



John S. and James L.
Knight Foundation



WHAT WE DO

We are a national foundation with local roots. We choose, as the Knight brothers chose, to focus on journalism and communities, inspiring and Enabling them to reach their highest potential.

And we ask, as we evaluate opportunities and grants,

“Is this truly transformational?”

We embrace the responsibility to discover and support ideas that can make the ideal real.

Because grant making requires a sound financial base, we preserve the Knight brothers’ gifts through prudent investment and careful management.



2006 ANNUAL REPORT

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Transform. Lead. Go!

Would you like to see and hear our **Stories of Transformation**, told in multimedia? And would you care to comment?

Then ... Go!

go.knightfoundation.org/annual

right to left:

W. GERALD AUSTEN, M.D.

Chairman of the Board,
John S. and James L. Knight Foundation

ALBERTO IBARGÜEN

President and CEO,
John S. and James L. Knight Foundation



LETTER FROM
THE CHAIRMAN AND PRESIDENT



go.knightfoundation.org/letter to comment

In the early 1970s, Secretary of State Henry Kissinger is said to have asked Chinese Premier Zhou Enlai for his assessment of the French Revolution. “Too soon to tell” was Zhou’s reported response.

Perhaps it’s also too soon to tell the impact of changes that were taking place at the beginning of the 20th century when Jack and Jim Knight began their careers. But those times of ever-faster change set the stage and the example for how we live today. Technology progressed geometrically, and values were steadily more relative as the world became less parochial after World War II.

Jack and Jim Knight embraced their world and the technology that made possible their vision of a future

far greater than their first newspaper, the Akron Beacon Journal. Today, that concept is our beacon, our North Star. They had the courage to take risks, the know-how to execute, and the tenacity to see their plans through. They used advances in printing, telephony and transportation to build what would become one of the great newspaper companies in the world, at a time when newspapers dominated media.

The Knights sought actively and aggressively to reflect the communities they served. In doing so, they helped build, define and even transform those communities. The brothers believed strong communities would be good for their newspapers because newspapers, in effect, represented the whole community.

Instead of fearing or resisting change, they embraced it. We see in them the instincts of today’s great Internet and social entrepreneurs. And we believe we honor their memory, and their intent in creating Knight Foundation, by acting with vision and courage, and by taking risks in the areas of community advancement and journalism to which they dedicated their working lives.

In 2006, Knight Foundation continued fundamental shifts in its program practice, from print to digital in journalism, and from charity to social investing in community. These shifts, like any social enterprise, will take time to mature and for results to be understood. As Zhou understood, cultural change is slow. But as Kissinger showed, when the time is right and new technology becomes available, you must seize the opportunity.

And so we did.

We accelerated a shift in our journalism program from traditional education and training programs to a search for new ways to do with digital technology what Jack and Jim Knight did with newspapers: share timely news and information that connects people within a defined

geography. It sounds simple, and we made it simpler, by eliminating most rules and qualifications in the Knight News Challenge, our groundbreaking contest to create an opportunity for the wisdom of a crowd to emerge. In the first year of our five-year challenge, we received 1,650 ideas from thinkers, activists, journalists and inventors energized by our offer to spend \$5 million each year. Some of the winners are detailed in this report.

Social entrepreneurship – the application of entrepreneurial business thinking to social issues – is an increasingly popular concept around the world. But it isn’t a fad. It is a simple and logical way to set visionary goals, plan for sustainability and demand performance and accountability in social enterprises. We see it as part of our larger effort to identify transformational leadership and opportunities.

To that end, we funded the internationally acclaimed Ashoka organization to identify and help develop a new generation of social entrepreneurs in Knight communities. We sponsored urbanist Richard Florida to work in Charlotte, Duluth and Tallahassee with groups of “community catalysts” tasked with identifying and building “the creative class.”

In Akron and Detroit, we increased our commitment to local leaders seeking alternative, entrepreneurial ways to transition from industrial to innovation economies. And in those and other Knight communities like Milledgeville and Philadelphia, we’re working with local experts toward the

goal of universal wireless access so that residents may enjoy and participate in the new age, digital town square.

This report on our activities during 2006 details our excitement as we seek transformational change in journalism and communities. The stories you’ll experience here are found with additional pictures, sound and video on our web site, go.knightfoundation.org/annual.

Of course, none of this would be possible without a solid asset base. A summary of our financial information is included in this report. For our full audited financial statements, please visit go.knightfoundation.org/financials.

In 2006, three new trustees joined Knight Foundation’s board. They are Earl Powell, chairman of the private equity firm Trivest Partners; E. Roe Stamps IV, founding managing partner of the private equity firm Summit Partners; and Paul Steiger, managing editor of The Wall Street Journal. They are exceptionally able and experienced leaders and wonderful contributors to our board.

We understand that transformation takes time, commitment and risk.

And we take seriously the rare privilege to invest this foundation’s assets to change our world and our communities for the better.

David Gergen addresses the participants at the 2007 Gathering of Leaders in Mohonk, N.Y.



ESSAY:

THE ROLE OF LEADERSHIP IN TRANSFORMATION

It's impossible to imagine the creation of India without Mohandas Gandhi's leadership. Or the emergence of biracial harmony in a free South Africa without Nelson Mandela. Or the rallying of the British people to turn back the Nazi threat without Winston Churchill.

Coming closer to home, we cannot think of the creation of our own republic without remembering George Washington, or its survival without remembering Abraham Lincoln. Nor can we envision how so many hands would reach out to help residents of industrial cities without Jane Addams, or how the civil rights movement would have succeeded without Martin Luther King Jr.

The lesson is clear: Strong, effective, moral leadership is critical to transformations.

Long before a leader steps forward, of course, social and economic forces may create an environment in which change becomes more possible; pressures for change may build up from the grassroots over a period of years. Ultimately, however, at least one individual must take a risk, pick up a banner and blow a trumpet, calling others to come together in the pursuit of a shared vision. That individual is the person we call a leader, and that leadership goes hand in hand with transformation.

We rightly salute individual leaders for their achievements, and since the days of ancient Athens, societies have sought better ways to prepare young people to become leaders. In our own time, we have learned to prize innovative and entrepreneurial leaders, whether they are building a business or starting a charter school. Today, as in the past, the quality of leadership remains the "X factor" in organizations and societies – that extra dimension that is hard to measure but that can make all the difference in whether a group succeeds in its mission.

Yet it would be a mistake to see a transformational leader as a singular, heroic figure atop a white horse, able to win the day all by himself. As Warren Bennis wrote some years ago, the old vision of the lone individual bending history has given way to an understanding that leadership is most frequently exercised within a group context.

Often, a group succeeds because there is not one but at least two co-leaders who guide the fortunes of the organization. Would Bill Gates have built Microsoft without Steve Ballmer at his side? Would Ben Bradlee have transformed The Washington Post without Katharine Graham? Or think of the success of the Knight brothers, as Jim managed the business side and Jack worked with the editors. Among the leading social entrepreneurs of today, few are more successful than Dave Levin and Mike Feinberg in building the KIPP (Knowledge Is Power Program) schools or Alan Khazei and Michael Brown in building CityYear. Partners in leadership can be an excellent recipe for transformations.


For the individuals who must lead without a partner, the key is to create a great team. The historian Doris Kearns Goodwin has shown us, for example, that Lincoln succeeded to considerable degree because he chose such strong Cabinet members to help him and willingly sought their counsel. When Lou Gerstner went to the rescue of IBM, he was wary at first of setting a vision; he put far more emphasis upon assembling a strong team around him. Jack Welch was famous at General Electric for forming one of the strongest teams ever seen. As management scholar Jim Collins has written, one of the first tasks of a leader these days is to get the right people on the bus in the right seats – and get the wrong people off the bus.

Even a great team may fail, however, unless the leadership creates a special culture within the organization – a culture that is dedicated to a vision of change. Blowing a trumpet will be an empty exercise unless there are listeners willing and ready to respond. Thomas Jefferson once speculated that the reason the American Revolution succeeded while the French Revolution slid into tyranny was the difference in the quality of the followers – in America, people had become accustomed to governing themselves in small communities while in France, they had not. One group of followers was willing and prepared to build a democratic republic; the other was not.

In today's context, to achieve transformation, the role at the top is to become a leader of leaders. The most effective leaders are those who push responsibility and leadership down into the organization, empowering people at the

lowest levels to become leaders in their own right. Then you unleash the true transformative power of the whole team. And that culture will survive and even flourish long after an individual leader steps off the stage.

America today cries out for transformation.

Even as we have accumulated massive economic and military power, we have squandered much of our respect in the eyes of the world. Here at home, we have drifted badly, failing to renew our public schools, allowing glaring inequalities to emerge in our communities, permitting the health-care system to weaken, piling up financial IOUs to our younger citizens, and recklessly spoiling the environment. Clearly, we need to transform our culture and our communities. It's time not just for one or a hundred but for thousands upon thousands of new leaders to step forward, pick up the banner and blow the trumpet of change. Millions of Americans are now listening and are ready to act. 

In the past three decades, David Gergen has served as White House adviser to Presidents Nixon, Ford, Reagan and Clinton. He was editor of U.S. News & World Report in the mid-1980s. He is a public service professor of public leadership and director of the Center for Public Leadership at Harvard's Kennedy School of Government. He wrote this for Knight Foundation.



go.knightfoundation.org/essay to comment



Transformation requires leadership.

Leaders **discover** the facts.

They have the **vision** to see what's possible.

They have the **courage** of their convictions.

They have or learn **know-how** necessary to get things done.

They are **tenacious**; they don't give up.

When leaders apply these elements, whether in seeking **systemic change** or building a network, they are on the road to transformation.

The following stories feature people just as **passionate** about their work as the Knight brothers were about journalism and communities.

These are stories of people who gather together and volunteer for the greater good. They are stories of leaders who innovate and inspire, educate and collaborate.

They are **Stories of Transformation**.

Well-told stories, Jack Knight believed, help give people "an awareness of their own condition, **provide inspiration for their thoughts** and rouse them to pursue their true interests."

