

Annual Report 1999



The Mellam Family Foundation

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The Mellam Family Foundation is a private foundation established in 1987 by Laural D. Mellam (1905-1993) in memory of her late husband, Leo L. Mellam (1906-1985). Mr. Mellam was the founder of Flexi-Van Corporation. In the transportation industry, he is widely known as the “father of containerization”, having developed the model for containerized freight transportation now in use throughout the world. While successful in his business endeavors, Mr. Mellam never forgot his pioneer roots and rural upbringing in Broken Bow, Nebraska. He traveled home often to be with his ailing mother, Jennie Melham. It was during these visits that the Mellams began to understand the challenges of providing modern medical care in rural America. After the death of Jennie Melham in 1970, Mr. and Mrs. Mellam began working with the community of Broken Bow to establish the Jennie M. Melham Memorial Medical Center on the site of the family farm. Since its opening in 1972, the Medical Center has continuously expanded its facilities and the services it offers, and now serves as a model center for other rural communities. The Foundation has continued the Mellam’s tradition of philanthropic activities, and expanded its areas of interest beyond providing rural medicine to include new areas, such as medical research, education, social service programs and, most recently, the environment.

The Mellams held dear the everyday principles by which the first settlers lived their lives: loyalty and devotion to family, charity and brotherhood with our neighbors, and service to our community. These are the principles that continue to guide the Foundation today.

Message from the Executive Director

A little over a year ago the Advisory Board of the Mellam Family Foundation was grappling with how to manage the Foundation moving forward. There was a general feeling that the Foundation was getting too big and complicated to continue doing an effective job of grant making solely through the volunteer efforts of the Advisory Board. At the same time, I was evaluating changes in my own for-profit career and feeling frustrated with the lack of time I was able to spend on Foundation responsibilities. The Advisory Board evaluated several alternative solutions and decided to hire me as full-time Executive Director of the Foundation. This solution was a win-win for everybody involved. The Foundation needed the professional leadership that my employment background provided, and I was able to focus all of my attention on the Foundation, something I wasn't able to do previously.

Now that a year has passed since we implemented this new structure, I think we can look back and call it a success. Personally, I have found the experience to be very rewarding, and I continue to learn more about the non-profit sector every day. My new role has also allowed me to work more closely with the other members of the Advisory Board, most of whom are family members, and to get a better understanding of their passions in the area of philanthropy. We've instituted many new processes that allow us to better manage the Foundation business. Budgets, financial statements and performance metrics are also in place to make sure the Foundation is managed in a fiscally responsible manner. We've recently begun a strategy and priority setting exercise within the Advisory Board to help direct our grant making over the next several years.

This year marks the first time we have published an Annual Report and it seems fitting that it comes at the end of the century. The Foundation has made grants of close to \$4M to a variety of causes since its inception and has been proud to support many excellent organizations that truly make a difference. I believe that 1999, in particular, marked a year of terrific grant making that, bottom line, had (or will have) a positive impact on people's quality of life. The Foundation took big steps forward in providing service to the organizations that we have chosen to support.

I believe that the Mellams would be very pleased with the evolution of the Foundation during its twelve years of existence, and I look forward to helping guide it into the 21st century.

Tracy Rogers
Executive Director

January 2000

Grant Programs

During 1999, the Foundation made grants in the areas of medical research, education, the environment and social services. For the first time, the Foundation had specific regional goals for its grant making, particularly in the areas of social services and the environment. Social services grants were raised to a concentration of over 50% by dollar value in the San Francisco Bay Area, while new environmental programs were focused in the Northern Sierra Nevada region. Specific grants and their objectives are outlined below. The Foundation is currently in the process of defining focus areas for 2000.

Medical Research

Grants in this area are focused on diseases of particular interest to the Foundation. Emphasis is on finding a cure, developing new treatments and improving the quality of life of individuals afflicted with these diseases. Additionally, the Foundation supports basic cell process research activities that should be leveragable to a broad range of disease-specific research. (Total grants \$245K)

Arthritis Foundation, New York, NY. \$10,000 to support five summer student fellowships. These fellowships help promote entry of medical and graduate students into the field of rheumatology.

