Statements of Financial Position

(000's omitted)

December 31, 2000 and 1999

Assets	2000	1999
Cash and cash equivalents	$ 15,458	18,795
Accrued investment income receivable	1,938	2,137
Prepaid expenses and other assets	1,195	---
Investments, at fair value (approximate cost of $535,924 and $475,901 at December 31, 2000 and 1999 respectively):		
Fixed income mutual funds	2,698	3,950
U.S. government and agency obligations	20,484	23,622
Foreign government obligations	2,225	1,715
Corporate bonds	20,344	19,607
Mortgage-backed securities	17,427	16,557
Other asset-backed securities	11,318	9,894
Equity mutual funds	45,283	71,585
Common and preferred stocks	342,997	413,490
Limited partnerships (note 4)	138,117	132,919
Other	1,356	1,215
Total investments (note 3)	602,249	694,554
Land, buildings, furniture and fixtures, net (note 5)	5,284	4,200
Total assets	$ 626,124	719,686
Liabilities and Net Assets		
Liabilities:		
Accrued expenses (note 9)	$ 3,379	3,732
Grants payable (note 6)	10,883	13,474
Notes payable (note 7)	1,120	1,507
Total liabilities	15,382	18,713
Unrestricted net assets	610,742	700,973
Commitments and contingencies (note 11)		
Total liabilities and net assets	$ 626,742	719,686

See accompanying notes to financial statements.

Statements of Activities
(000's omitted)

Years ended December 31, 2000 and 1999	2000	1999
Revenues and gains:		
Interest and dividend income	$ 16,315	17,994
Realized gain on investments	96,119	77,742
Unrealized (loss) gain on investments	(149,268)	69,717
Total unrestricted revenues and (losses) gains	(36,834)	165,453
Grants and expenses (note 10):		
Grants approved for charitable purposes, net (note 6)	41,909	35,380
Operating expenses (notes 8 and 9)	8,664	8,426
Total grants and expenses	50,573	43,806
(Decrease) increase in unrestricted net assets before cumulative effect of change in accounting principle	(87,407)	121,647
Cumulative effect on prior years of the change in method of accounting for certain limited partnerships (note 4)	(2,824)	---
(Decrease) increase in unrestricted net assets	(90,231)	121,647
Net assets, beginning of year	700,973	579,326
Net assets, end of year	$ 610,742	700,973

See accompanying notes to financial statements.

Statements of Cash Flows

(000's omitted)

Years ended December 31, 2000 and 1999	2000	1999
Cash flows from operating activities:		
(Decrease) increase in net assets	$ (90,231)	121,647
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Cumulative effect on prior years of the change in method of accounting for certain limited partnerships	2,824	---
Depreciation	225	112
Realized and unrealized losses (gains) on investments	53,149	(147,459)
Change in provision for losses on program related investments	(60)	(50)
Decrease (increase) in accrued investment income receivable	199	(1,098)
Increase in prepaids and other assets	(1,195)	---
(Decrease) increase in accrued expenses	(353)	1,331
Decrease in grants payable	(2,591)	(15,993)
Net cash used in operating activities	(38,033)	(41,510)
Cash flows from investing activities:		
Proceeds from the sale of investments	338,251	402,204
Purchase of investments	(301,859)	(360,509)
Purchase of land, buildings and furniture and fixtures	(1,309)	(1,943)
Net cash provided by investing activities	35,083	39,752
Cash flows from financing activities:		
Proceeds from issuance of note payable	---	470
Payments on note payable	(387)	(243)
Net cash (used in) provided by financing activities	(387)	227
Net (decrease) increase in cash and cash equivalents	(3,337)	(1,531)
Cash and cash equivalents at beginning of year	18,795	20,326
Cash and cash equivalents at end of year	$ 15,458	18,795
Supplemental disclosure of cash flow information:		
Cash payments for interest	$ 106	120
Cash payments for excise and income taxes	2,560	150

See accompanying notes to financial statements.