> When Leaders Gather, the Subject is Social Change 10

Meet leaders who use their networking opportunities to change the world and the way it communicates by focusing on social problems in new ways.
go.knightfoundation.org/gather



> Knight News Challenge Winners Innovate With Digital Media 14

Who will do in the 21st century with digital media what the Knight brothers did in the 20th century with their newspapers?
go.knightfoundation.org/innovate



> Two Campuses Educate the 21st Century Leaders and Readers 18

Two journalists-turned-educators with big ideas are demonstrating news ways to teach and appreciate quality journalism.
go.knightfoundation.org/educate



> Arts and Culture Inspire the Soul, Serving as Economic Drivers 22

Top-notch arts and cultural institutions in Knight communities lead the way toward dramatic downtown transformations.
go.knightfoundation.org/inspire



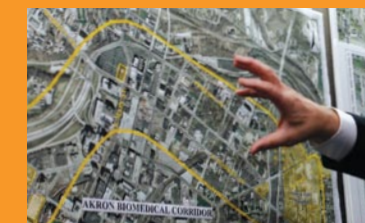
> Newcomers Volunteer, Bonding a Carolina Community 26

By tapping the pool of professionals drawn to the South Carolina coast, a new program in Myrtle Beach may be onto something transformational.
go.knightfoundation.org/volunteer



> Committed Leaders Collaborate, Leveraging Akron's Assets 30

Partners in the University Park Alliance have leveraged early investments into a nationally recognized revitalization built on lifelong learning and health.
go.knightfoundation.org/collaborate



GATHER

When Leaders Gather, the Subject is Social Change

It's a simple idea. Rather than rely on one leader, as essayist David Gergen warns against (see page 6), fill a room with smart, committed, entrepreneurial leaders bent on social change and see what happens.

"The whole is greater than the parts," says Vanessa Kirsch, president and founder of New Profit Inc., a hub for social entrepreneurs. "We can accomplish so much more if we leverage each other's knowledge and experience and the power of our networks, together, to really create the kind of change we want to see in this world."

That's the notion behind Knight Foundation's commitment to playing host, whether it's for the crowd of social entrepreneurs huddling in Mohonk, N.Y., each February at the Gathering of Leaders, or February's We Media Miami conference, a digital media mash-up of people with big ideas and the organizations that can bankroll them.

And even by hosting a luncheon conversation with visionaries like star architect Zaha Hadid in Miami, we provide a way for citizens to **actively participate in the intellectual life of the city.**

The chain of logic: Collective action moves ideas to action, brings good ideas to scale, helps them reach a critical mass. Potential transformation.

"We Media is a term we coined a couple years ago to describe the transformation taking place worldwide.... The shift is from media as an institution to media being everyone," says Andrew Nachison,

"We can accomplish so much more if we leverage each other's knowledge and experience"

VANESSA KIRSCH
President, New Profit Inc.

above:
Reporter Myles Miller of Children's Press Line covers We Media

below:
Architect Zaha Hadid addresses Miami audience



left:
Panelists Craig Newmark, founder of craigslist, and pollster John Zogby comment at We Media

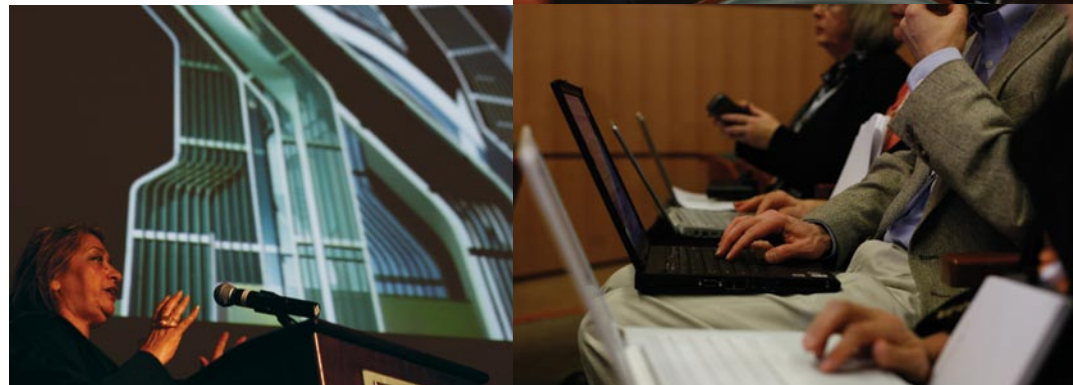
below:
Miami Herald radio reporter Joshua Johnson questions a panel at We Media

go.knightfoundation.org/gather for a multimedia show and comments



co-organizer of the conference. "And the conference we do surrounding We Media is meant to spur thinking and innovation to enable **a better-informed society where everyone is media.**

Despite Miami's tropical setting, We Media is where the Suits meet the überhip. "It would do us no good to have an executive from MTV sitting next to an executive from CBS sitting next to an executive from YouTube, all speaking their executive talk," says Nachison. "It's much more interesting, productive and valuable to bring people who aren't used to sitting next to each other together. >



"The whole is greater than the parts."

VANESSA KIRSCH
President, New Profit Inc.



above and opposite:
The Gathering of Leaders at Mohonk, N.Y.

below opposite:
Jean Martin, Managing Director of the
Corporate Leadership Council

"For us the outcome is literally outcomes, actions that necessitate a pretty provocative, challenging experience for the participants. They actually look each other in the eye, exchange ideas, confront differences and seek opportunities to take action."

The Mohonk gathering began several years ago because individual social entrepreneurs were frustrated by the pace of change.

"The kind of leaders we work with at New Profit are passionate, tenacious, visionary people who also balance their vision with the ability to get results and accomplish real goals and have a sense about the balance between vision and doing," says Kirsch.

Important things happen at the Gathering of Leaders,

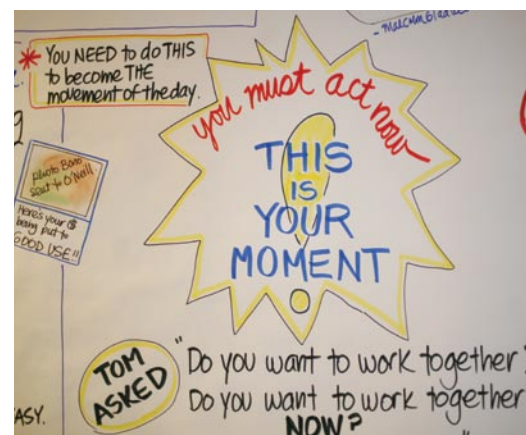
says Paula Ellis, Knight's vice president/National and New Initiatives. "The individuals who go there are folks who are looking first for community, other people like them who are trying to change the world, focusing on solving social problems in a new way."

"This is a chance for us to come together and remind ourselves that we are stronger together, and stronger when we work together on big ideas," says Mohonk veteran Eric Schwarz, president and co-founder of Citizen Schools.

"Knight at its heart is about communities ... but there are communities of interests," says Ellis. "In this case, this is a movement we really want to support and build. We think that defining intractable issues in a different way and bringing resources to them is really important. And these folks look like people who can do it."

*"... we are stronger together,
and stronger when we work
together on big ideas."*

ERIC SCHWARZ
President, Citizen Schools



"I think it is really important that Knight Foundation is ... engaged and gets this kind of work," said John Rice, a Mohonk attendee. "It really speaks to their leadership and what they stand for."

"Social change is so difficult, it takes so much time, and we're in this for the long haul," says Knight President Alberto Ibarguen. "This is not a fad. This is not the current trend. At the very core,

these are the people who are going to transform community."

STORIES OF TRANSFORMATION

INNOVATE

K Knight News Challenge Winners
Innovate with Digital Media

While cyberspace takes great advantage of the virtual, it overlooks a hard reality.

"We don't vote virtually, we don't elect a virtual president, we don't pay virtual taxes, we don't drive on virtual roads," says Gary Kebbel, Knight's journalism program officer. "Our lives are organized around geography ... where we live and work, in real life, with real people coming together to work on community problems."

And we asked: Who will do in the 21st century what the Knight brothers did in the 20th century with their newspapers? Who will use digital news and information to build community?

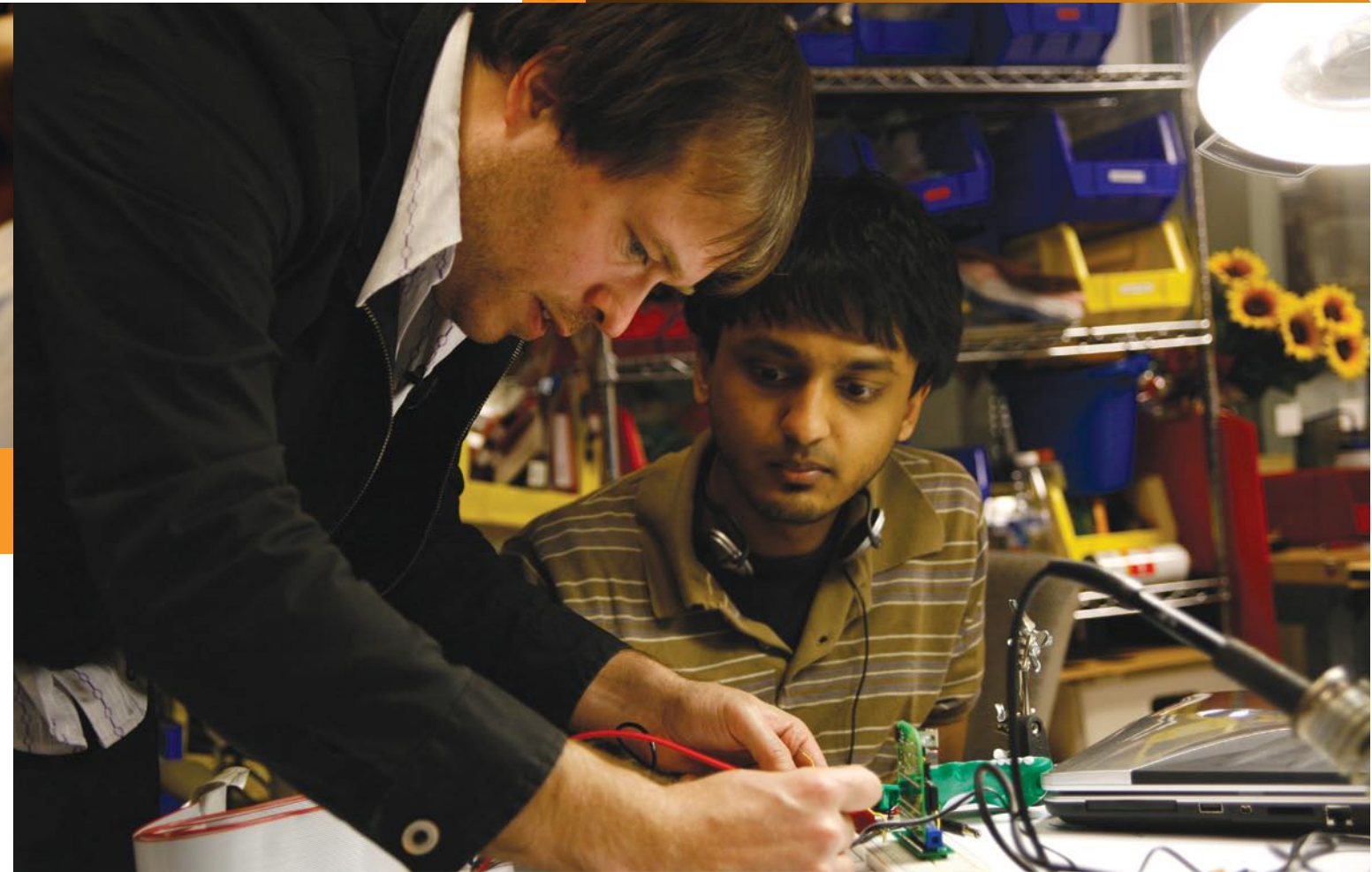
That's the essence of the Knight News Challenge, a five-year, \$5 million-per-year contest open to anyone, anywhere capable of developing new ways to use news and information to connect people to real geographic places.

