THE MISSION OF THE OTTO BREMER FOUNDATION IS TO ASSIST PEOPLE INACHIEVING FULL ECONOMIC, CIVIC AND SOCIAL PARTICIPATION IN AND FOR THE BETTERMENT OF THEIR COMMUNITIES.

EXPANDING OPPORTUNITY • STRENGTHENING COMMUNITY
A LETTER FROM THE TRUSTEES

The old adage that “change is a constant” took on real meaning this last year as we recognized trustee Bill Lipschultz for his many years of service and welcomed his son Brian as a new trustee.

When new people join an organization they bring the opportunity to review how and why we do what we do. Fresh eyes can lead to insightful questions and perspectives. This review is a healthy exercise for any organization to undertake that considers itself a learning organization.

“Learning organization” has a nice ring to it, but what does it look like in practice? What role does learning play in moving an organization toward its goals? Like many other philanthropic organizations, we at the Otto Bremer Foundation spend time and energy thinking about and engaging in learning to make our work more effective. Before participating in any educational option, we ask ourselves some fundamental questions:

What do we want to learn? Why is it important? How and from whom will we get relevant information? To what end?

The answers to these questions vary case by case of course, but when the questions are clearly answered, we can identify and take advantage of opportunities that expand our collective knowledge and move us toward our goals.

Because of our structure and history, we are committed to the communities that are homes to Bremer banks and seek to serve as a resource to local and regional organizations that help to move these communities forward. To fulfill this commitment, one of our primary objectives is to be knowledgeable about communities’ assets as well as specific issues. While we see that many communities share common challenges, each also has unique characteristics because of local leadership, available resources and, often, physical location. Over time, with our questions to guide us, we have developed a variety of methods of gathering and sharing information.

Research. With the ever-increasing availability of data, we are able to compile relevant and timely information about a community’s demographics as well as organizational and individual resources. Good research can also give us information about those coming together around common issues.

Site Visits. Each year, the Foundation’s program staff travel throughout the three-state area visiting with hundreds of nonprofits as part of the application-review process. In addition to giving the program staff a good understanding of a particular organization, these visits also provide first-hand opportunities to learn about the broader community and its strengths, challenges, leaders and potential partners.

Evaluation. Over the course of the last couple of years, staff and trustees have been expanding on an evaluative approach in gathering information about organizations. This approach gives us tools to analyze the effectiveness of programs and services, community involvement and support, existing and potential partnerships and other essential factors that help move whole communities forward. We have found that front-end analysis promotes conversations that challenge an organization to illustrate how its proposed work will lead to identified goals. As we learn more about organizational and programmatic successes, we look for ways to share these lessons with others doing similar work.

Convenings. Throughout the course of the year, the trustees and staff participate in convenings structured to bring together people knowledgeable about a particular topic or place. These meetings provide opportunities for us to hear about local dynamics from those who live in a community and to learn about effective strategies from those who have special expertise in specific issues. The education that takes place in these convenings is multidimensional, with participants acting as both teachers and students in sharing and discussing information.

Foundation Education Sessions. In the course of the day-to-day work of the Foundation, topics arise that affect people throughout the region. As a first step in determining whether or not the Foundation can play a constructive role in helping to address an issue, we recognize the need to fully understand the challenge, identify those who are taking action and learn about various approaches and their effectiveness. In order to get relevant information, we arrange for periodic in-house presentations, inviting experts in the field to spend a morning with us. No matter
our subsequent actions, these meetings expand our knowledge about topics that have an impact on many people.

**Communications.** The thread that binds together and advances our various avenues of learning is communications, both internal and external. We draw on a variety of resources to share information that can strengthen the work of others with common objectives. We hope you will subscribe to our e-newsletter, follow us on Twitter and check our website and blog periodically. But we know that making the information that is available to us useful entails more than distributing and reading reports. It is relationships and interchanges with experienced people that give information life. This premise is not new; as Benjamin Franklin said more than two hundred years ago, “Tell me and I forget, teach me and I may remember, involve me and I learn.”

As has been the case since the formation of the Foundation in 1944, the trustees are involved in managing an enterprise that involves banking, investments and philanthropy. Each area must be successful in order to fulfill Otto’s intent of a perpetual trust. We are keenly aware that our decisions have far-reaching impact on many stakeholders, and we take this responsibility seriously.

Bringing fresh perspective to our learning process has both confirmed certain beliefs and given us new insights leading to an evolution of our thinking—in other words, “change.” We recognize this change as a strength of the Otto Bremer Foundation.