Cold Spring Harbor Laboratory, Cold Spring Harbor, NY. \$50,000 to support Dr. Tonk's study of protein tyrosine phosphates. This is the last year of a four-year, \$200,000 commitment. Dr. Tonk is studying signaling enzymes that play important roles in the control of key cellular functions, which have been implicated as a contributor to several human diseases. Additionally the research provides insights into potential drug treatments with reduced risk of non-specific side effects and increases the understanding of how tumors progress.

Glaucoma Research Foundation, San Francisco, CA. \$50,000 to support Dr. Benowitz's research project "Retinal ganglion cell survival and axon regeneration after optic nerve damage". Dr. Benowitz, working at the Lab for Neuroscience, Children's Hospital at Harvard Medical School, is researching restoration of the optic nerve due to damage caused by glaucoma. Until now, it was believed that glaucoma can be arrested but that damage done is irreversible.

National Breast Cancer Coalition Fund, Washington, DC. \$15,000 to support the Clinical Trials Project. The goals of this project are to increase the number and quality of breast cancer clinical trials, increase participation rates in clinical trials and increase quality therapies, detection devices and drugs for breast cancer.

Rockefeller University, New York, NY. \$50,000 to support the salary and benefits of a post-doctoral researcher's investigation of estrogen's effects on B-amyloid production in brain tissue. This is year one of a two-year investigation. Funding for year two will be evaluated in 2000. The research will be conducted under the supervision of Dr. Greengard at the Fisher Center on Alzheimer's Disease and will be studying the role of estrogen in the prevention of Alzheimer's disease.

University of Pittsburgh School of Medicine, Pittsburgh, PA. \$35,000 to support the salary and research expenses of a post-doctoral fellow in the Department of Urology, investigating prostate cancer. The research will be conducted under the supervision of Dr. Joel Nelson, Chairman of the Department. This is the second year we have funded a post-doctoral fellow in Dr. Nelson's laboratory.

VZV Research Foundation, New York, NY. \$10,000 to support public education programs. The Varicella-Zoster Virus (VZV) is the virus that causes chickenpox, shingles and post-herpetic neuralgia (PHN). Early detection and treatment of this disease is paramount to reducing the severity and duration of the symptoms. This program works to educate both the medical community and the lay public on how to recognize the symptoms and the treatments available.

Webb-Waring Institute, Denver, CO. \$25,000 to support Dr. Repine's research project "Age-Related Macular Degeneration: Alcohol and Dietary Contributing Factors". ARMD is the leading and increasing

cause of blindness in more than 30 million elderly people worldwide. This grant helps fund clinical trials with humans to study the effectiveness of cysteine replacement as a way of treating and/or preventing ARMD.

Education

Grants in this area are focused primarily on improving educational opportunities for minority students from elementary school through college. Additionally, the Foundation supports medical training in the areas of rural practice and humanism and also supports adult continuing education. (Total grants \$199K)

American Indian College Fund, *Denver, CO*. \$10,000 to support scholarships at the tribal colleges.

Arnold P. Gold Foundation, *Englewood, NJ*. \$15,000 to support Student Summer Research Fellowships studying community health issues from a humanistic perspective.

Children's Storefront, *New York, NY*. \$25,000 to support the ongoing mission of this innovative, tuition-free elementary and middle school in Harlem.

Dartmouth College, *Hanover, NH*. \$20,000 to support a minority scholarship for the 1999-2000 school year. This is the second year of a three-year, \$60,000 commitment.

New York Public Library, *New York, NY*. \$15,000 to support the Lifelong Learning Collections in the branch libraries.

St. Aloysius School/Child, Inc., *New York, NY*. \$10,500 to support three scholarships to the school. St. Aloysius is a Jesuit based school in Harlem providing programs from pre-school through middle school.

Stanford University, *Stanford, CA*. \$23,058 to support a minority tuition scholarship for the 1999-2000 school year. This is the second year of a three-year commitment to fund the annual tuition.

United Negro College Fund, *New York, NY*. \$15,000 to support the 1999-2000 annual campaign.

University of Nebraska Foundation, *Lincoln, NE*. \$25,000 to support two scholarships in the Accelerated Family Practice Residency Program at the University of Nebraska Medical Center. This is the first year of a four-year, \$100,000 commitment. The goal of this program is to identify and prepare more doctors interested in practicing rural medicine.

University of Puget Sound, *Tacoma, WA*. \$20,000 to support four minority scholarships for the 1999-2000 school year. This is the second year of a four-year, \$80,000 commitment.

