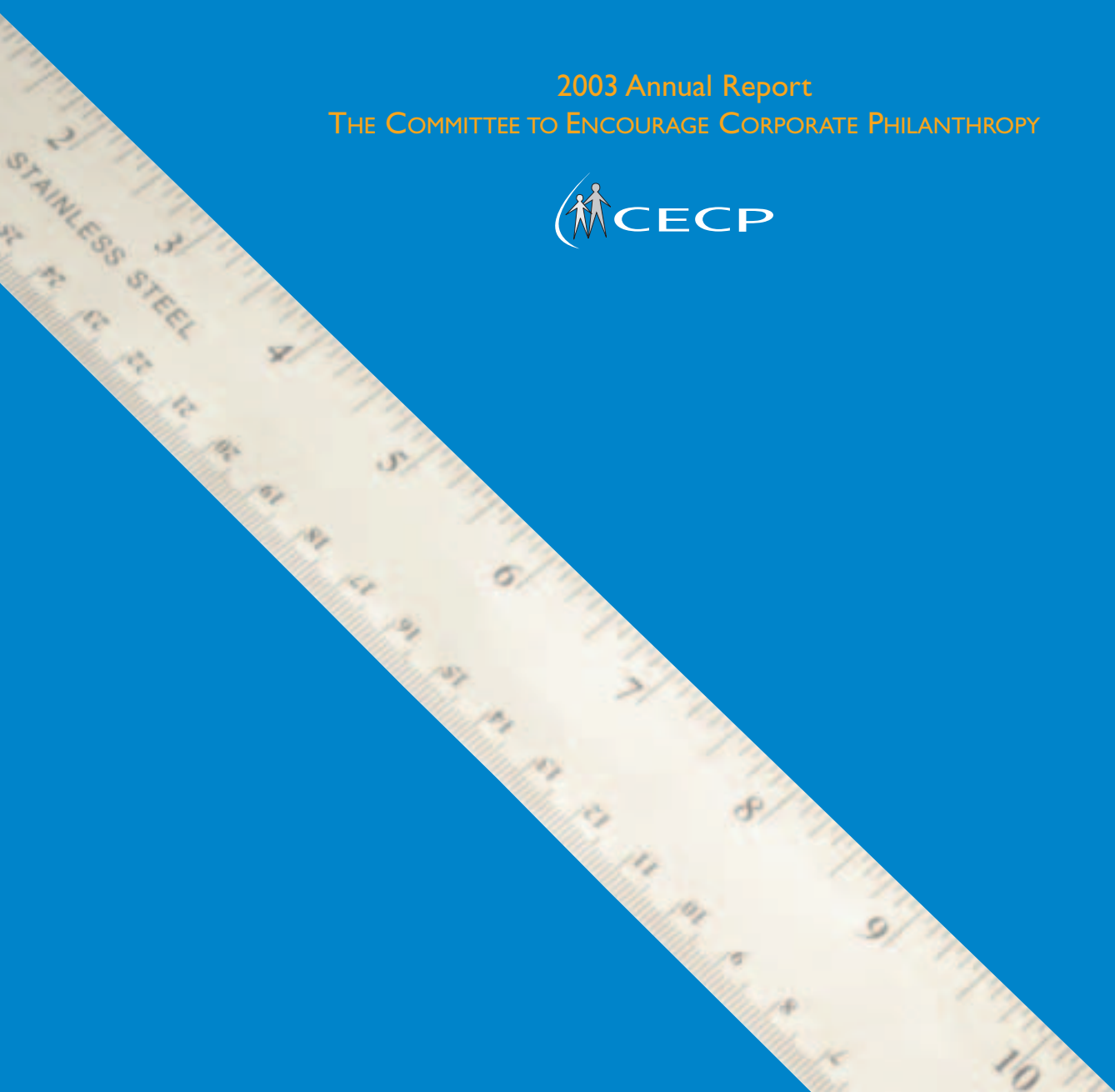


Measurement Matters!

2003 Annual Report

THE COMMITTEE TO ENCOURAGE CORPORATE PHILANTHROPY



Vision for the Committee

The Committee will help raise awareness and the level of strategic corporate philanthropy. The Committee will identify, promote and recognize business practices and measures of national and global corporate philanthropy. Committee members embrace and encourage other business leaders to advocate the case for corporate philanthropy.

