
Fund balance	302,388,549	68,043,107
	<u>\$316,053,089</u>	<u>\$77,486,739</u>

See accompanying notes to financial statements.

STATEMENT OF INCOME, EXPENSES, GRANTS, AND FUND BALANCE

	Year ended 31 December	
	1981	1980
Income:		
Interest	\$ 2,485,261	\$ 303,302
Dividends	3,582,624	326,860
	<u>6,067,885</u>	<u>630,162</u>
Expenses:		
Administrative and investment management expenses	959,200	880,080
Federal excise tax	169,200	7,600
	<u>1,128,400</u>	<u>887,680</u>
Income (loss) available for grants	4,939,485	(257,518)
Grants authorized	<u>10,746,182</u>	<u>8,661,482</u>
Excess of expenses and grants over income	(5,806,697)	(8,919,000)
Realized gain on sales of investments	1,212,392	
Unrealized increase (decrease) in market value of investments, net of deferred federal excise tax of (\$395,310) and \$496,126	(19,918,040)	24,310,175
Contributions received, net of deferred federal excise tax of \$1,995,000 in 1981	<u>258,857,787</u>	<u>9,500,000</u>
Increase in fund balance	234,345,442	24,891,175
Fund balance at beginning of year	<u>68,043,107</u>	<u>43,151,932</u>
Fund balance at end of year	<u>\$302,388,549</u>	<u>\$68,043,107</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 1981 AND 1980

NOTE 1—Accounting policies:

Investments—Investments are carried at market value. Market values at 31 December 1981 and 1980 were determined principally by closing market prices on national stock exchanges. Donated securities are recorded at their fair market value at date of donation.

The unrealized increase (decrease) in the market value of investments held at year end was determined by using market values at the beginning and end of the year or the date assets were contributed if the contribution occurred during the year. Realized gains (losses) on sales of investments during the year were determined using cost.

Grants—In the year grant requests are approved by the Board of Directors, they are recorded as grants payable. Grants are authorized subject to certain conditions, and failure of the recipients to meet these conditions may result in cancellations or refunds; such cancellations or refunds are recognized in the year they occur.

Pension plan—The Foundation provides a noncontributory defined contribution pension plan for all its employees. The plan is funded and maintained by a trustee. Pension expense for 1981 and 1980 was \$64,400 and \$50,200.

NOTE 2—Investments:

The cost of investments held at 31 December 1981 and 1980 was as follows:

	1981	1980
Hewlett-Packard Company common stock	\$221,530,004	\$24,245,125
Other equity securities	32,009,646	20,850
Fixed income securities	31,938,029	

NOTE 3—Program-related loan:

During 1977, the Foundation made an interest-free loan commitment of \$550,000 to Filoli Center, Inc., which qualifies as a public charity under Internal Revenue Code Section 501 (c) (3). At 31 December 1981 the Foundation had advanced \$150,000 on this commitment. Terms of the loan agreement require repayment from funds committed to Filoli Center, Inc. from the estate of a benefactor.

NOTE 4—Grants payable:

The Foundation ordinarily makes its grants to organizations that qualify as public charities under the Internal Revenue Code. When distributions are made to non-qualifying organizations, the Foundation assumes the responsibility for ultimate public charity use.

Grants authorized but unpaid at 31 December 1981 are payable as follows:

Year payable	Amount
1982	\$ 5,354,806
1983	3,531,250
1984	1,505,275
	<u>\$10,391,331</u>

NOTE 5—Federal excise tax:

In accordance with the provisions of the Internal Revenue Code, the Foundation is liable for an excise tax of 2 percent on net investment income. Gains on dispositions of investments for excise tax purposes are calculated using the donor's basis of the investment. Deferred excise tax arises from unrealized gains on investments and is provided at the rate in effect at the time the unrealized gains or losses are recognized.

The accompanying financial statements reflect provisions for current and deferred excise tax as follows:

	1981	1980
Current	\$ 169,200	\$ 7,600
Deferred	(395,310)	496,126
	<u>\$ (226,110)</u>	<u>\$503,726</u>

The Internal Revenue Code also requires that 5 percent of the average monthly investment balance at market value less the excise tax of 2 percent be distributed within one year to avoid additional tax. At 31 December 1981 and 1980, no additional distributions were required.

The Foundation's tax returns for the years ended 31 December 1977 and prior have been examined by the Internal Revenue Service. No significant assessments resulted from those examinations.

NOTE 6—Final distribution of Estate of Flora L. Hewlett:

The William and Flora Hewlett Foundation is the residuary beneficiary of the Will of Flora L. Hewlett and in 1980 and 1979 cash contributions of \$9,500,000 and \$2,000,000 were distributed to the Foundation. On 6 March 1981, the final distribution of the Estate of Flora L. Hewlett took place, and the Foundation received a net contribution of \$258,857,787 comprised of the following assets (at market value on that day) and liabilities:

Hewlett-Packard Company stock	
(2,402,735 shares)	\$200,628,373
Other equity securities	32,298,209
Fixed income securities	23,395,298
Accrued interest and dividends	
receivable	3,301,219
Cash and temporary cash investments	724,944
Miscellaneous assets	504,744
	<u>260,852,787</u>
Deferred federal excise tax payable	(1,995,000)
	<u>\$258,857,787</u>

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