



John S. and James L.
Knight Foundation

2002 Annual Report

What is Freedom?

The John S. and James L. Knight Foundation was established in 1950 as a private foundation independent of the Knight brothers' newspaper enterprises. It is dedicated to furthering their ideals of service to community, to the highest standards of journalistic excellence and to the defense of a free press.

In both their publishing and philanthropic undertakings, the Knight brothers shared a broad vision and uncommon devotion to the common welfare. It is those ideals, as well as their philanthropic interests, to which the foundation remains faithful.

To heighten the impact of our grant making, Knight Foundation's trustees have elected to focus on two signature programs, Journalism Initiatives and Community Partners, each with its own eligibility requirements. A third program, the National Venture Fund, nurtures innovation, leadership and experimentation for community investments that might benefit Knight communities.

In a rapidly changing world, the foundation also remains flexible enough to respond to unique challenges, ideas and projects that lie beyond its identified program areas, yet would fulfill the broad vision of its founders.

None of the grant making would be possible without a sound financial base. Thus, preserving and enhancing the foundation's assets through prudent investment management continues to be of paramount importance.

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‘When I turn 18, I’m gonna vote for real.’

JUSTIN ADAMS

Justin is 14 and an eighth grader at a Myrtle Beach, S.C., middle school. He cast a ballot on Election Day 2002 as a Kids Voting participant, even if partly “to get extra credit for school.”

With Freedom Comes Opportunity



W. Gerald Austen, M.D.

‘Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.’

— THE FIRST AMENDMENT

John S. Knight wrote “The Editor’s Notebook” some 2,000 times during four decades of his distinguished journalism career. He shared with readers – regular folk and national leaders alike – his views on subjects ranging from economics to politics to whimsy. On several occasions, the column’s subject was the First Amendment and the freedoms it sets out for all Americans.

From Feb. 7, 1943: “We are ourselves free, and our paper shall be free – free as the Constitution we enjoy – free to truth, good manners and good sense.”

And from Sept. 16, 1951: “The Constitution was written by men who understood better than we the price of liberty and the blessings of free institutions.”

Jack and Jim Knight – each an industry leader and respected community

citizen – appreciated the great human fascination with freedom. They also knew that freedom is too often taken for granted, too often denied.

The Knight brothers understood that freedom provides opportunity. Through their philanthropy, they helped countless people and hundreds of organizations gain access to the opportunities freedom represents. For 53 years, those of us privileged to be part of their foundation have worked to translate their intent into action. Given our programmatic interests, freedom becomes a compelling theme for an annual report documenting a foundation undergoing a careful evolution in challenging times.

In this report you see comments from our funding partners, programs and communities, all confirming that freedom means many things to many

people. Who better to define it for us than those we aim to help? Some examples:

✧ For the journalists of Rio de Janeiro, freedom is learning investigative reporting techniques in Brazil from Rosental Alves, the Knight Chair in International Journalism and head of the new Knight Center for Journalism in the Americas at the University of Texas at Austin (*page 16*). Unlike most of their U.S. counterparts, Latin American journalists face daily life-threatening conditions working in places like Rio’s mountainside slums. Unfortunately, some have lost their lives for the cause, as did Professor Alves’ friend Tim Lopes at the hands of Rio drug lords.

✧ We Americans are free to elect our representatives, but some voting systems are flawed – as Florida’s 2000 presidential election demonstrated most clearly. On Oct. 29, 2002, President Bush signed the Help America Vote Act, a bipartisan effort to aid states and localities in updating their voting systems. The president acknowledged the work of the National Commission on Federal Election Reform,

established by the Miller Center of Public Affairs at the University of Virginia and the Century Foundation with support from Knight Foundation's National Venture Fund. Enactment of the new law illustrates the benefit that one Knight grant to a national organization can have in all 26 Knight communities and beyond.

❖ Basic freedoms are a beginning point, and a necessary one, but they don't ensure a life of dignity and equal opportunity for far too many underprivileged individuals in the 26 U.S. communities we serve. In our strategic planning, Knight trustees agreed that a major focus of our grant making is aiding those least able to help themselves. Our Community Partners Program has continued developing specific outcomes and strategies in 2002 in partnership with local nonprofits, providing access and opportunity to residents of some of America's most troubled neighborhoods. In June, Knight Foundation trustees witnessed firsthand how our nonprofit partners in Long Beach, Calif., work on school readiness issues in the fascinatingly diverse and economically deprived 90806 ZIP code. With Knight Foundation help, our partners in Boulder, Colo., are working with the children of Latino families to better prepare them for school and life. Together with our partners working in Miami's Overtown and East Little Havana neighborhoods – the geographic heart of America's poorest urban center – we



Mariam C. Noland



Robert W. Briggs

are concentrating resources to improve the economic well-being of families. And Knight partners are working in North Philadelphia and nearby Camden, N.J., striving to improve literacy and increase cultural participation.

In addition to this sampling, there are myriad other ways Knight Foundation supports freedom by providing opportunity in journalism and in our communities. Those stories and narratives begin on page 6.

Of course, these funding efforts are possible thanks to careful stewardship of the foundation's assets (*page 64*). Like many other institutional investors, Knight Foundation has seen assets fall in an economy that has trended downward longer than any of us ever imagined. From our high at the end of 2000, over the last two years the foundation has had investment losses of 13.3 percent. These results hold up very favorably to the benchmarks against which we compare investment performance. And despite the dip, we paid out some \$86 million in grants in 2002, slightly more than the previous year. Even in this challenging economy, we plan for now to maintain our grant outlays in a

steady state, sticking to our commitment to help people increase their access to the things freedom guarantees.

The year had its high points. Two new trustees who connect us closely to important Knight communities have joined the foundation's board. Mariam C. Noland heads the community foundation serving greater Detroit, and is a leader in promoting philanthropy. We first learned to value Mariam's intelligence and perspective when she was a member of one of our former national advisory committees. Robert W. Briggs is chairman of Buckingham, Doolittle & Burroughs, a respected law firm in our historic home of Akron. Rob is known throughout Ohio for his determined and gracious leadership of many civic causes. Both Mariam and Rob have already made very thoughtful contributions to our board through their service on the Grants Review Committee.

As you look at the faces and read the comments about freedom from the diverse residents of Knight communities, you will likely come to the same conclusion I reached. Our communities represent today's United States. As Americans, each of us shares the protective cloak of freedom and the opportunity that freedom promotes. Collectively, we share the responsibility to preserve and make real those freedoms for our fellow citizens.

Jack Knight fought for press freedom because he knew it assured us of a better world. "True journalism – and I emphasize that word 'true' – is the lamplight of our modern society," he wrote in celebrating the first Pulitzer Prize at one of his newspapers. "Without it, the lamps are turned down and we revert back to the Dark Ages. ... It is the beacon light of this new experiment we call democracy."

W. Gerald Austen, M.D.
Chairman

The Year in Review Jan. 1, 2002 – Dec. 31, 2002

Assets:	\$1.72 billion
Grants paid out:	\$85,617,981
Proposals received:	551
New grants approved:	\$80,949,242 (459 grants)
Average approved grant:	\$176,360

Stronger Organizations, Stronger Democracy



Hodding Carter III

‘The winning of freedom is not to be compared to the winning of a game, with the victory recorded forever in history. Freedom has its life in the hearts, the actions, the spirit of men and so it must be daily earned and refreshed – else like a flower cut from its life-giving roots, it will wither and die.’

—GEN. DWIGHT D. EISENHOWER

The nation faces hard times and hard choices. Armed conflict, actual and potential, seems suddenly to have again become a permanent feature of present-day life. Nation-state adversaries present themselves publicly while terrorism networks threaten covert strikes from seemingly infinite angles of attack. A once-booming economy has slowed to a walk. The stock market has been in the most dramatic slump since the Great Depression of the 1930s.

In short, history has reasserted itself and the United States has learned anew that it is not exempt from its impact. But while this is cause for sober concern and an urgent search for intelligent solutions, it is no cause for despair. We have been here before. Think of the Civil War. Think of the Depression. Think of the months after Pearl Harbor, when Japan ruled

the Pacific and Germany’s army occupied Europe from the English Channel to deep within the Soviet Union.

And we have come through before for the same reason that we will now. America is an open, free society made strong by the very complexity of its political system and the intensity of its public debate. Trusting the judgment and ultimate good sense of its own people, this free nation draws upon reserves denied to those who live in more repressive systems. Depending upon a political system created by people who knew that ultimate truth resides in no human institution or individual, it is better able to reset its course than more authoritarian governments.

That’s the good news. The flip side of this coin is seen in the quote above, taken from a 1944 speech by Gen.

Eisenhower to the English Speaking Union in London as the tide of war was emphatically turning. If the people do not constantly assert their primacy and exercise the freedoms then inherited, the system will collapse or be replaced by a more rigid model. The bad news is that there is nothing permanent about freedom, any more than there was permanence in the totalitarian model once widely feared to be the one sure survivor of the 20th Century.

Freedom cannot endure in the face of apathy and neglect. Its security depends upon each man and woman speaking up for what each believes, exercising First Amendment rights to free speech, assembly and petition for redress of grievance. To put it another way, it depends on advocacy for the transiently unpopular, and uninhibited dissent from the currently popular.

But to paraphrase James Madison, ignorance will always be trumped by knowledge.

What the people do not know about, they cannot adequately question or meaningfully support. Freedom depends upon the news media’s presentation of a rich diet of information and a wide variety of views on public policy issues. It requires

that the information that is presented be put in usable context, not as “news from nowhere” but as news with relevance to the past, the present and the future. It requires a media that does not see itself as cheerleader for power but as honest auditor of power.


That said, television, radio and newspapers cannot provide the basic education required for each free citizen to filter and understand what she or he reads, sees or hears from the media. For that task, a solid education for each American is indispensable, and for 90 percent of Americans, that means a public school education. It must provide the basics, absolutely, but also a thorough grounding in critical thinking and more than a passing understanding of the institutions and demands of this democratic society.

Nor does the support and defense of freedom begin and end with the individual, however well educated and informed. It also is vitally dependent on that great boiling stew that is the independent sector. Now as in the past, the nation’s health requires that it continue to bubble over with alternative approaches and more diverse options than those prescribed by government.

What does all of this have to do with Knight Foundation? Simply that we believe that a significant portion of our mission, community-based as it is and supportive of a free press as it has always been, is to strengthen organizations that in turn strengthen democracy and freedom. Knight believes that in a free society, more voices and more options for the solution of enduring problems are a good thing. That means on the local level and the national. It means in old forms of media and new. It means in new problem-solving associations as well as old.

You’ll see examples of this belief in the following pages. You will also see ample evidence that most of our funding continues to go into tightly focused programs chosen by our 26 communities for long-term support. There’s no contradiction here. It’s just another way of saying that we believe that Knight,

like the nation, can do more than one thing at a time. We’re pretty certain that both of us must.



Hodding Carter III
President and CEO



Millions of Americans have seen the Ad Council’s freedom campaign, which recognizes the inestimable value of living in a free country.



‘FREEDOM means being able to sing as loud as I want!’

< **LATISHA GIBSON, STUDENT, PALM BEACH COUNTY, FLA.**

The Pleasant City Multicultural Center in Riviera Beach beckons younger residents who deserve the kind of middle-school education recommended by our local advisory committee.

America without freedom would be vastly different. Short of hope. Lacking spirit. Its press muffled, its people silent.

But that is not the nation we inherited. Liberty launched our nation and freedom powered its dazzling growth.

Freedom spurs hope, human rights, opportunity, progress, choice, change, learning, economic advancement, unfettered expression – in short, a better life.

Yet some are left behind, still seeking their fair chance to share freedom’s rewards.

The organizations working as part of Knight Foundation’s journalism initiatives

recognize this and strive for unfettered access to news and opinions, so that we all might be better informed.

The partners working in Knight’s 26 communities hold the promise of opportunity and access for the people most in need of assistance, living in places bypassed by prosperity.

The value each of them places on freedom shines through in the following pages. We hope this annual report documents what happens when doors open. When ideas are encouraged. When talents are nurtured. When barriers go away.

Or, as Americans have come to appreciate, when freedoms are secured by action.



‘This is a very interactive piece. I appreciate having the freedom to display it in this community and having the opportunity to get feedback on it.’

RICCO GUERRERO, ARTIST, FORT WAYNE, IND.

His mural, *On Bended Backs We Rise*, was commissioned by the MAYA Unity Center, one of several nonprofits working to sustain and build diverse cultural audiences in Southeast Fort Wayne.





‘Freedom creates individual possibilities. It creates the freedom of opportunity, which is enhanced by education – because educational achievement expands alternatives and possibilities. Ultimately, freedom is about choice – the freedom of opportunity. And choice is about capturing individual potential, as informed by experience and gained through hard work.’

LUIS M. PROENZA, PRESIDENT, UNIVERSITY OF AKRON

The university is a lead collaborator in a public-private community development plan to reinvigorate the 40-block University Park neighborhood adjoining the campus in Akron, Ohio.

‘Freedom comes with the permanent struggle not to be carried away with the stream, and with the most powerful and happy moments: seeing justice, beauty and love in unexpected places, where nobody is looking for them.’

< EINAT FISHBAIN, FREE-LANCE JOURNALIST, TEL AVIV, ISRAEL

Fishbain is one of two international journalists from opposite sides of a world hot spot spending a year as a Knight-Wallace Fellow at the University of Michigan.

CLEVELAND AVE.





‘Freedom for me is an education for my children and ourselves.’

OLIVIA CONDE, BOULDER, COLO.

For disadvantaged Latino families like Olivia Conde, her son Enrique and daughters Andrea and Angelica, we’re working on developing local strategies to improve the cognitive development, physical health and socialization of preschool children.

‘Freedom means, to me, as Martin Luther King Jr. said, that we live in a country where our children will be judged by the content of their character, not the color of their skin.’

< STEVEN K. HAMP, MUSEUM PRESIDENT, DETROIT

The Henry Ford (his museum’s new name) has renovated the Montgomery, Ala., bus made famous by civil rights icon Rosa Parks, who refused to take a back seat.





‘To be truly free, people must be able to provide a basic standard of living for their families. This will not only help to build stronger families, it will also enable them to participate in the economic well-being of their community. As a volunteer for the Greater Miami Prosperity Campaign, I hope to help improve the lives of thousands of children and families in the community.’

BARBARA GARRETT, BUSINESS LEADER, MIAMI

The Greater Miami Prosperity Campaign has helped inform people like Kaneesha Jinks, above right, about wealth-building programs like the Earned Income Tax Credit.

‘Freedom is a big, fuzzy blanket. It keeps away the monsters.’

◀ **CHRISTOPHER ALANZ, WICHITA, KAN.**

In up to a dozen Knight communities, our nonprofit partners are developing programs focusing on better preparing kids like Christopher for school.





‘To me, freedom is imagining the “what ifs” and acting on them, the only fear being they may not work.’

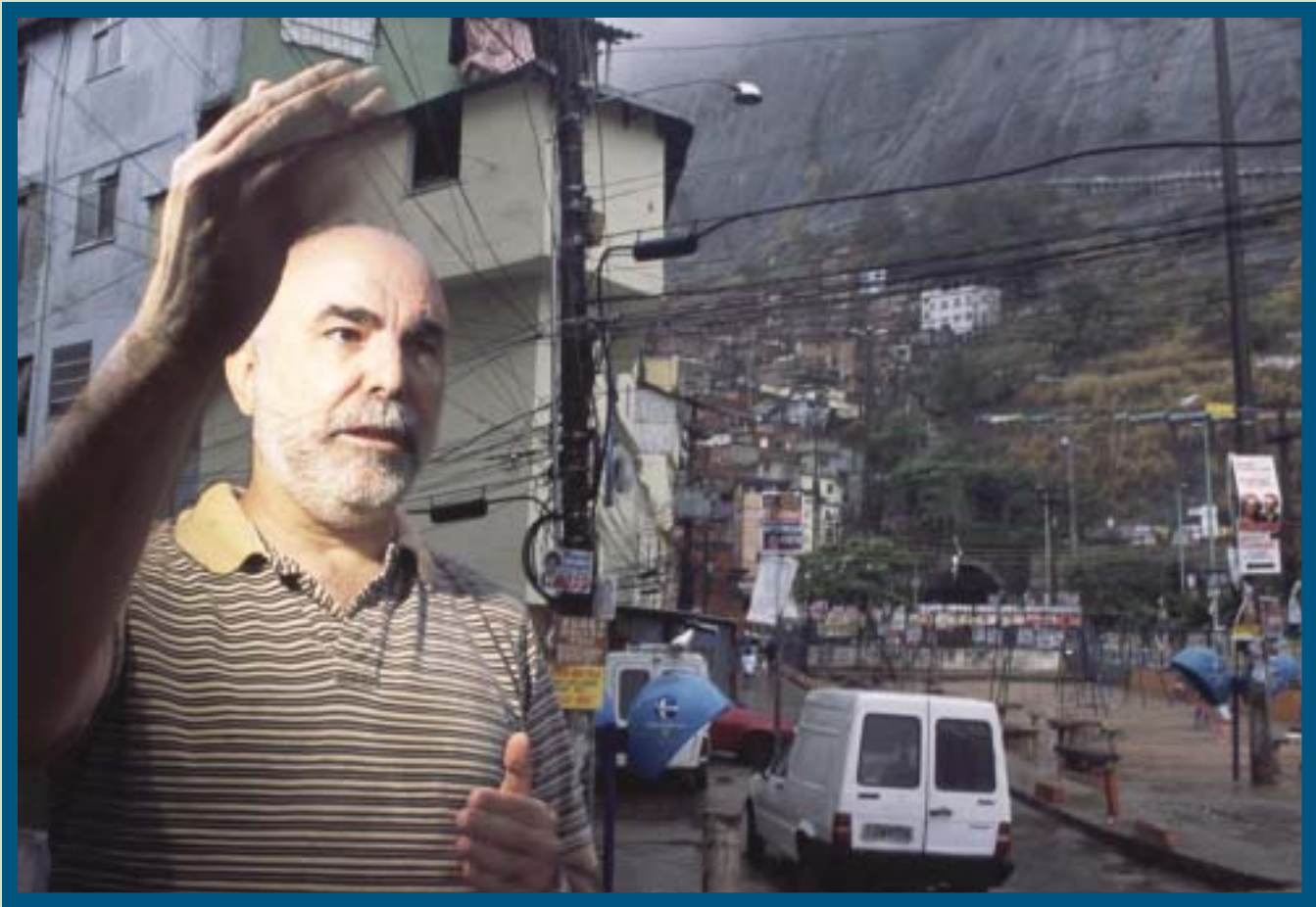
TRAIE DOCKTER, EXECUTIVE DIRECTOR, GRAND FORKS, N.D.

Knight’s efforts to increase the community’s capacity for economic growth led to the creation of the Downtown Leadership Group, now headed by Dockter.

‘Freedom is not a birthright. It is a gift that has been given to me from prior generations through years of toil, sacrifice and determination. My hope is that I can use my freedom to do some good by telling the stories of others in a humanistic, compassionate and fair manner.’

◀ **JEROME NAKAGAWA, PHOTOJOURNALISM INTERN, SANTA FE NEW MEXICAN**
University of California-Berkeley student Nakagawa, whose parents are of Navajo and Japanese descent, honed his photojournalism skills as a staffer for RezNet, an online school newspaper for Native American students.

Death and Freedom in Rio



‘Freedom is practicing journalism without fear of persecution.’

– ROSENAL ALVES

RIO DE JANEIRO – On a gloomy, damp August morning Rosental Alves – back in his hometown to conduct a workshop for Brazilian journalists – stood atop a roof in Rocinha, one of the 726 teeming *favelas* clinging to Rio’s majestic mountainsides. He gazed at the famous beaches below and thought of his friend Tim Lopes.

