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Dear friends,

Every organization has a culture. Sometimes it’s posted on a plaque on a wall, sometimes on cards that employees are asked to keep in their wallets. At Margaret A. Cargill Philanthropies, we believe our culture is expressed in the way we work to fulfill our mission and how we treat each other. Plaques and cards may not get read. But our work — especially how we work — shows the world who we are.

We spent 2013 focusing on the how. Culture isn’t just about words; it’s about words put into action. Articulating that isn’t easy for an organization as complex as Margaret A. Cargill Philanthropies (MACP). MACP is the umbrella organization for three separate grantmaking entities: Akaloa Resource Foundation, established in 1995; Anne Ray Charitable Trust, established in 1996; and Margaret A. Cargill Foundation, established upon Ms. Cargill’s death in 2006. While the three have separate governance and operating structures, they share a common mission to provide meaningful assistance and support to society, the arts, and the environment.

We made huge strides in 2013, bringing clarity to how we work to fulfill our mission. While much of that work was behind the scenes, it was an essential part of the basis upon which the future of MACP will be built. Much of the work we did in 2013 focused on critical activities. For example:

- We developed our overall Philosophy of Grantmaking, which serves as an important strategic guide across all three of our philanthropies;
- We continued the buildout of our Investment team and fine-tuned the roles of our external Investment Committee members;
- We made significant progress on our portfolio diversification, including an agreement with The Mosaic Company to buy back substantially all of the restricted shares held by Margaret A. Cargill Foundation and Anne Ray Charitable Trust;
- We added bench strength to our Finance, Legal, Strategic Development, Programs, and Grants Management teams;
- We brought in new leadership for Human Resources and Administration, combining four functional areas into one team;
- We developed clear processes to identify, evaluate, and manage risks and opportunities associated with most aspects of our work, including grantmaking, travel, and facilities management; and
- We began integrating Evaluation into our programs and grant planning.

These were important and challenging issues for our teams. Identifying the best ways to do our work had to be done at the same time we were doing that work. This meant many of our employees were doing double duty, getting the job done while planning for the future. It meant consulting with colleagues at our peer organizations to identify and consider best practices and innovations that might be a good fit for our unique culture. It meant expanding our staff by eighteen people to ensure we’ll have the resources to achieve the goals we set for the future.

We realize that others’ interest in our philanthropies may be focused on our grantmaking. It is not surprising given that, in total, Margaret A. Cargill Foundation, Anne Ray Charitable Trust, and Akaloa Resource Foundation made more than 300 grants in 2013. We are in the process of creating an organization that can thoughtfully engage in its mission. All the milestones I mentioned above are intended to make our grantmaking and our organization more informed and effective. Ultimately, what makes that goal achievable is the quality and dedication of our primary asset: our people.

Christine M. Morse
Board Chair and
Chief Executive Officer,
Margaret A. Cargill Philanthropies
Margaret A. Cargill Philanthropies refers collectively to the three grantmaking charities created by the late Margaret A. Cargill, a humble and generous woman whose philanthropic vision we strive to fulfill. The three charities are Akaloa Resource Foundation, Anne Ray Charitable Trust, and Margaret A. Cargill Foundation.

In addition to our program teams, the Philanthropies also includes the shared services — such as Human Resources, Finance, Legal, Information Technology, Communications, and Facilities Management — that support all three charities.

The Philanthropies embraces our common mission, values, and approach to grantmaking that define and guide our entire organization and each of our charities. However, Margaret A. Cargill Philanthropies is not itself a legal entity; it does not make grants.

In 2013, Margaret A. Cargill Philanthropies took a major step toward organizational maturity by codifying our founder’s guidance and priorities into a Philosophy of Grantmaking that brings clarity to how we intend to fulfill Ms. Cargill’s vision. Effective grantmaking is a priority, and articulating our philosophy was a significant milestone in clarifying how we intend to do that.

Other 2013 milestones included building out our Finance, Human Resources, Legal, Strategic Development, Programs, and Investment teams; broadening our grant-evaluation and grants-management strategies; and expanding information technology and finance capabilities. These steps put us on a more efficient path to supporting our grantmaking mission and our founder’s vision.