The building blocks are geography, digital media and open source. Or as Eric Newton, Knight's vice president/Journalism Program, puts it: "Nerds, news and neighborhoods."

The initial winners are a distinct and daring group of organizations and individuals with big ideas. They represent an arc from MIT to MTV ... from an innovation incubator being built by seven female journalism educators to a network of bloggers generating a global conversation, with contributions from Ghana, Fiji and Tajikistan.



above:
Journalism Program Officer Gary Kebbel discusses News Challenge entries as Knight Trustee Jim Crutchfield listens



opposite:
MIT's Chris Csikszentmihalyi and Arjun Bhat (student)



above:
Jay Rosen (center) is one of several bloggers who will refine his News Challenge idea online over the next year

The News Challenge's first-year entry pool included 1,650 applications seeking up to \$4 billion. They came from people as young as 8 years old, from corporations and major education institutions, from entrepreneurs and mainstream media outfits. Applications for the 2007 round can be submitted July 1 at www.newschallenge.org.

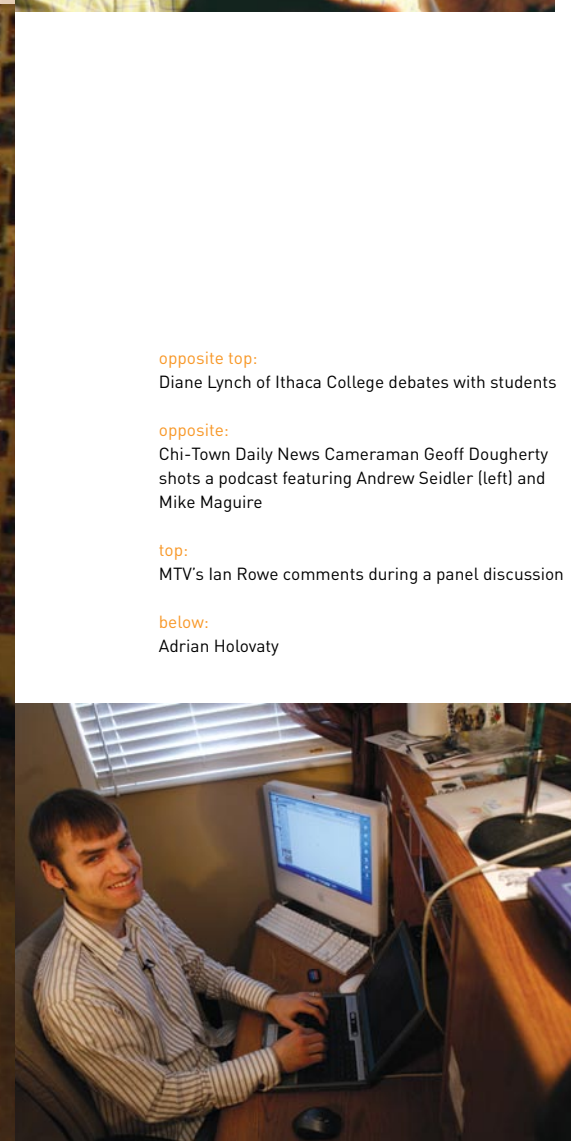
With its New Challenge award, MIT is creating a Center for Future Civic Media to test and investigate civic media in local communities. The center pairs MIT's renowned and inventive Media Lab with the Comparative Media Studies Program, which identifies the cultural and social potential of media change.

"This is a school that's filled with geeks of different sorts," says the Media Lab's Chris Csikszentmihalyi. "It's a remarkable place in terms of finding

alternative roles of technology that you wouldn't see anywhere else in the world."

They're digital natives.
"They get it" ...
"They live online."

DIANE LYNCH
Ithaca College



A great many of the ideas judged by a panel of digital media pros addressed the contest's central opportunity.

In December 2005, Geoff Dougherty founded Chi-Town Daily News, an online newspaper written by and for Chicagoans. The Daily News uses citizen journalism, hyperlocal news and multimedia.

"I was noticing that there was a real gap in local coverage and there were a lot of neighborhoods and issues going uncovered," he said.


Many took the opportunity to get young citizens engaged in community and democracy.

MTV will deploy mobile youth journalists – MYJos – across the 50 states with digital devices to cover the 2008 presidential election. The best of the mobile reports will be repurposed on an MTV program.

"Every young person, no matter what issue matters to them, can now have a platform to get other young people to become educated about those issues, to connect and collectively now take action," says Ian Rowe, MTV's vice president of strategic partnerships and public affairs.

One winning idea, spearheaded by Diane Lynch at Ithaca College, lifts a page from the web development playbook by forming a learning community among journalism educators and students at seven U.S. campuses. The Innovation Incubator Project partners will collaborate to create models of participatory community news production, making them widely available through a partnership with the Online News Association (ONA). Lynch calls the project "a contemporary petri dish."

College students have a huge advantage, she says. "They're digital natives. They get it. They live online. They understand community, they understand social networking. We don't have to explain it to them."

First-year winner Adrian Holovaty, at age 26 a veteran of creating such interactive web applications as the award-winning ChicagoCrime.org, lauds the spirit of the News Challenge. "I think it is a great contest because **it is an encouragement of innovation in the journalism industry ...** an industry that sorely needs it." 

 go.knightfoundation.org/innovate for a multimedia show and comments

EDUCATE

 Two Campuses Educate the 21st Century's Leaders and Readers



top:
Deepa Fernandes conducts an interview during her on-campus radio show



opposite:
Columbia journalism students Aja Harris and Christine Brouwer (with camera) covering an on-campus protest

The digital revolution is not for the faint of heart.

At Columbia University's prestigious Graduate School of Journalism, Dean Nicholas Lemann bridges the practice and teaching of journalism, on campus and in the field. The New Yorker writer is leading a high-profile effort to develop a series of real-world, multimedia case studies to teach the next generation of journalism's editors and producers how to lead in a time of change.

"How do you teach a student how to be an editor of a big-city daily?" he asks. "How do you teach how to cover national security or ethical problems that come up in news stories?"

The cases are emerging from some of the timeliest and most complex stories in today's headlines. They're set in the newsrooms of, for example, The Times-Picayune in New Orleans during Hurricane Katrina, or The Washington Post.

"It is a much more powerful learning tool than if you brought in [Post Executive Editor] Len Downie and he said, 'let me tell you how I do my job,'" says Lemann. "You're inside something that happened in the real world of journalism that you cannot get to as a journalism student on the streets of New York."

The Ivy League school is also one of the leaders of the Carnegie-Knight Initiative, an effort to bring the best of the academy into partnership with journalism educators. And Columbia students participate in the News 21 project, demonstrating that young journalists can produce top-notch specialized journalism for news outlets like the Associated Press, ABC, "Frontline" and The New York Times.

"What we hope to be able to do is to give journalists much more confidence . . ."

DEAN NICHOLAS LEMANN
Graduate School of Journalism,
Columbia University



"What we hope to be able to do is to give journalists much more confidence,

so they can look at a complicated subject, learn some of the substance themselves, and learn how to communicate it clearly," says Lemann.

"On one hand, we need to tell stories rapidly through the media; at the same time people want what they've always wanted, and that's meaning," says Eric Newton, Knight's vice president/Journalism Program. "Citizens want context. Nick is producing journalists who can do it at Columbia."

“Quality journalism can’t survive without consumers who can recognize, appreciate and support it.”

HOWIE SCHNEIDER
Professor
Stony Brook University



 go.knightfoundation.org/educate for a multimedia show and comments

Sixty miles east of the city on Long Island, Howie Schneider, former editor-in-chief of Newsday, is leading the way as Stony Brook University adds to its journalism education mission another big experiment: educating a new generation of news consumers.

Schneider says quality journalism can’t survive without consumers who can recognize, appreciate and support it. The course, ultimately reaching 10,000 Stony Brook undergrads, helps students develop what Schneider calls a new core competency for citizens in the 21st century.

“Is Jon Stewart a journalist? Is Oprah Winfrey a journalist?”


What makes a journalist?” asks

Schneider. “What makes journalism different from other kinds of information, and how do you know when you see it?”

The students have seized the opportunity.

“I don’t think you can make an educated decision unless you know what the issues are,” says News Literacy student Adam Peck.

“If we can get an educated consumer population that can **recognize the value of serious journalism, quality journalism** and understand how that’s different than junk journalism, whether they’re doctors or lawyers or teachers I think News Literacy will be a crucial skill,” says Schneider.

“This is a time for people who can cross the divide from the 20th century of mass media,” says Newton. “It’s a time for great optimism about the real values of journalism, the values of fairness and accuracy and truth telling. That’s what we really care about. It’s about being able to intellectually separate those from all the nostalgia, and being able to take all those great values, that great core and help move it into the new century.” 

“I don’t think you can make an educated decision unless you know what the issues are.”

ADAM PECK
News Literacy Student
Stony Brook University

opposite:
Stony Brook News Literacy student
Steven Roberts presenting his views



INSPIRE



opposite bottom:
The Merce Cunningham Dance Company

bottom:
The Cleveland Orchestra performs at the Knight Concert Hall



Arts and Culture Inspire the Soul,
Serving as Economic Drivers

Communities aren't just concrete and steel, asphalt and glass.

They can just as easily be ethereal: an aria, a pas de deux, an epiphany in a gallery. For a foundation whose mission is to build community, the arts provide a most effective glue.

Art makes tangible things that are intangible. It explains things difficult to explain. Experience tells us top-notch cultural facilities and arts organizations can help communities see themselves as part of something bigger. New arts and cultural institutions in several of Knight Foundation's 26 communities provide not only inspiration for the soul, but are proving to be **economic catalysts in community revitalization**.

Sitting squarely in the middle of downtown Miami's dramatic construction boom are the twin halls of Miami's new Carnival Center for the Performing Arts, including the 2,200-seat John S. and James L. Knight Concert Hall. Since its opening in October 2006, the center has brought to Miami world-class performers: the Cleveland Orchestra in its initial Miami residency, the Merce Cunningham Dance Company, Itzhak Perlman, Chita Rivera and Broadway's *Wicked*.