Just weeks before, in a slum much like this one, Lopes had met a gruesome death. A TV reporter determined to expose the rising violence in a *favela* ruled by drug gangs, Lopes sneaked a

camera into a *baile funk*, a lawless orgy of music, drugs and sex with minors.

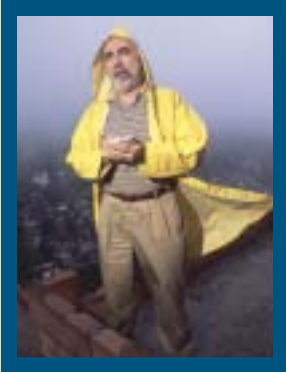
“The barbarous way he was killed was one of the worst cases of a journalist dying in the line of duty in the world,” said Alves, the Knight Chair in International Journalism at the University of Texas at Austin and a former executive editor of *Jornal do Brasil*.

Lopes was betrayed by the tiny red light of his hidden camera. His captors shot him in the knees, held a mock trial and sentenced him to die. They hacked him to death with a samurai sword. His

remains were stuffed into tires and set ablaze. Police found only bone fragments.

Alves, also the director of the new Knight Center for Journalism in the Americas at UT Austin, had returned home to inspire others with the passion that led Lopes to cover Rio’s dangerous slums in ways no one else would. A key order of business was to show the 75 editors and reporters who attended how working together increases safety.

“We are not going to tell them to risk their lives,” Alves said. “The first message we want to send is that we are united.”



Press freedom remains elusive in Latin American places like Rio de Janeiro's hillside *favelas*, but Knight Chair in Journalism Rosental Alves is helping to turn it around through training.

The Knight Center at Texas is the \$2 million centerpiece of the foundation's multifaceted Latin American Initiative aimed at advancing press freedom and journalism excellence in the region. So far, the four-year project has trained 500 Brazilian and Mexican journalists, helped coordinate the activities of 30 journalism groups, held a forum in Austin and created a web site in English, Spanish and Portuguese (knightcenter.utexas.edu).

The initiative's partners include the Inter American Press Association and the International Center for Journalists.

Many Latin American governments have introduced welcome reforms such as Mexico's new public access laws. That said, press freedom remains elusive in a hemisphere of fragile democracies, where drug traffickers and paramilitary groups are trying to silence journalists through intimidation and murder. Some newspapers, television stations and radio networks have uncomfortably close ties to governments, the wealthy and the military.

"We won't be able to change things all at once," Alves said. "But over time, maybe we can even create a tradition of a free and independent press in places where it has at times been a mere pawn."

For the 75 journalists at that late August workshop in Rio, Lopes' murder loomed large, as did the death of Daniel Pearl, The Wall Street Journal reporter abducted and beheaded by terrorists in Pakistan. Lopes and Pearl joined 17 other journalists killed worldwide for their work in 2002.

"The role of the press is to cover controversial stories and report from dangerous places," Alves said. "We need to create a support system that empowers journalists to continue despite opposition in their own countries and even in their own newsrooms."

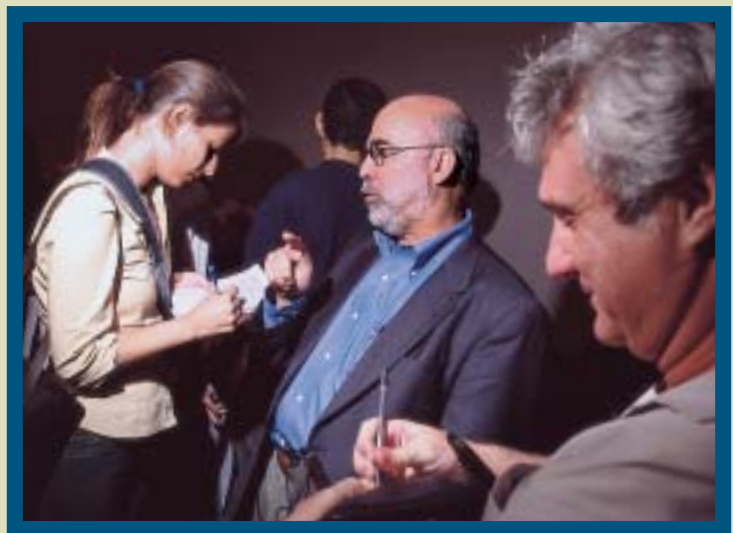
Those support systems can be powerful. In 1976, Arizona Republic reporter

Don Bolles was killed covering a story about organized crime. After his death, his colleagues finished the project and went on to form Investigative Reporters and Editors (IRE).

Much like Bolles' colleagues, Lopes' Brazilian peers fought back. They held vigils, marched for justice and convinced police to pursue the reporter's killers. Six people have been arrested in connection with Lopes' death, among them Elias Pereira da Silva (Elias the Madman), who is believed to be the ringleader. Police killed two other suspects.

And following the Knight workshop in August, a group of journalists formed ABRAJI – Brazil's first chapter of IRE.

"I can only imagine that, as a journalist who dedicated most of his career to investigative journalism, [Tim] would be proud of us," said Alves. □



The August workshop on investigative reporting run by Rosental Alves, center, for Brazilian journalists drew 75 participants and national media coverage.

Supporting the Vanguard of Democracy



To win and keep freedom, ‘the spirit of the people must frequently be roused.’

RICHARD OPPEL, EDITOR, AUSTIN, TEXAS

As a member of Knight Foundation’s Journalism Advisory Committee, Oppel helped to craft the Latin American Initiative.

In 1954, Knight Foundation gave its first journalism grant – \$2,500 for scholarships. The award didn’t go to a journalism school, though there were many fine ones to choose from. It went to something new: the Inter American Press Association (IAPA).

Back then, the notion of press freedom taking hold in Latin America was just a dream. Still, it was one shared by newspaper owners and brothers Jack and Jim Knight. Jack would later serve as IAPA’s fourth president. Lee Hills, Knight Foundation’s late chairman, was a strong advocate of the cause. His vision: “to help citizens understand that the ultimate and most important beneficiaries of a free press are the citizens themselves.”

Today, nearly 50 years after that first grant, what was once imagined is now real. In most of the Americas, democracy has replaced dictatorship. An unprecedented wave of freedom has rolled through the region.

In some ways, a world fixated on the fall of the Berlin Wall barely noticed. But now, as global recession threatens to erode the new freedom, people are noticing. Suddenly, the Americas have something we all must fight to keep.

Enter Knight Foundation’s Latin American Initiative, a multiyear program to strengthen quality journalism and press freedom. In 2002, Knight’s first wave of grants for the program totaled \$3.5 million, the largest single investment the foundation has made in the journalism of its southern neighbors.

Central to the initiative is the new Knight Center for Journalism in the Americas at the University of Texas at Austin. After the murder of Brazilian journalist Tim Lopes, the center helped journalists in Rio de Janeiro form the nation’s first group of investigative reporters and editors (*page 16*).

What does good journalism have to do with freedom? Richard Oppel, editor of the Austin American Statesman, can tell you. Oppel coordinated Knight’s Latin American Initiative as chair of a special subcommittee of the Journalism Advisory Committee. To win and keep freedom, he says, “the spirit of the people must frequently be roused.” But what will rouse the people? Oppel quotes Scottish philosopher David Hume: It is “the liberty of the press, by which all the learning, wit and genius of the nation may be employed on the side of freedom.”

Journalists are in the vanguard of democracy in other Latin American grants. The International Center for Journalists, the foundation’s top journalism grantee, is creating training materials in Spanish and Portuguese. The IAPA, no longer new or small, protects journalists through its Impunity project, which seeks to bring to justice the murderers of Latin American journalists. In this role, it helps the Committee to Protect Journalists, whose worldwide mission is defined by its title. CPJ used a Knight challenge grant to launch an endowment campaign that netted \$7 million.

Other initiative grants sent Latin American journalists to U.S.-based fellowship programs, and American editors to Latin America. Others trained reporters to understand international rules of war and fought laws that restrict the publication of reports officials deem insulting.

DOMESTIC RESTRICTIONS

The United States looks free indeed compared to nations where journalists are routinely murdered for simply trying to tell the truth. Yet even here, our rights are not set in granite. As Thomas Jefferson warned, all governments try to accumulate unchecked power, and each generation must fight to keep its freedom.

Domestically, the greatest enemies of freedom may be ignorance and apathy.

In 2002, for example, only 6 percent of Americans surveyed could name the five fundamental freedoms in the First Amendment: freedom of speech, the press, religion, assembly and petition. As the federal government increases its efforts to curb information in the name of the war against terrorism, such citizen indifference makes it difficult for society to sustain the kind of debate that freedom is supposed to encourage.

Knight-funded projects combat that

trend. The Reporters Committee for Freedom of the Press issued *Homefront Confidential*, a much-used study detailing the federal government’s restraint of information. The National Security Archives filed Freedom of Information Act requests to challenge the new secrecy measures by bringing test cases to court. Syracuse University assembled a powerful database of existing federal information, TRACfed. The Century Foundation studied policy alternatives, and its Homeland Security Project co-chair, former New Jersey Gov. Thomas Kean, now heads the independent investigation of government’s role before, during and after the largest terrorist attacks on U.S. soil, Sept. 11, 2001.

“In the name of security, officials are reluctant to explain what they are doing to keep the nation secure,” said Chuck Lewis of the Center for Public Integrity, which has set up an international investigative reporting network with Knight help. “This limits the ability of citizens to judge whether their elected leaders are doing a good job keeping us safe. It would be an irony indeed if we were able to spread freedom worldwide only to lose it here at home.”

Many journalists talk about freedom as if it were a kind of muscle – one you must continuously use, or lose to atrophy. Or as the philosopher Albert Camus said: “Freedom is nothing but an opportunity to get better.” Toward that end, Knight Foundation expanded its efforts to promote journalism excellence through top-quality education and training. In 2002, the foundation added traveling programs that increased its reach six-fold to 12,000 of the nation’s estimated 125,000 general news journalists. ➔



Continuing its campaign to combat indifference toward the death and disappearance of journalists in Latin America, the Inter American Press Association has launched a multi-lingual public relations campaign with ads appearing in publications throughout the Western Hemisphere (www.impunidad.com).

TRAINING TAKES FOCUS

Knight’s training and education grants in 2002 reflect our interest in the full spectrum of professional development:

- ✦ A \$5 million matching grant will increase the endowment for the Knight-Wallace Fellows at Michigan, to allow more journalists to be educated at the Ann Arbor campus in yearlong, topic-based courses of study. Since the program began, more than 500 journalists have acquired a deeper understanding of business, law, health and other important topics.
- ✦ A \$3 million matching grant to the University of Maryland will help create a John S. and James L. Knight Center within its new journalism building. The high-tech help in the new facilities will enable the weeklong programs there to reach thousands beyond the 1,500 already trained.
- ✦ A pilot program by the Committee of Concerned Journalists visited 25 newsrooms, and 1,400 journalists, with values-based training by master teachers who emphasized accuracy, fairness and context in the pursuit of truth.
- ✦ Another pilot grant to the Southern Newspaper Publishers Association (SNPA) launched a traveling training program, reaching 7,000 newspaper employees in one year at 29 different locations – more people than SNPA had trained in the 34 years since it was cofounded by Jim Knight. (The SNPA has agreed to use its newly created endowment to continue the program in perpetuity.)

In addition, a grant to the Society of Professional Journalists will coordinate all available training into the industry’s first easily searchable online calendar, *journalismtraining.org*.



‘If freedom, by common definition, is a condition in which the individual may do what he wants, I think it is more a myth than a reality. There is no such freedom. If there were, it could produce terror. For me, freedom is more a state of mind that should never stand alone. It should be driven by the fight for virtues like peace and justice.’

MUCHLIS AINUR ROFIK, ASSIGNMENT EDITOR, METRO-TV, JAKARTA, INDONESIA

Muchlis Rofik, above, of Jakarta and Einat Fishbain, opposite, of Tel Aviv, journalists on opposite sides of a world hot spot, have spent a year studying in Ann Arbor, Mich., as Knight-Wallace Fellows.



‘Freedom for me is the ability to choose my own way, with my agenda, to learn from others in order to find my own beliefs, and be able to express them. Freedom comes with the permanent struggle not to be carried away with the stream, and with the most powerful and happy moments: seeing justice, beauty and love in unexpected places, where nobody is looking for them.’

EINAT FISHBAIN, FREE-LANCE JOURNALIST, TEL AVIV, ISRAEL

A \$5 million endowment grant from Knight and a \$1 million contribution from CBS newsman Mike Wallace helped secure the future for the newly renamed Knight-Wallace program. Fishbain, above, and Rofik, opposite, studied along with 17 other fellows.

Yet even all this is not nearly enough. A Knight-funded study, *Newsroom Training: Where’s the Investment?* revealed that eight in 10 journalists and nine in 10 news executives believe that news people need more training and education. The widely quoted study said that the news industry as a whole invests only about a third of what the average American business invests in its employees’ continuing training.

So Knight’s expanded journalism training and education strategy is two-pronged: to reach more journalists with our own programs while encouraging greater industry investment in training of all kinds (such as the SNPA initiative).

Since 1990, Knight Foundation has invested more than \$25 million to create 17 Knight Chairs in Journalism at top universities. The latest recipient, the University of Southern California, will add a Knight Chair in Media and Religion aimed at probing the diverse world of spirituality and faith that is so deeply a part of our lives – and our conflicts – but so poorly portrayed in the news.

In 2002, the University of Kansas filled its vacant chair in community journalism with newspaper editor Peggy Kuhr; Syracuse University filled its chair in political reporting with veteran journalist and teacher Charlotte Grimes; and the University of California at Berkeley filled its science and technology journalism chair with Michael Pollan, author of the best-selling book, *The Botany of Desire*. ➔

VALUING DIVERSITY

An important priority for Knight’s journalism work is to help make newsrooms as American as America, while producing news content that mirrors the nation’s infinite variety in a wide range of media.

Accordingly, a cluster of grants helped support the American Society of Newspaper Editors and the Radio and Television News Directors as they joined forces to revitalize high school journalism. It is a big job. Some 7,000 of the nation’s 17,000 high schools – many in urban districts with high percentages of students of color — have inadequate or nonexistent student media. Students at such schools do not get to see civil society at work: there is no give-and-take in the school paper, no example of the First Amendment in action.

The campaign is headquartered at a web site, *www.highschooljournalism.org*, where students and teachers can find everything they need, including free web hosting, to start new student media. So far, more than 200 new newspapers and web sites have been started.

Other grants included \$1.3 million to The Robert C. Maynard Institute for Journalism Education, the nation’s leading trainer of journalists of color, to launch an endowment campaign. In addition, two new web-based news services, Black College Wire and RezNet, established to train African-American and Native American students, are hosted on the Maynard Institute’s revitalized web site. Other grants supported ethnic media organizations, pushed for more representative student bodies in journalism schools and funded a public television report on diversity in news.



Alice Schaaf, a high school journalism adviser at Bryan Station Traditional High School in Lexington, Ky., started a new school newspaper with the help of the American Society of Newspaper Editors’ High School Journalism Initiative.

With the digital revolution transforming the news business, it has never been easier to bring information to large numbers of people. This offers Knight Foundation an opportunity to work directly with news consumers, help them better understand the roles of the press and public in open societies, and push them to make their own demands for excellence.

A good example is Knight's joint effort with The Pew Charitable Trusts and Consumers Union. The project, Consumer WebWatch, rates web sites based on their honesty, especially about what is news and what is advertising. The project's web site, www.consumerwebwatch.org, campaigns directly to the public. It has improved the business ethics at travel and health-oriented web sites.

Several Knight grants help consumers get better news and information about *how* they get their news and information. In Washington, Marvin Kalb hosts televised interviews with leading journalists and media executives. In Chicago, a new interactive public television program will allow a studio audience to vote on news practices. In the San Francisco Bay Area, a web site will teach people how to "grade the news." In Boston, a media and democracy project shows teachers the power and reach of the news.

Such projects are fueled by the research efforts of such Knight-supported organizations as New Directions for News, the Media Management Center and the Aspen Institute. All are adding critical facts and figures to the often-heated cross-fire about whether increasingly large news companies are offering their wares primarily for public good or for private gain.

What is perhaps the foundation's most ambitious new media, reach-the-people project is being coordinated by the Federation of American Scientists. It arose from a book called *A Digital Gift to the Nation*, in which former Public Broadcasting Service chief Larry Grossman and former Federal Communications Commission chair Newton Minow call upon government to perform a digital miracle.

They suggest that billions of dollars from the auction of broadcast spectrum be used over the coming years to pay for the greatest renaissance in education since the G.I. Bill sent generations of soldiers to college. They propose that the money be used to enable schools, libraries, museums and public broadcasters to create a World Wide Web educational network capable of reaching anyone with access to a computer.

Knight supported Grossman and Minow's early advocacy of a Digital Opportunity Investment Trust, which you can see at www.digitalpromise.org. Educational nirvana? A crazy idea? Too risky? Or, like press freedom in Latin America, will this dream too become real? Grossman reports that the federal government will commission a major feasibility study of the idea. In a free country, amazing things are possible. □



Philip Merrill, for whom the College of Journalism at the University of Maryland is named, points out architectural details of Maryland's new journalism building as Dean Thomas Kunkel looks on. Both attended a dinner announcing Knight Foundation's \$3 million grant to build the John S. and James L. Knight Center at the school, consolidating several Knight-funded programs under one roof.

In 2002, Knight Foundation made 66 grants through its Journalism Initiatives program, an investment of \$24 million. The foundation's journalism program focuses on improving press freedom worldwide, advancing journalism education and training, promoting diversity, electronic journalism and news in the public interest. This comprehensive list of the grants features detailed descriptions of the year's largest investments in the field of journalism.

JOURNALISM EDUCATION

University of Michigan-Ann Arbor \$5,000,000

(Ann Arbor, Mich.) (over five years)

The Knight grant renames the Michigan fellows program the Knight-Wallace Journalism Fellowships, and expands its endowment with a challenge grant. The new title combines one name from the print medium, renowned newspaper owners Jack and Jim Knight; and the other from broadcast, CBS News veteran Mike Wallace. From the endowment, \$2 million will establish two fellowships for international journalists representing opposite sides of a world hot spot. Another \$2 million will be used to add environmental studies to the program. Knight-Wallace will work closely with Jim Detjen, the Knight Chair in Environmental Journalism at Michigan State University.

University of Maryland 3,000,000

College Park Foundation

(College Park, Md.)

This challenge grant boosts the university's effort to build a 75,000-square-foot, \$25 million college of journalism building that will house the John S. and James L. Knight Journalism Center. This center will be a hub of professional journalism activity within the academy, bringing together Knight-funded activities now scattered across campus. It will double space for the Knight Center for Specialized Journalism and add a state-of-the-art conferencing facility.

University of Southern California 1,500,000

(Los Angeles, Calif.)

This grant endows a Knight Chair in Journalism in Media and Religion at the USC Annenberg School for Communication. The chair, one of 17 Knight Chairs in Journalism nationally, will go to a journalism professional already an expert in the field. The chair will design innovative graduate and undergraduate courses at the College of Letters, Arts and Sciences; write about current media and religion issues; host an annual conference; and implement programs to train midcareer journalists.

National Foundation for 586,000

the Centers for Disease Control 250,000

(Atlanta, Ga.)

These two grants to the National Foundation for the Centers for Disease Control will continue the Knight Public Health Journalism Fellowships through 2003, improving public health reporting by training journalists in disease control. Each fellowship class will have nine journalists and last three months. The fellows will spend one month in the classroom and two months doing fieldwork with CDC researchers. An additional nine journalists will join the fellows for a 10-day boot camp. The trainees will take short courses in epidemiology, statistics and bioterrorism. The CDC will develop training programs to reach larger numbers of journalists at conferences, and create a web site with training basics to reach even more.