Our Core Values

- Honor the wishes of our founder, Margaret Cargill
- Use education and/or innovation as a means to achieve core purposes
- Empower people to be self-sufficient
- Maintain a low profile, while meeting the needs of others
- Support programs that could have a broad impact
- Support programs that have socially redeeming values and standards
- Support programs that value life
- Relieve suffering in times of disaster

Program officers from Anne Ray Charitable Trust and Margaret A. Cargill Foundation built stronger relationships with each other and their respective grantees, The Nature Conservancy and Tides Canada, during a joint site visit with leaders of the Kitasoo/Xaisxais Resource Stewardship Program in British Columbia. Representatives of MACP’s Legal and Evaluation teams joined the trip.
Our grantmaking reflects our values and Margaret Cargill’s guiding principles and is always directed toward our mission and core purposes. We expect our grantmaking across all three grantmaking entities to have these characteristics:

- We **lead with our values**, internally and externally.
- We **partner with capable organizations** that have demonstrated their ability to work successfully in our interest areas and in a manner consistent with our values. We look to our grantees as partners and co-learners.
- We provide **meaningful support** to strategic grantees.
- We support work **in and with communities** toward sustainable solutions.
- We pay special attention to **underserved or low-attention** areas, populations, or issues.
- We value and affirm the **integration** of all functions of the Philanthropies in our grantmaking.
- We make **measurable impact** on focused goals.
- We **evaluate** our work, **reshape our approaches as we learn**, **share** and **apply** our learning to future grantmaking.

All this we do, not to bring recognition to ourselves, but to support our grantees in the work they do to provide meaningful assistance and support to society, the arts, and the environment, in a manner consistent with our founder’s wishes and intent. Done well, this will distinguish us.
Akaloa Resource Foundation, created in 1995, was the first grantmaking philanthropy established by the late Margaret A. Cargill. Akaloa is a supporting organization that may make grants only to beneficiaries specifically named by Ms. Cargill. Our mission is to provide meaningful assistance and support to society, the arts, and the environment through some or all of the named beneficiary organizations.

Priorities for funding are determined within the framework of Margaret A. Cargill Philanthropies’ common mission statement, core purpose and values, and guiding principles articulated by Ms. Cargill.

Akaloa’s current geographic focus is Southern California, where Ms. Cargill lived most of her adult life. We support named beneficiaries in the region whose work was known to Ms. Cargill and that address issues that were important to her.

We value building deep relationships with our named beneficiaries with an eye toward sustained support over the long term. Our overall philosophy of grantmaking is to focus on supporting work at the community level. We believe identifying and understanding issues that arise in communities requires such attention. In addition to building mutual respect and trust, and increasing our learning, these deep relationships help shape an educated view of how named beneficiaries’ long-term goals and strategies align with our own mission.

To fully understand the complexities of our named beneficiaries’ structure and programming, we develop relationships at multiple levels across their organizations and ours. This allows us to be more strategic in our grantmaking. For example, these relationships have prompted us to make capacity-building and innovation grants, in addition to supporting specific programs. Akaloa’s work is carried out through the capable programs of our designated beneficiaries.

During “Kitten Time” at the San Diego Humane Society, children help adoptable animals acclimate to people.

### 2013

<table>
<thead>
<tr>
<th>End-of-Year Assets</th>
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<tr>
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<tr>
<td>Total Value of Grants Awarded</td>
<td>$5,334,890</td>
</tr>
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</table>
The American National Red Cross, San Diego & Imperial Counties, CA
County disaster cycle services, pre-and post-deployment resources and training for local military families, and Certified Nurse Assistant training.

Idyllwild Arts Foundation, Idyllwild, CA
Summer and academy scholarships, with special focus on Native American and music students; the annual Native Arts Festival; advanced professional development resources for academy students; and campus environmental and sustainability efforts.

KCETLink, Burbank, CA
Environment programming significant to Southern California.

Mingei International, Inc., San Diego, CA
Exhibitions, education programs, and visitor-experience improvements.

St. Paul’s Retirement Homes Foundation, San Diego, CA
All campus transportation, memory-care day services, and chaplain outreach.

The Salvation Army, Sierra del Mar Division, San Diego, CA
Scholarships for residential and day camps; arts and literacy programming in eight East San Diego elementary schools; and senior nutrition and transportation services in San Diego County.

San Diego Humane Society & S.P.C.A., San Diego, CA
Veterinary medicine and volunteer departments, the behavior-modification program, spay and neuter outreach, and education and community programs in North San Diego County.

San Diego State University Foundation for the use of KPBS, San Diego, CA
Environment and education programs, local programs, non-PBS programs, and program evaluation.
Margaret A. Cargill created Anne Ray Charitable Trust in 1996 to support organizations she specifically named. The Trust, named after Ms. Cargill’s mother, has the specific mission of providing assistance and support to some or all named beneficiary organizations. Priorities for funding are determined within the framework of our common mission statement, core purpose and values, and guiding principles articulated by Ms. Cargill.

After two years of in-depth planning and ramp-up of funding — reflecting ARCT’s rapid growth in assets after Ms. Cargill’s estate was settled in 2011 — we focused in 2013 on “normalizing” grantmaking. This work began with a significant effort to assess organizational capacity of each of our designated beneficiaries, with the goal of determining how we can best make a difference where our interests and those of our grantees align.