Brian Lipschultz, Charlotte Johnson, Dan Reardon
EXECUTIVE DIRECTOR’S MESSAGE

The vision of the Otto Bremer Foundation is explained in our Mission and Meaning statement. At root, our goal is to help the communities we serve become places where basic needs are met, mutual regard is prized and opportunities for economic, civic and social participation are within everyone’s reach. This work is both art and science, and, as the trustees explained in their letter, learning supports both parts of the equation. I’d like to use this year’s message to outline a few ways learning takes shape at the Foundation.

Research and Site Visits

The Otto Bremer Foundation is a responsive grantmaker. Much of our learning happens through a combination of research and site visits in response to proposals that nonprofits send to us. Additionally, we pay close attention to the patterns of requests that come to us over time and across geography. We focus organization-wide learning on deepening our ability to respond in an informed, strategic manner to the key issues that emerge from those patterns. We engage in research on the web; we review data and reports issued by nonprofits, foundations, government and others; and we invite experts to meet with us. And then we share within our organization the key lessons that we are learning. We engaged in this type of learning on dozens of topics this year.

One example is in the area of job training. When we looked at patterns in our responsive grantmaking process, we saw that we received more than 40 proposals from throughout the region asking for job training funding in 2012. We knew we needed to understand which job training proposals would be the most fruitful investments for our communities. Based on our program officers’ research, our site visits, careful review of the literature, our learning in convenings and our work with other funders, we determined that the best job training investments are in programs that have:

- **Job quality.** We see strength in programs that focus on high-quality jobs, which means jobs in high-demand occupations, jobs that pay a living wage, jobs that offer career pathways or ladders, and jobs that offer portable, industry-recognized credentials.
- **Employer partners.** We see strength where employers provide input into program design, help programs stay abreast of industry trends and needs, and ensure that graduates will meet employer expectations.
- **Ability to address barriers.** We see strength in programs that help job seekers address external and personal barriers through mechanisms including provision of assessment and screening, one-on-one support, social service referrals, “soft skills” training and post-placement support.
- **Rigorous evaluation.** We see strength in program evaluations that include data on job placement, job retention and income growth.

Once we engage in learning and develop a framework like the job training framework described here, we have a touchstone to refer to when we analyze future proposals. As we deepen our knowledge on a range of topics, our ability to make strategic decisions in response to grant proposals grows.

Convening

A second way of learning is through convening. In the past year the Foundation worked with local partners to try to better understand how post-secondary education in Minnesota can help improve the economic well-being of our communities. We started by reading key reports and talking with experts on this topic. Then we participated in convenings involving higher education officials, workforce development staff, economic development experts, K-12 education leaders and other leaders in three communities: St. Cloud, Marshall and Fergus Falls. We learned many lessons, including:

- Completion of some post-secondary education—generally, at least a one-year certificate—is key to attaining a living-wage job.
- Many promising students have difficulty overcoming obstacles to their participation in higher education, and personal and family financial challenges can impede college completion.
- Many students who enter the higher education system need remedial or developmental education to become “college ready,” but this course work is expensive and generally does not earn credit towards certificates or degrees.
- Good coordination between higher education and employers is key to job placement.
and dialogue with the national evaluation community about how to support and assess work that aims to help homeless youth cross the bridge to safety, stability and success on the terms that matter most to them.

At the Otto Bremer Foundation we believe ongoing learning is critical to effective grantmaking, whether in response to individual proposals or to a specific area of focus shared by multiple communities. The more we can learn about what works to address our communities’ key concerns, the better we’ll do at supporting their ability to meet basic needs, enhance mutual regard and create opportunities that are within everyone’s reach.

This information will help inform both our strategically responsive grantmaking and our choices about areas in which to focus in the future.

**Evaluation**

A third way we learn is through program evaluation. In 2011, the Foundation funded six grantees in a three-year effort to improve the safety and short-term stability of homeless youth in the Twin Cities. (Our website contains a fact sheet with background about our youth homelessness work). We asked evaluators Michael Quinn Patton and Nora Murphy to help these grantees—and eventually the field—understand how to do this important work in the best way possible.

As part of this ongoing evaluation, participants developed in-depth case studies of fourteen youth who had each worked with several of the nonprofits and had had some measure of success in establishing stable lives that met some of their own key life goals. An analysis of the case studies is giving the nonprofits a remarkable window into what matters most to the youth. Although many of the nonprofits’ original hypotheses are supported by the evaluation research, they and we are gaining new insight into what is most critical to success from the youths’ perspective. This research will lead to an action plan that will likely include the development of new approaches to the work and new staff training materials for the six nonprofits; teaching throughout the Twin Cities youth homelessness community;
The Otto Bremer Foundation assists people in achieving full economic, civic and social participation in and for the betterment of their communities.