Inter American Press Association 250,000

Press Institute

(Miami, Fla.)

The grant helps the Inter American Press Association expand its photojournalism-training program to four locations in Latin America. IAPA and the University of Miami hosted the first workshop from July 21 to July 26. The traveling workshops will reach at least 12 participants each; potential candidates include chief photographers, photo editors, editorial design chiefs and professors.

Michigan State University **250,000**
(East Lansing, Mich.)

This grant expands the reach of the Knight Chair in Environmental Journalism. The university will establish a journalist-in-residence to assist the Knight Chair in outreach efforts, create a training institute for Latin American environmental journalists in 2003, organize the Edward J. Meeman collection of environmental journalism, and place articles selected from the 10,000-story collection online. The school also helped the Society of Environmental Journalists launch an annual environmental journalism contest for print, broadcast and online journalists in 2002 and will develop an online environmental journalism training opportunity for journalists from Latin America, Asia and the South Pacific.

The School of Journalism Foundation of North Carolina **250,000**
(Chapel Hill, N.C.) *(over five years)*

This grant extends the school's copy editing training five years, links it with other Knight editing programs, develops content for the web site and requires participants to pass along what they have learned. A redesigned, one-week institute will attract more applicants for the 18 openings available every year. Classes and discussions will focus on headline writing, outline writing, photo editing, page design, and legal and ethical issues.

World Affairs Council **250,000**
(Washington, D.C.)

This project targets America's community press for international outreach. From 10 to 12 daily newspaper journalists will be selected each year for the World Affairs Journalism Fellowships, mostly from smaller newspapers that do not have the means to send a reporter abroad. Each journalist will propose a research topic or project that would be carried out over three weeks of reporting and travel in a foreign country.

American Press Institute **235,000**
(Reston, Va.) *(over two years)*

To develop seminars for newsroom trainers.

New York University **218,000**
(New York, N.Y.) *(over two years)*

To launch Portfolio, a master's degree in multimedia journalism.

The Museum of Television and Radio **200,000**
(New York, N.Y.) *(over two years)*

To help launch the museum's new Media Center with a seminar series aimed at international journalism leaders.

Columbia University **175,000**
(New York, N.Y.)

To help the Hechinger Institute on Education and the Media train education reporters at medium-sized and small newspapers.

The Foundation for the National Capital Region **175,000**
(Washington, D.C.)

For a handbook to help newspapers and television stations set up high school student media.

Aspen Institute **160,000**
(Washington, D.C.)

To bring together media CEOs and news leaders to discuss journalism quality and economics and to publish a report and web site on the role of journalism in society.

Radio and Television News Directors Foundation **150,000**
(Washington, D.C.)

For the Educator in the Newsroom program to place college journalism teachers in broadcast newsrooms.

Duke University **135,000**
(Durham, N.C.) *(over two years)*

To formally launch the North Carolina Center on Actual Innocence.

Columbia University **129,000**
(New York, N.Y.)

For the Committee of Concerned Journalists to continue newsroom seminars aimed at raising journalism standards.

The Associated Press Managing Editors **100,000**
(New York, N.Y.)

To design and test a national network of regional training sites.

American Society of Newspaper Editors Foundation **80,000**
(Reston, Va.)

To expand the activities of the Council of Presidents of National Journalism Organizations.

American Society of Newspaper Editors Foundation **52,000**
(Reston, Va.)

For *The Learning Newsroom*, a guide to newsroom training.

Harvard University **50,000**
(Cambridge, Mass.)

For the Media and American Democracy Project to fully support participant tuition at five university partner sites.

Mayo Foundation **50,000**
(Rochester, Minn.)

For outreach and training for health care writers.

The National Press Foundation **50,000**
(Washington, D.C.)

To train journalists from developing nations to better cover AIDS issues.

Subtotal: **24 grants** **\$13,295,000**

PRESS FREEDOM

University of Texas at Austin **\$2,000,000**

(Austin, Texas)

This grant creates the Knight Center for Journalism in the Americas, and expands journalism training in Latin America. The center's main goal will be to train Latin American journalists and to help organize fee-supported journalism training in Mexico and Brazil. The center will organize training seminars each year for novice and midcareer journalists in Latin America; assist Latin American journalists who want to create self-sustaining institutions to defend press freedom and promote high standards of professional journalism; hold annual international forums at the University of Texas at Austin to develop solutions to issues of interest to journalists in the Americas; and develop distance learning models on the Internet in Spanish, Portuguese and English.

Committee to Protect Journalists **700,000**

(Washington, D.C.)

(over four years)

The Committee to Protect Journalists will extend the Senior Research Fellows Program for international journalists.

Harvard University **420,000**

(Cambridge, Mass.)

The grant supports two Nieman fellows from Latin America at the university. The two Knight Latin American Fellows are among the 24 journalists selected each year as Nieman Fellows. The Latin American Fellows audit courses at Harvard, engage in seminars and workshops with Harvard faculty and in discussions about journalism, and participate in other Nieman activities throughout the nine-month academic year. This will expose leading Latin American journalists to all that one of America's greatest universities has to offer.

World Press Institute **250,000**

(St. Paul, Minn.)

This grant provides general support to expand operations in Latin America and on the World Wide Web. The World Press Institute will bring 10 international journalists to the United States over the next two years, while at the same time launch several projects to increase the impact of those visits. The journalists will participate in the institute's news bureau, contribute to the ethics section on its web site and produce a reporter's guidebook. The institute also will sponsor seminars in Latin America with the Investigative Reporters and Editors.

The Century Foundation **200,000**

(New York, N.Y.)

(over two years)

To study how new homeland security measures affect freedom of information and federal government reporting.

International Center for Journalists **200,000**

(Washington, D.C.)

(over two years)

To enhance coverage of Latin American issues on the web site of the International Center for Journalists network.

World Press Freedom Committee **182,000**

(Reston, Va.)

To support and modernize the operations of the World Press Freedom Committee.

National Security Archive Fund **150,000**

(Washington, D.C.)

To complete an audit of federal Freedom of Information Act policy since the terrorist attacks of Sept. 11, 2001.

Crimes of War Education Project **145,000**

(Washington, D.C.)

To train journalists in the Americas about the international laws of war.

National Freedom of Information Coalition **62,000**

(Dallas, Texas)

To reorganize the National Freedom of Information Coalition.

The Reporters Committee for Freedom of the Press **40,000**

(Arlington, Va.)

To detail how the war on terrorism has limited access to information and the public's right to know.

Florida International University **23,000**

(Miami, Fla.)

To study the creation of a fee-based journalism training center in Peru.

Subtotal: **12 grants** **\$4,372,000**

DIVERSITY IN JOURNALISM

Robert C. Maynard Institute for Journalism Education **\$1,300,000**
(over three years)
(Oakland, Calif.)

This grant supports the Maynard Institute's operating expenses and finances a partial challenge grant for an endowment fund. The institute will create an endowment to secure the long-term financial health of this group devoted to advancing newsroom diversity. In addition, \$300,000 in operating funds will further the group's training programs. The Maynard Institute is the nation's leading trainer of journalists of color.

Florida Agricultural and Mechanical University Foundation **250,000**
(Tallahassee, Fla.)

FAMU will produce an online Student News Service for African-American students attending historically black colleges lacking student media. Traditional efforts to create student media at historically black colleges and universities will continue, but the new online news service will offer a chance for any student to write, whether or not the school has a college newspaper. The stories will reside on computer servers at the Robert C. Maynard Institute for Journalism Education.

Robert C. Maynard Institute for Journalism Education **250,000**
(Oakland, Calif.)

This project will promote diversity in the news industry by creating www.maynardije.org, an online news service with daily diversity news, headlines and resources. The site will become a meeting place for more than a dozen diversity-oriented groups. Recruiters will use it to find hires. Executives will use it to get expert advice. Reporters will use it to expand the context of their stories. Young journalists will be attracted to it through two new news services the site is launching, one for journalists at historically black colleges without student newspapers and the other for young Native American journalists without tribal college newspapers.

University of Montana **250,000**
(Missoula, Mont.)

This project creates RezNet, an online school newspaper for Native American students from any tribal college. Twenty-five student reporters and photographers will cover the school and community events. The stories will need to meet professional standards to be posted on the web site, residing on the World Wide Web servers at the nation's diversity training leader, the Robert C. Maynard Institute for Journalism Education. Students writing for www.reznetnews.org also will have the option of earning three credits at the University of Montana by taking an online course on Native American journalism.

Inter American Press Association Press Institute **240,000**
(Miami, Fla.)

To create the Gateway Project, a consortium of Miami-area journalism groups organized to train leading Latin American journalists.

Florida International University **225,000**
(Miami, Fla.)

To create an online Spanish-language master's program for journalism.

Pacific News Service **200,000**
(San Francisco, Calif.) (over two years)

To expand New California Media's ethnic media membership and multicultural advertising cooperative.

Persephone Productions **200,000**
(Washington, D.C.)

To produce three public television programs about diversity in journalism.

University of Southern California **133,000**
(Los Angeles, Calif.) (over two years)

For the Pew Hispanic Center to train Spanish-language journalists and diversify general-circulation media.

Asian American Journalists Association **120,000**
(San Francisco, Calif.) (over two years)

To attract Asian American students to high school journalism.

Accrediting Council on Education in Journalism and Mass Communications **100,000**
(Lawrence, Kan.)

To produce a best-practices guide on diversity.

California Chicano News Media Association **100,000**
(over two years)
(Los Angeles, Calif.)

To revive student newspapers at 10 predominantly Latino high schools.

Washington Center for Politics & Journalism **100,000**
(over three years)
(Washington, D.C.)

To diversify participation in the Washington Center for Politics and Journalism for 2002-2004.

Association for Education in Journalism and Mass Communication **30,500**
(Columbia, S.C.)

For continued support of AEJMC's international outreach.

Subtotal: **14 grants** **\$3,498,500**

NEW MEDIA

Democracy and Media Education Foundation **\$250,000**

(Boulder, Colo.)

This grant will create a web site promoting the use of public television to cover local elections, using as an example the 2002 elections in Colorado. This project broadcast some 20 hours of Election 2002 programming.

University of Southern California **250,000**

(Los Angeles, Calif.)

This grant expands the multimedia-training program at the Western Knight Center for Specialized Journalism. The center added two seminars in 2002, one at USC and one at UC Berkeley, for an additional 40 online journalism middle managers. The schools will create a distance-learning web site, a clearinghouse of training manuals, tutorials and other resources in new media publishing and multimedia reporting, as well as a prototype distance-learning element.

University of Maryland **230,300**

College Park Foundation *(over two years)*
(College Park, Md.)

To transfer the Batten Awards for Innovative Journalism to the University of Maryland's J-Lab.

Society of Environmental Journalists **226,000**

(Jenkintown, Pa.) *(over three years)*
Partial challenge grant to expand the SEJ web site.

Northwestern University **219,000**

(Evanston, Ill.) *(over two years)*

To test an audience-participation media criticism program on public television.

Northwestern University **200,000**

(Evanston, Ill.) *(over two years)*

To launch and operate the Media Management Center's news economics website, *MediaInfoCenter.org*.

Society of Professional Journalists **200,000**

(Indianapolis, Ind.) *(over two years)*

To develop a searchable online calendar of journalism training opportunities nationwide.

WNYC Foundation **200,000**

(New York, N.Y.) *(over two years)*

For general operating support.

Kent State University Foundation **193,000**

(Kent, Ohio) *(over two years)*

To expand NewsOhio, college journalism broadcasts that teach civics to high school students.

George Washington University **174,000**

(Washington, D.C.)

To produce six episodes of *The Kalb Report*, a Washington-based media series.

Stanford University **153,000**

(Stanford, Calif.) *(over two years)*

To teach Bay Area news consumers how to grade the news.

Center for Responsive Politics **150,000**

(Washington, D.C.) *(over two years)*

To train journalists to use new web databases to write about money in politics, and for general operating support.

Radio and Television News Directors Foundation **100,000**

(Washington, D.C.)

To improve electronic high school journalism nationwide.

Federation of American Scientists Fund **50,000**

(Washington, D.C.)

To promote understanding of *A Digital Gift to the Nation*, a report on public interest needs in the age of digital communication.

Subtotal: **14 grants** **\$2,595,300**

OTHER

New Directions for News **\$218,000***(Minneapolis, Minn.)*

To increase discussion of news economics and help find new ways of measuring news quality.

New Directions for News **100,000***(Minneapolis, Minn.)*

To expand efforts to foster the connection between good business and good journalism.

Subtotal: **2 grants** **\$318,000**

TOTAL: **66 grants** **\$24,078,800**

The Freedom to Live Where and How We Want

Anjanelle Higgins loves having daughter Laura, age 12, in a Knight Foundation-funded after-school program at Harlee Middle School in Bradenton, Fla.

“It frees up \$1,000 of my income so I don’t have to work a second job,” says the mother of three and owner of a landscaping business.

Individuals like Anjanelle and Laura Higgins are in need of assistance all across Knight Foundation’s 26 communities. They can be middle-class whites, like the Higgins. They are at-risk preschoolers in Charlotte, N.C. ... teen mothers in Macon, Ga. ... Latino parents in Boulder County, Colo., living below the poverty line ... emerging entrepreneurs from St. Paul, Minn.’s increasingly diverse community ... bright young minds in Grand Forks, N.D., wondering if there’s enough oomph in the local economy to keep them rooted there.

And where people live in each town can also determine their ability to participate fully in their communities’ cultural, social, economic and political life. Knight communities include a distressing number of marginalized, disinvested, forgotten neighborhoods. If home is Miami’s East Little Havana ... Wichita, Kan.’s Planeview ... “over the mountain” outside of State College, Pa. ... San Jose, Calif.’s Mayfair ... Bradenton’s Duplex City ... Southeast Fort Wayne, Ind. ... or inner city Akron, Ohio; Detroit; or Camden, N.J., residents there are much more accustomed to finding everyday barriers than opportunities.

Chief among those barriers: Poverty. Miami and Detroit rank as the two poorest urban communities in America, according to the 2000 Census. Other drawbacks – language, citizenship, economics, education – all determine where Americans fall on the haves vs. have-nots continuum.

“The nexus between place and opportunity is profound,” says Bruce Katz,



‘It frees up \$1,000 of my income so I don’t have to work a second job.’

– ANJANELLE HIGGINS

director of the Brookings Institution Center on Urban and Metropolitan Policy, a frequent contributor to Knight’s community dialogues. “This link is almost uniformly overlooked in debates around such critical issues as education, employment, welfare and housing.”

Over the past three years, Knight’s Community Partners Program staffers, often led by our community liaisons,

have held a series of rich, frank discussions about choices from Duluth, Minn., to Tallahassee, Fla. Each has started by acknowledging that Knight Foundation’s considerable assets are dwarfed by any single community’s needs, let alone 26. In each locale, our new community advisory committees have helped us zero in on the best prospects for tackling “one doable thing,” to paraphrase late Knight chairman Lee Hills. And they help us decide where we’ll make our local investments, and with whom.

In those discussions, and in our subsequent grant development conversations with nonprofit partners, we’ve used local indicators and surveys – information now deeply embedded in what we do – to suggest where the needs and opportunities are, and to gauge our progress. The interaction has helped the Partners Program move from a strategic plan abstraction to action.

The indicators, updated and refreshed in ’02, represent just one of the ways we listen to and learn from communities. Our advisers’ local knowledge is essential, and the advice has been decisive in setting long-term funding courses in our communities. We’ve also benefited on occasion from listening to the very people our investments might benefit.



Venesia Cambridge, left, and Sha Nice Robinson hang out at the Pleasant City Multicultural Center in Palm Beach County, Fla.



Maria Elena Rodriguez, a member of Knight Foundation's Community Advisory Committee in Detroit, is president of the Mexicantown Community Development Corp. Detroit's diverse neighborhoods will be the focus of our economic development efforts. The mural is *N, "ü)ÇiÄ,, "°lby* Vito Valdez.

Fort Wayne advisory committee member Maria Heredia, director of the Maya Unity Center, saw symbols both of desperation and of hope in a four-by-eight mural produced by 17 young men and women with a history of gang involvement. The teens – refugees and recently arrived immigrants of Vietnamese, Laotian, Burmese and Latino heritage – have been with Heredia's program for up to eight years, and they live in frankly crummy circumstances.

"We asked them to come up with positive images of everyday life, things they see looking out their window," she said.

The images all described urban angst: "Train tracks, police chalk outlines on the sidewalk, barbed-wire fences, abandoned buildings. I live in that neighborhood, and I said 'Wow.'

"But in the middle of the mural, you can see depictions of their generation's touchstones – music, art, culture. Art is a way for them to get out of this urban trap. In this mural they've managed to capture a glimmer of hope in their lives." □



Christopher Alanz attends Wichita's E.L.F. Children's Center, one of the places where Knight's school readiness efforts are unfolding with the help of local partners.

Listening to What America Has on its Mind



Bryant Howie, 5, attends the First Ward Child Development Center in Charlotte, N.C. Knight made a \$1 million investment in that city's pre-kindergarten More at Four program, ensuring that nearly 600 youngsters would get a better start in their education.

For Knight's Community Partners Program, 2002 was a year of listening actively to conversations on how to invest in our communities' futures. When all was said and done, we ended the year having committed some \$33 million in grants to the 26 Knight communities.

At several stages along the way, what we heard sounded a lot like what's on the minds of America.

People in coffee shops and Internet cafes, day-care centers and school hallways, mayor's offices and check-out lines chatted with Knight's liaisons, now residents of and regular visitors to Knight's 26 communities.

Knight liaison Alfredo Cruz found it helpful to drive through neighborhoods and talk with folks about their sense of the community and local issues important to them. On one such early reconnaissance trip to Myrtle Beach, S.C., Cruz – a native of Nicaragua – was pleasantly surprised to see the Mexico Superstore off Highway 501. "I knew from research and driving through the city there was a lot of population growth on the Grand Strand, but I was not expecting to find much of a Hispanic community," he said. "It was such a nice surprise to run into my people!"

Our eight community liaisons joined our Knight's Community Advisory Committees – collectively, about 250 dynamic, engaged community leaders across 26 communities – as they peaceably assembled throughout 2002. They talked freely about issues in their backyards, bringing to the table experience and a deep understanding of local conditions.

Throughout the distinctly different Knight communities – large urban centers, midsized cities and rural towns stretching from Philadelphia in the Northeast to Biloxi, Miss., in the Deep South, from the grain terminals of Aberdeen, S.D., to San Jose, Calif.'s Silicon Valley – the discussions began with the task of balancing vast possibilities against finite resources. Americans in every community care about adequate services, quality schools, safe neighborhoods, jobs, housing, equality, the arts, good government.

But the Partners Program is predicated on a self-determined form of community investment that encourages a sharpened focus on one or two achievable goals accomplished through the heightened impact of tightly focused programs. We are developing direct ways to measure the outcomes they pursue through evaluation, as a means of learning and as a basis for self-reflection.

Each local committee pieced together many different ways one foundation can best apply its resources – people, time, money, information – to increase access, provide opportunity and open doors. As the Partners Program completed the first round of priority setting in the 26 communities as 2003 began, 16 of the 26 decided to focus on one priority issue. Seven chose two each; the remaining three chose three.

Common themes emerged. Through customized, strategic investment plans, we now find Knight communities concentrating on everything from reducing equity gaps in the public schools of Lexington, Ky., to building family wealth in Miami's inner city. But collectively, several communities are investing in aspects of school readiness and early childhood development, better opportunities for middle-school youth and community development.

