

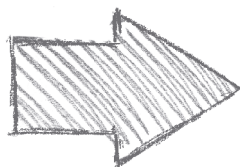


John S. and James L.
Knight Foundation

A Progress Report
2007 - 2008



Experimentation



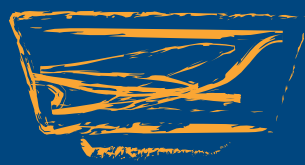
Transformation

Discovery
Vision
Courage
Know-How
Tenacity

Transformation

This progress report describes our continuing transformation into a 21st-century organization. We introduced the concept of transformation in our work three years ago, along with the five elements: discovery, vision, courage, know-how and tenacity. We continue to refine the concept, but social change takes time. We don't claim to have arrived. Yet the potential of the digital age adds urgency.

No one knows how digital communications will affect how citizens manage their communities in a democracy. So we welcome experimentation and encourage innovation as a way to manage change. What we did in the last year begins on the next page.



Transformation, continued

The document you hold in your hands is a symbol of Knight Foundation's transformation into a 21st-century organization.

It is a slimmer, more succinct version of our traditional annual report in 12 pages, down from last year's 56. You'll find this and much more content on the web, where you can access it easily and respond to it readily. It's a trend we expect will continue, until all of the information we provide to our constituents is digital and dynamic – a new and powerful starting point for dialogues that can help shape our priorities and inform our programs.

Our web site, already much improved, will undergo significant changes in just a few months, as we refashion our digital presence and engage our constituents in real-time and interactive ways.

We remain committed to reporting fully and transparently, to highlighting our strategies and our finances, and to serving our stakeholders. But we will do so in ways that reflect the potential, the impact and the challenges of our digital age: We will become an organization that is *of* the web rather than simply *on* the web. With this hybrid version of our annual report – one of the foundation's core publications, and a marker of its progress and its history – we take yet another step forward on that path.

We do not claim to have arrived. Social change, inside and outside a foundation, takes time. We are reminded of the story of Secretary of State Henry Kissinger, who is said to have asked Zhou Enlai what he thought of the French Revolution. "Too soon to tell," the Chinese premier responded.

No one knows how digital communications will impact the ability of citizens to manage their communities in this democracy, just as no one can know how economic or creative community initiatives will impact the market and social development of those cities and towns. We do know that change is constant. We welcome experimentation and innovation as strategies for managing that change. And we intend to develop sustainable models of success in the communities we serve.

Our Focus

Knight Foundation focuses on the twin passions to which John S. and James L. Knight devoted their lives – journalism and the advancement of communities in which they owned newspapers. We continue today, committed and independent, inspired by the entrepreneurship, openness to innovation and courage embodied by our founders. Like the Knight brothers, we believe technology can strengthen community information and, through that information, the communities themselves.

Toward that end, we have determined to experiment broadly, analyze impact, support trends, engage the best minds, involve other funders and seek the wisdom of the crowd. That last is not just a Web 2.0 slogan. It's a way of doing funding, and the openness of our contests is not only emblematic of this way of doing business but consistent with the easy accessibility of digital technology. That openness both shapes and reflects the shifting culture of our operation.