University of Southern California, *Los Angeles, CA*. \$20,621 to support a minority tuition scholarship for the 1999-2000 school year. This is the second year of a four-year commitment to fund the annual tuition.

Environment

Grants in this area are focused on protecting wilderness areas and supporting grass-roots organizations interested in keeping our rivers, bays and coastal waters clean and safe. (Total grants \$120K)

The Nature Conservancy, *San Francisco, CA*. \$10,000 to create a site-based conservation strategy for the Northern Sierra Nevada.

San Francisco BayKeeper, *San Francisco, CA*. \$30,000 to support the Pesticide Use Reduction Program.

Surfrider Foundation, *San Clemente, CA*. \$20,000 to support rollout and implementation of the Beachscape Program. Beachscape is a citizen-based coastal mapping program to create a detailed dataset of the coast.

The Trust for Public Land, *San Francisco, CA*. \$10,000 to conduct an assessment and develop a strategic plan to guide TPL's work in the Sierra Nevada over the next several years.

The Wilderness Society, *San Francisco, CA*. \$50,000 to help develop a comprehensive reserve system for the Sierra Nevada.

Social Services

Grants in this area cover a broad range of community issues of interest to the Foundation. Broadly stated they cover the areas of: youth programs, programs for the disabled and/or elderly, hunger relief, affordable housing, nutritional programs, and disaster relief. (Total grants \$185K)

American Red Cross, *Washington, DC*. \$35,000 to support disaster relief - \$20,000 for refugees in Kosovo and \$15,000 for the victims of the earthquake in Colombia.

Big Brothers/Big Sisters, *San Francisco, CA*. \$10,000 to support the Violence Prevention Program. This program provides training to mentors to help mentees develop skills to resolve conflicts in a peaceful, non-violent manner.

City Harvest, *New York, NY*. \$15,000 to support increasing both food collection and distribution by 20% over the next year.

God's Love We Deliver, *New York, NY*. \$10,000 to support meal and nutrition services for clients with HIV/AIDS.

Habitat for Humanity, *New York, NY*. \$10,000 in general operating funds to support the Isaiah Project. The Isaiah project is working with local development agencies to build housing in Queens, East and Central Harlem and Brooklyn. The Central Harlem project will be the site of Habitat's 100,000th home.

Hale Makua, *Kahului, HI*. \$10,000 to support the renovation of the Wailuku facility to an intermediate care facility/skilled nursing facility from its current custodial nursing care status. This will help meet the severe shortage of hospital beds for acute care patients.

PARCA, *San Mateo, CA*. \$10,000 to purchase office equipment, recreational supplies and a handicap lift to support the after school day-care, teen and respite care programs.

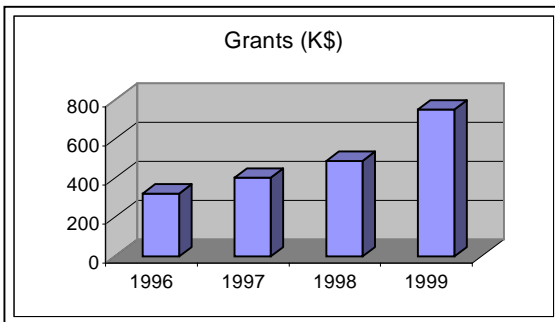
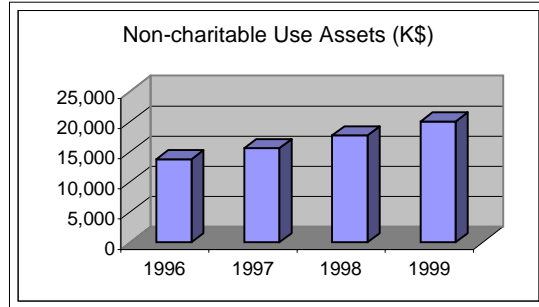
Project Open Hand, *San Francisco, CA*. \$30,000 to support the Delivered Meals to the Homebound Pilot program. This program tests the viability of expanding their services beyond those with clients with HIV/AIDS.

Second Harvest, *San Jose, CA*. \$9,823 to purchase equipment to produce instructional videos in support of the Community Nutrition and Education Program.

