

THE
ROBERT WOOD JOHNSON
FOUNDATION

1971 ANNUAL REPORT

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FOUNDATION

The Forrestal Center - P.O. Box 2316
Princeton, New Jersey 08540



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General Robert Wood Johnson devoted his life to public service and to building a family-owned business into a major international corporation. He died on January 30, 1968 at the age of 74.

An astute businessman, a statesman, soldier and patriot, General Johnson devoted much of his life to improving the world around him. He had a tenacity of spirit that enabled him to accomplish many of his goals, but he also planned for the long-range fulfillment of other objectives that could not be achieved in one man's lifetime.

Despite the intensity and determination he displayed in his role as a business leader, General Johnson had a warmth and compassion for those less privileged than he. He was always keenly aware of the need to help others, and this he did in hundreds of ways, quietly and without fanfare. In 1936 he established the Johnson New Brunswick Foundation, later to become The Robert Wood Johnson Foundation, to facilitate the distribution of his funds for philanthropic causes.

The true measure of General Johnson's deep concern for the needs of others was his decision to leave virtually his entire estate to The Robert Wood Johnson Foundation.

Board of Trustees*

Robert J. Dixon	Gustav O. Lienhard
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Wayne J. Holman, Jr.	Norman Rosenberg, M.D.
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Trustees Emeritus

John H. Hoagland	Hon. Klemmer Kalteissen
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Officers and Staff*

Gustav O. Lienhard	Chairman of Board and Treasurer
David E. Rogers, M.D.	President
Margaret E. Mahoney†	Vice President
Robert J. Blendon	Vice President for Planning and Development
Terrance Keenan	Senior Executive Associate
Stuart Carothers	Secretary
Olga Ferretti	Assistant Secretary
H. Thomas Luce	Controller

*As of April 6, 1972

†As of June 1, 1972

CHAIRMAN'S REPORT

The year 1971 marked the end of the first phase in the life of The Robert Wood Johnson Foundation and the beginning of the second phase. On behalf of the Board of Trustees, I wish to acknowledge the most munificent bequest of the late General Robert Wood Johnson which was received by the Foundation during 1971. This bequest, along with the other generous gifts he made since our founding in 1936, has now placed The Robert Wood Johnson Foundation among the first five in the nation.

The Trustees are fully cognizant of the enormous challenge and responsibility placed upon them now that the Foundation has grown to its present size.

We realize that many avenues need to be investigated and explored, that we have much to learn, and that we will make some mistakes, but we are optimistic in our belief that the future will see The Robert Wood Johnson Foundation sponsoring and supporting some truly productive projects and programs of significant benefit to our people and our nation.

We are most fortunate that we have a dedicated and knowledgeable Board of Trustees to establish policy and to approve grants. Most of the Trustees had a long and close association with General Johnson and were personally familiar with his wishes regarding the Foundation.

Under our rules of retirement, Mr. John H. Hoagland, a Trustee for almost two decades, retired this year. In recognition of his many contributions he has been elected a Trustee Emeritus.

Mr. William McChesney Martin, Jr. has been elected a Member and a Trustee and appointed a Member of the Finance Committee. We are indeed most fortunate to have his advice and counsel.

During 1971 the Foundation paid grants of \$3,359,840, which was \$199,851 in excess of net income for the year. Since its inception, the Foundation has paid grants totalling \$7,759,194 largely for the support of three hospitals in New Brunswick, New Jersey, and for medical, dental and nursing scholarships. Several grants and appropriations to hospitals and other institutions in the local area were made during 1971 in fulfillment of prior commitments. In the future, with the exception of certain grants we will be making to institutions in the City of New Brunswick, our policy regarding grants will conform to that which is outlined elsewhere in this report.

The Foundation will continue to devote its energies and resources primarily to the advancement of health care in the broadest sense. The Trustees, therefore, decided that it was essential that the new president of the Foundation be a man with a singularly distinguished medical background.