The development of Miami's twin-hall Performing Arts Center has spurred a massive reinvestment in the city's downtown, featuring at least 22 major construction projects including 13,000 new residential units. Local wags say the new state bird is the construction crane.



go.knightfoundation.org/inspire for a multimedia show and comments

The center intends to serve and inspire Miami's diverse population. "Three-quarters of us who live here were born someplace else," says Knight President Alberto Ibarguen. "Half of us were born in another country. So you look for ways as a foundation whose purpose is to **build community, to bring people together**. What we decided to do is to invest heavily in situations like the performing arts center."



Arts and Culture Inspire the Soul,
Serving as Economic Drivers

The center “puts Miami on the world map in terms of culture, in terms of entertainment and in terms of service to its community.”

MICHAEL HARDY
Carnival Center CEO



“The community in general will benefit, the image of the city will benefit, and Northeast Ohio will benefit.”

MITCHELL KAHAN
Director, Akron Art Museum



In Akron, the shimmering new John S. and James L. Knight Building rises next to the 1899 brick Akron Art Museum. The addition, designed by internationally renowned Viennese architects Coop Himmelb(l)au, opens in July.

“It is an extraordinary, extravagant and innovative piece that has already gained world attention,” says museum director Mitchell Kahan. “And it is a beacon, literally, in the city because it lights up at night.”

The addition’s galleries triple the amount of space for art, adding an important new destination to Akron’s downtown revival. The expansion has generated new collaborations with artistic and social service agencies, making the museum a community anchor. Programming seven days a week will encourage visitors to stay longer.


“The community in general will benefit, the image of the city will benefit, and Northeast Ohio will benefit,” says Kahan. “There’s one other area that will benefit, and that’s the future of architecture, because this is a very important design that will, for years to come, draw architectural accolades from around the world.”

opposite:
Exterior views of the new Akron Art Museum

above:
Artist rendering of The Knight Theater, Charlotte, N.C.

bottom:
Interior of The Knight Chapel, Columbus, Ga., at the National Infantry Museum and Heritage Park

Charlotte, N.C.’s, already impressive downtown is undergoing another transformation, with construction cranes on every corner. A cultural arts campus, including a new, 1,200-seat Knight Theater, is rising adjacent to a new Wachovia Bank tower. A \$5 million grant supports the theater and the operating endowment for the new cultural facilities. In Columbus, Ga., local leaders are building on **a culture of success and achievement** by supporting a new cultural/tourist attraction at nearby Fort Benning by developing the new National Infantry Museum and Heritage Park. The Knight Chapel on the site’s World War II Street honors the Knight family’s legacy of philanthropy and military service.

“Being associated with greatness, being associated with the highest level of achievement in the arts ... is something that reflects well on Knight,” says Ibarguen, from a vantage overlooking the Miami horizon. “And I think it is in keeping with the aspirations of this community.” 

 go.knightfoundation.org/inspire for a multimedia show and comments



VOLUNTEER



Newcomers Volunteer,
Bonding a Carolina Community

“The more you’re involved in your community, the stronger the civic fabric becomes.”

That’s Knight Foundation’s Susan Patterson talking about a big experiment developing along South Carolina’s Grand Strand, where a potential gold mine of civic engagement exists in the sizable pool of retired professionals, seasonal visitors and second-home owners drawn by golf, sun and sand.

This cluster of visitors and retirees swells Horry County’s population from 250,000 to 1.4 million during the peak season. Local leaders of this once rural – and poor – South Carolina county believe that by more effectively tapping this reservoir of talent for the greater good, transformation can take place.

“Horry County is really several different worlds,” says Patterson, Knight’s program director for Myrtle Beach.

Connecting those worlds – natives, longtime residents, part-time snowbirds, retirees and service-oriented college students – is the long-term goal of a Knight-funded effort in Myrtle Beach called StepUp! just getting under way.

Says Patterson: “The place we thought we would start is volunteerism.” >

“... nonprofit agencies are out there making a difference.”

VALERIE HARRINGTON
Director, StepUp!



 go.knightfoundation.org/volunteer for a multimedia show and comments

opposite top:
Snowbirds and volunteers Rejeanne and Art Allarie stroll Myrtle Beach

opposite bottom (left to right):
Students Claudia Barrientos and Dayana Rodrigues work with XXXXXXXX

above and left:
The Meese Family (Leigh, David and 3-year-old Allan) volunteer to help out Myrtle Beach resident Rosemarie Knight



left:
Anna Merryman helps plant a tree

bottom:
Kevin Kern assists in the clean-up of the local state park

opposite center:
Cynthia Dyer and Rick Rickenbaker of the Waccamaw Riverkeeper

opposite center:
Cynthia Dyer and Hamp Shuping



“Do these folks with a lot of experience, expertise and creativity in their own way continue to participate, or do they just retire to the golf course?” asks Patterson. “Our thinking is that the more you’re involved in your community, the stronger the civic fabric becomes. Increasing engagement could and likely will transform the community.”

Knight funding to Coastal Carolina University helped launch StepUp! a coordinated effort to connect volunteers to organizations that provide services.

“We, the people who live here 24/7, know how fantastic this community is and how many nonprofit agencies are out there making a difference,” says StepUp! director Valerie Harrington. “My favorite part of this job is connecting people to those agencies.”

StepUp! targets four categories of potential volunteers: young people 18 and under, newcomers, snowbirds and residents 50 and older. The program’s television and radio public service ads have generated a dramatic increase in calls from newcomers.

“Our earlier surveys indicated that it was taking five to seven years for newcomers to feel connected to community,” says Harrington.

“Now we’re hearing from newcomers who say ‘tell me more about how I can volunteer.’”

The area’s nonprofit organizations see the benefit to their work and mission. Christine Ellis of Waccamaw Riverkeeper headed a recent cleanup effort.

“... so much potential for impact...”

CHRISTINE ELLIS
Waccamaw Riverkeeper



“Especially when a new person joins our team, they say, ‘I never realized there was so much trash, but so much potential for impact associated with our growth and urbanization,’ ” says Ellis. “These efforts are good education and promotion for our mission.”

Art Allerie, a retired engineer from Ottawa, Ontario, has returned to Myrtle Beach each year since 1999 with his wife, Rejeanne. He began volunteering by serving meals to needy families at the holidays.

“You feel better that you did something for somebody,” he says. “Even if I’m not back home, I’m returning something to the local community. It makes me feel good.”

COLLABORATE

**Committed Leaders Collaborate,
Leveraging Akron's Assets**

“It wasn't a place that people took pride in,” says University of Akron President Luis Proenza.

He's talking about University Park, a downtown Akron neighborhood of 11,500 mostly low-income residents and blighted housing for some of the school's 24,000 students.

But like other urban centers in decline at the beginning of the new century, Akron had anchor institutions like the university and its hospital, Summa Health Systems. And there was another, largely unaligned resource in town.

“You ... have some very, very strategic thinkers, bold leaders, people who aren't afraid to take risks,” says Ken Stapleton, executive director of the University Park Alliance, which began in 2000 with a bold idea to bring those leaders together to take charge of the community's revitalization with seed funding from Knight Foundation.

Through the alliance, Proenza joined forces with other leaders – Akron's 20-year mayor, Don Plusquellic; Thomas Strauss, head of Summa; the local chamber of commerce, the school board, the housing authority. A grassroots-up plan took shape to involve the community in the redevelopment of the 40-square-block neighborhood around the twin themes of lifelong health and lifelong learning.

“What we didn't see was this beautiful flowering plant that was growing and prospering, sending out young people that were educated, and we weren't really maximizing our ability to attract top young people because of the condition of the housing,” said Plusquellic.



left (left to right): University of Akron President, Dr. Luis Proenza, Summa Health Systems' Chief Operating Officer Tom Strauss, Akron Mayor Don Plusquellic, University Park Alliance Executive Director Ken Stapleton, and Knight Foundations' Akron Program Officer Vivian Neal

go.knightfoundation.org/collaborate for a multimedia show and comments



“... I think we have the makings to completely reinvent the image of that entire part of our city.”

DON PLUSQUELLIC
Mayor, City of Akron

“... it is transformational – it is an opportunity to have a true impact on their community.”

DR. LUIS PROENZA
President, University of Akron



With almost \$3 million from Knight, the alliance's initial collective efforts leveraged public-private investments of some \$150 million in campus improvements, new infrastructure and neighborhood redevelopment. Now, in a new round with investments including \$10 million from Knight, the allies envision continued revitalization of the neighborhood to attract and keep talent and provide housing for

a population intent on leading healthy, educated lives.



“... bold leaders, people who aren't afraid to take risks.”

KEN STAPLETON
Executive Director, University Park Alliance



above:
Ken Stapleton visits longtime Akron resident Ethyl Chambers

opposite:
Fans cheer the University of Akron basketball team

opposite bottom:
Polymer research conducted at University of Akron is important to the city's future

below:
Neighborhood residents take advantage of the new University of Akron Student Recreation and Wellness Center


Public and private sector investments are approaching \$500 million, bringing new green space, expansion of university facilities, 500 affordable, mixed-income housing units for university and hospital employees, new businesses including spaces for artists to live and work, all attracting up to 1,000 new jobs.

Says Proenza: “We are impressed that developers have come to us and expressed an excitement that says we'd rather be involved in this kind of activity than any other.” They're excited because it is transformational – it is an opportunity to have a true impact on their community.”

New partnerships are developing. The university started a tutoring program at nearby Leggett Elementary with more than 200 college students showing up each semester to help out. And the university's new Student Recreation and Wellness Center is open to neighborhood residents.

Mayor Plusquellic: **“With a vision and a strong commitment to leadership,** which I think

this partnership, with the support of Knight Foundation has done, and the money the city has committed ... I think we have the makings to completely reinvent the image of that entire part of our city.”

“One day I'll see my grandchildren walk in to the University of Akron. I will be in one of those mixed housing town homes, walking to the stadium, walking to retail and still having lifelong learning activities,” said Vivian Celeste Neal, Knight's Akron program director. “I'll be able to do all my lap swimming, exercising, all right there, then if I want to take a course, I'm on the college campus. It's a way for everybody to win.” 

 go.knightfoundation.org/collaborate for a multimedia show and comments



When the Knight brothers owned newspapers,

in the words of Jack Knight, they worked to “bestir the people into an awareness of their own condition, provide inspiration for their thoughts and rouse them to pursue their true interests.”

Today, a stunning array of hand-held devices is turning life into a guided tour. But the question remains: Who are the guides? Who digs for the facts and sticks to the facts that rouse us to pursue our true interests?

Those would be journalists, says Knight Foundation Trustee Paul Steiger, The Wall Street Journal’s managing editor.