And the committees used research, common sense and opportunity to select the neighborhoods and residents with which we're working as a way to achieve measurable results. Given the growth and complexity of most Knight communities, many potential beneficiaries are communities of color living outside of society's mainstream. Those places and people are about as representative of Americans in need as you'll find anywhere (page 30). ➔



Carol Abbott volunteered to help Hyman Diego, 7, and his sister Maria, 10, cast Kids Voting USA ballots in the November 2002 elections at Myrtle Beach Elementary School in South Carolina. Getting older residents of the Grand Strand more involved in the civic life of the community is the funding priority recommended by Myrtle Beach's advisory committee.

EARS TO THE GROUND

Hearing from those with a stake in the outcome seemed particularly valuable.

Comments from two young mothers who have benefited from the support and services provided at the Teen Parent Center in Macon, Ga., helped our advisory committee there solidify its focus on that teen mother population for Knight grants. One young mother, just barely into her teens, talked about being unpre-

pared for motherhood. Almost a child herself – yet with a child – she said she’d benefited from the parenting classes, the visits with the on-site nurse and having child-care in the building. Another young woman, part of the center’s inaugural class, said she had finished high school, gone on to complete some post-secondary training and now bragged proudly of a good job. She clearly saw a better future for her children, and listening to her the Knight Community Advisory

Committee could see a better future for her children, too. An \$82,000 grant in 2002 is helping the Department of Family and Services develop an improved method of tracking and managing the cases of the pregnant teens and new parents enrolled at the center.

A key step in adapting to the Community Partners Program funding approach for many civic and nonprofit leaders was participating in sessions in 2002 that brought together dozens of stakeholders involved in Knight’s priority work in our communities. Often in those Knight-convened sessions, national experts were on hand to offer an overview of best practices that might be adapted locally. Ned Hill, a renowned leader in economic development at Cleveland State University, has virtually become part of the fabric of life in the Grand Forks, N.D., region as they work together on economic and leadership development strategies.

Given that we’ve allowed the Partners Program three years to take shape, our communities are working at various paces. Charlotte and Long Beach, Calif., two of our pilot sites, are first out of the box with large school readiness implementation grants under way. In other communities – Boulder, Colo.; Columbia, S.C.; State College, Pa.; Wichita, Kan. – where priorities have been selected but the service universe they encompass is less widely understood, we’ve undertaken a serious, detailed form of listening with needs assessments. In still others where committees have only recently agreed on priorities, the task of identifying prospective funding partners is proceeding. Supplementing all efforts will be donor-advised funds at community foundations throughout Knight communities; 2002 saw the first 11 grants made in a new \$50 million investment in those important community partners.



Bibb County Public Schools Superintendent Sharon Patterson, a member of Knight’s Macon, Ga., Community Advisory Committee, knows well the consequences of unusually high birth rates among teen mothers. After the committee assessed the best opportunities to make a difference, Knight trustees approved an \$82,000 grant to improve a system to track the progress of teen mothers.

CUSTOMIZING FOR CHARLOTTE

The approach of our Charlotte advisory committee to Knight’s investments there demonstrate the sort of self-determination lying at the heart of the Community Partners Program.

Charlotte has many of the blessings – and curses – that go with being one of the beacons on the hill of the New South. Some 87 percent of residents say Charlotte is an excellent or good place to live, according to our Community Indicators public opinion survey. But rapid growth – Mecklenburg County’s population grew by 36 percent between 1990 and 2000 – brings with it traffic, smog and sprawl. Thus, the desire to preserve and maintain open space was a natural priority recommended by our advisory committee. Grants in 2002 to the Trust for Public Land and the University of North Carolina at Charlotte explore various aspects of air, water and land use. The information gathered, our committee hopes, may help convince key stakeholders that policies to preserve and protect the region’s environment can have lasting impact.

More than one-third of Charlotte’s population is made up of racial and ethnic minorities. African-Americans make up the largest minority group at 28 percent. The Hispanic population is growing rapidly and is believed by many to be undercounted. Though Charlotte is progressive in many aspects, including holding the distinction of being one of the first cities with a white majority to elect an African-American mayor, racial tensions lie just below the surface. A series of shootings involving white police officers and black motorists in the mid-’90s, followed by the end of the long-standing court-ordered busing of Charlotte’s public school students, have fueled concerns. Nearly 60 percent of residents say that tension between

racial and ethnic groups is a problem compared to 47 percent three years ago. Members of the advisory committee felt strongly that improving race relations was an important issue.

“There’s not a single issue that stands to reduce our ability to move forward [as racism does], yet people really don’t want to talk about it,” said Gloria Pace King, a Charlotte committee member. “If more care, maybe we can resolve some of this.”

Yet King’s point played out in the committee’s continuing discussions, according to Charlotte-based liaison Susan Patterson.

“The committee members felt strongly they needed to improve their personal understanding of race and its impact before they could discuss how to deal with the issue effectively through Knight’s grant dollars,” said Patterson.

She provided reading material to the committee – *How Race is Lived in* →



Likun Hay, a mother living in Long Beach’s large Cambodian community, gets a round of applause after sharing her thoughts on the value of family literacy with Knight Foundation board and staff members who traveled to California in June. The National Center for Family Literacy used a \$245,400 grant to help the Cambodian Family Literacy Program and the Cambodian Association of America strengthen family literacy.

America and *The Debt*. Subsequent conversations led committee members – black, Hispanic and white – to a better and deeper appreciation of their own understanding of the issue. Through a \$75,000 grant to the Foundation for the Carolinas, the committee began to explore systemic ways to improve race relations by becoming part of Harvard University’s national Grassroots Civic Lab experiment, an effort to design a research-based project around building inter-racial trust.

But not all priorities emerge from negative community concerns; many build on positives aspects of the community. Charlotte chose school readiness as a priority based on the strong commitment the community has made to its children and the opportunities to leverage existing dollars to make an even greater impact.

Knight continued in 2002 with several school readiness grants in Charlotte, including a \$1 million investment in More at Four, a state-supported pre-kindergarten program for at-risk 4-year-olds. Knight’s grants ensured that nearly 600 Mecklenburg children, coming from families not otherwise served by other early childhood education programs, would receive a high quality education before their first day of school, and that their teachers would be adequately trained.



‘Freedom is being able to follow your dreams no matter what. Freedom gives us the right to pursue truth and goodness and tell others how to pursue truth and goodness.’

**PAMELA BRIDGEFORTH, EXECUTIVE DIRECTOR,
WALT WHITMAN ART CENTER, CAMDEN, N.J.**

Knight’s efforts in the Philadelphia region include providing more opportunity and access to the arts for minority residents in Philadelphia and adjoining Camden.

DEFINING COMMUNITY ENGAGEMENT

Other Knight communities, at staggered stages in our process and through their own filters, are pursuing their own uniquely tuned agendas.

A year of thinking and struggling with best options led our Myrtle Beach advisory group to define its own funding strategy. They call it community engagement.

Myrtle Beach is the center of the 60-mile stretch of the South Carolina coast known as the Grand Strand. It's a golfer's paradise blessed with wide white beaches, and those assets have fueled significant growth in the region's population and economy.

But tourism can impact a community in many ways. "Crime, violence, inadequate roads and a strain on government services were key issues during committee discussions," said Paula Ellis, chair of Knight's Myrtle Beach committee.

Residents of Myrtle Beach are also concerned about the public school system and the need to give youth positive opportunities in the community. The committee benefited from research by Knight content program officer Katherine T. Loflin looking at civic engagement and older adults – a bountiful resource, as it happens, along the Grand Strand.

They put two and two together – maybe those involved seniors can have their civic spirit rub off all over the community in positive ways.

Thus Knight's new community engagement priority in Myrtle Beach portends a five-year investment in efforts to strengthen and broaden the community's leadership, and in involving citizens, especially that large older population – in communitywide volunteer activities at schools and with nonprofits.

For a program determined to make a difference and to learn how it happened along the way, one of the early encouraging signs is seeing how Knight-sponsored discussions themselves are changing the way people think and act together. Based less on the availability of dollars, more on a sense that long-term commitment to an idea can produce systems change, the conversations we're promoting are having happy results.

ACHIEVING SYSTEMS CHANGE

For instance, take State College, Pa. – home of Penn State, located in Happy Valley, epicenter of Centre County – where our funding priority is to improve the health and development of young children. A \$100,000 grant funded a needs assessment – a serious, detailed form of listening.

What factors exist there, we wanted to know, that prevent families with young children from using the community's ample social services? And how could State College develop a strategy for providing more systemic screening for those families?

Mark Greenberg, director of Penn State's Prevention Research Center, suggests that by themselves, the meetings generated by the needs assessment are having a transforming effect on the community.

"Our infant mental health committee has already had two meetings since you were here," he reported to Knight liaison Julie E. Tarr, "and we are beginning to shape a proposal."

He offered more detail before closing: "It is fascinating how these needs assessment meetings turn out to be interventions that create change!"

None of these are shots heard 'round the world. But incremental change, person by person, lesson by lesson, community by community, can mount up to big victories. The victories themselves are far less certain than this reality of Knight's Community Partners Program: Grant dollars and funding process aside, we're affixed to these 26 places for the long haul, determined to learn and share things that surely make each community – and, we hope, America – a better, safer place to call home. □

KNIGHT COMMUNITIES, LIAISONS

Each Knight Community Partners Program liaison is the first point of contact in the 26 Knight communities.

Aberdeen, S.D.	Polly M. Talen
Akron, Ohio	Vivian Celeste Neal
Biloxi, Miss.	Alfredo Cruz
Boulder, Colo.	John R. Williams II
Bradenton, Fla.	Suzette Prude
Charlotte, N.C.	Susan Patterson
Columbia, S.C.	Alfredo Cruz
Columbus, Ga.	Susan Patterson
Detroit, Mich.	David Smydra
Duluth, Minn.	Polly M. Talen
Fort Wayne, Ind.	Vivian Celeste Neal
Gary, Ind.	David Smydra
Grand Forks, N.D.	Polly M. Talen
Lexington, Ky.	Vivian Celeste Neal
Long Beach, Calif.	John R. Williams II
Macon, Ga.	Susan Patterson
Miami, Fla.	Suzette Prude
Milledgeville, Ga.	Susan Patterson
Myrtle Beach, S.C.	Alfredo Cruz
Palm Beach County, Fla.	Suzette Prude
Philadelphia, Pa.	Julie E. Tarr
San Jose, Calif.	John R. Williams II
St. Paul, Minn.	Polly M. Talen
State College, Pa.	Julie E. Tarr
Tallahassee, Fla.	Alfredo Cruz
Wichita, Kan.	Julie E. Tarr

The Community Partners Program made a number of large investments in Knight communities in 2002. Several Knight communities were still developing their funding priorities as we continued a three-year rollout of our new community-driven, outcomes-based approach to funding. This list of all the grants issued through the program includes detailed descriptions of grants \$250,000 and above.

COMMUNITY FOUNDATIONS INITIATIVE

As part of the 2000 strategic plan, Knight Foundation's board of trustees approved a five-year commitment of \$50 million for community foundations in Knight's 26 communities. The plan includes enhancing existing donor-advised funds, creating new ones where none existed and building the capacity of several smaller funds. These 2002 grants are the initial investment in the long-range initiative.

Community Foundation for Southeastern Michigan **\$3,750,000**
(over five years)
(Detroit, Mich.)

Foundation for the Carolinas **3,750,000**
(over five years)
(Charlotte, N.C.)

Akron Community Foundation **3,400,000**
(over five years)
(Akron, Ohio)

Blue Grass Community Foundation **2,500,000**
(over four years)
(Lexington, Ky.)

Chattahoochee Valley Community Foundation **2,500,000**
(over five years)
(Columbus, Ga.)

Legacy Foundation Inc. **2,500,000**
(over five years)
(Merrillville, Ind.)

Wichita Community Foundation **1,935,000**
(over three years)
(Wichita, Kan.)

Central Carolina Community Foundation **1,900,000**
(over two years)
(Columbia, S.C.)

Centre County Community Foundation **710,000**
(State College, Pa.)

Community Foundation of Manatee County **650,000**
(Sarasota, Fla.)

Duluth-Superior Area Community Foundation **640,000**
(Duluth, Minn.)

The Community Foundation Serving Boulder County **610,000**
(Boulder, Colo.)

The Community Foundation of North Florida **385,000**
(over three years)
(Tallahassee, Fla.)

Community Foundation of Grand Forks, East Grand Forks and Region **150,000**
(over three years)
(Grand Forks, N.D.)

Subtotal: **14 grants** **\$25,380,000**

CIVIC ENGAGEMENT AND POSITIVE HUMAN RELATIONS

Foundation for the Carolinas **\$75,000**
(Charlotte, N.C.)

To design a research-based project around building inter-racial trust, as part of Harvard's national Grassroots Civic Lab experiment.

Milledgeville Baldwin County Allied Arts **65,000**
(Milledgeville, Ga.)

To develop an outdoor public space to recognize the historic African-American business district as part of Milledgeville's 2003 Bicentennial Celebration.

Subtotal: **2 grants** **\$140,000**

COMMUNITIES: GRANTS

ECONOMIC DEVELOPMENT

Human Services Coalition of Dade County **\$235,000**
(Miami, Fla.) (over two years)

To design and implement the Greater Miami Prosperity Campaign, which will increase low-income, working residents' awareness of and access to the Earned Income Tax Credit and equip families with tools to make better financial decisions.

Community Foundation of Grand Forks, East Grand Forks and Region **86,000**
(Grand Forks, N.D.) (over three years)

For a study of community attitudes and perceptions about the local economy by the Social Science Research Institute of the University of North Dakota.

Community Foundation of Grand Forks, East Grand Forks and Region **50,000**
(Grand Forks, N.D.)

To help the Downtown Leadership Group create the infrastructure to support its long-term goals of creating a vibrant business community in the region.

Subtotal: 3 grants \$371,000

EDUCATION

National Center for Family Literacy **\$245,400**
(Louisville, Ky.) (over two years)

For technical assistance to the Cambodian Family Literacy Program and Cambodian Association of America to strengthen family literacy in Long Beach.

Gulf Coast Community Foundation **135,000**
(Gulfport, Miss.)

To establish a participation fund that will help eligible families participate in program activities that address family literacy.

University of Kansas Medical School-Wichita **91,000**
(Wichita, Kan.)

To identify needs and gaps in service delivery that will assist the community in developing strategies to improve children's readiness to begin school.

The Community Foundation of North Florida **85,000**
(Tallahassee, Fla.)

To establish a fund that will address risks keeping families in Leon County from participating in Knight-funded programs.

Muscogee County Libraries **75,000**
(Columbus, Ga.)

To buy books and other library materials to upgrade the collection at the Mildred L. Terry Branch Library.

Schlow Memorial Library **30,000**
(State College, Pa.)

To construct a new children's library for the State College area.

Subtotal: 6 grants \$661,400

HOUSING AND COMMUNITY DEVELOPMENT

Urban Strategies Inc. **\$300,000**
(St. Louis, Mo.)

A \$300,000 grant funds the construction of a ballpark and playground for Duneland Village, a HOPE VI affordable housing development in Gary, Ind. The northeast portion of the Duneland Village project will be dedicated to sports and play, both for the residents of the new housing development as well as the surrounding neighborhood. Funding the park construction of this redevelopment project ensures that recreation facilities and open spaces for neighborhood families are properly designed and built.

Florida International University **95,800**
(Miami, Fla.)

To conduct a community survey in Miami's Overtown and East Little Havana neighborhoods and in sections of Broward County.

Project Team Work **80,000**
(Miami, Fla.)

To complete the Operation Rebuild Initiative.

New Image Emergency Shelter for the Homeless **21,350**
(Long Beach, Calif.)

For operating expenses for a new transitional living facility serving 12 families in Long Beach.

Habitat for Humanity of Milledgeville/Baldwin County **15,000**
(Milledgeville, Ga.)

To assemble and work with young people to build a Habitat house for a family in need. At least 100 young people, primarily middle school and high school students, will help plan, raise money and build a house.

Subtotal: 5 grants \$512,150

VITALITY OF CULTURAL LIFE

Settlement Music School of Philadelphia **\$250,000**

(Philadelphia, Pa.)

A \$250,000 grant helps Settlement expand its program in Camden. The outreach efforts will focus on 30 public, private and independent schools using Settlement's successful music education outreach program to introduce the school-aged children to musical instruments and to bring the program to the attention of teachers and parents. Financial assistance will be available to ensure that all interested children are financially able to participate in the Camden branch program. Settlement anticipates enrolling 160 Camden area children in 2003-2004.

Perkins Center for the Arts **90,000**

(Moorestown, N.J.)

(over two years)

To expand programming for Camden children and teens through the resident summer arts program and satellite after-school arts program.

Macon Symphony Orchestra **50,000**

(Macon, Ga.)

For a special concert in observance of Black History Month and the opening of the Tubman African American Museum.

Wichita Art Museum **37,000**

(Wichita, Kan.)

To provide age-appropriate art museum experiences for preschool age children.

Milledgeville MainStreet **11,000**

The Downtown Development Authority

(Milledgeville, Ga.)

To develop marketing materials to promote a new community arts festival.

Subtotal: 5 grants \$438,000

WELL-BEING OF CHILDREN AND FAMILIES

California State University, **\$1,300,000**

Long Beach Foundation

(over five years)

(Long Beach, Calif.)

This grant supports the Readiness and Early Activities for Children from the Heart (REACH) program, which focuses on the education and retention of teachers in public and private child-care centers. The program aims to increase literacy development for preschoolers and improve teachers' skills as well as help retain qualified professionals and improve children's overall school readiness.

Smart Start of Mecklenburg County **750,000**

(Charlotte, N.C.)

This grant places 594 at-risk 4-year-olds into pre-kindergarten classrooms at area child-care centers. Smart Start will select children to attend North Carolina's More at Four pre-kindergarten classes, enroll them in those classes and identify appropriate child-care centers to offer the classes. The focus will be to target at-risk children in the community who are not currently served by other early childhood education programs. This one-time grant ensures that even more at-risk 4-year-olds are enrolled in a quality learning experience.

Children and Family Services Center **400,000**

(Charlotte, N.C.)

(over two years)

This grant builds a program to provide more comprehensive services for children and families. The agencies involved will develop a collaborative service-delivery plan, and the new facility will open with technological systems in place and staff trained to use them. The new agency will also establish benchmarks to measure the success of its collaborative activities. Having multiple service providers in one easily accessible location also is expected to increase client satisfaction.

Child Care Resources **250,000**

(Charlotte, N.C.)

This grant introduces the Curriculum Matters child-care teacher training program into 18 new classrooms in the state's expanded pre-kindergarten program. A 2001 Knight Foundation grant created a five-year child-care teacher training program, which provides training, coaching, technical assistance and on-going professional development to teachers of 2-, 3- and 4-year-olds. This grant expands the training program for teachers into 18 new Mecklenburg County classrooms participating in More at Four, the state's pre-kindergarten program.

City Year Greater Philadelphia **250,000**

(Philadelphia, Pa.)

(over two years)

This grant launches three programs through the Philadelphia Reads Power Partners program, which targets increasing the literacy skills of young children. The program tutors children in first and third grade with volunteer professionals. Books will be sent home to give parents of children ages 2 to 6 the necessary materials and training to encourage reading at home. The third part of this literacy effort includes the addition of a school library day program. The Power Partners project will engage individual children through literacy-building activities in a one-on-one relationship in school and at home.

Congreso de Latinos Unidos **250,000**

(Philadelphia, Pa.)

(over two years)

To expand and strengthen after-school and summer programs to elementary school-aged youth and integrate services through a data-tracking system.

Open Door Community House 225,000
(Columbus, Ga.) (over three years)
 To expand an in-home parenting education program to parents of fifth-grade students at J.D. Davis Elementary School.