Our mission is based on the intent of our founder, Otto Bremer. His vision and longstanding commitment to communities during and after the Great Depression are carried forward today through our work in the places that are homes to Bremer banks.

We strive to help build healthy, vibrant communities—communities where basic needs are met, mutual regard is prized and opportunities for economic, civic and social participation are within everyone’s reach.

We start by saying “basic needs are met,” because we understand that for any individual, meeting basic needs—like the need for food, warm and stable housing, and access to medical care—has to come first. Once people are able to attend to their basic needs, they are in a better position to access community resources that can help them achieve long-term economic stability. While the Foundation cannot address all of a community’s unmet basic needs, we are committed to partnering with local and regional organizations whose work contributes significantly to meeting those needs in Bremer communities.

When we say “mutual regard is prized,” we mean that members of the community work together with respect and compassion to solve problems and build on opportunities. Bremer communities are increasingly home to people from all parts of the world and from all paths of life. In our vision, multiple voices are part of the conversation to ensure that solutions reflect the goals of the whole community.

When we say “opportunities for economic, civic and social participation are within everyone’s reach,” we mean that active, vibrant community life is available to all, not just to some.

- By “economic participation,” we mean that the community is a place of deep opportunity, where all people have the chance to build an economic foundation for themselves and their families. In our vision, economic opportunity means real possibilities for advancement, not just ways to scrape by.
- By “civic participation,” we mean that the community is a place where people are informed about and engaged in the issues that affect their community, a place where people work together to forge community visions, solve community problems and build on community opportunities. In our vision, participation in community building is broadly shared.
- By “social participation,” we mean that the community is a place where individuals can connect and contribute to social networks that are essential to their well-being. In our vision, people have what they need for social engagement and support at all phases of life.

In the spirit of Otto Bremer’s intentions, we are open to a variety of requests while giving highest priority to opportunities with the potential to move a community forward in meaningful, powerful and broad-based ways. We respect the remarkable resiliency and strength of Bremer communities and understand that each community has its own vision, its own ways of solving problems and building on opportunities. We are interested in supporting the communities’ efforts to move toward their visions when those efforts are consistent with the Foundation’s mission.
The Otto Bremer Foundation, created by Otto Bremer in 1944, continues to reflect the commitments, interests and concerns of its founder.

Otto Bremer came to Minnesota as a German immigrant in 1886, seeking opportunities for a good life. Over the next decades, he lived the American dream. Speaking limited English at the start, he called the day he was hired in his first job in St. Paul “about the happiest moment in my life.” But looking for greater challenges, he soon moved on to a new job as bookkeeper for the National German American Bank. Over the next 36 years, he worked his way up to become the chairman of the American National Bank and a dedicated community leader involved in civic, financial and corporate life. He partnered with his brother Adolph in the ownership and management of the Jacob Schmidt Brewing Company, served as treasurer of the City of St. Paul for more than a decade and became an advisor to presidents Woodrow Wilson and Franklin D. Roosevelt.

Bremer’s financial acumen ultimately made him the largest investor in bank stocks in the Midwest. Many of these investments were in independent rural banks, “countryside banks” as he called them. His commitment to these institutions and to the surrounding communities was unwavering. During the Great Depression, Bremer liquidated many of his personal assets to strengthen these banks and help them ride out hard times. He believed that people could survive and flourish if they had help at critical times.

For all his success, Bremer did not forget the strengths and hardships of the rural and immigrant experience. His concern for those working to make their lives better, coupled with his commitment to the countryside banks, became the cornerstone of the Otto Bremer Foundation. In creating the Foundation, Bremer sought to ensure the perpetuation of the Bremer banks and the ultimate return of his personal wealth to his “family” of communities.

Over the years since 1944, the cities, towns and rural areas Otto Bremer knew have changed and so has the Foundation. The number and amount of grants awarded annually have risen exponentially, and grantmaking strategies have evolved to reflect changing needs and opportunities as well as the funds available for support. The Foundation has provided more than $447 million to Bremer communities since its founding.