“Even with the incredible search abilities that exist on the web today, it is difficult to find a reliable and comprehensive analysis of a complicated issue,” Steiger writes in an edition of the Nieman Reports entitled “Goodbye Gutenberg.”

“The capacity to search won’t satisfy humanity’s quest for knowledge if the content available isn’t informed by the rigor of inquiry that resides at the core of journalism’s standards and ethics.”

Almost everything about journalism is changing, from who provides the news to what form it takes, from how it is delivered to the new activist role of the people formerly known as the audience. But one element can’t change: the fair, accurate, contextual search for the truth.

Knight Foundation’s grants help teach the journalists of today and tomorrow how to transform newsrooms to do in the 21st century what Jack and Jim Knight’s newspapers did in the 20th. We help press freedom and freedom of information grow worldwide by demonstrating the value of good journalism as the oxygen of democracy. And we help create new forms of news in the public interest, the news all citizens need to be good citizens.

MAJOR GRANTS FROM 2006 AND EARLY 2007

> The Knight News Challenge is awarding \$12 million to community news experiments worldwide. Recipients include MIT, one of the nation’s top technology schools, which will develop a new generation of news devices; and MTV, a top American television network that will use hand-held devices to cover and distribute news about the 2008 presidential campaign. In addition, one of the country’s top young newspaper programmers will use his million-dollar prize to develop “mash-ups” in a dozen American cities allowing citizens to find all the public information that’s online about themselves, sorted by address. (see page 14).

> News University, our online journalism training project at the Poynter Institute, now has 40,000 journalists and students enrolled for its more than 50 classes, making it the largest project ever to teach and train journalists online. “Thank God for NewsU,” said a journalist from Kenya. “This is the best training our bureau has ever had.”

> In 2006, a new grant added a new web site – the Knight Citizen News Network – a place where citizen journalists are carrying on a “conversation” about the values and ethics of journalism. KCNN (www.kcnn.org) is produced by J-Lab, which is part of the new Knight Institute for the Future of Journalism at the University of Maryland.

> Teams of top newspaper editors and their web site gurus gathered at the inaugural leadership seminar of the Knight New Media Center, hosted at the University of Southern California. The editors, from cities like Atlanta, Austin, Boston, Des Moines and Miami, used the time and advice from technologists, trainers and new product specialists to make concrete plans for reinventing their newsrooms to be 24/7 operations, creating things like “web-first publication” and “continuous news desks.”

> We Media Miami brought 300 online journalists, entrepreneurs, communications thinkers, social philosophers and interested individuals to the University of Miami for a discussion of how “connected societies” can and should function (see page 10). There, we announced that the foundation’s network of endowed chairs, already the nation’s largest, had reached 22, with the creation of the Knight Center for International Media at the University of Miami, home to two Knight Chairs in Journalism, one focusing on visual media, the other on cross-cultural communication. (Earlier in the year, we announced the creation of the Knight Chair in Scholastic Journalism at Kent State.) Knight Chairs, already teaching thousands of students, are beginning to dramatically increase their professional outreach through their own dynamic web sites. >

Milestones 2006

JANUARY



The **Reporters Committee for Freedom of the Press** receives a \$2.5 million challenge grant. The Reporters Committee provides legal defense and advocacy services to journalists working in the United States.

News in a New America, author Sally Lehrman’s thought-provoking analysis of the diversity of American news coverage and newsrooms, debuts.



FEBRUARY

Backed by a poll that shows Americans believe academics should be college athletes’ top priority, the **Knight Commission on Intercollegiate Athletics** hosts its first Summit on the Collegiate Athlete Experience in Washington, D.C. Below, Scottie Reynolds, now a freshman guard for the Villanova men’s basketball team (left) and former Notre Dame MVP Ruth Riley of the WNBA’s Detroit Shock spoke at the summit.

Community journalism practitioners gather in Anniston, Ala., for a national summit coinciding with the launch of the new **Knight Community Journalism Fellows Program**. The University of Alabama masters program uses the resources of The Anniston Star as a teaching newspaper.



The **Immigration Funders Network**, a group of national funders interested in the impact of immigration on children and families, gathers in Miami. Above, Ismael Ahmed, executive director of the Arab Community Center for Economic and Social Services (ACCESS), a Knight grantee in Dearborn, Mich., speaks at the gathering.



The Knight Grand Jury Prizes are announced to honor the top filmmakers in the **Miami International Film Festival**, with cash awards honoring top work in dramatic features and documentary films.



Up to 3,000 children in the Twin Cities hope to benefit through improved dental health from a \$1.1 million grant to Greater Twin Cities United Way through **Bright Smiles** and the **Partnership for Improving Children’s Oral Health**.

- > The Carnegie-Knight Initiative for the Future of Journalism Education, including leading deans like Columbia's Nick Lemann (see page 18), oversaw the first year of its News 21 project, where top students from key journalism schools demonstrated that they could do investigative stories on a complex subject (Homeland Security and Liberty) that would be good enough to be picked up by the nation's leading news organizations – from Forbes to CNN to The New York Times and the Associated Press. And at the same time, the students also delivered those same stories directly to the public on the anniversary of the 9/11 terrorist attacks through innovative web sites.
- > Knight Foundation concluded a four-year Newsroom Training Initiative, reaching some 50,000 journalists and helping encourage a third of the nation's newsrooms to increase their training budgets. Our Tomorrow's Workforce project at Northwestern University co-published and launched *News Improved*, a book explaining the lessons of that initiative: Newsrooms can adapt if they embark on programs of strategic training.

- > Sunshine Week 2007 was an extraordinary success. An estimated 50 million Americans were reached with stories of how citizens use freedom of information laws to get what they need to know from their government. More than 2,000 news stories, cartoons, columns and editorials, more than 2,000 blog entries, more than 1,000 television and radio public service announcements appeared. This campaign, coordinated by the American Society of Newspaper Editors, involved dozens of groups, from the Radio and Television News Directors Association to the League of Women Voters. Sunshine Week was endowed in 2006 with a \$3.4 million challenge grant to create a Knight First Amendment Fund. Sunshine Week is important because more than 600 laws nationwide have been approved since the 9/11 attacks to restrict public information. This year, a national survey showed that 70 percent of the public believes its government has become too secretive. In addition, the first Knight Open Government Survey revealed that 80 percent of federal government agencies were not obeying the 10-year-old electronic Freedom of Information Act.

- > A high school campaign to teach the First Amendment launched in early 2007 with new partner Channel One, which reaches some 7 million secondary school students. The "1 Voice" campaign features lesson plans and PSAs that add to the network's normal coverage of First Amendment issues. This project has resulted in a substantial increase – from 50 to 70 percent – of students reporting they are receiving First Amendment teaching in at least one class. Students themselves did the PSAs.
- > On the college level, a major new grant to the Stony Brook campus of the New York state university system will make possible the nation's first collegewide class in News Literacy (see page 20). Some 10,000 students will take the course over the next four years. The hope is that this course will make these students wiser, smarter consumers of news – and that the impact will result in the course spreading to other universities nationwide.

These current, and varied, programs foreshadow our work ahead. There are many others, too many to detail here – but you can find them on our web site (www.knightfdn.org). Like America's newspapers, we are learning how to operate complementary print and online editions. In our increasing web presence, we will seek, as the Journal's Steiger does, to provide what journalists do best: "Compelling narratives, investigations, explanations, trend-spotters, context, exclusive interviews ... 'scoops of fact' and 'scoops of ideas.'"

In the coming year, for example, the Knight News Challenge winners and our leading grantees and Knight alumni will bring their facts and ideas into online conversations aimed at exploring how great journalism can survive and thrive in this century. We hope to see you there. 

 go.knightfoundation.org/journalism2006 to comment

Milestones

MARCH 

Grassroots organizations get \$170,000 from the **American Dream Fund** to help immigrant communities participate in rebuilding efforts in Biloxi, Miss., after Hurricane Katrina.

Knight Ridder, the company founded by Jack and Jim Knight, is sold to McClatchy Co. Their private foundation remains committed to supporting journalism and free speech, and to building strong communities in the cities and towns where the Knight brothers operated newspapers.



As **Sunshine Week 2006** opens, a new poll says more than six in 10 Americans believe that "public access to government records is critical to the functioning of good government." **Ben Sargent** of the Austin American-Statesman joined scores of his editorial cartoonist colleagues in producing Sunshine Week commentaries.

APRIL 

J-Lab announces 10 news experiments in the **New Voices** campaign, which recognizes the need to serve communities with hyperlocal information and cutting-edge technology.

News University celebrates its first anniversary. By year's end, nearly 40,000 users had registered at the site, making it the leading online learning destination of journalists worldwide.



Malcolm Moran is named the Knight Chair in Sports Journalism and Society at the College of Communications at Pennsylvania State University.



The Western Knight Center at the University of Southern California and the University of California-Berkeley becomes the **Knight New Media Center** to help America's journalists adapt to rapid change, and to advance news values in the digital age.

In a speech before the **American Society of Newspaper Editors** in Seattle, Harvard University's Knight Visiting Lecturer **John Carroll** says the newspaper industry should seek out new ownership models, and calls on editors to be bold and help restore newspapers' value and meaning.

2006

The 26 places we call the Knight communities couldn't be more different.

Our workdays begin with an Atlantic sunrise on Myrtle Beach's Grand Strand and end as the sun slips into the Pacific off Long Beach. The prairie tableaus of Aberdeen and Grand Forks are far removed from the teeming downtown sidewalks of Detroit and Miami. The view from a Philadelphia office tower can be just as impressive as Boulder's Rocky Mountain vista.

These cities and towns are a random collection except when clustered serendipitously as the 26 places where Jack and Jim Knight, 20th century newspaper owners, demonstrated their passion for community.

In their business approach, the Knight brothers respected the uniqueness of each community. Each has a distinct narrative, a story inextricably tied to people and geography, to history and economy, to culture and leadership. Through the foundation's Communities Program, the founders'

philanthropic interests play out as an opportunity for each locale to identify trends and big ideas that could lead to transformational change.

Knight Foundation's broad funding interests seek to improve the vitality of community life through grants and investments addressing children and families, education, civic engagement, housing and community development, economic development, and arts and culture.

In our current efforts and in the work ahead, the foundation's grant dollars and other resources are helping leaders develop powerful ideas to deal with real issues. Knight Foundation's community-based program directors are the first point of contact for conversations about those ideas (visit www.knightfdn.org, and read more in How to Apply on page 49).

Searching for potentially transformational ideas takes leadership, bold partners willing to buy in and accept risks, and time to let ideas develop until they arrive at a tipping point. A sampling of projects and initiatives under way in Knight communities through 2006 and early 2007 demonstrates the power of collective action for the greater good:

TOWARD STRONGER REGIONAL ECONOMIES

Two key Knight communities – Akron and Detroit – have concluded that regional economic development is their best strategy for growing beyond their manufacturing past. The foundation is participating in large regional initiatives in Northeast Ohio and Southeast Michigan led by philanthropic collaboratives.