December 31, 2000 and 1999

(1) ORGANIZATION AND PURPOSE

The Lynde and Harry Bradley Foundation, Inc., (Foundation), a nonprofit organization, was incorporated under the laws of Wisconsin on June 29, 1942, to raise, invest and reinvest money and devote the principal and net earnings therefrom perpetually and exclusively for charitable, scientific, literary and educational purposes. The programs and funding decisions of the Foundation are the responsibility of the Board of Directors.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements of The Lynde and Harry Bradley Foundation, Inc. have been prepared on the accrual basis of accounting in accordance with the AICPA Audit and Accounting Guide for Not-For-Profit-Organizations.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are not subject to donor-imposed stipulations and, therefore, are classified as unrestricted net assets.

(b) Use of Estimates

Management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(c) Cash Equivalents

Cash equivalents consist of short-term highly liquid instruments purchased with an original maturity date of three months or less. Such instruments are valued at cost which approximates market.

(d) Investments

Investment transactions are recorded on the trade date. Realized gains and losses on sales of investments are determined on the specific identification basis, and include the effects of currency translation with respect to transactions and holdings of foreign securities. Investment management and custodian fees are recorded as operating expenses. Investments are valued at quoted market value, except for program related investments, life insurance contracts, and certain limited partnerships. Program related investments are valued at estimated net realizable value, life insurance policies are valued at the cash surrender value of the underlying policies, and certain limited partnerships for which there is no ready market are valued at the lower cost or market in the absence of readily ascertainable fair market values. A valuation allowance is established when the estimated net realizable value of an investment in an illiquid limited partnership is less than the Foundation's cost or market value. Market value is defined as the value based on available partner capital as reported by the partnership. However, because of the inherent uncertainty of valuation, the estimated values for the limited partnerships may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material. If a limited partnership is determined to be permanently impaired, it is written down to its net realizable value. The net realizable value then becomes its new costs basis.

The Foundation's investments denominated in foreign currencies are translated into U.S. dollars as follows: (1) securities, financial instruments and other assets and liabilities denominated in a foreign currency are translated on the last business day of each month at the spot exchange rate; (2) forward foreign currency contracts are marked to market or net settlement value on the last business day of each month; and (3) purchases, sales, income and expenses are translated at the spot exchange rate prevailing on the respective dates of such transactions. The effect of changes in foreign currency exchange rates on investments in securities is not segregated from the change in the market price of the securities in the statement of activities. The gains/losses on foreign currency transactions related to other assets and liabilities of the Foundation are not significant and therefore are not separately reported.

(e) Program Related Investments

The Foundation invests in projects that advance philanthropic purposes. These program-related investments are valued at estimated net realizable value and are reported in other investments.

(f) Land, Buildings, Furniture and Fixtures

Land, buildings, furniture and fixtures are stated at cost as of the date of acquisition. Depreciation of buildings and furniture and fixtures is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Assets	Years
Buildings	30
Land improvements	10
Furniture and fixtures	10

The cost of office equipment is consistently charged to expense because the Foundation does not deem such amounts sufficiently material to warrant capitalization and depreciation.

(g) Grants Payable

Unconditional grants, authorized by the Foundation's Board of Directors but not yet paid, are reported as liabilities to be paid in future years.

(h) Federal Income Tax

The Foundation has received a determination letter from the Internal Revenue Service (the Code) indicating that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is, however, subject to Federal income taxes on any net unrelated business income under the provisions of Section 511 of the Code.

(i) Federal Excise Tax and Distribution Requirements

The Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Internal Revenue Code of 1986. In addition, certain minimum annual qualifying distributions are to be made approximating 5% of average net investment assets less the excise tax on investment income. This tax is reduced to 1% for foundations that meet certain distribution requirements. In 2000 and 1999, the Foundation satisfied these requirements and is therefore eligible for the reduced tax. During 2000 and 1999, the Foundation exceeded its distribution requirements by approximately $16,827,000 and $25,907,000, respectively. At December 31, 2000, total excess qualifying distributions available from 2000 and prior years to be carried forward are approximately $68,431,000 and expire as follows:

Year	(000's omitted)
2001	$ 6,469
2002	7,782
2003	11,446
2004	25,907
2005	16,827
	$ 68,431