Public Library of Charlotte and Mecklenburg County 207,000
(Charlotte, N.C.) (over two years)
 To implement a neighborhood teacher program that trains parents and other caregivers of young Latino children in six Charlotte neighborhoods to use reading practices that promote literacy.

United Way of Southeastern Pennsylvania 160,000
(Philadelphia, Pa.)
 To support an early literacy component to the school readiness initiative.

LEAP/Center for Strategic Urban Community Leadership 157,300
(Camden, N.J.)
 To develop and pilot test a plan to improve early literacy education in child-care centers in Camden.

City of Philadelphia 116,000
(Philadelphia, Pa.)
 To implement three programs aimed at increasing the literacy skills of young children.

Big Brothers Big Sisters of the Sun Coast 101,560
(Palmetto, Fla.)
 To provide mentoring programs to children at Bradenton's Sara Scott Harlee Middle School and Louise R. Johnson Middle School.

Pennsylvania State University 100,000
(State College, Pa.)
 To identify factors preventing high-risk families with children from birth to 5 from using existing social services and to develop a strategy for providing more systemic screening and service delivery.

Volunteer Services of Manatee County 90,000
(Bradenton, Fla.) (over three years)
 To initiate ManaTEEN Quest, a program to recruit, mobilize, train and recognize youth volunteers from two Bradenton middle schools.

Bibb County Department of Family and Children Services 82,000
(Macon, Ga.)
 To develop a case management system that increases service collaboration and client tracking for pregnant and parenting teens enrolled in Macon's Teen Parent Center.

City of Boulder 75,000
(Boulder, Colo.)
 To determine gaps in early care and education service delivery to low-income, primarily Spanish-speaking Latino families and to develop recommendations for how services to this population can be improved.

Rainbows United 75,000
(Wichita, Kan.)
 To identify and refer at-risk preschoolers for early intervention services through developmental screenings in early childhood settings.

Third Presbyterian Church-Central Avenue Bilingual Preschool 72,000
(Charlotte, N.C.)
 To develop and test a plan for serving more Latino children in preschool.

South Carolina Afterschool Alliance 65,000
(Columbia, S.C.)
 For a statewide survey of existing after-school program providers and their capacities for services and needs.

Kidstart Inc. 60,000
(Denver, Colo.) (over three years)
 To improve the service quality of 10 family day-care home providers serving 180 children in Boulder County.

Family Resource Center of South Florida 56,000
(Miami, Fla.)
 For family and individual counseling for teens at risk of homelessness as part of the Community Cares program with Project YES.

Center for Health & Wellness 53,000
(Wichita, Kan.)
 To provide outreach, education and prenatal care to pregnant teens.

Boys and Girls Clubs of Manatee County 50,000
(Bradenton, Fla.)
 For a summer program at Sara Scott Harlee Middle School.

United Methodist Health Clinic of Wichita 50,000
(Wichita, Kan.)
 For bridge operating funds while the organization awaits federal funds.

Centre Volunteers in Medicine 40,000
(State College, Pa.)
 To support a medical social work component of a new volunteer health clinic.

Georgia College & State University 40,000
(Milledgeville, Ga.)
 To determine the feasibility of the Carrera program, which targets reducing teen pregnancy and promoting positive youth development in Milledgeville.

United Way of Central Georgia 40,000
(Macon, Ga.)
 To develop the capacity of the Big Brothers Big Sisters of the Oconee to manage staff, govern itself and fulfill the organization's mission more effectively.

Healthy Options for Planeview Inc. 35,000
(Wichita, Kan.)
 To expand and refine the Moms & Mentors program, which offers parenting classes for low-income pregnant and parenting women.

Jewish Family & Children's Service of Long Beach/West Orange County **31,600**

(Long Beach, Calif.)

To enhance the academic performance of elementary school students by providing parenting skills training to approximately 60 adults from Lee and Willard Elementary Schools in West Long Beach.

Manatee County Family Young Men's Christian Association **27,850**

(Bradenton, Fla.)

For planning and marketing the after-school program at Louise R. Johnson Middle School.

Pastoral Institute **26,500**

(Columbus, Ga.)

To identify the needs of students, families and staff at Marshall Middle School as well as the resources provided by area agencies.

Long Beach Bar Foundation **21,350**

(Long Beach, Calif.)

To expand the SHORTSTOP Juvenile Crime Diversion Program to serve 400 youth offenders and their parents annually.

Boulder Valley Schools-Boulder Valley Family Literacy **16,000**

(Boulder, Colo.)

To increase early literacy skills in 15 Latino children whose families are participating in the Boulder Valley Family Literacy Program at Pioneer Elementary School in Lafayette.

Attention **10,750**

(Boulder, Colo.)

To support the salary of youth counselors for the Broadway Youth Shelter, a regional shelter for young people ages 15-21.

Foothills United Way **10,750**

(Boulder, Colo.)

To assist 25 Boulder County working poor families to save money to purchase a home, start or expand a business or pay for tuition for higher education.

Voices for Children **10,750**

(Boulder, Colo.)

(over three years)

To support Court Appointed Special Advocate (CASA) services to child victims and expand CASA continuing education to include information on early childhood brain development research.

Subtotal: 36 grants \$5,305,410

OTHER COMMUNITY PRIORITIES

Trust for Public Land **\$50,000**

(Charlotte, N.C.)

To map and inventory land along the nine creeks in the Sugar Creek watershed.

University of North Carolina at Charlotte **50,000**

(Charlotte, N.C.)

To test the U.S. Environmental Protection Agency Smart Growth INDEX GIS tool for developing land use scenarios, specifically for a pilot project in the town of Davidson.

Subtotal: 2 grants \$100,000

OTHER

Center on Nonprofit Effectiveness \$120,000*(Miami, Fla.)*

To support the Center on Nonprofit Effectiveness, a new resource center for nonprofit organizations in Miami-Dade County.

North Carolina Community Foundation 5,000*(Raleigh, N.C.)*

For start-up and planning support for a new North Carolina Network of Grantmakers.

Subtotal: 2 grants \$125,000

TOTAL: 75 grants \$33,032,960

Living the Dream in Urban America



‘I work better when I can focus on housing, but there’s got to be a place for the services, the education and the ancillary stuff to ensure that it will be part of the renaissance.’

– BILL MAUZY

After a quarter century of productive work in several big cities, Bill Mauzy can tell you just how difficult the community development field is.

He cites the usual woes dogging developers of affordable housing – navigating the labyrinth of government funding sources, conducting title searches to clear property purchases, coping with changes in regulations.

But none of that prepared him for the last seven years in Overtown, the predominantly black neighborhood in the heart of Miami, the poorest city in America based on the 2000 U.S. census.

“This is the worst I’ve ever worked in,” says the president and CEO of BAME Development Corp. of South Florida. “There are so many obstacles to overcome, so much disruption in the bureaucracy.”

An assessment by Local Initiatives Support Corp., a community development intermediary, echoes Mauzy: “Greater Miami [community development corporations] work in an environment that is highly complex, potentially fractious and sporadically supportive of community development.” These corporations, the report adds, “have

had to contend with racial tension, natural disasters, civil unrest, large-scale migration and immigration, and periods of economic and political instability.”

So if the respected national partners involved in Living Cities will meet a long-range objective of improving the lives of people who live in distressed urban communities, Overtown and its adjoining East Little Havana neighborhood are just the places in which to concentrate. These neighborhoods flanking the Miami River are the focus of a pilot Living Cities effort, guided by a Knight Foundation strategic outline

but backed by Living Cities' member organizations, to spark a comprehensive revitalization where many past efforts have foundered.

Living Cities: The National Community Development Initiative is a partnership of 17 leading foundations, financial institutions, nonprofit organizations and the federal government committed to improving the vitality of cities and urban neighborhoods. Living Cities funds the work of community development corporations in 23 cities and uses the lessons of that work to engage in national research and policy development.

In its first decade, Living Cities' antecedent, NCDI, invested more than \$250 million in grants and low-interest loans to community development corporations (CDCs) for neighborhood revitalization initiatives in some 350 neighborhoods. Local CDCs and their government and private sector partners used the funds to create more than \$6 billion in community improvements, from housing to commercial space, from health centers to schools.

But with 10 years of data from those 23 communities, the NCDI partners concluded that it will take more time,



William Yang, executive director of the Hmong American Partnership in St. Paul, is a member of Knight's Community Advisory Committee. St. Paul is a Pilot City along with Miami.

more money and lots of collaboration to succeed. In announcing a second decade of support in 2002 under a new Living Cities banner, the member organizations committed a half-billion dollars and pledged to pursue a sustained, comprehensive approach to community development.

While continuing to fund the work of CDCs in 23 communities, Living Cities members will also coordinate resources to advance comprehensive redevelopment in four Pilot Cities – Miami, St. Paul, Baltimore and Chicago – guided by a strategic outline proposed by the local Living Cities foundation (in Miami's case, Knight Foundation). That approach promises to leverage additional investments from Living Cities members hoping to learn together.

The Pilot Cities designation complements Knight's earlier investments in urban community development in Miami, Macon and Akron – and shows the direct relationship between the National Ventures Fund and our communities. An anniversary year commitment of up to \$12 million by Knight Foundation in 2001 to those downtown Miami neighborhoods announced our long-range interests there.

Living Cities also demonstrates how the Venture Fund takes advantage of Knight communities as laboratories where national ideas can be tested; what we learn here can be applied elsewhere. In addition to the intense Pilot Cities involvement in Chicago, Baltimore, Miami and St. Paul, Living Cities includes Philadelphia and Detroit among its 23 locales. Living Cities also incorporates the learning from our local investments as it assesses national policy implications.

While community development directors such as Mauzy will continue to be essential players in, as he puts it, "delivering the product" – comprehensive



Aundra Wallace of the Miami-Dade Empowerment Zone, left, leads a tour of Miami neighborhoods during the Living Cities winter meetings in January 2003.

community development goes beyond defining the American Dream as merely putting a roof overhead. It means capitalizing on the market potential of cities and neighborhoods and building the assets of low-income families living there. More than anything, it recognizes the need for all stakeholders – governments, agencies, lenders, builders, schools, hospitals and residents – to work together.

"I work better when I can focus on housing," admits Mauzy, "but there's got to be a place for the services, the education and the ancillary stuff to ensure that it will be part of the renaissance." □

Taking Risks, Exploring New Ideas



‘Freedom is the capacity to dream and the opportunity to realize it.’

RAY RAMSEY, ONE ECONOMY CORP.

Ben Hecht and Rey Ramsey, left, are the leaders of One Economy Corp. Their program combines new computer technologies with proven techniques of neighborhood networking, education and activism. Projects in Miami and San Jose will help Knight experiment before introducing One Economy and its *theBeehive.org* web site to other cities.

In this free society, a basic premise is that each citizen should have equal access to economic opportunity, healthy living conditions, quality education and social justice. Knight Foundation’s National Venture Fund tries to advance that premise by supporting work that takes risks, explores new ideas and offers potential for large-scale change. The program also invests in strategies that encourage collaboration among funders and aligns the efforts of all interested parties, nationally and locally.

In the course of 2002, the Venture Fund invested \$14 million in programs that promote this amplification of freedom’s promise. Operating closely with the Community Partners and Journalism Initiatives programs, the fund helped develop projects that can have direct or indirect impact on Knight’s work across 26 communities. As this approach unfolds, it hopes to bring the experience and expertise from such work to bear on policy discussions at all levels of national life.

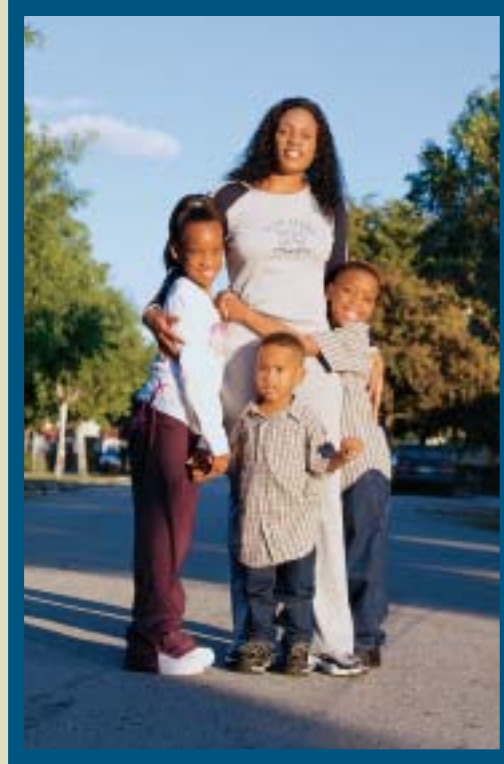
EQUAL OPPORTUNITY

Venture Fund investments amplify and supplement strategies recommended by community advisory committees in Knight cities, from Aberdeen to Wichita, by introducing promising ideas and creative leadership generated at a national level into Knight Foundation's local work.

For example, there is One Economy Corp., a Washington, D.C.-based non-profit dedicated to helping low-income people increase their assets and raise their standards of living by linking families, through computers and web-based resources, to community networks, social services, training and economic opportunities. Drawing on their years as top officers of the Enterprise Foundation, Rey Ramsey and Ben Hecht envisioned a program combining new computer technologies with proven techniques of neighborhood networking, education and civic participation.

One Economy has developed *theBeehive.org*, a national web site with local content that connects neighborhood families to resources and to each other. A complementary training program, called Digital Connectors, recruits local teens to provide technical support to families who obtain computers for their homes through the program.

Supported by a \$750,000 grant from Knight, One Economy is now moving into Miami and San Jose. In Miami, introducing *theBeehive.org* project will become part of the Greater Miami Prosperity Campaign, a communitywide effort to educate low-income residents about such tax benefits as the Earned Income Tax Credit. Knight's Miami Community Advisory Committee has supported the campaign. ➔



Kaneesha Jinks and her family – Anteneisha, 9, George, 7, and James, 2 – have benefited from using wealth-building techniques like the Earned Income Tax Credit, having learned about them through the Greater Miami Prosperity Campaign. Greater Miami's business, government and private sectors all combined to promote the campaign that combats the stark reality that Miami is the nation's poorest urban center. This simple idea could be applied in other Knight communities.

Thanks to One Economy and its partners at Mercy Housing in the San Francisco Bay Area, Nedra Hamilton, a single mother of four, was able to make a successful transition from welfare to work. She used her One Economy-supplied home computer for everything from writing her resume to finding job openings and eventually securing employment.

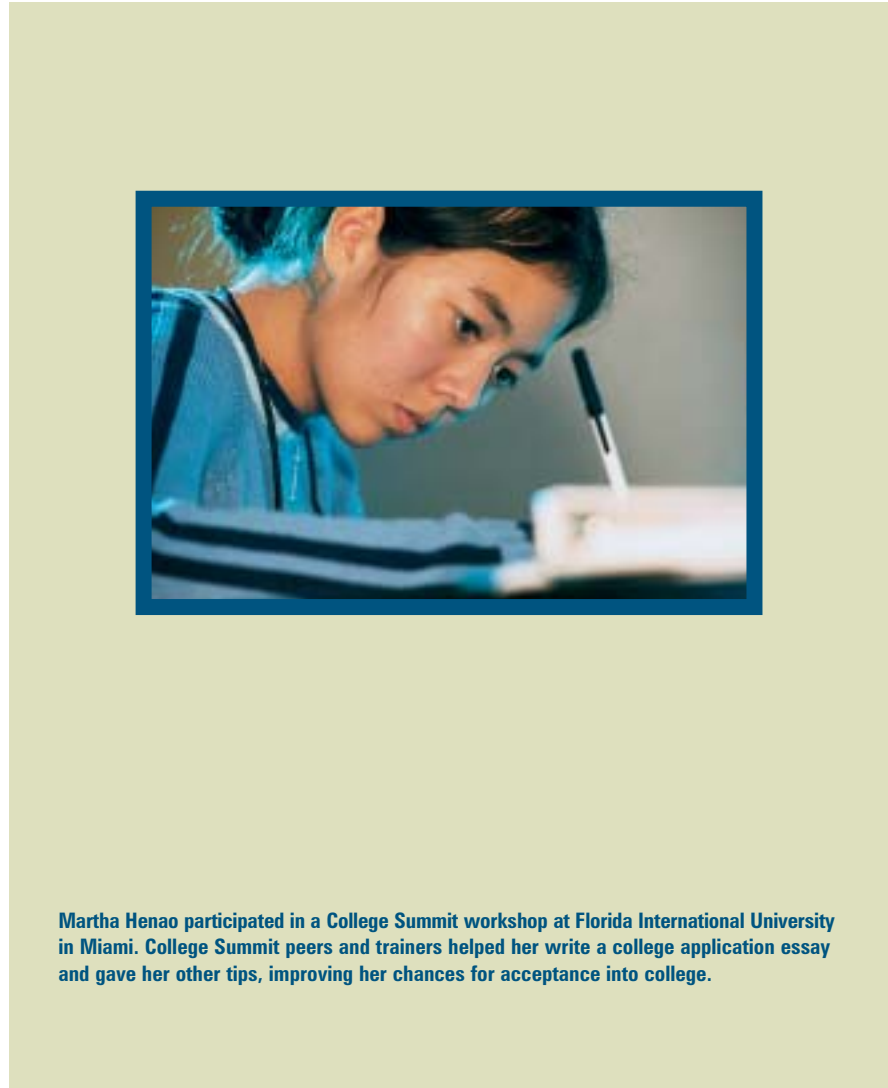
“I wouldn’t have been able to find a job without using my computer and the Internet – in my home – while my kids were doing their homework or sleeping,” she said.

The Venture Fund will continue to support similar efforts to increase the financial stability of families and use new technologies to simplify access to information and services. We will also support programs to make federal information on inner-city neighborhoods and their residents transparent and accessible, making federal and local information a catalyst for community revitalization and business investment.

LEADERSHIP TO BUILD HEALTHY COMMUNITIES

While advancing the latest work of established leaders like Ramsey and Hecht, Knight is also pursuing opportunities to support collaboration among the public, private and nonprofit sectors and nurture the development of new generations of leaders.

It takes skill, savvy and experience to succeed in revitalizing sections of some of the urban places Knight Foundation calls home – Akron, Gary, Detroit, Camden, Philadelphia, Miami, San Jose, Charlotte, St. Paul. To help build those tools, a \$2.5 million grant to the University of Pennsylvania is helping establish the Center for Urban Redevelopment Entrepreneurs (CURE@Penn), a training and leadership program for



Martha Henao participated in a College Summit workshop at Florida International University in Miami. College Summit peers and trainers helped her write a college application essay and gave her other tips, improving her chances for acceptance into college.

urban development professionals in Knight communities and across the country.

This project responds to the need in the community development field for talented professionals who aspire to create and manage large-scale, transformational urban development projects, the kind that are beyond the capacity of all but the most sophisticated community development corporations.

Working with the top private developers and planners in the field, a cross-disciplinary group of deans and department heads from the university’s

Wharton School of Business and the Graduate School of Fine Arts drew up plans for the center. The program will include six weeks of interdisciplinary classroom instruction and a two-year residency with a private, mixed-income urban development firm or innovative community development corporation working on projects in Knight communities. The long-term strategy is to bring new professionalism to urban redevelopment projects in Knight cities and supply important career opportunities for talented young people in the community development field.

CROSS-SECTOR COLLABORATION



Christopher Edley directs the Harvard Civil Rights Project, a new three-year pilot effort to provide support to groups working in Knight communities to overcome inequities in school funding, teacher certification, after-school programs and other aspects of K-12 education.

Two Venture Fund projects illustrate Knight Foundation's commitment to invest in cooperative problem solving across the public, private and nonprofit sectors.