Both are born out of a rock-hard realization that deep change is needed. As Detroit Mayor Kwame Kilpatrick says, "Detroit will either transform or die."

The defining characteristic of both is aiming to change the nature of each regional economy over time, moving from traditional manufacturing to knowledge-based innovation.

Since 2004, The Fund for our Economic Future has focused on Akron, Cleveland and 16 counties of Northeast Ohio. In the first phase, backed by \$30 million from 85 of the region's entities including Knight, the Fund has engaged more than 20,000 citizens in defining economic priorities; successfully developed and tested a model including a dashboard of economic indicators; and made grants of \$18 million to fuel jobs, training and collaboration. Knight has

contributed \$2 million to the overall \$35 million needed for the second phase.

An example of one of the Fund's grantees is BioEnterprise, a business, recruitment and acceleration initiative designed to foster the growth of the region's bioscience companies. BioEnterprise has 11 client companies in Summit County employing 320 people. The firms have added 90 new jobs in the past year and have attracted more than \$15 million in investment financing.

Other regions across the nation look to the Fund's playbook for inspiration, including Southeast Michigan. There, Knight's commitment of \$10 million joins other funders including The Ford, Kellogg, Skillman, and Hudson-Webber foundations and the Community Foundation of Southeast Michigan in the New Economy Initiative, a potentially \$100 million commitment to speed the seven-county region's transformation to a knowledge-based, entrepreneurial, creative economy. The initiative will follow an economic growth strategy developed by Detroit Renaissance, the leading regional CEO organization. The collaborators will fund efforts to move from a culture of entitlement to one of lifelong learning and entrepreneurship. >

Milestones



Knight partners with **Living Cities** and the **Mississippi Development Authority** to help rebuild the Hurricane Katrina-battered East Biloxi, the city's oldest and most culturally diverse neighborhood. A \$250,000 grant funds an East Biloxi action plan and revitalization strategy.

Knight program staff and executives visit Cambridge, Mass., to take part in a series of workshops organized by **New Profit Inc.**, focusing on social entrepreneurship.



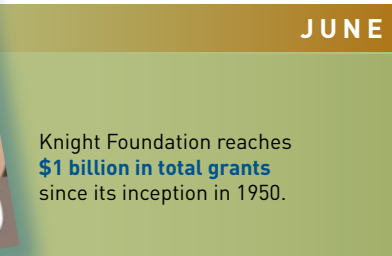
R. Gerald Turner and **Clifton R. Wharton Jr.** are named co-chairmen of the Knight Commission on Intercollegiate Athletics.

Julie Tarr, who has served as program director for Philadelphia and State College, is named evaluation director of the foundation.



Knight Foundation reaches **\$1 billion in total grants** since its inception in 1950.

The **Online Journalism Awards** add the **Knight Award for Public Service**, a \$5,000 award recognizing the use of digital techniques and public information to produce compelling journalistic coverage and engage a geographic community.



New trustees at Knight: South Florida-based financiers **Earl W. Powell**, chairman and CEO of Trivest Partners L.P.; **E. Roe Stamps IV**, founding managing partner of Summit Partners in Boston; and **Paul Steiger**, vice president of Dow Jones & Co. and managing editor of The Wall Street Journal.



A \$1.25 million grant to the **Columbia University** Graduate School of Journalism establishes the **Knight Case Studies Initiative** to promote journalism leadership.

2006

OPPORTUNITY FOR CHILDREN AND FAMILIES

Wichita, Ka., is the Air Capital of the World, where 70 percent of the nation's general aviation aircraft are produced. The state's largest city takes pride in its Midwestern work ethic, its quality of life, its affordability and its easy commutes.

But a projected shortage of skilled workers and engineers threatens the technical base that is the foundation of Wichita's manufacturing economy and one-fifth of the city's jobs. Ensuring that today's young people have the skills they need to be successful in Wichita's economy is a challenge and an opportunity for Knight Foundation.

Community leaders have committed to scaling up promising approaches to early childhood education and closing the achievement gap. Knight has joined in funding The Opportunity Project, a potential model for a statewide universal pre-kindergarten program that teaches social and emotional learning skills to 80 percent of the city's 3- and 4-year-olds attending public and private early learning centers.

THE POWER OF ARTS AND CULTURE – AND TOURISM

In addition to Miami's Knight Concert Hall and the stunning addition to the Akron Art Museum (see page 18), two other can-do Knight communities recognize that the arts help drive the economy.

Charlotte, N.C.'s, already impressive downtown is undergoing another construction boom. A cultural arts campus is rising adjacent to a new Wachovia Bank tower, including a 1,200-seat Knight Theater. A \$5 million grant supports theater and the operating endowment for the new cultural facilities. In Columbus, Ga., local leaders are building on a culture of success and achievement by supporting a new cultural/tourist attraction at nearby Fort Benning by developing the new National Infantry Museum and Heritage Park. The Knight Chapel on the site's World War II Street honors the Knight family's legacy of philanthropy and military service.

And is Philadelphia the Next Great American City? Philly is a walkable, manageable big city with great colleges and a thriving downtown. Leaders there are engaged in a long-range plan to transform the city into an internationally competitive tourist destination by better using Philadelphia's rich historic and cultural assets. Knight is joining the effort to grow heritage tourism by

supporting the renovation of a museum honoring its most famous son. When completed with help from a \$500,000 Knight grant, the Ben Franklin Underground Museum intends to be on par with the best biographical museums in the world.

CIVIC ENGAGEMENT

Miami, Florida's community narrative is diversity. Three-quarters of us who live in Knight Foundation's home community were born someplace else; half of us were born in another country.

We've begun to identify and support ways to grow a new generation of multicultural leaders, especially in the nonprofit sector, to serve Miami's diverse populations in the future. Knight has provided recent support of \$1 million for the Miami Fellows, an outstanding leadership development program that has assembled four classes of young professionals. The program exposes them over two years to top local leaders and community issues, helping them prepare for leadership in the business, public and private sectors. Knight's grant will help the program become self-sustaining.

HOUSING AND COMMUNITY DEVELOPMENT

St. Paul Mayor Chris Coleman has urged his residents to think big, to join in becoming "the most livable city in America." Many residents appreciate living in this big city with a small-town feel, yet are mindful that all residents regardless of income or status should enjoy and share in its generally high quality of life.

Since 2003, Knight Foundation has been a key partner in Payne-Lake Community Partners, a comprehensive and integrated approach to housing and community development targeting the city's diverse East Side as well as Lake Street in Minneapolis. The public/private partnership is knitting together small business development, workforce development and affordable housing to build mixed-income, multicultural communities that work. A key lesson coming out of this work is the importance of engaging the community and embracing the diverse cultures that live and conduct business along the corridor.

If you think you can contribute **a big idea** or identify an opportunity like these in the next stage of our work in the 26 Knight communities, find out how in "How to Apply," on page 49.

go.knightfoundation.org/communities2006 to comment



Milestones

JULY

Four grassroots organizations receive \$200,000 in an effort to help immigrant integration efforts in **Georgia** and **Akron, Ohio**.



Top-notch investigative journalism appears in The New York Times, on Frontline and elsewhere, produced by a cadre of **News 21** fellows – graduate students from respected universities working on a project aiming to transform the way the nation's top journalism schools teach the craft.



Miami's new state-of-the-art performing arts center unveils a new name for one of its two main venues: the 2,200-seat **John S. and James L. Knight Concert Hall**.

Building on its nationally recognized scholastic journalism program, **Kent State University** becomes home to a new **Knight Chair in Scholastic Journalism** with the help of a \$2 million grant.

AUGUST

In Lexington, Ky., three girls consult during a competition for the **Countywide Academic Challenge Superintendent's Cup**, organized by Knight grantees **One Community, One Voice** and the **Fayette County Public Schools**.



SEPTEMBER

Global Voices Online wins the \$10,000 grand prize in the **Knight-Batten Innovations Awards**. The web site connects bloggers from 130 countries to readers around the world

Knight trustees and staff travel to **Detroit** for a board meeting and site visits to the city's riverfront and downtown neighborhoods and for conversations with local leaders.

At the National Press Club in Washington, D.C., the foundation launches the **Knight News Challenge**, a contest open to anyone, anywhere using digital technology to connect people in the real world. Up to \$25 million will fund the experiments over the next five years.

Paula Lynn Ellis is named to a new position of Vice President/National and New Initiatives.



2006

What sets social entrepreneurs apart from others?

St. Paul's Steven Clift coined a term way back in 1994 – "e-democracy" – a way of using the Internet to generate citizen participation in the electoral process. A thriving democracy, he says and believes, depends on local interaction, but today's lifestyles threaten the concept of civic space. Through E-democracy.org, Clift offers 2,750 regulars an online network of town hall opportunities.

The combination of Clift's businesslike zeal and passionate social mission pursued over a dozen years caught the attention of Ashoka, the oldest and largest global enterprise supporting social entrepreneurs. Since 1981, more than 1,800 leading social entrepreneurs have been elected as Ashoka Fellows. Clift, a first-year winner of the Knight News Challenge, was inducted into the ranks of Ashoka Fellows in November 2006. **"This is a very big deal,"** his web site says.

Ashoka's ability to select and cultivate promising social entrepreneurs makes them a timely partner as Knight Foundation seeks to incorporate a social entrepreneurial

approach to our grant making. Over the next three years, Ashoka will select 15 promising social entrepreneurs from the Knight communities as Fellows, providing them with living stipends, professional support and access to a global network of peers.

Such social entrepreneurs are a breed apart. They put social benefit ahead of gain. The New York Times calls them "Do-Gooders with Spreadsheets." Trabian Shorters, Ashoka's U.S. co-director, says they "combine the risk and passion of a business entrepreneur with a passionate social mission to create systemic change." They "want to solve a problem once, not over and over again."

And as we continue to seek and develop truly transformative ideas in Knight Foundation's national programs and new initiatives, we know this: To succeed, we'll need to recognize and reward innovative and system-changing approaches constantly, wherever we find them.

Each February, you can find an impassioned crowd of seasoned social entrepreneurs mingling and learning with newcomers in the Catskills at New Profit Inc.'s Gathering of Leaders. The 2007 get-together brought 143 participants to the Mohonk Mountain House for the third year in a row, in the belief that by giving people committed to social change a way to connect, networks will form and a transformational change will snowball. [see page 12].

The network is growing, and joining it are supporters interested in building capital markets to finance social enterprises; experts in talent development, and a wide range of policy wonks and politicians who see the power these citizen activists are unleashing.