(3) INVESTMENTS

The Foundation's investments in international securities are denominated in various foreign currencies, and therefore, are subject to exposure due to fluctuations in exchange rates. Thus, the Foundation hedges its exposure on its investment in international securities by purchasing and selling forward currency contracts whereby the Foundation agrees to exchange one currency for another on an agreed-upon date at an agreed-upon exchange rate. As of December 31, 2000 and 1999, the Foundation had forward currency receivable contracts with notional amounts totaling $20,282,925 and $10,277,402, respectively, and forward currency payable contracts with notional amounts totaling $19,667,406 and $10,391,099, respectively. Such contracts involve, to varying degrees, risks of loss in excess of the amount recognized in the statement of financial position, arising either from potential changes in market prices or the inability of counterparties to meet the terms of their contracts. Changes in the value of forward currency contracts are recognized as unrealized gains or losses until such contracts are closed. The maturities of those contracts are generally less than nine months. Unrealized gains (losses) on open foreign currency exchange contracts at December 31, 2000 and 1999 were $528,692 and ($113,697), respectively, and are included in cash and cash equivalents for financial reporting purposes. Net realized and unrealized gains (losses) on foreign currency exchange contracts were $534,804 and $642,389 respectively, during the year ended December 31, 2000 and ($184,078) and $203,653, respectively, during the year ended December 31, 1999.

The Foundation has security lending arrangements with The Northern Trust Company (Northern) whereby the Foundation's marketable securities are loaned to designated counter parties in exchange for acceptable collateral (cash, U.S. Treasury securities, and certain debt obligations). Such arrangements involve risks of loss arising from the potential nonperformance of the financial institutions. The minimum collateral required is 102% of the market value of the securities on loan at the time of initiating the loan. Subsequently, the daily collateral will be maintained at a minimum of 100% of the loan. Northern indemnifies the Foundation's accounts from loss due to broker default. The market value of the loaned securities was $60,986,599 and $58,140,267 at December 31, 2000 and 1999, respectively, and the income earned from securities lending activities was $267,716 and $132,689 for the years ended December 31, 2000 and 1999, respectively.

Included in cash and cash equivalents are $23,125,007 and $22,003,447 of receivables and payables, respectively from pending broker transactions in 2000 and $13,007,495 and $13,101,365 in 1999.

(4) LIMITED PARTNERSHIPS

The Foundation has investments in limited partnerships totaling $138,117,380 as of December 31, 2000. $78,595,177 of the investments are comprised of liquid partnerships and are valued at quoted market values. $59,522,203 of the investments are comprised of illiquid investments in limited partnerships.

Prior to 2000, the Foundation valued certain limited partnerships for which there is no ready market based upon partner capital account balances as reported by the partnerships. As of January 1, 2000, the Foundation changed its method of accounting for certain illiquid limited partnerships to the lower of cost or market. A valuation allowance is established when the estimated net realizable value of the investments is less than the cost or market value available from the partnership.

The cumulative effect on prior years (as of January 1, 2000) is a $2,824,202 reduction in net assets.

(5) LAND, BUILDINGS, FURNITURE AND FIXTURES

Land, buildings, furniture and fixtures comprise the following assets at December 31, 2000 and 1999:

	(000's omitted)	
	2000	1999
Land and land improvements	$ 519	483
Buildings and building improvements	4,811	3,677
Furniture and fixtures	598	459
	5,928	4,619
Less: accumulated depreciation	644	419
	$ 5,284	4,200

(6) GRANTS

Unconditional grants approved for charitable purposes during 2000 and 1999 are summarized as follows:

	(000's omitted) 2000	1999
Total grants approved for charitable purposes	$ 41,977	35,468
Returned or cancelled grants	(8)	(38)
	41,969	35,430
Change in provision for losses on program-related investments	(60)	(50)
Grants approved for charitable purposes, net	$ 41,909	35,380

Grants payable as of December 31, 2000 are scheduled to be disbursed as follows:

Year	(000's omitted)
2001	$ 7,758
2002	2,925
2003	200
	$ 10,883

In, 1998, the Foundation provided the Southeast Wisconsin Professional Baseball District (Stadium District), a government instrumentality under Wisconsin law, a charitable investment in the form of a refundable grant in the amount of $20,000,000. Such grant was used solely for capital costs associated with the development and construction of the new baseball stadium complex in Milwaukee, Wisconsin.

The sole source of the grant refund is the proceeds from the repayment of a $20,000,000 non-recourse promissory note due to the Stadium District from the Milwaukee Brewers baseball team, which has been assigned to the Foundation. The promissory note includes a 30 year term with a 4% per annum interest rate during the first 10 years of the note term and 5% thereafter. Principal payments do not commence until approximately year 20 of the note term and payment of a portion of the accrued interest is deferred during the first 10 years of the note term. The proceeds of any grant refund amounts will be recorded as gains in the year received.