CEOs for Cities is a national alliance of mayors, corporate executives, university presidents, and nonprofit and foundation leaders working to advance the economic competitiveness of cities. The organization strengthens urban leadership networks across sectors and cities, commissions research on best practices, and promotes effective economic development policies and practices on the local and national level. Through high-level conferences and policy advocacy, the organization provides an important forum for the exchange of information and ideas among urban decisionmakers. Through a \$750,000 Knight grant, local leaders in Knight communities will be encouraged to take advantage of the resulting networks.

Living Cities (*page 44*) continues to involve Knight Foundation in its most comprehensive collaborative strategy to effect change in communities. An 11-year-old partnership of 17 national foundations, intermediaries, financial institutions, federal agencies and local leaders in government, business and community organizations, Living Cities took on a more proactive shape in its second decade. Today it seeks to coordinate resources, research and influence to redevelop inner cities and influence national policy decisions affecting urban revitalization. Two Knight communities – St. Paul and Miami – are among four communities in which Living Cities intends to make a coordinated effort to pool resources behind revitalization purposes over the next several years. ➔

SUPPORTING CIVIC PARTICIPATION

Strengthening the links between Knight community nonprofits and local, state and national policymakers is another key objective of the Venture Fund. With severe state and federal budget cuts looming for our grantees – especially those serving children and low-income families – the Venture Fund made a \$250,000 grant in 2002 to Charity Lobbying in the Public Interest to help nonprofits and community foundations in 10 Knight communities advocate more effectively for their clients and organizations.

Charity Lobbying educates leaders of nonprofit organizations about the broad latitude the law affords for their participation in the public policy process. It helps nonprofit board and staff members understand the importance of advocacy and learn how to lobby effectively.

Similarly, a \$750,000 grant to the Harvard Civil Rights Project will launch a new three-year pilot project to provide support to groups working in Knight communities to overcome inequities in school funding, teacher certification, after-school programs and other aspects of K-12 education. The project will offer the most current research, presented in understandable formats, and help its partners develop broad-based consensus on policies and strategies for Knight communities.

The National Venture Fund’s long-term civic participation strategy is to support the expansion of civic education in the public schools through organizations Knight has consistently supported. That includes Kids Voting USA (*see cover*), which has developed a successful program to engage elementary students and their families in discussion of current events and voting. We will also search out efforts to engage the nation’s millions of new citizens in the electoral process.



‘We think of our partnership with Knight Foundation as an action tank for collaborative learning and experimentation.’

VANESSA KIRSCH, NEW PROFIT INC.

New Profit has helped shape the emerging field of venture philanthropy, a businesslike approach to investing in nonprofit agencies.



Oregon Symphony resident conductor Murry Sidlin conducts the premiere of *Defiant Requiem: Verdi at Terezin*. Part of a series funded through the Magic of Music Symphony Initiative, the concert and drama incorporated video displays recalling the Nazi concentration camps during World War II.

STRENGTHENING ORGANIZATIONS

How does a good idea really begin to touch a lot of lives? A major aim of current Venture Fund grant making is to increase the impact of good programs by helping already effective organizations scale up to achieve national impact.

Boston-based New Profit Inc. is a leader in this arena. Founded by social entrepreneur Vanessa Kirsch, New Profit has helped shape the emerging field of venture philanthropy, a businesslike approach to investing in nonprofit agencies by providing not only financial support but also such consulting and professional services as planning, marketing and organizational development.

Knight grants have enabled New

Profit to expand its portfolio of nonprofit agencies – most of them engaged in education and youth advocacy – and help build the nonprofits’ capacity to provide effective services on a larger scale.

“We think of our partnership with Knight Foundation as an action tank for collaborative learning and experimentation,” said Kirsch.

New Profit helped develop growth strategies for two of Knight Foundation’s most promising education grantees – Teach for America, which recruits, trains and places college graduates in two-year teaching positions in America’s most difficult urban and rural public schools; and College Summit, which aims to increase college enrollment and retention of low-income youth with the potential to

benefit from a college degree.

By providing demand-driven technical assistance such as strategic planning, communications and fund-raising assistance, Knight’s Venture Fund hopes to help stabilize our most effective organizational partners during this difficult funding period.

ENCOURAGING NEW THINKING

The Magic of Music, Knight’s decade-long symphony orchestra initiative, has moved into a new phase, using lessons learned from a variety of experimental projects designed to strengthen the ties between musicians and their audiences. Working with 15 Magic of Music orchestras across the country, the foundation in 2001 and 2002 commissioned groundbreaking research on Americans’ appreciation of classical music and their relationship with local orchestras.

The Classical Music Consumer Segmentation Study, conducted by the cultural research firm Audience Insight LLC and published in 2002, indicated a surprisingly broad interest in classical music and many potential opportunities for orchestral institutions to attract new audiences. Over the next three years, Venture Fund grants totaling more than \$2 million will support seven orchestras’ efforts to expand and diversify their audiences.

Research and evaluation are key aspects of the Venture Fund approach. Given new form by the foundation’s strategic plan in 2000, the fund’s mandate includes a clear call to support innovation and experimentation. To succeed in this type of grant making, the foundation collaborates with grantees, community partners and other funders to learn what works (and what doesn’t) and to share the information broadly and openly. □

The National Venture Fund invested some \$14 million in promising approaches and innovative leaders who offer the promise of benefit to Knight communities. This list of all the grants issued through the program includes detailed descriptions of grants \$250,000 and above.

ORCHESTRA INITIATIVE

Brooklyn Philharmonic Orchestra \$350,000
(Brooklyn, N.Y.) (over three years)

This grant will fund a study to determine how to build a new audience of classical music lovers, how to enhance the loyalty of ticket buyers, how to create more points of entry into the concert experience and how to break down negative barriers and perceptions. The Brooklyn Philharmonic Orchestra will work with symphonies in Charlotte, Fort Wayne, Miami and St. Louis.

Charlotte Symphony Orchestra Society 350,000
(Charlotte, N.C.) (over three years)

This grant will help the organization diversify and find new ways to engage audiences. The Charlotte Symphony Orchestra Society will work with symphonies in Brooklyn, Fort Wayne, Miami and St. Louis.

Fort Wayne Philharmonic Orchestra 350,000
(Fort Wayne, Ind.) (over three years)

This grant will be used to increase the philharmonic's audience base by launching programs to get new ticket buyers into the theater. The organization will expand and improve the "Unplugged" concert series in partnership with orchestras in Brooklyn, Charlotte, Miami and St. Louis.

New World Symphony 350,000
(Miami Beach, Fla.) (over three years)

This grant develops and enhances musician training. This is part of the symphony's overall goal of increasing and diversifying audiences in partnership with orchestras in Brooklyn, Charlotte, Fort Wayne and St. Louis.

Saint Louis Symphony Society 350,000
(St. Louis, Mo.) (over three years)

This grant will continue developing and testing the model Community Partnership Program in collaboration with orchestras in Brooklyn, Charlotte, Fort Wayne and Miami. The program relies on music education and community-based work to reach larger audiences. The Saint Louis Symphony will

work with the Charlotte Symphony, Fort Wayne Philharmonic, New World Symphony and Brooklyn Philharmonic to get prospects into the concert hall, enhance the loyalty of ticket buyers, break down negative barriers and perceptions people have about attending classical music concerts.

Long Beach Symphony Association 275,000
(Long Beach, Calif.) (over three years)

This grant helps launch special marketing programs to attract Latinos to its concerts. Organizers will try to expand their audience through education and innovative community partnerships as part of a consortium involving orchestras in Detroit, Kansas City and St. Paul.

Louisiana Philharmonic Orchestra 100,000
(New Orleans, La.) (over two years)

To reach new audiences through innovative approaches to programming in partnership with orchestras in Colorado, Oregon and Wichita.

Subtotal: 7 grants \$2,125,000

NATIONAL VENTURE FUND

Massachusetts Institute of Technology \$2,750,000
(Cambridge, Mass.) (over three years)

This grant continues the Museum Loan Network for another three years. The funding helps MIT form more than 30 partnerships and allow hundreds of objects to be made accessible for long-term loans, affecting more than 50 communities nationwide and enhancing the museum-going experience. Approximately 2,200 new objects will be added to the loan directory.

Trustees of the University of Pennsylvania 2,420,000
(Philadelphia, Pa.) (over five years)

This grant launches the Center for Urban Redevelopment Entrepreneurs at Penn, a training and career development program for urban development professionals. CURE@Penn will attract and train at least 40 of the best potential urban development managers and

accelerate their maturation into effective practitioners. The program will consist of six weeks of classroom instruction and a two-year residency with a private, mixed-income urban development firm or innovative CDC on a project located in the Knight Foundation communities of interest.

Community Anti-Drug Coalitions of America **1,000,000**
(over three years)
(Alexandria, Va.)

This grant provides support to six anti-drug coalitions in Knight communities seeking federal funding through the Drug-Free Community Support Program. CADCA assistance includes helping the anti-drug coalitions structure their organization and recruit members; providing training and materials to help cultivate member participation; and teaching grant writing and other skills. CADCA will also bring representatives from the six Knight coalitions selected for intensive support to CADCA's midyear training program and annual National Leadership Forum conference.

CEOs for Cities **750,000**
(over three years)
(Boston, Mass.)

This grant supports the group's core programs which aim to build the economic competitiveness of cities, including the development of a national leadership network, research and public policy advocacy. CEOs for Cities plans to expand its network of corporate, nonprofit, academic and government leaders engaged in the work of urban development. The group plans to include leaders from Detroit, Gary and other key urban communities. It will host local and national meetings to create a forum for members to address the major issues facing urban centers and their regions.

College Summit **750,000**
(over three years)
(Washington, D.C.)

This grant funds the College Summit program to increase college enrollment and retention of low-income students, and teens with low grade-point averages. College Summit will open nine local offices by 2005. College Summit expects to serve more than 6,000

low-income students, train more than 1,400 more public high school teachers and counselors, and help students leverage over \$45 million in college scholarship money.

Harvard University **750,000**
(over three years)
(Cambridge, Mass.)

This grant supports the launch of a three-year Civil Rights Project to strengthen the network of community leaders and organizations in three Knight communities working to improve education equity. The project will build leadership in local groups by providing national resources and research, helping to build effective relationships among academics, advocacy and research professionals, civil rights groups and other nonprofit organizations.

One Economy Corporation **750,000**
(over three years)
(Washington, D.C.)

This grant expands home access to computers, provides technical assistance and training, and develops local Internet content to help low-income individuals in Miami and San Jose gain access to services and opportunities. One Economy will provide 100 low-income families in Miami and in San Jose with computers, Internet access, e-mail and technology training. Local web content will be created for each community. One Economy will create a permanent \$100,000 Digital Access Revolving Fund to help low-income families buy computers. About 30 teen-agers in each community will receive training and job opportunities as community tech support for families in their neighborhoods.

The Manufacturing Institute **550,000**
(over three years)
(Washington, D.C.)

This grant helps the Manufacturing Institute support employer associations in two Knight communities develop a capacity to serve as work-force development intermediaries, assist small and midsized businesses in hiring, training and retaining disadvantaged workers. The participating businesses ultimately will be able to employ more low-income individuals in jobs that offer greater opportunity for training and advancement.

University of North Carolina at Chapel Hill **400,000**

This grant helps the University of North Carolina at Chapel Hill sustain current levels of service in administering the School Success Profile (SSP) in Knight communities, to test the organization's commercial value and to improve evaluations of its work.

Youth Vote Coalition **300,000**
(over two years)
(Washington, D.C.)

This grant provided youth voter education and registration efforts in 12 cities during the 2002 election cycle and beyond. YouthVote built a presence in 12 cities, including the following Knight communities: Miami-Dade County, Broward County, Minneapolis/St. Paul, and North Detroit/Ann Arbor. The organization hired a local director and voter education coordinator, and sponsored registration and mobilization activities for 18- to 25-year-olds. The activities included peer-to-peer meetings, phone calls, canvassing, debates, forums and town hall meetings.

ACCION USA **250,000**
(Boston, Mass.)

This grant establishes a loan program in Miami and conducts a feasibility study for starting a program in other Knight communities. ACCION plans to establish a fully operational Miami lending office, form a local advisory council, establish community and bank partnerships, train Miami staff and begin making loans ranging from \$500 to \$25,000. The program includes free technical assistance in business planning, marketing, accounting, and tax and bookkeeping services. ACCION will explore introducing its lending program in another Knight community.

Charity Lobbying in the Public Interest **250,000**

(Washington, D.C.)
(over two years)
This grant helps fund programs to educate nonprofits and community foundations in at least 10 Knight communities about involvement in public policy initiatives and advocacy. Charity Lobbying in the Public Interest will work with Knight community liaisons, community advisory committees and local community foundations to create a program that gets nonprofits in Knight communities to take a greater role in shaping policy decisions that affect their clients and advance their programs.

Demos **240,000**

(New York, N.Y.) *(over two years)*
For general operating support.

National Executive Service Corps **225,000**

(New York, N.Y.) *(over two years)*
To strengthen the network that links the corps' 40 independent affiliate organizations and start two new affiliates in Miami and Charlotte.

The Committee for the Study of the American Electorate **180,000**

(Washington, D.C.) *(over three years)*
To develop and distribute research and analysis on trends in voter disengagement in the United States.

Human Services Coalition of Dade County **165,000**

(Miami, Fla.)
To match a challenge grant to develop a community technology center that can serve as a program model for replication in other Knight communities.

Youth-e-Vote **150,000**

(Washington, D.C.)
To engage students in a national high school-based program to increase voting.

Bard College **100,000**

(Annandale-on-Hudson, N.Y.)
To strengthen the organizational infrastructure of the Clemente Course in the Humanities program, and provide bridge funding for the Clemente Course in Philadelphia.

Kansas City Public Television **77,000**

(Kansas City, Mo.)
To develop and evaluate an interactive multimedia family literacy initiative called Read Aloud with Wally Amos.

Urban Strategies **75,000**

(St. Louis, Mo.)
To create a detailed work plan for the Knight Community Fellows Program, which is intended to train professionals to manage complex community development projects. See "Trustees of the University of Pennsylvania."

Funders' Network for Smart Growth and Livable Communities **23,000**

(Miami, Fla.)
For general operating support.

Subtotal: **21 grants** **\$12,155,000**

TOTAL: **28 grants** **\$14,280,000**

SPECIAL

Crisis Assistance Ministry **\$100,000**

(Charlotte, N.C.)
To aid in winter storm relief efforts.

TOTAL: **1 grant** **\$100,000**

TRUSTEE RECOMMENDED

TOTAL: **30 grants** **\$293,000**

STRENGTHENING PHILANTHROPY

Independent Sector **\$500,000**

(Washington, D.C.) *(over three years)*

This grant provides support for the organization's Campaign to Strengthen Philanthropy and the Nonprofit Sector. Independent Sector will develop and expand activities to achieve the following goals: become a proactive leader in the development of policies that affect the philanthropic sector; identify issues that will be important to the sector; disseminate research that serves the voluntary sector; sustain the growth and internal capacity to deliver leadership.

Florida Philanthropic Network **150,000**

(Tampa, Fla.) *(over three years)*
For start-up and general operating support.

The Foundation Center **75,000**

(New York, N.Y.)
For general operating support and to catalog foundation and corporate giving in response to the events of Sept. 11, 2001.

Grantmakers in the Arts **25,000**

(Seattle, Wash.)
For "Creative Connections," the GIA annual conference in Charlotte.

Nonprofit Technology Enterprise Network **25,000**

(San Francisco, Calif.)
To train individuals and organizations that provide technology service to nonprofits.

GRANTS: OVERVIEW

Council on Foundations **25,000**
(Washington, D.C.)
 For analysis and advocacy work relating to private foundation governance issues.

Foundation for the Carolinas **16,182**
(Charlotte, N.C.)
 To purchase video conferencing and communications equipment.

Independent Sector **12,200**
(Washington, D.C.)
 For general operating support.

Grantmakers in the Arts **7,400**
(Seattle, Wash.)
 For general operating support.

Grantmakers for Education **7,250**
(Portland, Ore.)
 For general operating support.

Hispanics in Philanthropy **6,000**
(Emeryville, Calif.)
 For general operating support.

Donors Forum of Miami **4,750**
(Miami, Fla.)
 For general operating support.

Southeastern Council of Foundations **4,700**
(Atlanta, Ga.)
 For general operating support.

Subtotal: **13 grants** **\$858,482**

TOTAL: **44 grants** **\$1,251,482**

SEPT. 11

TOTAL: **246 grants** **\$8,306,000**

GRAND TOTAL: **459 grants** **\$80,949,242**

Listed on the preceding pages are \$80,949,242 in new grants approved during 2002 by Knight Foundation. Some of these grants, as well as those approved in past years, are disbursed over a period of several years. The effect of these past and future commitments is that during 2002, the foundation actually disbursed \$85,617,981.

<i>Programs</i>	<i>Number of Grants</i>	<i>Amount</i>
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Community Partners

Community Foundations Initiative	14	\$25,380,000
Civic Engagement/Positive Human Relations	2	140,000
Economic Development	3	371,000
Education	6	661,400
Housing and Community Development	5	512,150
Vitality of Cultural Life	5	438,000
Well-being of Children and Families	36	5,305,410
Other Community Priorities	2	100,000
Other	2	125,000
Total	75	\$33,032,960

Journalism Initiatives

Journalism Education	24	\$13,295,000
Press Freedom	12	4,372,000
Diversity in Journalism	14	3,498,500
New Media	14	2,595,300
Other	2	318,000
Total	66	\$24,078,800

National Venture Fund

Magic of Music Symphony Orchestra Initiative	7	\$2,125,000
National Venture Fund	21	12,155,000
Total	28	\$14,280,000

Other

Special	1	\$100,000
Trustee Recommended	30	293,000
Strengthening Philanthropy	13	858,482
Total	44	\$1,251,482

Sept. 11 Grants* 246 \$8,306,000

GRAND TOTAL 459 \$80,949,242

*Sept. 11 grants were reported previously in the 2001 Annual Report.

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*AS OF APRIL 1, 2003

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The History of the John S. and James L. Knight Foundation



Nov. 18, 1963: Jim Knight, left, and Jack Knight, right, welcome President John F. Kennedy to Miami for an Inter American Press Association gathering. Kennedy was assassinated four days later in Dallas.

The John S. and James L. Knight Foundation originated with the Knight family's belief in the value of education. The brothers' father, Charles Landon Knight, had a tradition of helping financially strapped students pay for their college education. To honor his memory, the Knight Memorial Education Fund was established in 1940 to provide financial aid to college students from the Akron area. Supported with contributions from the Akron Beacon Journal, the fund existed until December 1950 when its assets of \$9,047 were transferred to the newly created Knight Foundation.

Incorporated in the state of Ohio, Knight Foundation was organized principally to carry out the work of the Knight Memorial Education Fund. Almost from the beginning, however, the foundation made small grants to educational, cultural and social service institutions – mostly in Akron – and on a very limited basis for journalism-related causes.

For the first 10 years the foundation's assets came from contributions from the Beacon Journal and The Miami Herald and personal gifts by Jack and Jim Knight. Other Knight newspapers began to contribute small amounts in the early 1960s – a move that led to a limited number of grants to cities from which the contributions came.

Newspaper contributions stopped in 1965 with the foundation's first major infusion of assets – a bequest of 180,000 shares of Knight Newspapers stock from the Knights' mother, Clara I. Knight, who died that November. Faced with the prospect of administering a much larger financial aid program, the board of trustees voted in 1966 to end assistance for college students and to replace it with grants to colleges and universities. Over the next few years a limited number of cultural and educational institutions in Akron, Miami, Charlotte and Detroit – cities where the Knights owned newspapers – were added to the foundation's list of grant recipients.