CECP Acknowledgements

The Committee acknowledges with deep appreciation, financial support since its founding, from the following organizations and individuals:

- The Atlantic Philanthropies
- Citigroup Foundation
- Ben Cohen
- The Ford Foundation
- Robert and Linda Forrester
- Hallmark Cards, Inc.
- W. K. Kellogg Foundation
- The John D. and Catherine T. MacArthur Foundation
- The Malkin Fund
- The Andrew W. Mellon Foundation
- Charles Stewart Mott Foundation
- Paul L. Newman
- Park Foundation, Inc.
- The Pew Charitable Trusts
- Rockefeller Brothers Fund
- The Whitehead Foundation

The Committee is also grateful for professional services provided on a pro-bono basis from the following:

- Deloitte & Touche, LLP
- JPMorganChase
- Leipziger & Breskin, LLP
- Rudin Management Co., Inc.
- Thelen Reid & Priest, LLP
- Wien & Malkin, LLP



“The work of the Committee to Encourage Corporate Philanthropy is as important as ever. By providing a forum for CEOs and Chairpersons to discuss important issues relating to corporate philanthropy, corporate stewardship, and volunteer service, the committee plays a vital role. These corporations are sending a clear signal that serving something greater than themselves in life is an important part of the American experience.”

- Donald L. Evans,
U.S. Secretary of Commerce



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Who We Are

The Committee is the only national forum of business CEOs and Chairpersons with an agenda exclusively focused on corporate philanthropy. Membership includes over 130 CEOs and Chairpersons, who represent the most important and influential companies, which account for about 50% of reported corporate giving.

Companies today cannot afford to be anonymous benefactors or disengaged citizens.

- Carol L. Cone, Chief Executive Officer, Cone, Inc

What We Do

- Serve dual **advocacy** and **facilitative** roles in the cause of expanded strategic philanthropy.
- Support corporate leaders in their pursuit to better serve communities.
- Communicate with corporate leaders and the community at large through quarterly newsletters (circulation of 2,200), web site, press/media, annual awards, forums and regional meetings.
- Participate in educating future business leaders in corporate responsibility.
- Further the progress of corporate philanthropy through collaborations and partnerships.

The term “global citizen” is taking on new meaning.

- Philip M. Condit, Chairman and CEO, Boeing Corporation

What We Believe

- Corporate philanthropy is a key component of a corporation’s broader social responsibility and includes cash gifts, product donations and employee volunteerism. It serves as a major link between the corporation and its communities.
- Corporate philanthropy is a sound business practice in the best interest of shareholders and should be institutionalized as an integral part of a company’s mission and business practices.
- The need for business leaders to play an active role in civic affairs is greater than ever before, especially given the government’s reduced involvement in such affairs and the delegation of government responsibility to the local level.
- Corporate giving programs should grow in proportion to increases in corporate profitability and should be stabilized in periods of volatility. They should be managed strategically with clear objectives, established metrics and defined reporting structures to senior management, similar to other key business disciplines.

Message from Committee Co-Chairs

It is fitting to focus our 2003 annual report on *Measurement Matters!* This statement has never been more true for corporations than it is today – especially for their corporate giving programs.

While placing an emphasis on measurable results is hardly a new priority in the for-profit sector, focusing on the metrics of investing in the community is just starting to get more traction. That same momentum can be seen in the amplified enthusiasm of corporations to make strategic investments in organizations with the intention of treating them as true partnerships, sharing the same charitable objectives and working together with them to define the desired outcome of the investment.

We are grateful to the partners – American Productivity and Quality Center, The Center for Corporate Citizenship at Boston College, and The Corporate Citizenship Company/London Benchmarking Group – who have worked with the Committee in developing *The Corporate Giving Standard*. We are equally grateful for the original corporate sponsors who, in addition to providing financial support, were intensely involved in shaping the metrics and definitions of this survey that now presents a complete account of U.S. corporate contributions to communities at home and abroad. The resulting online survey is expected to be accepted as the common standard because of its scope, transparency and increased accuracy. Already, users have found the survey more inclusive, innovative and valuable to senior executives in making more informed decisions about how to most effectively contribute company resources. Before this year is concluded, we expect that as many as fifty sponsors will have participated, paving the way for a new online subscription-based database and data mining system with the capacity to collect as much as ninety-percent of total reported corporate giving.