Otto Bremer’s history in St. Paul began more than a century and a quarter ago, yet his story is not old. Today, it is replayed daily with an ever-changing cast of characters. His commitment to helping people find opportunities to thrive and participate in their communities lives on through the Foundation’s investment in, and partnership with, the region’s people and nonprofit organizations.
The Otto Bremer Foundation is committed to the communities that are homes to Bremer banks and seeks to serve as a local resource to regional and local organizations that help to move these communities forward.

To build our understanding of community concerns and challenges, Foundation trustees and staff look for opportunities throughout the year to visit Bremer communities and meet with local leaders.

We value the perspectives of those who understand and work on local issues, and we encourage ideas about formats and agendas that bring people together to learn from each other.

In addition to contacting the Foundation with ideas for convenings or questions about grantmaking, local nonprofit leaders can turn to Nonprofit Resource Specialists in nine Bremer banks. These Bank staff act as resources within their local nonprofit communities, helping individual organizations strategically develop organizational capacity and resources. More information about the Bremer Bank Nonprofit Resource Specialists can be found at nonprofitresource.blogspot.com.
2012 FINANCIAL OVERVIEW
for the year ended December 31, 2012

END OF YEAR MARKET VALUE OF ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Cash</td>
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<tr>
<td>Investments</td>
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<tr>
<td>Fixed income</td>
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<td>Corporate stock</td>
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<td>Other</td>
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<td>Other Assets</td>
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<tr>
<td>Fixed assets</td>
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<td>Accrued receivables</td>
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<td>Total Assets</td>
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REVENUE AND EXPENSES

Revenue

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<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Interest from investments</td>
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<tr>
<td>Dividends from investments</td>
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<tr>
<td>Net gain on sale of investments</td>
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<td>Other income</td>
<td>1,993,367</td>
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<tr>
<td>Total Revenue</td>
<td>$ 39,023,917</td>
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Expenses and Disbursements

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<th>Description</th>
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<tbody>
<tr>
<td>Operations and administration</td>
<td>4,393,400</td>
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<tr>
<td>Taxes</td>
<td>398,000</td>
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<tr>
<td>Grants and program-related investments</td>
<td>36,229,373</td>
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<tr>
<td>Total Expenses and Disbursements</td>
<td>$ 41,020,773</td>
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Excess Revenue over Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Revenue over Expenses</td>
<td>$(1,996,856)</td>
</tr>
</tbody>
</table>
The concept of community lies at the core of the Foundation’s work. As described earlier in our Mission and Meaning statement, we understand that each community has its own vision, its own ways of solving problems and building on opportunities.

We are interested in supporting a community’s efforts to move toward its vision when those efforts are consistent with the Foundation’s mission to ensure that everyone has the opportunity to participate in and for the benefit of the larger community.

The following overview identifies 2012 grants by regional grant clusters to better illustrate the areas where grants were awarded.

**Minnesota Statewide**

69 grant payments were made to organizations with statewide programs. These grants totaled $4,856,503

**Minneapolis/St. Paul Metropolitan Area**


**Central/Northern Minnesota**

145 grant payments were made in the Central and Northern Minnesota region totaling $6,177,967. Includes the communities of: Aitkin, Alexandria, Baxter, Brainerd, Brandon, Detroit Lakes, Fergus Falls, International Falls, Milaca, Morris, Perham, Princeton, Rice, St. Cloud, Sartell, Sauk Rapids, Starbuck and Zimmerman.

**Southern Minnesota**

35 grant payments were made in the Southern Minnesota region totaling $2,130,699. Includes the communities of: Mankato, Marshall, Owatonna, Redwood Falls and Willmar.

**Red River Valley**

50 grant payments were made in the Red River Valley region totaling $2,869,275. Includes the communities of: Breckenridge, Crookston, Fargo, Fisher, Grand Forks, Moorhead, Wahpeton and Warren.

*Note: Grant payments in the Red River Valley include grants to communities in both North Dakota and Minnesota. These Red River Valley grants are not also included in the North Dakota and Minnesota regional totals.*

**North Dakota**

75 grant payments were made in the North Dakota region totaling $4,524,982. Includes the communities of: Bismarck, Carrington, Casselton, Devils Lake, Fordville, Gilby, Grafton, Larimore, Lisbon, Max, Minnewaukan, Minot, Richardton and Rugby.

**Wisconsin**

68 grant payments were made in Wisconsin totaling $3,438,356. Includes the communities of: Amery, Bayfield, Colfax, Danbury, Eau Claire, Elk Mound, Frederic, La Crosse, La Pointe, Menomonie, New Richmond, Siren and Washburn.