Youth and Family Assistance, *Redwood City, CA*. \$45,555 to support the maintenance and expansion of the Peer Mentor Project of the Redwood City Youth Health Center.

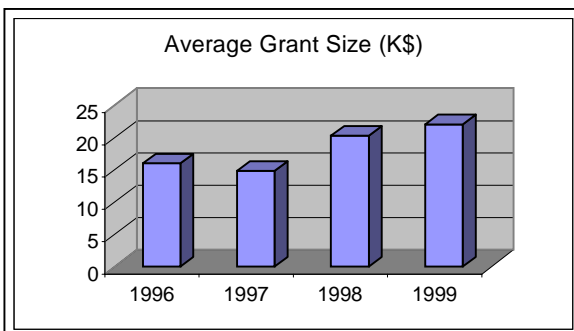
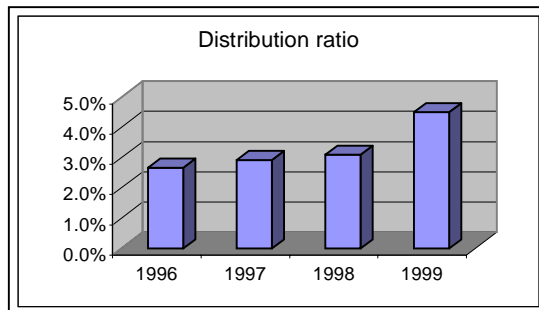
Performance Metrics

The Foundation finished the year with noncharitable-use assets of \$20.1M. This is an increase of 13.2% over the prior year. Investment performance continues to exceed the minimum required return to cover IRS mandated distributions plus expenses and inflation.

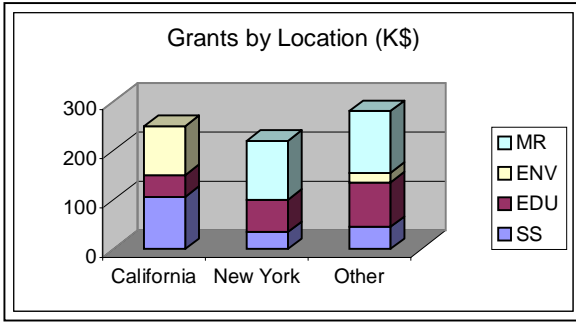


Grants paid by the Foundation in 1999 were a record \$750K, a 54% increase over the prior year. The Foundation sets annual grant levels to at least meet the Internal Revenue Service minimum requirements.

The realignment of grants with assets levels can be seen in the distribution ratio, which has been recovering over the past few years to end 1999 at 4.5%. This figure includes grants and associated administrative expenses as allowed by the Internal Revenue Service. Grants paid as a percentage of total distributions stands in excess of 83%.

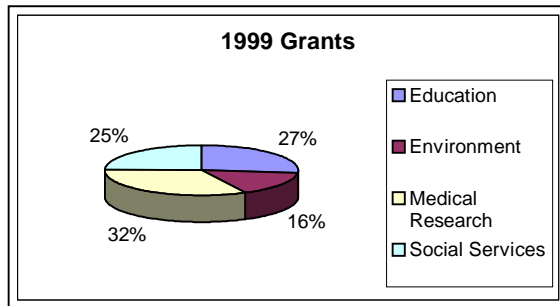


In an effort to be more focused in each area of our portfolio, the average grant paid by the Foundation has been increasing over the past few years. In 1999 our average grant was just over \$22K, a 9% increase over the prior year. Grants ranged in size from \$10K to \$50K. The Foundation continues to evaluate the proper balance between the number and size of grants it chooses to fund each year.



The Foundation met its goal of greater than 50% of social service grants located in the San Francisco Bay Area with a 57% concentration. Over the entire grant portfolio, the State of California accounted for one third of the grants awarded, with the Bay Area itself accounting for 64% of the state. The next largest concentration was in the New York metropolitan area with just over 29%. The balance (37%) was spread over 7 different states plus five nation-wide organizations.

The grant portfolio continues to evolve over time. In 1999, as compared to prior years, there was a greater balance between the four main focus areas of the Foundation with Environmental programs continuing to grow as a percent of the total portfolio.