The New Profit leaders' gathering comes to Miami in 2008. Building on that, Ashoka will partner next year with New Profit and Echoing Green, another leading social entrepreneur organization, to produce a high-profile Miami conference on social innovation.

CREATIVE COMMUNITIES INITIATIVE

Social entrepreneurs are also a key part of what noted and controversial urbanist Richard Florida has dubbed "the creative class." Driving community prosperity and increased quality of life, Florida posits, are a new class of workers drawn to "four T's" – talent, technology, tolerance and territory assets. And communities that will grow, he says, are those taking greatest advantage of their creative, energetic new residents. Florida's ideas are put to the test in the new Knight Creative Communities Initiative, now under way in Tallahassee, Fla.; Charlotte, N.C.; and Duluth, Minn./Superior, Wis. In each community, the initiative is combining research, training and dialogue to develop a community vision and an accompanying set of initiatives aimed at

fostering economic growth. The working titles for a couple of the Tallahassee initiative suggest a distinctively creative approach: Greenovation and Jump Start Plan X.

KNIGHT COMMISSION ON INTERCOLLEGIATE ATHLETICS

The Knight Commission on Intercollegiate Athletics continues to wield influence nearly two decades since its founding, driving a reform agenda for college sports that emphasizes academic values in an arena where commercialization often overshadows the underlying goals of higher education.

The pressures are enormous, and yet through the commission's persistent work, the NCAA has implemented a "one-plus-three" approach to governing college sports, in which college presidents work to ensure academic integrity, financial integrity and independent certification. And 2007 is the year that long-needed minimum standards take effect for progress toward graduation for participants in the major sports along with penalties for failing to meet the standards.

To prove the enduring need for an independent voice, half of the field of 16 teams participating on the biggest stage for college basketball – the 2007 NCAA men's basketball tournament – failed to achieve the required

Milestones



The Search for Shining Eyes, a new book by arts consultant Thomas Wolf, addresses Knight Foundation's decade-long symphony orchestra initiative, the **Magic of Music**, which inspired frank and open discussions about the financial and attendance crises faced by American orchestras and explored ways to help solve them.



Georgetown University President **John J. DeGioia** joins the **Knight Commission on Intercollegiate Athletics**.

OCTOBER

The **University of Maryland** announces it will name its new state-of-the-art journalism building John S. and James L. Knight Hall, the future home of the Merrill College of Journalism and a number of Knight-funded programs.

Arts United of Greater Fort Wayne receives \$750,000 over three years to help diverse nonprofit groups develop, produce and present arts and cultural activities for the "New Hoosiers" – the immigrant communities of southeast Fort Wayne.



Knight makes multimillion-dollar investments in two high-profile projects in its historic home community of Akron: \$10 million for the University of Akron and the city's **University Park Alliance** community development project; and additional funding that names the new, state-of-the-art addition to the **Akron Art Museum** in honor of the Knight brothers.

DECEMBER



Stony Brook University and Knight announce a News Literacy program designed to teach students how to judge the reliability and credibility of news. The \$1.7 million, first-of-its-kind program is aimed at teaching 10,000 students over four years.

U.S. high school students know more about the **First Amendment** than they did two years ago but they are increasingly polarized in how they feel about it, according to an update of Knight's groundbreaking survey. And U.S. high schoolers say they are getting most of their news from Internet portals and mainstream media web sites.

2006

minimum graduation rate. Despite building pressure from basketball coaches, some of whom could be subject to penalties unless their teams' graduation scores improve, the commission will continue to say the reforms are in the best interests of higher education and should not be weakened.

In October, the commission plans a summit with college faculty, incorporating the results of a survey of faculty attitudes and opinions about academic integrity in college sports.

IMMIGRATION INITIATIVE

Cities and towns all across America continue to experience the largest immigrant boom since the last century. Newcomers are coming from an even wider range of nations and settling in nontraditional immigrant gateway cities.

One such place is Fort Wayne, Ind., whose southeast neighborhoods are now home to one of the largest Sudanese populations outside of Africa, including many refugees from the conflict in Darfur. Effectively integrating these "New Hoosiers" and easing their experience in the American Midwest is both a challenge and an opportunity. Knight Foundation continues to support a national initiative to help immigrants who seek an active role in Knight communities like Fort Wayne legally pursue citizenship, eventually becoming voters and volunteers, home owners

and businesspeople. Helping in that work in Fort Wayne are two recipients of grants from Knight's American Dream Fund: The African Immigrants Social and Economic Development Agency, which has been providing a civic education program; and Catholic Charities of the Diocese of Fort Wayne, which has expanded its immigration program to serve more low-income clients.

The American Dream Fund is having an impact throughout the Knight communities. In Biloxi, Miss., grassroots organizations received \$170,000 to help Vietnamese immigrant communities participate in rebuilding efforts after Hurricane Katrina.

LIVING CITIES

Change is constant and Living Cities, one of the nation's enduring philanthropic collaborations, now some 15 years old, is revamping its approach to urban revitalization because of broad shifts in the community development field. Building on its core know-how of bundling government, private and philanthropic investments to provide housing in high-risk areas, the funders' collaborative will expand its focus to include health, education, work-force and environment issues – all critical to community well-being. To do so it will form new alliances with funders and service providers. It will explore new financial investment tools and look to spread the knowledge it is accumulating more effectively. The newly

adopted strategic plan also promises that Living Cities will more aggressively advocate for government policies that catalyze investments in cities.

The Living Cities funding partners, comprised of Knight and several of the nation's leading foundations, share a common vision of thriving American cities that are built on healthy, regionally connected neighborhoods.

Living Cities played a vital role in 2006 in helping Hurricane Katrina-battered Biloxi, Miss., develop a comprehensive plan for redeveloping the important, traditionally low-income neighborhoods of East Biloxi.

WIRELESS COMMUNITIES INITIATIVE


Municipal wireless technology is becoming so widespread, it's being called "the fifth utility." Done correctly, it provides connection to the web and vital information citizens need to live their lives. More than 500 communities across America are actively exploring community wireless initiatives, and One Economy's Marshall Runkle calls 2007 "the year the rubber meets the road" – when communities like Philadelphia and San Francisco expect to roll out full-scale wireless systems.

Yet access across those communities isn't universal, available or affordable for everyone – yet.

Knight Foundation has teamed with One Economy, Intel and other partners to help Knight communities understand the opportunity municipal wireless presents, and their readiness for it. As part of the Knight Wireless Communities Initiative, the foundation held a series of webinars in 2006 to connect participants in Knight communities on the subject.

Some jumped right in. In Milledgeville, Knight's smallest community, we provided a \$15,000 grant to One Economy to help city leaders bid for, then land more than \$800,000 in funding for wireless through a competitive grant program of the Georgia Technology Authority. Other Knight communities, among them Detroit, Grand Forks and Broward County, Fla., are taking steps to develop wireless systems.

The work ahead is ambitious and risky.

But given this technology's ability to connect all citizens to vital information, coupled with the foundation's advantage as a national funder with local roots, why shouldn't we aspire to make universal access to wireless a reality in all Knight communities within five years? 

 go.knightfoundation.org/communities2006 to comment

Milestones



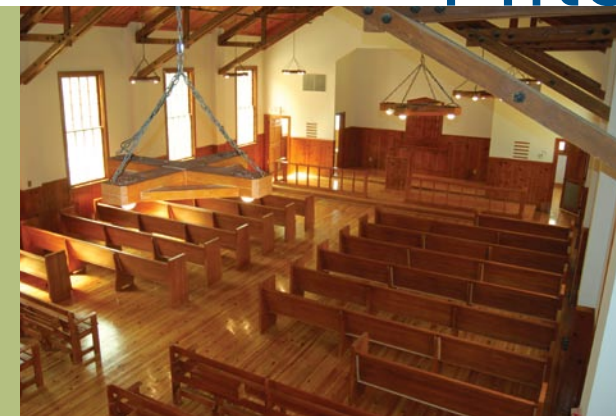
Charlotte, N.C.'s, **Campaign for Cultural Facilities** receives a \$5 million grant to support the operating endowment for new cultural facilities including a 1,200-seat theater to be named for the Knight brothers.



Knight and Channel One, a provider of news and information to more than seven million middle and high schoolers, announce a national campaign to help U.S. teens understand and appreciate the freedoms guaranteed them by the First Amendment.

DECEMBER 

Knight invests \$1 million in the **United Way of the Midlands**, serving Columbia, S.C., to help the organization attract young donors in the 25- to 45-year-old age bracket and respond to urgent needs.



A \$1 million grant will support construction of the new **National Infantry Museum and Heritage Park** near Columbus, Ga. The chapel on the site's World War II Street will be named **Knight Chapel** in honor of the Knight family's legacy of philanthropy and military service.

DECEMBER 

The foundation ends the year with assets of **\$2.25 billion**.

2006

Listed below are \$73,799,294 in new grants approved during 2006 by the John S. and James L. Knight Foundation. Some of these grants, as well as those approved in past years, are disbursed over a period of

several years. The net effect of these past and future commitments is that during 2006, the foundation actually disbursed \$104,310,919. For a complete list of 2006 grants, go to www.knightfdn.org.

**2006 Grants approved
By the John S. and James L. Knight Foundation**

PROGRAM	NUMBER OF GRANTS	AMOUNT
COMMUNITIES PROGRAM		
Civic Engagement/Positive Human Relations	11	\$ 3,242,000
Community Foundations Initiatives	2	900,000
Economic Development	11	2,782,000
Education	3	359,500
Housing and Community Development	11	15,308,000
Vitality of Cultural Life	12	15,710,000
Well-being of Children and Families	12	5,700,600
Other Community Priorities	3	720,000
Subtotal:	65 grants	\$ 44,722,100
JOURNALISM PROGRAM		
Electronic/New Media/News in the Public Interest	15	\$ 6,080,000
Journalism Training and Education	10	7,788,000
News and Newsroom Diversity	4	850,000
Press Freedom and Freedom of Information	11	7,153,750
Subtotal:	40 grants	\$ 21,871,750
NATIONAL AND NEW INITIATIVES		
Civic Engagement and Positive Human Relations	7	\$ 5,720,000
Well-being of Children and Families	2	265,000
Subtotal:	9 grants	\$ 5,985,000
OTHER		
Civic Engagement	1	\$ 15,000
Community Priorities	19	575,075
Journalism	1	5,000
Education	1	5,000
Vitality of Cultural Life	1	140,869
Well-being of Children and Families	1	9,500
Trustees-Recommended Grants	53	470,000
Subtotal:	77 grants	\$ 1,220,444
GRAND TOTAL	191 grants	\$73,799,294

 go.knightfoundation.org/2006grants to comment

Are you a visionary leader? Do you have a transformational idea?