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**2012 Grant Distribution**

661 grants and one PRI totaling $30,567,764

For a full, searchable listing of all grants paid in 2012, visit our website at ottobremer.org.
Funding focus
Honoring the spirit of our founder, Otto Bremer, and the direction given by the trust he created, the Foundation funds a variety of work important to a community’s future. We give highest priority to those opportunities with the potential to move a community forward in meaningful, powerful and broad-based ways. This broadness of vision is intentional in order to encourage innovative responses to community opportunities and challenges.

For information about the Foundation’s funding in the seven-county Minneapolis/St. Paul metropolitan area, please see the Grantmaking Overview on our website, ottobremer.org.

Grant types
The Foundation provides grants to support programs, general operations, capital projects and—for community foundations only—endowments. The trustees currently prefer to make one-year grants. We are open to making two-year grants when that is demonstrably the most effective way to advance work that is important to a community. In rare circumstances, we will make three-year grants.

Activities that we generally do not fund
We discourage proposals for funding the following activities, which generally fall outside the trust instrument or our strategic vision:
° Annual fund drives and benefit events
° Endowments other than for the development of community foundations
° Environmental or conservation projects
° Medical research
° Core education programs for kindergarten through twelfth grade
° Projects that are primarily artistic in nature, including books, theatrical productions, film, video and other media projects
° Historical preservation, museums and interpretive centers
° Sporting events

Amount of grants awarded
There is no set dollar limit on grant requests. We prefer that the proposed work has funding from diverse sources when possible. When Otto Bremer Foundation funding is added to other revenue sources, there should be sufficient total funding to enable the work to be successful. You may wish to review a list of Foundation grants on our website.
ELIGIBILITY

Grants are made only to organizations whose beneficiaries are residents of Minnesota, North Dakota or Wisconsin, with priority given to regional and local organizations that support Bremer Bank communities. Grants are generally restricted to organizations described in Section 501(c)(3) of the Internal Revenue Code and to governmental entities. The Foundation does not make grants to individuals. The Foundation does not discriminate on the basis of race, color, creed, sex, religion, age, disability, sexual orientation, marital status or national origin.

Fiscal sponsorship
The Foundation accepts grant applications from fiscal sponsors. Please review the information on fiscal sponsorship on our website before beginning the application process. If you have additional questions, please call us at 651-227-8036 or toll free at 888-291-1123.

Overlapping grants
The Foundation has a policy of providing one grant to an organization at a time. If your organization has an open grant from the Foundation, we will not accept a new proposal until the current grant period is complete and your organization has submitted its final narrative and financial reports. Please see the information on our one-grant-at-a-time policy on the Foundation’s website for an explanation of how the process works and exceptions to the policy for fiscal sponsors and applications proposing to serve a different Bremer community.

Waiting period after turndown
We will accept new applications one year after the date a prior application is turned down. In a few special circumstances, the Foundation will waive the one-year waiting period. In those cases, applicants will be notified of the waiver at the time their application is turned down.

GRANT APPLICATION

Please consult the Foundation’s website, ottobremer.org, for detailed information on the grant application process, including deadlines and Frequently Asked Questions. If your organization lacks internet access, please contact the Foundation and we will send you relevant information.

The Foundation encourages your questions. We can be reached at 651-227-8036 or toll free at 888-291-1123.
The Otto Bremer Foundation subscribes to the Minnesota Council on Foundations’ principles for grantmakers:

**Ethics and Law Principle**
To sustain public trust by adhering to the highest ethical principles and practices and abiding by all state and federal laws that govern philanthropy.

**Effective Governance Principle**
To achieve effective governance by ensuring performance in the areas of stewardship of assets, donor intent, fiduciary responsibility, and sound decision-making.

**Mission and Goals Principle**
To be purposeful in our philanthropy by having a clearly stated mission and explicit goals.

**Engaged Learning Principle**
To foster continuous learning and reflection by engaging board members, staff, grantees, and donors in thoughtful dialogue and education.

**Respectful Relationships Principle**
To build constructive relationships with applicants, grantees, and donors by ensuring mutual respect, candor, confidentiality, and understanding.

**Transparency Principle**
To achieve transparency in our relationships with the public, applicants, grantees, and donors by being clear, consistent, and timely in our communications with them.

**Diversity Principle**
To reflect and engage the diversity of the communities we serve in our varying roles as grantmakers, trustees and employers, economic entities, and civic participants.

**Self-Assessment and Commitment Principle**
To uphold the highest standards by regularly assessing ourselves against these principles and committing to implement them.

*Adopted by the MCF Board of Directors in 2006; developed from the original 1996 version.*