Media Innovation Initiatives

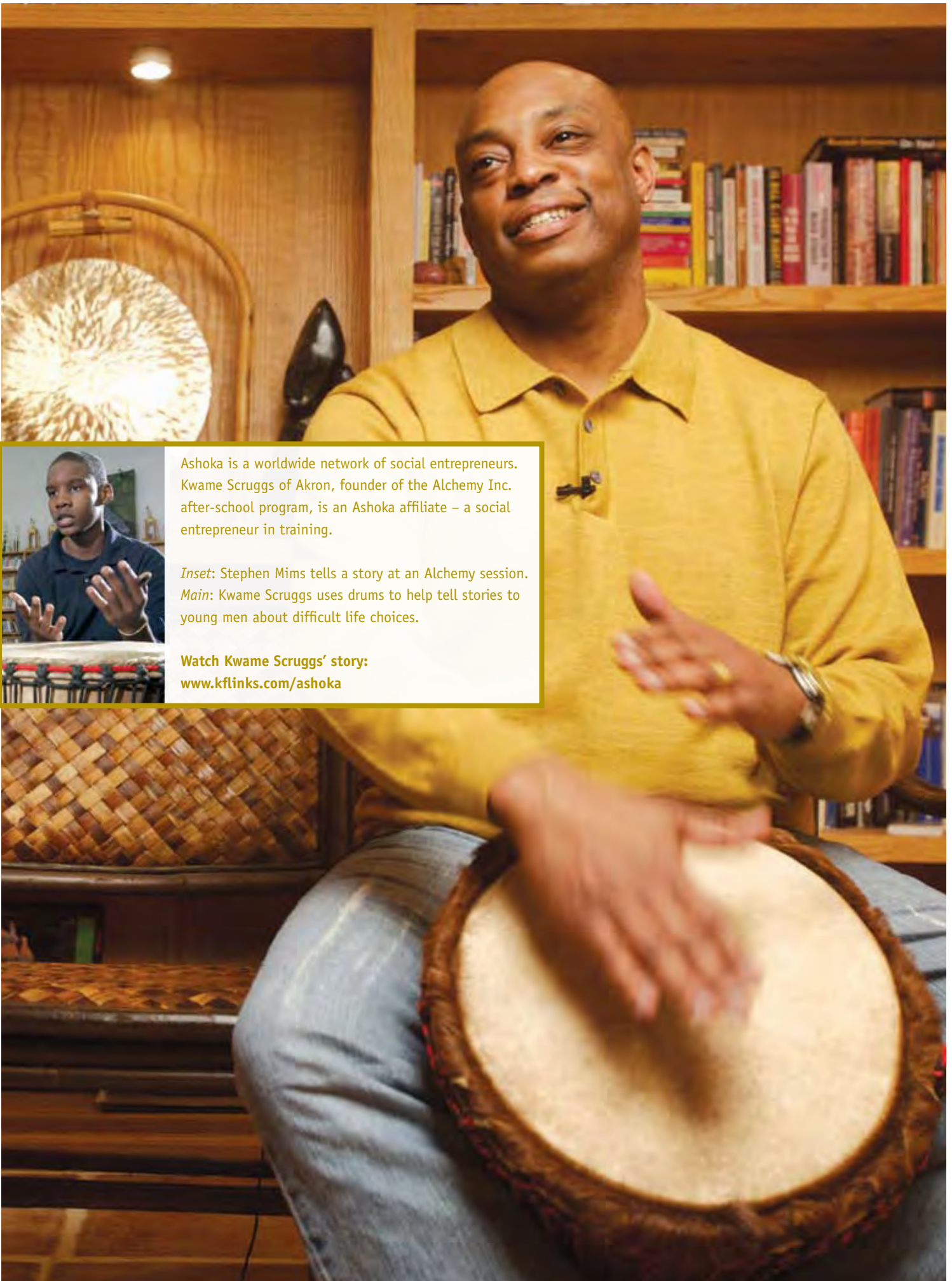
Never since the creation of Knight Foundation in 1950 have the challenges facing journalism been greater. Never has the opportunity for innovation been more apparent.

Over time, we've invested more than \$400 million to advance quality journalism and freedom of expression. But perhaps the most telling figure, the one that best describes our current course, is the \$100 million we have committed to media innovation initiatives in the past three years.

The question we ask is not, "How do we save newspapers?" The question is, "How do we help save the communications that communities need to manage their affairs in this democracy?" In other words, how do we save journalism – with the values we know and trust – in the digital age?

Nowhere has it been easier to see innovation as a common thread than in our media grants. In June, nearly 50 Knight News Challenge winners gathered at MIT's remarkable Media Lab (www.kflinks.com/newschallenge) to see demonstrations of digital works-in-progress, including place-based, locative games and smart polling devices using social networking. And we honor our founders' entrepreneurial spirit by engaging with breakthrough ideas wherever they emerge, including our work with Ashoka, a global organization that identifies and invests in leading social entrepreneurs. Grants from Knight allow Ashoka to seek and support just such entrepreneurs in our communities and in journalism (www.kflinks.com/ashoka).

Innovation



Ashoka is a worldwide network of social entrepreneurs. Kwame Scruggs of Akron, founder of the Alchemy Inc. after-school program, is an Ashoka affiliate – a social entrepreneur in training.