It was with great pleasure and genuine enthusiasm that we welcomed such a knowledgeable and outstanding medical educator, Dr. David E. Rogers, as the new President, Member and Trustee of the Foundation effective January 1, 1972. Dr. Rogers came to the Foundation from The Johns Hopkins University where for the last four years he held joint appointments as Dean of the Medical Faculty of The Johns Hopkins School of Medicine; Vice President (Medicine), The Johns Hopkins University; Medical Director, The Johns Hopkins Hospital; and Professor of Medicine, The Johns Hopkins School of Medicine. Prior to joining Johns Hopkins, Dr. Rogers held the position of Professor and Chairman of the Department of Medicine for nine years at Vanderbilt University School of Medicine.

There is a tremendous amount of work to be done, and the Foundation faces an unprecedented challenge, but with the appointment of Dr. Rogers and with the experience, wisdom and dedication of the Board of Trustees, I am confident about our future.

As we are now well on into the new year, I have asked Dr. Rogers to comment on his plans and the initial appointments to the professional staff.

Gustav O. Lienhard

PRESIDENT'S COMMENTS

I am delighted to have the opportunity to add a few words to this Annual Report. It is a singular honor to be asked by the Trustees to serve as the President of The Robert Wood Johnson Foundation during the second phase of its development. The challenges which face the nation in the areas of health are immense and complex, and I am deeply conscious of the responsibilities borne by the President and the staff of the Foundation in translating the policies and objectives of the Trustees into sound and imaginative programs. To paraphrase Mr. John Gardner, we are confronted with "some unique opportunities disguised as problems," and it is a great privilege to participate in this adventure.

To fulfill the hopes of General Robert Wood Johnson, we must create an institution which is wise, compassionate, effective and excellent. We wish the Foundation to be an important and creative contributor to the betterment of health for all of our citizens. We also wish it to function in ways which clearly demonstrate that important contributions to national welfare can be encouraged and assisted by a private philanthropic institution. To achieve these objectives obviously requires that The Robert Wood Johnson Foundation assemble a staff which is broadly knowledgeable about health, health problems, the individuals and institutions at work in the field, and the relationships and objectives of the many agencies in and out of government which devote their attention to health affairs. I believe we are well on the way to

assembling a group of distinguished individuals as professional members of the staff who have these talents.

Margaret E. Mahoney has been elected Vice President of The Robert Wood Johnson Foundation. Miss Mahoney comes to us from the Carnegie Corporation of New York where she has been Associate Secretary and an Executive Associate. She is a graduate of Vanderbilt University, with a major in political science and minors in economics, history and art. Prior to joining Carnegie in 1953, Miss Mahoney was a member of the UNESCO staff in the Department of State where she was in charge of the international cultural activities program. She has maintained a continuing personal involvement in the development of the arts and of art education. At the Carnegie Corporation Miss Mahoney has served as an outstanding member of the professional staff. During the past several years she has been responsible for developing the Corporation's activities in health care and health sciences education, which have had an exceptional national impact. In connection with her work at Carnegie, Miss Mahoney helped to formulate a number of important programs in which several foundations have joined forces to fund new experiments in health care. She is highly regarded by those in universities, government and community institutions and groups concerned with health education and care. She is noted for her broad knowledge, her sensitive understanding of complex health issues, and her wide acquaintance with those in the health field.

Robert J. Blendon has joined the staff as Vice President for Planning and Development. He has recently served in the Department of Health, Education and Welfare as Special Assistant for Policy Development in Health and Scientific Affairs to both the Assistant Secretary and the Undersecretary of the Department. Mr. Blendon is a graduate of the School of Business at the University of Chicago, with a Masters in Business Administration. In addition, he holds a Master of Public Health and a Doctor of Science degree from the School of Hygiene and Public Health of Johns Hopkins University, where his principal attention was directed toward health services administration and research. Prior to his HEW appointment, Mr. Blendon served as Assistant Director for Planning and Development of the Office of Health Care Programs of the Johns Hopkins School of Medicine and Assistant Professor in the Department of Medical Care and Hospitals at the School of Hygiene and Public Health. During his tenure at Hopkins, Mr. Blendon served as one of the important architects for the two new prepaid comprehensive health care programs which have now been established in the city of Columbia, Maryland, and the inner city of East Baltimore. He brings to the Foundation a broad knowledge of government health policy and financing mechanisms, and is an acknowledged expert in programming for new systems for delivery of care.