As Co-Chairs, we are also “measuring” the membership growth and influence of the Committee to Encourage Corporate Philanthropy, as well as the many collaborations and partnerships with aligned organizations. Our expanded Board of Directors has been active and extremely helpful. Finally, we congratulate Target Corporation and Whole Foods Market, the 2002 winners of our *Excellence in Corporate Philanthropy Awards*, and look forward to celebrating the 2003 winners in an expanded program recognizing two corporations and a nonprofit that has distinguished itself through its partnerships with a corporation.

With corporate giving projected up over ten-percent in 2002 and more corporations positioned to create significant social impact, we believe that the Committee is truly fulfilling its vision in helping to raise awareness and the level of strategic corporate philanthropy.



Ken Derr
ChevronTexaco



Paul Newman
Newman's Own

Handwritten signatures of Ken Derr and Paul Newman in blue ink, overlaid on a blue grid pattern that resembles a calculator display.

Year in Review

MEMBERSHIP DEVELOPMENT

Since September 1, 2000, the Committee has grown from forty-three members to over one hundred and thirty, representing a diverse and broad range of industry sectors. In fact, all eleven S&P Sectors are represented. International membership includes CEOs from England, Finland, France, Germany, Japan and Switzerland. Committee members account for about fifty-percent of total reported corporate giving. Twenty-one of the top 50 of Forbes' *The Global 2000* are members.

Membership is by invitation only and is limited to Chief Executive or Chairperson status. The Committee is committed to diversity in terms of gender and ethnicity.

Membership development success relies on the engagement of existing members to contact prospective members.

COMMUNICATIONS AND MARKETING

Three newsletters were created and distributed to over thirteen hundred CEOs, over five hundred government officials and other constituencies. These newsletters included best practices articles by Applied Materials, Boeing, ConEdison, MetLife, Office Depot, Toyota and Wells Fargo, while editorials focused on communications, education and strategy in corporate philanthropy. Each issue highlighted different perspectives, offering insight and research of other organizations supporting corporate philanthropy. All issues are posted at the Committee's web site, www.corphilanthropy.org.

PROGRAMS

The Committee's 2002 *Excellence in Corporate Philanthropy Awards* were presented to Target and Whole Foods in a reception on January 22, 2003, followed by a performance of "Our Town" starring Committee Co-Chair Paul Newman.

Jim Wolfensohn, President of The World Bank, and fifteen other World Bank leaders joined 10 Committee members to explore ways to connect the Bank and the private sector in social responsibility projects in developing nations.

The Board of Directors was expanded to twelve members and convened five meetings during the fiscal year ending August 31, 2003.

MEASUREMENT

The Committee's signature membership initiative brought together twenty-one leading corporations to develop a common global standard to measure corporate community involvement (see section, "Measurement Matters!"). Following submission and review of 2001 giving data, including cash, VIK and volunteerism, these corporate sponsors reworked the definitions, framework and management report and renamed the initiative *The Corporate Giving Standard*. A Training Summit was held for new and original sponsors on September 9, 2003, with the expectation that all sponsors would submit 2002 giving data before year-end 2003. At present, there are forty-one sponsors, and the goal is to attract fifty, while also developing a unique data center to permit online subscription and submission of as much as ninety-percent of all corporate giving on an on-going basis.

COLLABORATIONS

The Committee participated in a number of corporate citizenship forums to raise the profile of the Committee's work, and to support the advocacy of other organizations.

The Corporate Giving Standard measurement initiative involved the American Productivity and Quality Center, The Center for Corporate Citizenship at Boston College, and The Corporate Citizenship Company/London Benchmarking Group as strategic partners.

With The Conference Board, the Committee organized a research and communications project entitled "Measures of Success: Performance Indicators and Corporate Philanthropy."

With Net Impact, the Committee is planning ways to involve its leadership in influencing business school students, particularly in the areas of corporate responsibility and citizenship. The Committee worked with Net Impact to recruit and identify MBA interns for its John C. Whitehead Education Leadership Intern Program.