A turning point came in 1972 when the board of trustees authorized the sale of Clara Knight's stock in a secondary offering by Knight Newspapers. The sale raised \$21,343,500, increased the foundation's assets to more than \$24 million and initiated an expanded grant program focused on the growing number of cities where the Knights published newspapers. Journalism, especially the education of journalists, became a matter of more pronounced funding interest.

In 1974 several events occurred that laid the cornerstone for a much larger Knight Foundation. Jack Knight's wife, Beryl, died, and he underwent major surgery, thus creating concern among his associates about the future of Knight Newspapers. Concurrent with these circumstances, Knight Newspapers merged with Ridder Publications to create Knight-Ridder Inc., at the time the largest newspaper company in the country. Jack Knight was its biggest shareholder.

Heading the newly formed company as chairman and CEO was the merger's architect, Lee Hills, former president of Knight Newspapers. A close friend and associate of the Knights for more than 35 years, Hills was the first person outside the family to head Knight Newspapers. He had been a foundation trustee since 1960.

Hills recognized that Jack Knight's status as Knight-Ridder's largest shareholder placed the company in a precarious position. If the elder Knight died, leaving the bulk of his estate to his heirs, they would be forced to sell most of their Knight-Ridder stock to pay the estate taxes. That would leave Knight-Ridder vulnerable to management by outside interests and possibly a takeover by those who understood little or nothing about newspapers and less about journalism.

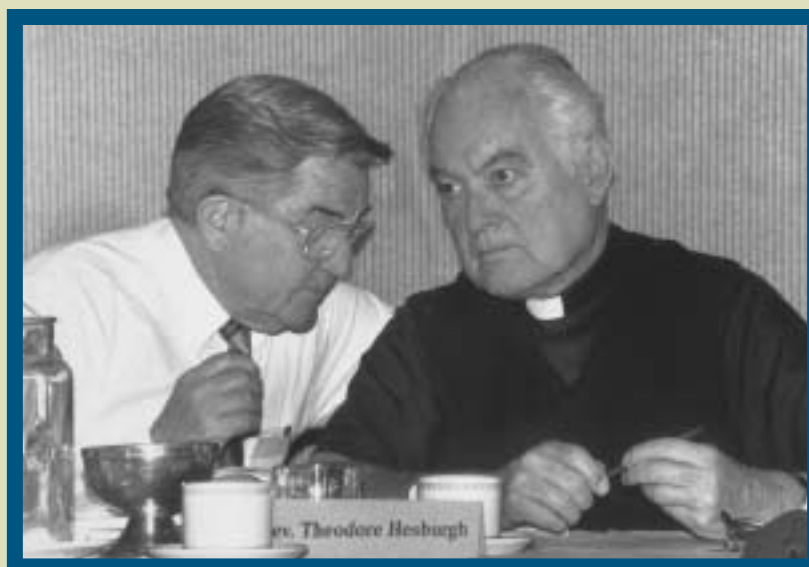
Recognizing that both Knight-Ridder's future and Jack Knight's legacy of quality newspapers and journalistic integrity were threatened by such a scenario, Hills moved slowly and gently to present his friend with another option: leaving the bulk of his estate to the foundation.

The gentle persuasion worked. Knight rewrote his will, asking Hills to journey from his office in Miami to Cleveland to review the document with Knight's attorney. Signed in April 1975, the will left the bulk of his estate to Knight Foundation.

That year the foundation acquired its first office and hired its first two full-time employees. Ben Maidenburg, a Beacon Journal news executive, was named president. Maidenburg had been a foundation trustee since 1957 and had served as the foundation's part-time manager.

Over the next few years the foundation focused on grants to educational and cultural institutions in the 11 cities where Knight Newspapers had published. In addition, journalism education and free press issues emerged as a foundation interest with almost 25 percent of grants supporting journalism-related causes.

Little more than a year after Maidenburg took the reins, he fell ill. Jack Knight asked C.C. Gibson, a friend and Akron civic activist, to fill in. By 1978 it was clear Maidenburg could not return, so Gibson was named president. →



William C. Friday, president emeritus, University of North Carolina, and the Rev. Theodore Hesburgh, president emeritus, University of Notre Dame, served as cochairs of the Knight Foundation Commission on Intercollegiate Athletics, which issued four reports between 1991 and 2001.

A NEW CHAPTER BEGINS

One of Jack Knight’s directives during these final years of his life was that the foundation’s trustees consider its future. The outcome was an early and largely informal strategic planning exercise that resulted in direct statements from Jack and Jim Knight about foundation governance and grant making. Their preferences reflected a desire for an optimum amount of flexibility “on the grounds,” Jack Knight wrote, “that a truly effective foundation should have freedom to exercise its best judgment as required by the times and conditions under which they live.”

Jack Knight died on June 16, 1981. The task of settling his estate required five years. When the final transfer of funds to the foundation occurred on May 5, 1986, the distribution from the bequest totaled \$428,144,588, making Knight Foundation the 21st largest U.S. foundation based on asset size.

During that five-year period, Hills – at the request of Jim Knight, the foundation’s new chairman – guided the board in an intense strategic planning process. With the settling of Jack Knight’s will complete, the new chairman declared the importance of ensuring that the foundation could manage the 20-fold increase in its assets. In the future, Jim Knight said, operating the foundation “will be like running a major national institution. The job will require outstanding talent and leadership.”

The review by Hills and the board resulted in the creation of a new governing structure as well as programming and financial policies. This planning process has served as the blueprint for the foundation’s work even now.

In grant making, a formal Cities Program emerged focusing on all Knight-Ridder communities. In journalism, the foundation built on the Knights' legacy of support for education as the cornerstone of quality journalism by establishing, salvaging or strengthening some of the profession's most prestigious mid-career fellowship programs for journalists. Host institutions included Harvard, Yale, Columbia, the Massachusetts Institute of Technology (MIT), the University of Michigan, the University of Maryland and Stanford, where the John S. Knight Fellowships were established in 1982.

Soon thereafter, the board created separate programs for education and arts and culture, the two fields in which the foundation had traditionally made most of its local grants.

A key change in leadership occurred in February 1988 as Creed Black, a veteran Knight-Ridder news executive and former publisher of the Lexington Herald-Leader, assumed the presidency. Under Black's leadership the foundation's national presence grew with such high-profile efforts as the Knight Foundation Commission on Intercollegiate Athletics, a blue-ribbon body that advocated for reform of college athletics; the Knight Chairs in Journalism, a program that sought to elevate the quality of education at the nation's best journalism schools by attracting notable working journalists to serve as educators through an endowed chair; and the National Community Development Initiative (NCDI), the largest philanthropic collaboration in U.S. history. As a founding member of NCDI, Knight Foundation joined with other national grant makers and lenders in an effort to strengthen community development corporations as they worked to increase access to housing and social services to the nation's urban communities.

In 1990 the board of trustees voted to relocate the foundation's headquarters from Akron to Miami, where several board members lived or spent considerable time. Simultaneously, the staff nearly doubled to 14 – an outgrowth of the growing complexity of grants, the increased amount of money given away and the need for more sophisticated oversight of the foundation's \$522 million portfolio.

JIM KNIGHT'S BEQUEST

Prompted by the dramatic and rapid changes, the board in late 1990 initiated a new strategic planning process. Before the first meeting was held, however, Jim Knight died in February 1991, leaving a bequest to the foundation that eventually totaled \$200 million. By this time, the newspaper company the Knight brothers founded and the foundation were operating in 26 U.S. cities.

Hills was elected to succeed Jim Knight as chairman, while W. Gerald Austen, M.D., an internationally known heart surgeon and the surgeon-in-chief at Massachusetts General Hospital, was elected vice chairman to succeed Hills. Austen, a board member since 1987, was the Knights' physician and long-time friend.

Aware that Jim Knight's bequest made the strategic planning process even more timely and important, the board undertook an extensive one-year strategic planning exercise that culminated in a decade of initiatives and more focused grant making.

The Cities Program was renamed the Community Initiatives Program to reflect a proactive emphasis in grant making. Additionally, seven areas of special interest were identified as funding priorities: arts and culture, children and social welfare, citizenship, community development, education, homelessness and literacy.

Among the major initiatives launched under the auspices of the revamped program was a Community Foundations Initiative. It provided more than \$10 million through 1997 to either enlarge or establish donor-advised funds at community foundations in cities and towns where the foundation made local grants. The donor-advised funds became a mechanism for making smaller, quicker grants.

In an effort to remain responsive to emergency needs of foundation cities in the aftermath of disasters, the board adopted a grant procedure to expedite funding in such times of need. The largest commitment – \$10 million for the recovery and rebuilding of Miami-Dade County – followed Hurricane Andrew in 1992. The board also approved \$1 million in grants after the Red River flood and subsequent fires destroyed much of Grand Forks, N.D., in 1997. And after the terrorist attacks of Sept. 11, 2001, the board approved a \$10 million program to aid agencies providing direct services to individuals in Knight communities most affected by those events. ➔



With a trumpet fanfare, the Knight-Wallace Fellowships at the University of Michigan program was officially renamed in 2002. Knight Foundation's Hodding Carter III and CBS newsman Mike Wallace enjoyed the moment in Ann Arbor.

26 PARTICIPATING COMMUNITIES

During the early 1990s, the 26 cities covered by the Community Initiatives Program remained constant because Knight-Ridder neither sold nor acquired newspapers. However, a series of company purchases and sales in the mid-1990s prompted a board review of the geographic focus of the Community Initiatives Program. In 1998 the board decided the program should cover only the 26 cities that had been eligible for local grants at the time of Jim Knight's death in 1991. The decision ended the practice of the foundation following the company as it bought or sold newspapers throughout the country.

Journalism proved an especially fertile area for initiatives dealing with educational needs, free press and First Amendment issues. In 1993 the Knight International Press Fellowships, administered by the International Center for

Journalists, were established to enable U.S. journalists and media executives to go overseas to provide professional advice and training in emerging democracies.

The Education Program underwent a major shift in direction – from higher education alone to include K-12 – after the 1992 strategic plan was adopted. The foundation forged alliances with national education reform groups such as New American Schools, the National Board for Professional Teaching Standards and Teach for America that resulted in such organizations incorporating many of the foundation's cities into their activities.

The Arts and Culture Program launched two initiatives in the early to mid-1990s. The "Magic of Music" Symphony Orchestra Initiative provided grants to symphony orchestras willing to engage their entire organizations in experiments designed to generate a greater sense of excitement about the

concertgoing experience and a more vital relationship between artists and audiences. The second initiative, the Museum Loan Network, is a collection-sharing program administered by MIT that aims to get artworks out of storage in one museum and onto the walls of another.

On Jan. 1, 1993, the foundation became the John S. and James L. Knight Foundation to honor the memory of the brothers who had created it. A year later the foundation incorporated in the state of Florida.

A review of the foundation's strategic plan in 1995 resulted in fine-tuning through such strategies as needs assessments and evaluation. As the decade ended, the foundation launched an in-depth, ongoing Community Indicators Project to acquire more comprehensive information about its 26 communities.

LEADERSHIP CHANGES

The strategic plan review also served as a catalyst for a change in leadership. Hills stepped down as chairman in 1996 and was succeeded by Vice Chairman Austen. Jill Ker Conway, former president of Smith College and a visiting scholar at MIT, was elected vice chairman.

In February 1998 Black retired as president and was succeeded by Hodding Carter III, a nationally known public affairs journalist and former Mississippi newspaper editor and publisher who had occupied the Knight Chair in Journalism at the University of Maryland.

Lee Hills died Feb. 3, 2000, at the age of 93. The blueprint on which the foundation operates was largely designed and drawn by Hills. His vision and thoughtful guidance had steered the foundation successfully into a new century, and the next key steps were taken at a retreat that September when the board approved a five-year strategic

plan mandating the most extensive reinvention in Knight Foundation's history.

The new plan reasserted the foundation's commitment to journalism excellence and significantly deepened its ties to its communities, positioning it as a proactive partner with local stakeholders in identifying needs and focusing on results. The newly named Community Partners Program promised greater resources from Knight Foundation directed over a longer period of time to a locally recommended, tightly focused set of desired outcomes for community investment.

The new approach echoed Jack Knight's belief that "small as our assets are in relation to all the needs, the foundation does have flexibility, it can innovate, and can provide the seed money for promising new activities."

The Partners Program deploys across the 26 Knight locales a cadre of community liaisons – eight resident program officers developing fundable strategies in partnership with appropriate nonprofit organizations. The liaisons work in concert with a team of content officers researching and evaluating best practices and sharing what works across Knight's communities. Each community benefits from a Knight Community Advisory Committee – a group of up to a dozen local residents offering deep local knowledge of and experience with local issues. Their efforts are complemented by a commitment to invest \$50 million by 2005 in expanded donor-advised funds at community foundations serving all 26 Knight communities.

In journalism, the foundation created a Knight Center for Journalism in the Americas at the University of Texas at Austin to work with the foundation's long-time partners to strengthen emerging press freedom in Latin America and the Caribbean. Other recent program expansions included an endowment

grant for the Knight-Wallace Fellowships at the University of Michigan and a major capital challenge grant to the University of Maryland. In all, Knight-funded midcareer training programs touched some 12,000 journalists in 2002, a record number (although only a tenth of the nation's general news journalists).

The National Venture Fund, formed in the 2001 strategic plan, became the source for nurturing innovation, leadership and experimentation for approaches to community investment that might benefit Knight communities. NCDI became a separate nonprofit called Living Cities in 2002, with 17 funding partners pledging to make a \$500 million, 10-year commitment to the well-being of U.S. cities through community development. Two Knight communities – Miami and St. Paul – are among a set of Pilot Cities destined to receive additional resources. The venture fund also established the Center for Urban Redevelopment Entrepreneurs, a training and development fellowship program for at least 40 urban development professionals at the University of Pennsylvania.

A prolonged recession that followed the longest economic run-up in U.S. history nonetheless leaves the foundation with an asset base of \$1.72 billion, down from a high in 2000 of \$2.2 billion. Knight Foundation remains well positioned as it continues efforts to promote journalism of excellence worldwide and improve the quality of life in its 26 communities. ■

INVESTMENT REPORT

A bear of a year, 2002 marked only the third time since 1900 that global equity markets declined three years in a row. It was the steepest cumulative decline since the Great Depression. Corporate scandals, political tensions, disappointing corporate earnings, increasing government deficits, negative trade balances, higher unemployment, low corporate spending, waning consumer spending and poor holiday sales were some of the catalysts fueling this protracted bear market environment.

Maneuvering within this investment minefield, Knight Foundation's portfolio lost 4.6 percent in 2002. All portfolio benchmarks were also negative for the year, reflecting the difficult market environment. Table One provides a snapshot of investment performance for 2002, and average annualized returns for the last three- and five-year periods. Although the actual portfolio's performance was 0.9 percentage points below the policy benchmark for 2002, it exceeded each of its other benchmarks and placed in the top quartile (25 percent) of the Cambridge Associates Endowment universe. The portfolio's three- and five-year annualized returns were higher than all its benchmarks, including the policy benchmark, and ranked in the top quartile of the Cambridge Associates Endowment universe for the three-year period and the top 5 percent for the five-year period.

The market value of assets of Knight Foundation at Dec. 31, 2002, was \$1.718 billion, a decrease of \$182.6 million for the year, as shown in Table Two. Investment activity resulted in a decline of \$89.1 million for the year. Grants paid were \$85.6 million. General and administrative expenses totaled \$8.9 million, and the foundation paid \$1.2 million in taxes. The portfolio received \$2.2 million in contributions from asset sales by the James L. Knight estate and other transactions.

Over the past three years, total assets declined by \$170.3 million. Although investment activity added \$106.3 million during this challenging investment period, the gains did not completely offset spending. Grants paid totaled

TABLE ONE

Summary of Investment Performance		3 Year	5 Year
Period Ending Dec. 31, 2002	2002	Avg. Annual	Avg. Annual
KF Portfolio	(4.6%)	0.8%	11.8%
Portfolio Benchmarks:			
Policy	(3.7%)	(1.9%)	3.8%
Domestic	(10.2%)	(5.8%)	2.7%
Global	(6.2%)	(8.5%)	0.9%
Cambridge Associates Endowment, median	(6.5%)	(3.0%)	4.1%

TABLE TWO

Change in Asset Values* (dollars in millions)	2002	2001	2000	Total 3-Year
Investment Activity, net	\$ (89.1)	\$ (203.3)	\$ 398.7	\$ 106.3
Grants paid	(85.6)	(85.6)	(70.7)	(241.9)
General and administrative expenses	(8.9)	(8.1)	(7.2)	(24.2)
Taxes paid	(1.2)	(1.7)	(11.7)	(14.6)
Contributions received	2.0	0.3	0.4	2.7
Other	0.2	0.2	1.0	1.4
Total Change	\$ (182.6)	\$ (298.2)	\$ 310.5	\$ (170.3)
Memo: Beginning Assets	\$1,900.8	\$2,199.0	\$1,888.5	\$1,888.5
Ending Assets	\$1,718.2	\$1,900.8	\$2,199.0	\$1,718.2

*Certain prior year balances have been reclassified to conform with current year presentation.

\$241.9 million, as the foundation increased its grant spending from \$70.7 million in 2000 to \$85.6 million per year in 2001 and 2002. General and administrative expenses totaled \$24.2 million, and the foundation paid \$14.6 million in taxes. Contributions and other transactions added \$4.1 million.

STRATEGIES THAT WORKED IN 2002

✧ The investment classes with the best returns during 2002 were TIPS (Treasury Inflation Protected Securities) and fixed income. Allocations of funds to TIPS and fixed income were kept above their allocation targets for most of the year, and durations longer than benchmarks were maintained. The latter was particularly beneficial as interest rates declined. These defensive positions both added value during the year.

✧ In international equities, Knight Foundation was able to exceed its passive country index benchmark by successfully allocating assets away from countries that performed poorly, such as Japan and Germany, and overweighting emerging markets, which outperformed developed markets.

✧ While the hedge funds offensive strategies were negative for the year, they declined far less than Knight's other offensive strategies and beat their benchmarks by a wide margin. During the stock market's five worst months during 2002, which witnessed a 38 percent decline in value, KF's offensive hedge funds lost only 7 percent.

✧ Private real estate was a positive contributor to overall performance in 2002. Knight's real estate portfolio consists primarily of office and industrial properties, but holdings in apartments and retail also added significant value.

STRATEGIES THAT LAGGED IN 2002

- ❖ Private equity investments were the largest contributor to losses in 2002. Subsets of the private equity asset class are venture capital, buyout, distressed debt and international limited partnerships. Many general partners continued to reduce the values of companies in the partnerships, reflecting the decline in valuation multiples seen in the publicly traded equity markets. Venture capital was the hardest hit private equity component. Many of these portfolio companies are in the technology or communications sectors, which declined substantially in 2002. Valuations in buyout and international companies were also down for the year. Distressed securities provided a bright spot with holdings in Asia providing the bulk of the gains.
- ❖ The foundation's domestic equity asset class lost value for the year as domestic equity markets declined. Success in using tactical strategies was mixed. Overweight positions to small-cap and growth-style equities helped at the beginning of the year but detracted from performance during the summer.
- ❖ Hedge funds defensive strategies were slightly negative for the year, the only defensive asset class to decline

in value. Credit arbitrage, high yield and distressed debt positions were held in varying degrees by most of the managers. Corporate malfeasance, debt defaults and subpar economic numbers all converged to impact adversely the valuations and liquidity of these securities in June and July, resulting in atypically large losses in these portfolios. Although these strategies rallied nicely in the fourth quarter, it was not sufficient to raise the group's returns to positive territory for the year.