Inset: Stephen Mims tells a story at an Alchemy session.
Main: Kwame Scruggs uses drums to help tell stories to young men about difficult life choices.

Watch Kwame Scruggs' story:
www.kflinks.com/ashoka

Experimentation

Our goal is to bring communities together through information, consistent with Jack Knight's definition: A great newspaper should inform and illuminate the minds of its readers, define and expand their understanding of the world and allow them to pursue what he called "their own true interests."

We've launched four initiatives to find digital innovations and new policies that better inform geographically defined communities. The first of these, the **Knight News Challenge** (www.newschallenge.org), is a contest investing \$5 million per year in original ideas that leverage the power of digital technologies to deliver news to real geographies.

- > This year's winners include Sir Tim Berners-Lee, the inventor of the World Wide Web. Now an MIT professor, Berners-Lee and his colleagues are concerned about the integrity of content on the web. We will support his team's development of technology that will allow writers to disclose sources – and readers to verify information quickly. This takes a technological step in the direction of authenticity and verification on the web (www.mediastandardstrust.org).
- > Other winners include David Cohn, a young Californian who will test the notion that audiences will contribute to the costs of journalism in their communities. Another group will deliver news and information to cell phone users in Zimbabwe. And we're supporting technology that will enable citizens at a virtual town meeting to discuss changes in Sochi, Russia, as it prepares for the 2014 Winter Olympics (www.kflinks.com/sochi).

A \$25 million commitment in the **Knight Center of Digital Excellence** kicked off our second media initiative. These days, if you're not digital, you're marginalized as a second-class citizen – socially, economically and politically. We find that unacceptable. As a first step toward digital unity, we have established a goal of universal digital access in each of our Knight communities.

The Knight Center of Digital Excellence in Akron is a pro bono consulting organization whose services are available to any of our communities. The center will bring in the expertise necessary to level the playing field between the public and the marketplace as they negotiate tough digital access issues (www.knightcenter.info).

A third thrust, the **Knight Commission on the Information Needs of Communities in a Democracy** (www.knightcomm.org), is operated in partnership with the Aspen Institute, one of the nation's outstanding institutions devoted to the discussion and development of public policy.

Co-chairs Ted Olson, the former solicitor general of the United States, and Marissa Mayer, the vice president of search products and user experience at Google, lead the commission. They and their fellow commissioners will a) articulate the information needs of communities in this democracy, b) take a snapshot of where we are today, and c) propose public policy that will encourage market solutions to get from where we are to where we should be.

Finally, even as we are investing in the development of high-level policy, we also want to seed grassroots experiments. We believe community foundations are ideal partners in this enterprise.

After all, community foundations were created to meet the core needs of local geographies. In a democracy, information is among those core needs. And in a media environment in which the marketplace is no longer providing sufficient civic news and information, we believe that grassroots nonprofits may have a new and important role to play.

The **Knight Community Information Challenge** is a five-year grant challenging community foundations to meet the information needs of their communities. Foundations willing to participate can tap in to an annual \$4 million fund (www.informationneeds.org).

Moving digitally hasn't been only a matter of experiments. We've also partnered with the Carnegie Corporation of New York to fund the Carnegie-Knight initiative to improve journalism education (www.newsinitiative.org/initiative). We've also collaborated with NPR to send its staff to the University of California at Berkeley for new-media training; funded digital media programs for journalists at Berkeley, USC and Arizona State; and we continue to support J-Lab's innovation in interactive journalism (www.j-lab.org), now at American University.

More Online:

Go see more on these stories including videos at:

- www.kflinks.com/essay
- www.kflinks.com/ashoka
- www.kflinks.com/miamiarts
- www.kflinks.com/greenstone
- www.kflinks.com/newschallenge
- www.kflinks.com/financials
- www.kflinks.com/taxreturn

“Tomorrow’s news reporting and production will be more of a conversation, or a seminar....This evolution...will force the various communities of interest to adapt. Everyone, from journalists to the people we cover to our sources and the former audience, must change their ways.”

-- Dan Gillmor,
“We The Media”



One of Knight’s four Media Innovation Initiatives is the **Knight News Challenge** – a contest funding ideas that use digital media to deliver news and information to geographically defined communities.

Inset: Winners gather at MIT’s Media Lab this past June.