Terrance Keenan has joined the Foundation as Senior Executive Associate. Mr. Keenan has served with the Commonwealth Fund in an executive capacity for the past seven years. During his time with this major philanthropic foundation, he served as Board Secretary and directed much of his attention toward programs designed to improve medical education and community health. He has directed the Commonwealth Fund and the Harvard University Press Book program and the Fund's public information activities. Mr. Keenan is a Yale Honors graduate with a major in English literature. Prior to his Commonwealth Fund experience, Mr. Keenan was a faculty member of the Thomas Jefferson School, in St. Louis, Missouri; worked with Merrill, Lynch, Pierce, Fenner and Smith, in New York; and served on the staff of the Ford Foundation for nine years. Mr. Keenan brings us broad experience with foundations and knowledge of their organization and activities. He is an accomplished writer and a recognized expert on medical educational experiments.

Stuart Carothers is Secretary of the Foundation. An Honors graduate of Princeton University and of St. Louis University Law School, Mr. Carothers brings to the Foundation a strong background in law, grants and contracts administration, and personnel management. Before joining the Foundation, Mr. Carothers was in the

general practice of law in Princeton, New Jersey, and had previously served in senior legal and administrative positions at Princeton University and a leading aerospace company.

H. Thomas Luce, C.P.A., is Controller of the Foundation, providing the accounting expertise essential to the Foundation's operations. A former associate of the accounting firm of Parsons, Foy & Murphy, Mr. Luce more recently served as Executive Vice President and Controller of the New Jersey Wood Finishing Company.

I feel most fortunate in having this group join me in working toward the objectives outlined for The Robert Wood Johnson Foundation.

David E. Rogers, M.D.

GRANTS for the year ended December 31, 1971

Recipient	<u>Paid 1971</u>	<u>Payable 1972</u>
Albert Einstein College of Medicine of Yeshiva University Medical scholarships	\$ 7,500	
American Foundation for Pharmaceutical Education Graduate fellowships	50,000	
City of New Brunswick City Planning Fund	1,500	
College of Medicine and Dentistry of New Jersey Medical scholarships	16,500	
Committee for Economic Development Study on "The Organization and Financing of a National Health Care System"	10,000	
George Washington University Medical scholarships	9,000	
Jefferson Medical College Medical scholarships	9,000	

GRANTS for the year ended December 31, 1971

Recipient	<u>Paid 1971</u>	<u>Payable 1972</u>
John F. Kennedy Community Hospital and Middlesex Rehabilitation Hospital Expansion of facilities		\$500,000
Matheny School (for Cerebral Palsied Children) Equipment	5,000	
Middlesex County College Foundation Nursing scholarships	6,623	
Middlesex County Probation Department For care of the indigent	1,000	
Middlesex General Hospital Equipment and expansion of facilities	2,400,000	2,800,000
Middlesex Rehabilitation Hospital Equipment	15,000	
Muhlenberg Hospital Expansion of facilities	200,000	
New Jersey Reformatory for Women Equipment	1,000	
Proprietary House Association Assistance for restoration		25,000
Salvation Army For care of the indigent	8,000	

Recipient	<u>Paid 1971</u>	<u>Payable 1972</u>
Society of St. Vincent de Paul For care of the indigent	8,000	
St. Peter's General Hospital Equipment and expansion of facilities	200,000	5,000,000
St. Peter's General Hospital School of Nursing Nursing scholarships	23,000	
Somerset Hospital Expansion of facilities	150,000	
Temple University Medical scholarships	7,500	
United Community Services of Central Jersey General support	75,000	
University of Pennsylvania Medical scholarships	12,000	
Y.M.C.A. — Princeton Expansion of facilities	100,000	
	<u>3,315,623</u>	<u>8,325,000</u>
Scholarships for forty-one medical students	<u>44,217</u>	
Total	<u>\$3,359,840</u>	<u>\$8,325,000</u>