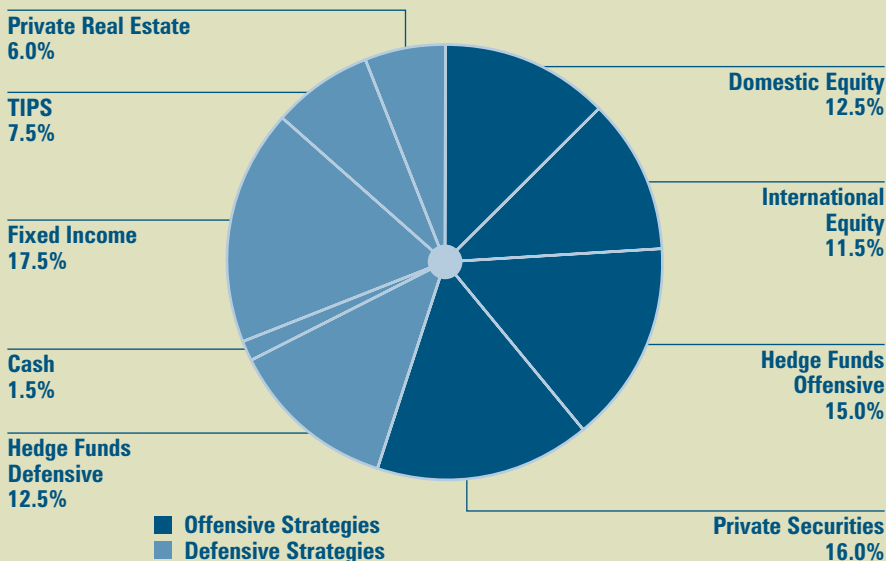
ASSET ALLOCATION

The chart below shows the target asset class weightings in the portfolio during 2002. Although the portfolio targets suggest an offensive bias with offensive strategies at 55 percent and defensive strategies at 45 percent, the actual portfolio allocations were positioned more defensively during most of the year.

IN SUMMARY

Diversification of investments and defensive strategies helped to minimize loss in 2002. Continued caution seems warranted for 2003 as the global markets teeter on the edge of indecision between gradual recovery and further decline. A vigilant watch and opportunistic allocation ranges for asset classes are recommended.

ASSET ALLOCATION TARGETS 2002



REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

John S. and James L. Knight Foundation

We have audited the accompanying statements of financial position of the John S. and James L. Knight Foundation (the foundation) as of Dec. 31, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the foundation at Dec. 31, 2002 and 2001, and its changes in unrestricted net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Feb. 21, 2003

STATEMENTS OF FINANCIAL POSITION

Dec. 31

	2002	2001
Assets		
Investments		
Cash and cash equivalents	\$ 74,411,763	\$ 76,910,643
Interest, dividends and other investment receivables	5,145,480	21,368,424
U.S. government and agency obligations	279,577,319	292,980,705
Corporate bonds and other obligations	165,194,597	167,771,230
Common stock of Knight Ridder	63,261,512	64,941,817
Other equity securities	796,897,330	901,514,432
Alternative equity investments	231,955,192	275,467,784
Real estate investments	100,673,551	99,874,907
Total investments	1,717,116,744	1,900,829,942
Other assets	1,119,494	-
Total assets	\$ 1,718,236,238	\$ 1,900,829,942
Liabilities and unrestricted net assets		
Grants payable	\$ 71,084,571	\$ 77,428,475
Other liabilities	274,667	379,460
Total liabilities	71,359,238	77,807,935
Unrestricted net assets	1,646,877,000	1,823,022,007
Total liabilities and unrestricted net assets	\$ 1,718,236,238	\$ 1,900,829,942

STATEMENTS OF ACTIVITIES

Year ended Dec. 31

	2002	2001
Investment activity		
Interest	\$ 55,264,323	\$ 37,947,267
Dividends	10,643,401	9,699,964
Net realized gain on sale of investments	9,365,143	89,301,719
Net decrease in fair value of investments	(159,407,564)	(335,361,991)
Less: investment expenses	(4,998,638)	(4,862,557)
Total net investment income and loss on investments	(89,133,335)	(203,275,598)
Contributions received	2,028,923	342,344
Total net investment income, loss on investments and other support	(87,104,412)	(202,933,254)
Grants approved and expenses		
Community Partners grants	33,032,960	45,457,475
Journalism Initiatives grants	24,078,800	15,774,000
National Venture Fund grants	14,280,000	24,787,000
Sept. 11 grants	8,306,000	-
Other grants	1,251,482	414,600
Grant forfeitures and other	(6,609,723)	(2,567,046)
Direct charitable activities	4,096,264	5,284,676
General and administrative expenses	8,935,211	8,124,255
Federal excise and other taxes	1,669,601	1,229,931
Total grants and expenses	89,040,595	98,504,891
Decrease in unrestricted net assets	(176,145,007)	(301,438,145)
Unrestricted net assets at beginning of year	1,823,022,007	2,124,460,152
Unrestricted net assets at end of year	\$ 1,646,877,000	\$ 1,823,022,007

See accompanying notes.

STATEMENTS OF CASH FLOWS

Year ended Dec. 31

	2002	2001
Cash flows from operating activities		
Decrease in unrestricted net assets	\$ (176,145,007)	\$(301,438,145)
Adjustments to reconcile decrease in unrestricted net assets to net cash used in operating activities:		
Net realized gain on sale of investments	(9,365,143)	(89,301,719)
Net decrease in fair value of investments	159,407,564	335,361,991
Changes in operating assets and liabilities:		
Interest, dividends and other investment receivables	16,222,944	816,851
Other assets	(1,119,494)	-
Grants payable	(6,343,904)	10,998,161
Other liabilities	(104,793)	(897,676)
Net cash used in operating activities	(17,447,833)	(44,460,537)
Cash flows from investing activities		
Proceeds from sale of investments	1,652,554,952	867,182,375
Purchases of investments	(1,637,605,999)	(753,065,442)
Net cash provided by investing activities	14,948,953	114,116,933
Net change in cash and cash equivalents	(2,498,880)	69,656,396
Cash and cash equivalents at beginning of year	76,910,643	7,254,247
Cash and cash equivalents at end of year	\$ 74,411,763	\$ 76,910,643
Noncash transactions		
Common stock of Knight Ridder granted to reduce grants payable	\$ -	\$ 6,817,520

See accompanying notes.

DEC. 31, 2002

1. The Organization

The John S. and James L. Knight Foundation (the foundation), a nonprofit corporation, promotes excellence in journalism worldwide and invests in the vitality of 26 U.S. communities.

2. Significant Accounting Policies**Cash and Cash Equivalents**

Cash and cash equivalents are composed of various operating accounts and highly liquid investments with original maturities of 90 days or less.

Property, Plant and Equipment

The foundation records property, plant and equipment as an expense in the year purchased.

Program-Related Investments (PRIs)

In accordance with Section 4944 of the Internal Revenue Code (the code), the foundation is permitted to make investments that are related to its philanthropic programs. These investments are anticipated to have a return lower than fair value. In the year of the investment, the foundation receives a credit toward its distribution requirement. These investments are treated as grants in the year they are approved. To the extent the investment is recovered by the foundation, the recovery is recognized as a negative distribution. Recoveries are reflected in "Grant forfeitures and other" in the Statements of Activities.

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of investment activity and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform with the current year's presentation.

3. Investments

The investment goal of the foundation is to invest its assets in a manner that will achieve a total rate of return sufficient to replace the assets spent for grants and expenses and to recoup any value lost due to inflation. To achieve this goal, some investment risk must be taken. To minimize such risk, the foundation diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies and investment managers. Key decisions in this regard are made by the foundation's investment committee, which has oversight responsibility for the foundation's investment program. The committee identifies appropriate asset categories for investments, determines the allocation of assets to each category and approves the investment strategies employed. The foundation's chief investment officer is responsible for the effective execution of the investment program, including the engagement of investment managers, financial consultants and legal advisers, as required. The majority of the foundation's financial assets are managed by external investment management firms selected by the chief investment officer. The foundation's holdings in Knight Ridder common stock, Treasury Inflation Protected Securities (TIPS), and equities distributed by its limited partnership investments are managed by the foundation's investment department. All financial assets are held in custody for the foundation in proprietary accounts by a major commercial bank, except those assets that have been invested in limited partnerships, hedge funds or in certain products with multiple investors, such as index funds, all of which have separate custodial arrangements appropriate to their legal structure.

The majority of the foundation's financial assets are invested in publicly traded equities that are listed on national exchanges or quoted on NASDAQ, treasury and agency bonds of the U.S. government, and investment grade corporate bonds for which active trading markets exist. Such assets are valued at quoted closing prices at year end. Realized gains and losses and increases and decreases in fair value on investments are reflected in the Statements of Activities.

Approximately 19 percent and 20 percent of the foundation's assets at Dec. 31, 2002 and 2001, respectively, were invested with numerous partnerships, in which the foundation is a limited partner, that specialize in making venture capital, buyout, distressed debt, and equity-based real estate investments. Such investments, typically investments in private equity or debt securities of companies or properties that are not publicly listed or traded, are not liquid investments. The value of such investments is determined by the partnerships' general partners, who must follow the valuation guidelines, such as appraisals and comparable company trade data, stipulated in the respective limited partnership agreements. The Dec. 31 valuations of the investments in limited partnerships are based upon the value determined by the partnerships' general partner as of Sept. 30, adjusted for capital contributions and distributions that occur during the quarter ended Dec. 31. These amounts may differ from values that would be determined if the investments in limited partnerships were publicly traded or if the Dec. 31 valuation amount were currently available. Realized gains and losses and increases and decreases in fair value on the investments in limited partnerships are reflected in the Statements of Activities. All limited partnerships are audited annually by independent auditing firms. As of Dec. 31, 2002, pursuant to its limited partnership agreements, the foundation is committed to contributing approximately \$234,200,000 in additional capital over the next 10 years to various partnerships. Unpaid commitments at Dec. 31, 2001 were approximately \$251,700,000.

At Dec. 31, 2002 and 2001, the foundation held 1,000,182 shares of Knight Ridder common stock, which represented 4 percent and 3 percent of the foundation's assets, respectively. During 2001, the foundation reduced its Knight Ridder holdings by 401,900 shares by sale and gifts.

3. Investments (continued)

A detail of fair value and cost by investment class follows:

	Dec. 31, 2002		Dec. 31, 2001	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 74,411,763	\$ 74,411,763	\$ 76,910,643	\$ 76,910,643
Interest, dividends and other investment receivables	5,145,480	5,498,871	21,368,424	20,168,315
U.S. government and agency obligations	279,577,319	253,783,594	292,980,705	282,825,697
Corporate bonds and other obligations	165,194,597	162,234,790	167,771,230	170,761,576
Common stock of Knight Ridder	63,261,512	27,880,073	64,941,817	27,880,073
Other equity securities	796,897,330	732,366,174	901,514,432	731,215,591
Alternative equity investments	231,955,192	345,584,445	275,467,784	318,384,568
Real estate investments	100,673,551	82,699,370	99,874,907	80,618,251
Total	\$ 1,717,116,744	\$ 1,684,459,080	\$ 1,900,829,942	\$ 1,708,764,714

Highly liquid investments with original maturities of three months or less are reported as cash equivalents.

4. Derivative Financial Instruments

Effective Jan. 1, 2001, the foundation adopted Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133), as amended by Statement of Financial Accounting Standards No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities* (SFAS No. 138). SFAS No. 133, as amended, requires the recognition of all derivative instruments as either assets or liabilities on the Statements of Financial Position measured at fair value and establishes new accounting rules for hedging instruments depending on the nature of the hedge relationship.

Some investment managers retained by the foundation have been authorized to use certain derivative financial instruments in a manner set forth by the foundation's written investment policy, specific manager guidelines or partnership/fund agreement documents. Specifically, derivative financial instruments may be used for the following purposes: (1) currency forward contracts and options may be used to hedge nondollar exposure in foreign investments; (2) covered call options may be sold to enhance yield on major equity positions; (3) futures contracts may be used to equitize excess cash positions, rebalance asset categories within the portfolio or to rapidly increase or decrease

exposure to specific investment positions in anticipation of subsequent cash trades; and (4) futures contracts and options may be used to hedge or leverage positions in portfolios managed by hedge fund firms. Authorization to use derivatives currently is restricted to 13 hedge fund managers, who manage investments totaling approximately \$461,000,000 and one currency overlay manager. The foundation's chief investment officer also is authorized to use derivatives to execute certain investment strategies. Derivative financial instruments are recorded at fair value in the Statements of Financial Position with changes in fair value reflected in the Statements of Activities.

At Dec. 31, 2002, the foundation's currency overlay manager had combined buy and sell positions in currency forward contracts valued at approximately \$25,000,000 with four correspondent banks, which on a net basis represented a hedge of approximately \$1,400,000 against a portion of the foundation's foreign equity portfolio valued at approximately \$35,000,000. All currency forward contracts are up to six months in duration and are typically renewed. At Dec. 31, 2001, the foundation's currency overlay manager had a combined buy and sell position in currency forward contracts valued at approximately \$88,000,000, which on a net basis represented a hedge of approximately \$41,000,000 against the foundation's foreign equity portfolio valued at approximately \$128,000,000 at Dec. 31, 2001. At Dec. 31, 2002 and 2001, the fair value of these currency forward contracts, which is reflected in the Statements of Financial Position, was approximately (\$350,000) and \$1,200,000, respectively. →

On Nov. 26, 2001, the foundation entered into futures contracts with an aggregate notional value of \$100,000,000. The futures contracts selected are exchange-listed, highly liquid contracts providing daily settlements. Gains and losses were processed daily through the NYSE third-party clearing broker and settled within an account at the foundation's custodian bank. The futures contract was closed during the first quarter of 2002. At Dec. 31, 2002, the foundation did not have any open futures contracts. Net realized gains (losses) from futures contracts totaled approximately \$846,000 and (\$2,825,000) for the years ended Dec. 31, 2002 and 2001, respectively, and are reflected in the Statements of Activities.

In the opinion of the foundation's management, the use of derivative financial instruments in its investment program is appropriate and customary for the investment strategies employed. Using those instruments reduces certain investment risks and generally adds value to the portfolio. The instruments themselves, however, do involve some investment and counterparty risk not fully reflected in the foundation's financial statements. Management does not anticipate that losses, if any, from such instruments would materially affect the financial position of the foundation.

The adoption of SFAS No. 133 as amended, on Jan. 1, 2001, had no material impact on the foundation's financial position or its results from operations.

5. Grants

The foundation records grants in full as expenses when approved. Grants payable at Dec. 31, 2002, represent the present value of multiyear grants using a 4.25% discount rate. The foundation made grant payments of \$85,617,981 and \$85,569,297 in 2002 and 2001, respectively.

As of Dec. 31, 2002, the foundation had future grant commitments, which are scheduled for payment in future years as follows:

2003	\$ 41,661,642
2004	15,409,334
2005	10,640,000
2006	7,385,000
2007	1,600,000
	76,695,976
Discounted	
to present value	(5,611,405)
Grants payable	\$ 71,084,571

6. Federal Excise Taxes

The foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the code and, with the exception of unrelated business income from debt-financed, passive investments, is not subject to federal income tax. However, the foundation is classified as a private foundation and is subject to a federal excise tax of 2 percent (or 1 percent under certain circumstances) on net investment income, including realized gains, as defined by the code. The foundation expects to qualify for the 1 percent tax rate in 2002 and was subject to the 1 percent tax rate in 2001.

Total excise and other taxes paid by the foundation for the years ended Dec. 31, 2002 and 2001, amounted to approximately \$1,200,000 and \$1,700,000, respectively.

7. Employee Pension Plan and Other Postretirement Benefit Plans

The foundation sponsors a pension plan with defined benefit and cash balance features for its eligible employees. The pension benefits for all employees hired prior to Jan. 1, 2000, will be the greater of the benefits as determined under the defined benefit feature of the pension plan or the cash balance feature of the pension plan. The pension benefits for all employees hired on or subsequent to Jan. 1, 2000, will be determined under the cash balance feature of the pension plan. The foundation also sponsors postretirement medical and life insurance benefit plans.

The table at the top of page 71 sets forth the pension and other postretirement benefits plans' funded status and amounts recognized in the foundation's Statements of Financial Position.

NOTES TO FINANCIAL STATEMENTS

7. Employee Pension Plan and Other Postretirement Benefit Plans (continued)

	Pension Plan		Other Postretirement Benefit Plans	
	Year ended Dec. 31		Year ended Dec. 31	
	2002	2001	2002	2001
Fair value of plan assets	\$ 5,510,155	\$ 4,113,332	\$ -	\$ -
Benefit obligation	(5,916,760)	(5,332,548)	(1,299,898)	(960,384)
Funded status of the plan	\$ (406,605)	\$ (1,219,216)	\$ (1,299,898)	\$ (960,384)
Accrued benefit asset (cost) recognized in the Statements of Financial Position	\$ 1,119,494	\$ (826,459)	\$ (543,680)	\$ (356,424)
Benefit cost recognized in the Statements of Activities	499,617	471,223	221,031	215,385
Employer contributions	2,445,570	730,138	33,775	83,232
Employee contributions	-	-	666	240
Benefits paid	550,153	121,663	34,441	83,472

Actuarial assumptions

Discount rate	6.75 %	7.25 %	6.75 %	7.25 %
Expected return on plan assets	8.00	8.00	N/A	N/A
Rate of compensation increase	3.75	4.25	3.75	4.25

Health care cost trend rate assumptions

Initial trend rate	N/A	N/A	15.00 %	11.00 %
Ultimate trend rate	N/A	N/A	5.25	5.25
Year ultimate trend is reached	N/A	N/A	2013	2010

In addition, the foundation sponsors a defined contribution plan for its eligible employees for which it has no fixed liabilities. Effective Jan. 1, 2002, the foundation's defined contribution plan has been amended to add an employer matching contribution component. During 2002 and 2001, the foundation made contributions to the plan of approximately \$136,000 and \$82,000, respectively.

8. Leases

The foundation leases approximately 16,200 square feet of office space in Miami, Fla., which expires in 2003. The foundation has also entered into an agreement to lease 21,300 square feet of office space in Miami, Fla. This lease is scheduled to commence in 2003 and will expire in 2013. The foundation also has various leases for equipment, which expire between 2003 and 2005. Rental expense for office and equipment leases for 2002 and 2001 was approximately \$822,000 and \$713,000, respectively.

Future minimum lease payments for office and equipment leases are as follows:

2003	\$ 845,976
2004	773,889
2005	680,999
2006	689,102
2007	705,066
Thereafter	4,224,186
Total	\$7,919,218

In our hands-on grant development work, we've found that a two-page letter of inquiry is the best way for potential partners to introduce a new idea. The basics of the letter of inquiry are simple: Tell us who you are and how to reach you; what you propose to accomplish and how this fills a public need. Additional details about the query stage vary by program and can be found in the appropriate area of the "Programs" section our web site, www.knightfdn.org. We recommend reading those details before submitting a letter.

All queries must be submitted, in writing, to the foundation's Miami office (below). Nonprofit organizations will receive a postcard acknowledging receipt of the query.

This letter of inquiry marks the start of a conversation with our staff, and we look for opportunities to invite nonprofit organizations to develop full grant proposals. In all cases when Knight Foundation invites a nonprofit organization – individually or as part of a collaborative – to submit full proposals, be assured foundation staff will work in partnership with you to produce a full and complete proposal.

Organizations may contact a Knight community liaison or the appropriate program officer if they have questions. That said, the letter of inquiry is a critical stage in ensuring that the queries are formally recognized as the first step in program development. The inquiry letters provide organizations an easier point of entry into the foundation, and the process allows Knight staff to invite full proposals from organizations whose ideas present the greatest promise.

There is no query form, and the foundation does not accept unsolicited proposals.

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