**2013**

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<th>End-of-Year Assets</th>
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<tbody>
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<tr>
<td>Total Value of Grants Awarded</td>
<td>$115,186,370</td>
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</tbody>
</table>

**CLOCKWISE FROM LEFT:**

- A caretaker engages her charge with a book as part of Y-USA’s children’s literacy program.
- Gathering bear fur for DNA analysis in the Great Bear Rainforest in British Columbia.
- The ARCT team examines a sea urchin during a trip with The Nature Conservancy to Palau.
In 2013, Anne Ray Charitable Trust supported:

American National Red Cross, International Services Division, Washington, DC
International disaster response and preparedness, community health programs, and capacity building.

American Swedish Institute, Minneapolis, MN
Education programs, exhibitions, capacity building, capital for campus expansion, and audience development.

Berea College, Berea, KY
Campus building renovations; scholarships and internships; bridge programs for student success; traditional music, crafts, and culture; fundraising capacity building; and sustainability.

Public Broadcasting Service (PBS), Arlington, VA
Content development in the arts, natural history, and science; infrastructure and capital improvements; and capacity building.

The Salvation Army – Sierra del Mar Division, San Diego, CA
Planning and capital support for Pine Summit Camp.

School for Advanced Research, Santa Fe, NM
Stewardship of the school’s collections; development of native museum professionals; capacity building; and capital and infrastructure improvements.

The Nature Conservancy, Arlington, VA
International environmental initiatives, including oceans, fresh water, forests, indigenous community conservation, and science.

YMCA of the USA, Chicago, IL
Camp programs and swimming lessons; healthy eating and physical activity programs; and children’s literacy development.
Margaret A. Cargill Foundation was created upon Ms. Cargill’s death in 2006. The Foundation’s mission is providing meaningful support through long-term relationships with strategic grantee partners to identify and implement sustainable solutions to persistent problems and to explore innovative opportunities within closely defined program areas.

The Foundation is in its initial growth phase, with strategies developed for five of seven planned programs as of the end of 2013. In addition to building out program teams to manage the increased grantmaking, we engaged Center for Effective Philanthropy to conduct a grantee survey that will serve as a benchmark for our interactions with our grantees as we continue to grow.

A significant 2013 achievement was applying our newly codified Philosophy of Grantmaking to refine specific goals and strategies for several of our program areas.

**Environment**

Through this program, we seek to conserve and sustain terrestrial, freshwater, and marine ecosystems for the benefit of current and future generations. This goal is driven by the worldwide decline of ecosystems that both wildlife and people depend upon.

We support site-specific, community-led conservation efforts within significant ecosystems, working with grantees that apply research and knowledge to create new solutions.

Our Environment Program also seeks to support activities that give children and young adults in the Midwest region of the U.S. a greater awareness of the importance of conservation. To achieve this goal, we support camps and colleges in expanding the reach and impact of their environmental education programs.

**Relief and Resilience**

Our goal is to help communities develop the organizing capacity and assets to withstand a natural disaster with less suffering, less dependence on outside support, and increased resiliency for all. Our support focuses on community-based outcomes, low-attention events, and vulnerable populations.

Globally and in the Midwest region of the U.S., we support organizations that work with communities in disaster-prone areas. We support work across the continuum of disasters — preparedness, response/relief, and resilience building — and with grantees that have both short- and long-term horizons. Internationally, our focus is on community-level capacity and disaster risk reduction. In the areas of the U.S. where we work, we place a priority on supporting case management, child-centered responses, and community foundations with established local relationships.
The Environment team enjoyed an up-close visit with residents of coral reefs being protected in Indonesia. (Photo by Rod Salm)

The aftermath of the Moore, OK tornado, viewed during a visit by the Midwest Relief and Resilience team.

A plane trip over the headwaters of the Taku River during a site visit to the Taku and Great Bear regions of British Columbia...

...and heading by water to the team’s lodging in Taku.

The Mekong River, where MACF convened a meeting of grantees to help them identify ways to work together. (Photo by Gordon Congdon)

Our Relief and Resilience team, along with grantee Mercy Corps, arrives in Nepal’s Kailali District to observe disaster risk reduction projects...

...and also visited the country’s Dadeldhura District to see local flood-mitigation efforts.
Arts and Cultures

This program has two active components: Native Arts and Cultures and Arts Education.

Native Arts and Cultures: The Native Arts and Cultures subprogram supports organizations that increase awareness of Native arts and cultures; increase transmission of intergenerational artistic and cultural knowledge; and build stronger networks of Native artists within viable arts environments that support their livelihoods. Our strategy is to support individual Native artists and the capacity of organizations dedicated to revitalizing Native arts.