LYBRAND, ROSS BROS. & MONTGOMERY

CERTIFIED PUBLIC ACCOUNTANTS

COOPERS & LYBRAND

IN PRINCIPAL AREAS

OF THE WORLD

To the Trustees of
The Robert Wood Johnson Foundation:

We have examined the balance sheet and changes in foundation principal of The Robert Wood Johnson Foundation as of December 31, 1971 and for the year then ended, and the related statement of investment income, expenses and grants for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of The Robert Wood Johnson Foundation at December 31, 1971, the changes in foundation principal and the excess of expenses and grants over investment income for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Lybrand, Ross Bros + Montgomery

Newark, New Jersey
January 24, 1972

THE ROBERT WOOD JOHNSON FOUNDATION
 BALANCE SHEET AND CHANGES IN FOUNDATION PRINCIPAL
 at December 31, 1971

ASSETS

Cash		\$ 297,888
Securities (at market value on dates of gifts):		
11,911,767 shares, Johnson & Johnson common stock (quoted market value \$1,171,820,000)		299,362,910
U.S. Government obligations (quoted market value \$7,934,000)		7,546,148
Land, building and furnishings, at cost (net of depreciation)		69,485
		\$307,276,431

LIABILITIES AND FOUNDATION PRINCIPAL

Commitments — \$8,325,000		
Federal excise tax payable		\$ 136,772
Foundation principal:		
Balance, January 1, 1971	\$ 6,961,758	
Additions:		
Received from estate of Robert Wood Johnson	300,250,271	
Contributions received:		
Trusts	126,481	
Individuals	1,000	
	307,339,510	
Less excess of expenses and grants over investment income for year 1971		199,851
Balance, December 31, 1971		307,139,659 \$307,276,431

THE ROBERT WOOD JOHNSON FOUNDATION
 STATEMENT OF INVESTMENT INCOME, EXPENSES AND GRANTS
 for the year ended December 31, 1971

Income:		
Dividends		\$3,410,655
Interest		<u>8,642</u>
		3,419,297
Less Federal excise tax on investment income		<u>136,772</u>
		3,282,525
Expenses:		
Compensation and employees' benefits	\$52,597	
Professional services	39,015	
Office operations	<u>30,924</u>	<u>122,536</u>
Income available for grants		3,159,989
Grants		<u>3,359,840</u>
Excess of expenses and grants over investment income		<u><u>\$ 199,851</u></u>

Note: In common with the practice of many charitable organizations, income on interest bearing securities is recorded on the cash basis. The difference between such basis and the accrual basis is not material.

APPLICATIONS FOR GRANTS

The Robert Wood Johnson Foundation will be devoting its resources primarily to the advancement of health care in the United States.

At the outset, the Trustees have established several basic principles governing the Foundation's work, which provide key guidelines to organizations interested in the possibility of support:

- Priority will be given to projects and programs attacking basic problems in the health care field and are thus of broad national and regional significance. Activities that are essentially local in their effects will not be assisted, except in New Brunswick, New Jersey, where the Foundation has long-standing community ties.
- Grants will be made only to qualified institutions and organizations. Support to individuals — scholarship aid, for example — will be provided only through institutional programs.
- The Foundation will not normally make grants to finance biomedical research, endowment or construction programs, or general operating expenses.

The Foundation does not use formal grant application forms. Proposals for grants should be prepared as a letter outlining briefly the objectives and significance of the project, the plans for carrying it out, and the qualifications of the organizations and personnel concerned. In addition, a preliminary budget should be submitted.

The proposal letter should also be accompanied by a copy of the applicant's official tax-exempt status under the Internal Revenue Code. Normally support is restricted to organizations which have qualified for exemption under Section 501(c) (3) of the Internal Revenue Code which are not "private foundations."

Proposal letters should be addressed to:

Margaret E. Mahoney, Vice President
The Robert Wood Johnson Foundation
The Forrestal Center — P.O. Box 2316
Princeton, New Jersey 08540