Main: Panelists at the MIT roundtable discuss the future of civic media. From left: NYU’s Jay Rosen, MIT’s Henry Jenkins, Arizona State’s Dan Gillmor and blogger Lisa Williams (joined by a translator).

Watch the News Challenge story:
www.kflinks.com/newschallenge





As an example of Knight's customized approach to community projects, Duluth's Greenstone Group will spend the next decade nurturing 500 new entrepreneurs to grow the region's economy.

Inset: Jerry Peterson, director, Greenstone Group.
Main: Entrepreneur Carol Willoughby owns a sign company.

Watch the Greenstone Group video:
www.kflinks.com/greenstone

Knight Communities Initiatives

We are a national foundation known as local in each of the cities and towns where we work. In our communities, the search for innovation has led us to extraordinary projects. Reflecting needs and opportunities in different communities, each has the potential to transform its part of the world.

Some of our economic development efforts include:

- > In Southeast Michigan, 10 foundations including Knight have pooled \$100 million to generate "new economy" jobs, different from the region's traditional manufacturing base (www.kflinks.com/semichigan). Knight's contribution was \$10 million.
- > In the Twin Ports of Duluth, Minnesota, and Superior, Wisconsin, the best potential economic asset is the individual entrepreneur. There, backed

by \$2.5 million from Knight, the Greenstone Group takes an approach similar to baseball's minor league system to groom some 500 entrepreneurs over 10 years into the big leagues of business development (www.kflinks.com/greenstone).

- > In Northeast Ohio, the Fund for Our Economic Future is an assemblage of more than 100 funders. It has distributed more than \$40 million to generate new high-tech and biomedical industry jobs (www.kflinks.com/neoohio). Knight's total contribution to this effort has been \$3.15 million.
- > We support a range of work-force development and training programs in Knight communities, including Wichita, Kansas; Philadelphia, Pennsylvania; and Detroit, Michigan.

Creative communities are healthy and engaged communities. Examples:

- > We are a leading funder of an arts initiative with a potential impact of \$60 million that could redefine Miami, Florida's cultural scene (www.kflinks.com/miamiarts). The initiative includes endowment grants to major arts institutions: \$10 million to the Miami Art Museum to bring 40,000 school-children through the museum each year, \$5 million to Miami's Museum of Contemporary Art for new exhibitions, and \$5 million to endow the new-media programs of the New World Symphony. An additional \$20 million is being offered over five years on a matching basis for arts ideas in South Florida.

Ideas

> Knight is a key supporter of cultural innovations that build community in San Jose, California, through 1st Act Silicon Valley (www.1stact.org). Knight's \$3.5 million challenge grant leverages the region's high-tech success through physical improvements and increased investments in arts and culture.

> In Tallahassee, Florida, we've committed more than \$600,000 to help broaden the area's economy beyond its classic reliance on higher education and state government by growing and developing the creative community.

Civic life plays out in many ways:

> We are supporting the construction of a new public-private homeless assistance partnership in Columbia, South Carolina, with \$5 million. This attempt to reduce homelessness in that Knight city is similar to Miami's Community Partnership for the Homeless, where clean, safe shelter is only the beginning of

the process. Necessary social and employment services are housed inside the shelter, making them accessible to folks who want to get back on their feet.

> Immigration is an important issue in many of the Knight communities. Our efforts in the area focus on the naturalization of legal residents. To that end, we support organizations like the National League of Cities, NCLR and the YMCA in their programs to encourage residents to become fully participating citizens of the United States.

> We will never, ever, forget our communities of Biloxi and Gulfport, Mississippi. There, we have invested more than \$9 million – very well-placed and effective dollars – all since Hurricane Katrina walloped that Knight community (www.kflinks.com/katrina). Our projects there include support of the Governor's Commission on Recovery, Rebuilding and Renewal; Habitat for Humanity; and the creation of a Knight Center for Nonprofits that will

house under one roof the major nonprofit organizations in the region.

Knight Foundation continues today, inspired by the entrepreneurship, openness to innovation and courage of our founders. We are committed to transformational change grounded in discovery, inspired by vision and made real by courage, know-how and tenacity. To be effective, that kind of change requires dialogue – not just within the foundation, but in active collaboration with our communities and our journalism partners.