We have grantees in the Pacific Northwest (Oregon, Washington, British Columbia, and Alaska) and the Upper Midwest (North Dakota, South Dakota, Minnesota, and Wisconsin). We plan to expand Native Arts and Cultures into the Southwest (Southern California, Arizona, and New Mexico). Because there are more than 560 federally recognized tribes in the U.S., several Alaska Native corporations and communities, and many more Aboriginal/First Nations peoples in Canada, we have limited our geographic focus to deepen our reach and learn from our initial efforts.

Arts Education: The Foundation’s Arts Education work seeks to increase the number and tenure of confident, competent K-12 generalist and specialist teachers of the arts and their engagement in mentoring younger teachers. Our strategy is to support teacher professional development in the arts through collaboration among institutions of higher learning.
education, public school districts, and nonprofit arts organizations. Grantmaking began in 2013 in Wisconsin, and will expand into Alaska. The two states represent extremes of the arts education landscape in the U.S. in that Wisconsin “exports” many of its newly graduated education majors, while Alaska is a net “importer” of teachers. We will not expand Arts Education grantmaking until we have clear learnings from our two-state pilot.

**Aging Services**

This program, launched in 2013, seeks to provide adults with more choices about where and how to spend their senior years, with more accessible support for managing chronic disease, care transitions, and psychosocial health. Our strategy is to support organizations that extend their services to seniors in rural communities by:

- Delivering services and supports that allow older adults to maintain independence and dignity and to stay in their homes and communities as long as possible,

- Increasing the quality and quantity of the direct-care workforce serving older adults, especially in home- and community-based settings, and

- Developing and implementing technology and tools to support the first two strategies.

The goal of the program extends beyond specific interventions and supports to how seniors can experience this stage of their lives with vitality and as valued contributors to society.

Our initial geographic focus is Minnesota, Washington, and Wisconsin.

**Animal Welfare**

In 2013, Foundation leadership identified two specific strategies for the Animal Welfare Program. In seven states, from the northern Midwest through the Northwest, the Animal Welfare Program will focus on:

- Supporting educational programs for school children at accredited zoos and aquariums to help connect children with animals and develop empathy for animals, and

- Supporting local companion-animal organizations to advance animal welfare in shelters and strengthen their capacity to improve animal care in the community.

Grantmaking is planned to begin in 2014.

**Children and Families**

Program focus not yet determined.

**Health**

Program focus not yet determined.

Continued on page 14
How we select our grantees

The specific areas of focus for our programs are determined by extensive research, using outside experts, to identify areas of need that fit within the priorities articulated by our founder. Where appropriate, we look for underserved geographies or topics where we believe we are well-positioned to make a difference.

This research leads us to the organizations we invite to submit grant proposals; we do not consider unsolicited requests for support.

*Dollar Amount of Grants Paid per program area*

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<th>Program Area</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Other*</td>
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<tr>
<td>Aging Services</td>
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<td>Arts &amp; Cultures</td>
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<td>Children &amp; Families**</td>
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<td>Health**</td>
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<td>Relief &amp; Resilience</td>
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<td>Environment</td>
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<td><strong>Total</strong></td>
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* This category includes grants that fall outside our defined program areas, as well as grants paid to match our employees’ charitable contributions. Within specified parameters, the Foundation matches employees’ contributions $1-for-$1. However, contributions to qualified Minnesota-based charities or programs are eligible for a $2-for-$1 match. In 2013, the Foundation paid $99,060 to match 88 employee contributions.

** While this program is not yet launched, our Trustees have approved “learning grants” to help us better understand issues in the field, and how some organizations are working to solve problems. These grants are not necessarily an indicator of issues or organizations the Foundation ultimately will support.

2013

End-of-Year Assets

$3,094,112,687

Total Number of Grants Paid

220
OUR OFFICERS AND DIRECTORS

Christine M. Morse, Board Chair and Chief Executive Officer
Akaloa Resource Foundation, Anne Ray Charitable Trust, Margaret A. Cargill Foundation

Paul G. Busch, Trustee/Director and President
Akaloa Resource Foundation, Anne Ray Charitable Trust, Margaret A. Cargill Foundation

The Right Reverend John B. Chane, Trustee
Anne Ray Charitable Trust

Naomi Horsager, Treasurer and Chief Financial Officer
Akaloa Resource Foundation, Anne Ray Charitable Trust, Margaret A. Cargill Foundation

The Reverend Canon Lee B. Teed, Director
Akaloa Resource Foundation

Heather Kukla, Secretary and Director, Legal Affairs
Akaloa Resource Foundation, Anne Ray Charitable Trust, Margaret A. Cargill Foundation
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