(7) NOTES PAYABLE

The Foundation has a $2,000,000 loan agreement with a bank for the renovation and expansion of the Foundation's corporate offices. Borrowings under this agreement were $1,120,019 and $1,202,986 at December 31, 2000 and 1999, respectively, bearing interest at 7.5%. The loan, due August 25, 2002, is collateralized by specific investments held in trust.

The Foundation has a $2,500,000 revolving credit note agreement with a bank bearing interest at prime less 1.25% for the purchase and renovation of a building adjacent to the Foundation's corporate offices. There were no borrowings under this agreement at December 31, 2000 and $303,624 at December 31, 1999.

(8) OPERATING EXPENSES

Operating expenses for the years ended December 31, 2000 and 1999 were as follows:

	(000's omitted) 2000	1999
General and administrative expenses	$ 4,407	3,854
Investment management and custodian fees	2,938	3,615
Excise and income taxes	1,319	957
	$ 8,664	8,426

General and administrative expenses as a percentage of the average total assets were 0.66% and 0.58%, and as a percentage of the total unconditional grants approved for charitable purposes were 10.56% and 10.83% for the years ended December 31, 2000 and 1999, respectively.

(9) EMPLOYEE BENEFIT PLANS

The Foundation sponsors a defined contribution plan for substantially all employees. Contributions are determined as a percentage of the covered employee's annual salary. Amounts expensed under this plan totaled $213,906 and $199,573 for the years ended December 31, 2000 and 1999, respectively.

The Foundation provides for certain post employment benefits for an officer of the Foundation. The benefits are based on the estimated final compensation before retirement. The Foundation also provides supplemental retirement benefits for the other executives of the Foundation. Amounts expensed under these plans totaled $151,447 and $141,060 for the years ended December 31, 2000 and 1999, respectively. The present value of the estimated liability under these plans is included in accrued expenses.

(10) RELATED-PARTY TRANSACTIONS

It is the policy of the Foundation that all Officers and Directors shall avoid any conflict between their own individual interest and the interests of the Foundation. The Foundation has a conflict-of-interest policy whereby the Board and committee members must advise the board of any direct or indirect interest in any transaction or relationship with the Foundation and abstain from voting for the approval/denial of the grant and/or expenditure affecting their individual, professional or business interests. During the year ended December 31, 2000 and 1999, the Foundation awarded grants of $4,287,000 and $4,789,000 , respectively, to related party organizations.

During the year ended December 31, 2000 and 1999, the Foundation paid approximately $74,500 and $186,500, respectively, for legal and architectural services to organizations of certain Board members.

(11) COMMITMENTS

As part of its investment management activity, the Foundation is committed to additional funding of $30,004,294 and $31,030,850 for certain limited partnerships at December 31, 2000 and 1999, respectively. In addition, as part of its grant activity, the Foundation has committed but not yet authorized grants to certain organizations of $3,005,000 and $9,180,000 at December 31, 2000 and 1999, respectively.

(12) REMAINDER INTEREST IN TRUST

The Foundation has a remainder interest in an independent trust, (the Trust) in which an unrelated third party acts as trustee. The Foundation is entitled to receive 70% of the trust principal upon the death on the primary beneficiary of the Trust, contingent upon actions exercised during the life of the Trust by other parties to the Trust agreement. The total market value of the Trust at December 31, 2000, as reported by the trustee, was approximately $173,482,000. The Trust has not been recorded within the Foundation's financial statements because of the contingencies associated with determining the final amount of the Foundation's remaining interest in the Trust.

(13) ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 "Accounting for Derivative Instruments and Hedge Activities." FAS 133 and 138, require the Foundation to recognize all derivatives as either assets or liabilities in the statement of financial position at fair value. In addition, the Statements specify the accounting for changes in the fair value of a derivative based on the intended use of the derivative and the resulting designation. FAS 133 and 138 are effective for all years beginning after June 15, 2000. Accordingly, the Foundation expects to adopt FAS 133 and 138 effective January 1, 2001. The Foundation has determined that the adoption of these statements will not have a material impact on its statements of financial position and statements of activities.