We want and need your participation and ask you to join in the discussion at www.kflinks.com/essay.



W. Gerald Austen, M.D.
Chairman



Alberto Ibargüen
President and CEO



The **Knight Arts Partnership** offers South Floridians a chance to present ideas to expand the arts, benefiting a diverse community.

Inset: Miami Art Museum's Terence Riley stands behind a model of the museum's new building designed by Pritzker Prize-winning architects Herzog & de Meuron.

Main: Museumgoers visit a recent exhibition.

Watch the Miami arts story:
www.kflinks.com/miamiarts

Grants Summary

In 2007, Knight Foundation granted \$122,270,000. Over the course of the year, the foundation approved a variety of initiatives to be paid out over several years, and the total amount of grants authorized for current and future payment is \$165,310,078. For a complete list of 2007 grants, please go to www.knightfoundation.org.

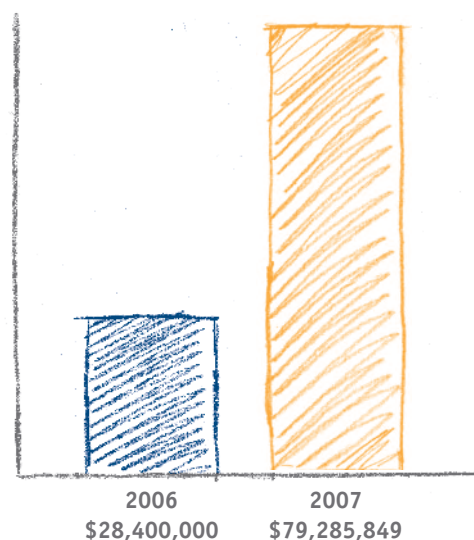
PROGRAM	AMOUNT
Communities	\$ 85,486,174
Journalism	50,855,690
Strategic and New Initiatives	28,968,214
GRAND TOTAL	\$165,310,078

Transformation Projects

Consistent with our commitment to change, Knight Foundation has increased grant dollars going toward projects with the capacity to transform communities and journalism. Examples:

- > The **Knight News Challenge** has already awarded 37 grants worth \$17.8 million to winners worldwide. It is part of a \$25 million, five-year initiative.
- > **Ashoka: Innovators for the Public** will identify and support 30 social entrepreneurs in the field of journalism with \$3 million in support over three years.
- > **Citizen Schools** has expanded its cutting-edge after-school program to eight U.S. regions. Knight has contributed \$3 million to an endowment that allows this program to scale up.
- > **The Saint Paul Foundation** is using \$1.575 million for neighborhood enhancements as a light-rail line begins to link the Twin Cities.
- > The **Knight Arts Partnership** will provide \$20 million in arts endowments and another \$20 million in matching grants for the arts in South Florida.

Growth in Dollars Directed to Transformation Projects



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Knight Foundation Media Innovation Initiatives

Communities in a democracy need news and information. Knight Foundation addresses this core community need through four initiatives:



Knight News Challenge

The Knight News Challenge funds ideas that use digital media to deliver news and information to geographically defined communities.

www.newschallenge.org



Knight Community Information Challenge

The Knight Community Information Challenge offers matching grants to foundations across America in a grassroots initiative to strengthen the communication of information in communities.

www.informationneeds.org



Knight Commission on Information Needs

The Knight Commission on the Information Needs of Communities in a Democracy, in partnership with the Aspen Institute, will propose public policy to meet those needs.

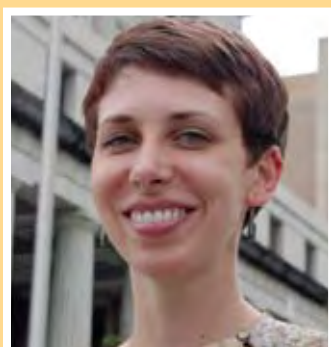
www.knightcomm.org



Knight Center of Digital Excellence

The Knight Center of Digital Excellence is a nonprofit consultancy to help communities across the United States ensure digital access for every citizen.

www.knightcenter.info



Join the Media Innovation Conversation

Meet Kristen Taylor, our new online community manager. She wants to know what you think about these media innovation efforts. Contact Kristen at taylor@knightfoundation.org.

Leave a comment at www.kflinks.com/initiatives.

Acknowledgements

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