Financial Statements

Statement of Financial Flows and Change in Assets

	Year ending December 31,		
	1997	1998	1999
Operations activity			
Admin Fees	(53,386)	(59,394)	(57,117)
Other salaries & wages	-	-	(89,288)
Printing & pubs	(60)	(65)	(70)
Other exp	(750)	(750)	(6,048)
Grants	(401,000)	(487,111)	(750,137)
Total (adjusted qualifying distributions)	(455,196)	(547,320)	(902,660)
Investment activity			
Dividends and interest	471,417	638,792	556,677
Realized gains	54,753	1,260,725	854,723
Unrealized gains	2,474,837	1,024,143	2,146,878
Investment fees	(26,688)	(29,696)	(28,559)
Additions(deletions) to(from) capital	-	-	(1,408)
Taxes	(24,415)	(49,012)	(64,657)
Total	2,949,904	2,844,952	3,463,654
Net change in assets	2,494,708	2,297,632	2,560,994
Beginning assets	14,560,788	17,055,496	19,353,128
Ending assets	17,055,496	19,353,128	21,914,122

Balance Sheet

	Year ending December 31,		
	1997	1998	1999
Assets:			
Cash and cash equivalents	771,759	903,988	693,262
Investments:			
Fixed Income	3,327,875	4,991,253	4,112,811
Equities	12,817,651	13,365,176	17,021,599
Convertible securities	138,211	92,711	86,450
Total Investments	16,283,737	18,449,140	21,220,860
Total Assets	17,055,496	19,353,128	21,914,122
Net Assets:			
Restricted (b)	100,000	260,000	201,000
Unrestricted	16,955,496	19,093,128	21,713,122
Total net assets	17,055,496	19,353,128	21,914,122

Please see notes on the next page that accompany these financial statements

Financial Statements (cont.)

Notes

(a) Basis of Accounting: Financial statements have been prepared on a cash basis.

Revenue (investment returns) is recognized when received and grants and expenses are recognized when paid. Investments are recorded on a trade date basis and are carried at fair value. The Foundation is a private foundation and is subject to an excise tax of 2% on its net investment income.

(b) Restricted assets represent the balance of committed multi-year grants as follows at year end:

	1997	1998	1999
Cold Spring Harbor	100,000	50,000	
Stanford University		47,000	24,000
Dartmouth College		40,000	20,000
U of Puget Sound		60,000	40,000
U of Southern Cal		63,000	42,000
U of Nebraska			75,000
	<u>100,000</u>	<u>260,000</u>	<u>201,000</u>

Foundation Directory

Advisory Board

Marilyn Rogers

Timothy Rogers

Tracy Rogers

Holly Rogers

Clay Rogers

Barry Waldorf

Officers

Marilyn Rogers, *President*

Tracy Rogers, *Executive Director*

Contact Information

Mellam Family Foundation
PO Box 610091
Redwood City, CA 94061
Email: mellamff@aol.com

Information for Applicants

The Mellam Family Foundation is a private foundation that makes grants only to organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code. No grants are made to individuals. In general, grants are not made to large, public charities such as The United Way.

Requests for endowments are discouraged. Grant requests should be made within the \$10,000 to \$50,000 range. Where practical, and especially for first time requesters, the Foundation conducts site visits either in advance of or in response to a request for funding.

Grant Application Procedures

The Foundation has no formal application form and will receive proposals in any format that is comfortable for the applicant. Within this context, a proposal should include the following:

- An executive summary (one page or less) of the project being proposed. This should include the project's goals, timeframe, overall budget, requested funding amount, other possible funding sources, staffing plans and a proposed evaluation method.
- A detailed description of the overall organization, including its history and other programs offered. How the proposed project fits into the overall mission of the organization should be described.
- A detailed description of the project under consideration. This should include a detailed budget, target population, key staffing requirements, evaluation plans and expected goals. Evidence of community need and support of the project is desirable.
- Supporting documentation: Copy of current 501(c)(3) determination letter from the IRS, most recent audited financial statements, current year operating budget and sources of revenues, current list of Foundation and Corporate supporters (including amounts), list of directors and officers of the organization. Annual report if one is published and most recent long term strategic plan if available.

All requests for funding should be mailed to the Foundation's address above. Requests may be emailed to the Foundation so long as they are followed up with a hard copy in the mail. Advisory Board meetings to decide on funding occur near the end of each calendar quarter. Generally, funding decisions are made within a month or two of receipt of a proposal. Decisions are communicated in writing to the requesting organization.