the mission of the otto bremer foundation is to assist people in achieving full economic, civic and social participation in and for the betterment of their communities.

expanding opportunity · strengthening community
The year 2013 was another strong year for the Otto Bremer Foundation. Our core investment, Bremer Financial Corporation, delivered solid performance with a corresponding increase in dividends. Our nonbank investment portfolio was also a contributor to increased growth. Consequently, we distributed a record $38.3 million in grants and program-related investments.

As stated in last year’s annual letter, the Otto Bremer Foundation is a “learning organization.” Continuous learning inspires change, and while change can be unsettling, it has also been a source of strength for the Foundation. Over this past year, we have clarified the trustees’ more active role in the management of the OBF, a unique organization that spans banking, investments and philanthropy. With the increased leadership of the trustees on a day-to-day basis, we have agreed upon an organizational change that realigns the Foundation under a new operating model. With this change, the position of Executive Director of Philanthropy is being eliminated. We have used this opportunity to see how all of the pieces fit together. We believe that a team approach will be effective in supporting the philanthropic work of the Foundation as the trustees work alongside our talented employees who do great work, day in and day out. This new operating structure will allow us to better serve as a resource to organizations that help strengthen Bremer Bank communities while continuing to be knowledgeable about their assets and issues.

This change would not be complete without expressing sincere appreciation for Randi Ilyse Roth’s work over the past six years. She has fostered a highly skilled team of program officers and administrative staff. In addition, she provided strategic leadership as the Foundation developed and implemented policies and processes to ensure that our grantmaking continues to build communities in which basic needs are met, mutual regard is prized and everyone has the opportunity for full economic, civic and social participation.

We are both inspired by—and challenged by—our growth. Our investment returns have provided increased funds to distribute. At the same time, both the needs of our communities and the number of organizations working on innovative solutions have increased. This dynamic demands that we continue to build upon our understanding of the existing and emerging issues and the viable projects and programs that address them to markedly strengthen the fabric of a community and surrounding region.

While financial support is the most recognized and tangible investment in communities that the Foundation makes, we have discovered other ways to increase our impact. Former president of the Council on Foundations and ambassador to South Africa, James A. Joseph, articulated the concept that foundations are in a position to leverage more than their financial resources, or Conventional Capital as he calls it, in achieving desired outcomes. Foundations have other forms of assets that include social, moral, intellectual and reputational capital as well. It is clear what financial investment looks like; the others may be less apparent.
Social Capital. Underlying the concept of Social Capital is the idea that, to quote Ambassador Joseph, “If philanthropy is to be effective, then the people affected must be included in both the planning and implementation. The old question what can we do for them, or about them, must change to what can we do with them, how can we work together.” It is through two-way conversations, between the Foundation and community members, that generally agreed-upon priorities and proven solutions can be identified and everybody’s contribution brought into play.

Moral Capital. Moral Capital speaks to the underlying values that shape our Foundation’s mission. We have an opportunity to bring attention to those values that we share with the community, providing the impetus to develop ways to work together and move the community forward with a common purpose.

Intellectual Capital. After more than seventy years of working with many communities and nonprofits across three states, the Foundation has accumulated knowledge about communities and their assets, broad issues and effective solutions. We also know that many organizations are a valuable information resource about their specific areas of expertise. Finding ways to share this information through meetings and an accessible communication network can provide a valuable tool for the Foundation and organizations to learn from each other for the benefit of all.

Reputational Capital. Over time, a foundation develops a reputation in the community. Once understanding this premise, it makes sense to intentionally leverage the Foundation’s reputation when, by doing so, we can give validity to an initiative or organization that can result in additional resources from like-minded funders or supporters.

There are multiple benefits when we understand and implement the spectrum of assets that we possess. We obtain deeper knowledge about both issues and solutions, we create partnerships with others in furthering common goals, and we ensure that those who are ultimate beneficiaries of the Foundation’s grants are given opportunities to be heard and to be actively involved in the work. With the knowledge we gain from deeper involvement in the communities and listening to perspectives coming from community leaders, our grantmaking decisions are made with greater understanding of the issues and viable solutions.

As we move forward, we will continue to look for additional ways to incorporate local knowledge and insights into our work. And with continued success of the Foundation’s investment portfolio, we can have the expectation that our grantmaking will truly move communities forward.
**MISSION & MEANING**

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 for 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.
## 2013 Financial Overview

For the year ended December 31, 2013

### End of Year Market Value of Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$496,647</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>$50,999,862</td>
</tr>
<tr>
<td>Corporate stock</td>
<td>$834,131,109</td>
</tr>
<tr>
<td>Other</td>
<td>$12,612,186</td>
</tr>
<tr>
<td>Other Assets</td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td>$195,676</td>
</tr>
<tr>
<td>Accrued receivables</td>
<td>$407,284</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$898,842,764</strong></td>
</tr>
</tbody>
</table>

### Revenue and Expenses

**Revenue**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest from investments</td>
<td>$459,425</td>
</tr>
<tr>
<td>Dividends from investments</td>
<td>$40,915,706</td>
</tr>
<tr>
<td>Net gain on sale of investments</td>
<td>$1,749,395</td>
</tr>
<tr>
<td>Other income</td>
<td>$2,142,719</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$45,267,245</strong></td>
</tr>
</tbody>
</table>

**Expenses and Disbursements**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations and administration</td>
<td>$4,598,897</td>
</tr>
<tr>
<td>Taxes</td>
<td>$417,000</td>
</tr>
<tr>
<td>Grants and program-related investments</td>
<td>$38,321,048</td>
</tr>
<tr>
<td><strong>Total Expenses and Disbursements</strong></td>
<td><strong>$43,336,945</strong></td>
</tr>
</tbody>
</table>

**Excess Revenue over Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$1,930,300</strong></td>
<td></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 2013 grants by regional grant clusters to better illustrate the areas where grants were awarded.

**Minnesota Statewide**

76 grants and program-related investment payments were made to organizations with statewide programs. Grants were made for statewide programs totaling $5,294,847; one program-related investment was made for $1,000,000.

**Minneapolis/St. Paul Metropolitan Area**


**Central/Northern Minnesota**

153 grant payments were made in the Central and Northern Minnesota region totaling $7,156,967. 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**

66 grant payments were made in the Southern Minnesota region totaling $2,843,834. 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 $2,569,961. 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 included in the North Dakota and Minnesota regional totals.

**North Dakota**

62 grant payments were made in the North Dakota region totaling $3,538,252. Includes the communities of: Bismarck, Carrington, Casselton, Devils Lake, Fordville, Gilby, Grafton, Larimore, Lisbon, Max, Minnewaukan, Minot, Richardton and Rugby.

**Wisconsin**

99 grant payments were made in Wisconsin totaling $4,789,175. Includes the communities of: Amery, Bayfield, Colfax, Danbury, Eau Claire, Elk Mound, Frederic, La Crosse, La Pointe, Menomonie, New Richmond, Siren and Washburn.

**2013 Grant Distribution**

735 grants and one PRI were awarded totaling $38,321,048

Percentages (above) show the geographic distribution of the dollars awarded in 2013. For a full, searchable listing of all grants paid in 2013, 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 our strategic vision:

° Annual fund drives and benefit events
° Endowments other than for the development of community foundations
° Environmental work
° Medical research
° 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 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.
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 about 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.
PRINCIPLES FOR MINNESOTA GRANTMAKERS

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.