We've emphasized the role of leadership in this annual report because we believe every transformational grant idea must benefit from the visionary leadership of an articulate and charismatic individual or team. The photo essays, the program narratives and the multimedia stories on our web site all illustrate that point.

Like those leaders, we passionately believe things can be better. Knight Foundation's twin missions are to seed and inspire great journalism everywhere, and to build strong communities in the cities and towns where our founders publish newspapers.

As a national foundation with local roots, we seek opportunities that can transform both communities and journalism, and help them reach their highest potential. We believe nothing big happens without a big idea. Nothing new without a new idea. In every project we fund, the idea comes first.

Every day, we ask ourselves and our partners, "Is this truly transformational?"

We seek leaders who ask the same question, identify the best opportunities, acknowledge risk, and turn the big ideas into action.

We think the ideal transformational grant:

- > Has the potential to create systemic change, affecting an underlying system or structure by addressing root causes. Systems change often requires innovation and discovery, and always aspires to enduring, sustainable change.
- > Enjoys or will likely enjoy broad support, manifested through the collaboration of multiple community stakeholders, and will magnify awareness of an issue.
- > Is either at the scale of the problem it attempts to address or is scalable, replicable, or part of a phased approach.

Successful transformational ideas:

- > Will have visionary leadership, will be carried out by a capable team working through a strong network of support, will build on a feasible execution plan and will use an approach, whether innovative or best practice, appropriate to the context.
- > Will present an appropriate level of risk.

Every successful project or initiative we've launched in the past has had an abundance of those elements. If you believe your grant opportunity fits, we want to hear from you.

The first step is to contact the appropriate program director for your community or your programmatic interests in journalism. A simple way to find out more about our programs is to visit our web site's Letter of Inquiry section for a self-guided tour:

 go.knightfoundation.org/apply to comment



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President and
Chief Executive Officer
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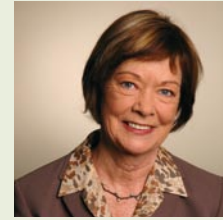
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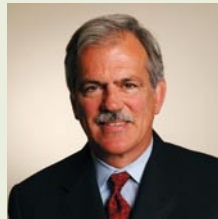
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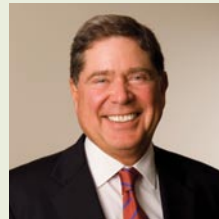
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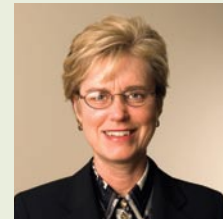
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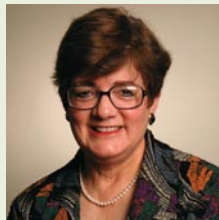
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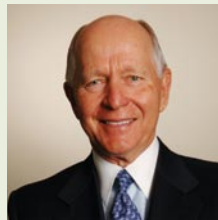
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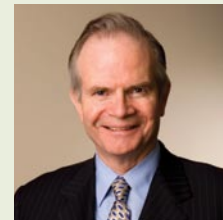
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Knight Foundation's portfolio performed well in 2006,

both in absolute terms and in relation to its investment goals.

The Knight Foundation portfolio returned 13.7¹ percent (net of investment management fees) last year, its fourth consecutive year of double-digit growth. At year end, the portfolio's market value was more than \$2.26 billion, a new high, having grown by \$191 million, net of \$104 million in grants and administrative expenses of \$11.7 million. In addition, the foundation's beneficial interest in charitable remainder trusts increased by \$9.5 million to \$80.8 million, bringing total ending assets to more than \$2.34 billion, also a new high (Table 1).

INVESTMENT RETURNS

The generally strong performance of global equity markets in 2006 in response to robust economic growth had much to do with the portfolio's performance. Indices for U.S. equities returned approximately 16 percent, European equities, 34 percent, Japanese equities, 6 percent, and emerging market equities, 33 percent. U.S. investment-grade bonds returned 4.3 percent.

In this environment, Knight Foundation obviously benefited from its policy of allocating a high percentage of assets to equity and equity-like investments. With 2006 inflation at 2.6 percent, the portfolio substantially exceeded the foundation's real return objective of 5.5 percent. Because that increases the purchasing power of the assets after grants and expenses, the foundation has the opportunity for higher grant spending in the future. However, the actual portfolio returns, while still subject to adjustment for fourth quarter nonmarketable returns, lagged that of the Policy Portfolio by 50 basis points, due mainly to an overweight to Japanese equities (Table 2).

ASSET ALLOCATION AND ASSET CLASS PERFORMANCE

The foundation's asset allocation targets (see pie chart) illustrate Knight Foundation's strategy of diversifying the portfolio into five broad investment categories. The benefit of participating in such a wide range of investment opportunities was evident in 2006, as performance differed dramatically across these categories. The Global Equity Portfolio provided the highest return, 21 percent, boosted by a 39 percent return from emerging markets, while the Hedge Fund program, from which Knight Foundation seeks less volatile absolute returns, generated a strong 14 percent return. These robust performances more than offset returns of 6 percent and 5 percent from the Fixed Income and Inflation Hedging portfolios, respectively.

IN SUMMARY

Taking into account the strong performance of the portfolio and the general market conditions, our overall investment objectives remain the same. After four years of above-average returns, fueled by rising global equity markets, no investment category appears to offer compelling value today. As a consequence, we expect double-digit returns will be harder to achieve in the coming years. Thus, Knight Foundation's objectives are to remain highly diversified, and to focus on manager selection and disciplined rebalancing, as these are likely to be the key elements of successful portfolio management in 2007.

¹ The final number will be somewhat higher because this return assumes no fourth-quarter return from the nonmarketable portfolio, since data on private investment partnerships is available only with a one quarter lag.

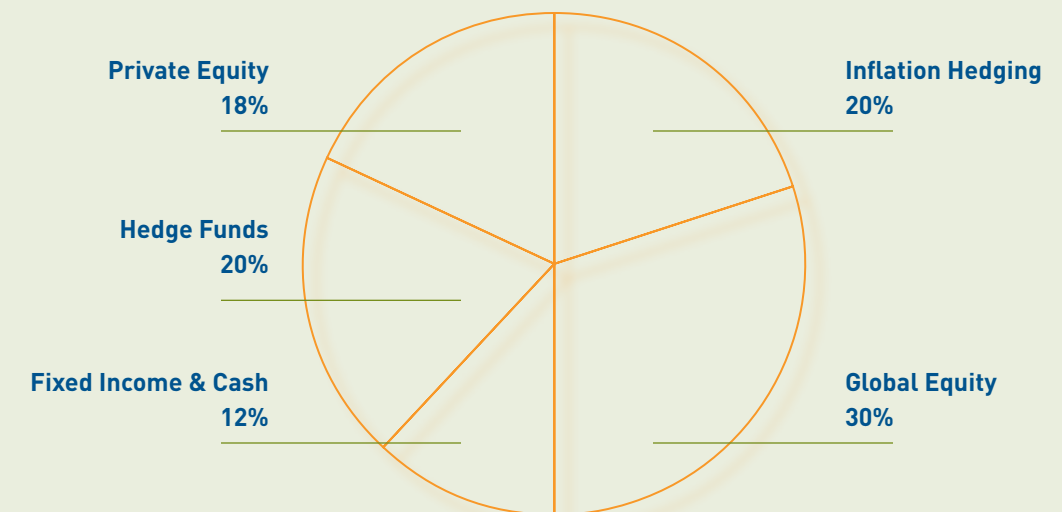
TABLE 1

	2006	2005
CHANGE IN ASSET VALUES (dollars in millions)		
Investment Activity, Net	\$ 307.0	\$ 235.8
Grants Paid	(104.3)	(92.6)
General and Administrative Expenses	(11.7)	(10.6)
Taxes Paid, Net	(2.5)	(2.3)
Contributions Received	0.5	1.4
Charitable Trusts	9.5	(9.8)
Other	1.2	0.5
TOTAL CHANGE	\$ 199.7	\$ 122.4
Memo:		
Beginning Assets	\$2,142.9	\$2,020.5
Ending Assets	\$2,342.6	\$2,142.9

TABLE 2

SUMMARY OF INVESTMENT PERFORMANCE	AVERAGE ANNUAL RETURNS		
	2006	5 Years	10 Years
Period Ended Dec. 31			
KF Portfolio	13.7%	9.8%	13.0%
Portfolio Benchmarks:			
Policy Portfolio	14.2%	9.1%	8.5%
Cambridge Associates (CA) Endowment Median	14.6%	9.5%	9.6%

ASSET ALLOCATION TARGETS





ABOUT THE MULTIMEDIA PRESENTATION

Alex Fledderjohn and **Sarahmaria Gomez** of [Tu] Multimedia, Chicago, Ill., photographed, reported the stories of transformation and created the online multimedia presentations for this annual report.

Alex, born in Guatemala, graduated from Ohio University with a master's degree in photojournalism. He is Tu's photographer/producer and author of Antigua. Sarahmaria, a native of Santa Fe, N.M., and journalism graduate of Northwestern University, is reporter/producer. Please visit their website at <http://tumultimedia.org>.

Alex Fledderjohn took all photographs except as noted.

IFC – Knight Foundation Archives, 2 – Mark Wilson for Knight Foun

IFC – Knight Foundation Archives, 2 – Mark Wilson for Knight Foundation, 4 – Mark Wilson for Knight Foundation, 25 – Source of Knight Theater image/Charlotte?, 25 – Source of Knight Chapel image from Columbus, 34 (Kebbel) Robertson Adams for Knight Foundation, 34 -- Film Festival (??), 35 – Lisa Helfert for Knight Foundation (Knight Commission), 36 -- Anniston ?? Who from Anniston Star?, 37 -- Al Franquiz for Miami.com (Knight Ridder/Herald building), 37 – Source of Malcolm Moran photo?, 38 – Turner and Wharton photos?, 38-39 (Student planting at Alcorn Middle) Photo courtesy of Jeffery Watkins, 39 – Powell, Stamps and Steiger photos by Mark Wilson for Knight Foundation, 40-41 (Three girls Lexington academic competition?) Photo for Knight Foundation by Joseph Rey Au, 40 – Source of Knight Concert Hall façade?, 40 – Source of Knight daughters/Alberto photo?, 40 – Source of News 21 pix?, 41 – Source of Paula Lynn Ellis photo?, 41 – Kunkel/Mote/Ibarguen at Knight Hall (Lisa Helfert?, 42 – Source of Jack DeGoia?, 43 – Source of Knight addition at Akron Art Museum?, 43 – What's the Image showing High School Journalism?, 45 – Juan/Eric/Mike?, 48 – Mark Wilson for Knight Foundation

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