Committee Priorities

ADVOCACY

Raise awareness and the level of strategic corporate giving; identify, promote and recognize business practices and measures of national and global corporate philanthropy; embrace and encourage other business leaders to actively engage in the case for corporate philanthropy.

- Grow membership selectively (beyond current level of over 130 CEOs and Chairpersons).
- Expand public relations; more widely communicate CECP programs and Committee members' corporate activities.
- Create partnerships to enhance Excellence in Corporate Philanthropy Awards program.
- Convene membership in most effective ways to accommodate disperse locations.
- Upgrade websites for increased usability and growth, www.corphilanthropy.org and www.givingstandard.com.
- Explore ways to more effectively distribute *New Century Philanthropy* newsletter to target audience.

MEASUREMENT

Lead the corporate community to a more complete and consistent standard for recording and reporting its philanthropic investments in society at home and abroad.

- Develop a custom subscription-based data center to facilitate unique data mining of corporate giving and to provide all participating corporations with an effective means to evaluate and benchmark corporate giving programs.
- Complete sponsor phase of *The Corporate Giving Standard (CGS)* that provides companies and society alike, with common metrics and definitions for measuring, reporting and recognizing corporate contributions.
- Support *The Corporate Giving Standard* measurement initiative with research and collaboration, including regular media and conference exposure.
- Market the data center and the potential universal management tool to enable companies to better evaluate and manage **what** they're giving, **how** they're giving and **why** they're giving.

COLLABORATION

Represent the corporate community in a variety of outreach programs with the objective of strengthening corporate community involvement and responsibility.

- Communicate effectively with private, public and independent sector organizations to better align corporate philanthropy with corporate citizenship, social responsibility and reputation.
- Partner with other established organizations and corporations to influence future corporate leaders such as business school and other students in corporate leadership principles that respect all stakeholders.
- Support and communicate appropriate public policy issues to membership.

ADMINISTRATION

Continue to operate the Committee with focused mission and priorities in most efficient manner.

- Continue to build a strong and active Board of Directors.
- Develop financial model options to sustain Committee operations beyond the sole support of private foundations.
- Maintain relationships with supporting private foundations, directly and through annual reports, newsletters and other means.

A “next generation” perspective of philanthropy calls for us to remain a stalwart supporter of the community.

Measurement Matters!

Today corporations want to measure their value and their accomplishments, not by the amount of money or other corporate resources provided for work aimed at improving society, but by the actual outcomes achieved with their resources. All projects, short or long-term, can have measurable benchmarks that determine whether work is proceeding at an acceptable pace and whether corrections are needed. Such

benchmarks reduce the risk and improve the potential for return on the investment, just like all other investments a corporation makes. **Indeed, corporations should view their grants as strategic investments intended to achieve measurable charitable returns.**

A critical priority for the Committee is to portray a fuller and more complete picture of corporate philanthropy. The Committee has worked with leading companies and organizations to build a common framework of definitions, processes and systems to measure and manage contributions to communities at home and abroad. At the direction of its CEO and Chairperson membership, the Committee will manage this unique program for businesses and community leaders.

CORPORATE GIVING STANDARD OVERVIEW

The Corporate Giving Standard is a comprehensive measurement program that allows companies to effectively and completely capture and communicate their contributions to society according to a common framework. The program is comprised of various tools including a user-friendly online survey, detailed guidelines and definitions for reporting, functional and comprehensive data reports, company training and knowledge-sharing sessions, and committed partner support and service. In today's philanthropic world, companies are giving to society in a variety of creative and strategic ways that present significant value to society, but are not typically recognized or articulated. This program addresses the clear, collective need for a framework and standard that extends far beyond traditional measurement practices and systems to provide a complete picture of contemporary corporate giving.

THE CORPORATE GIVING STANDARD INCLUDES:

- CONVENTIONAL CASH GRANTS
- NON-CASH OR IN-KIND CONTRIBUTIONS
- BUSINESS-UNIT GIVING
- VOLUNTEERISM
- MANAGEMENT COSTS
- GIVING MOTIVATIONS

WHAT IS THE VALUE?

Corporate philanthropy is a complex practice that requires its practitioners to serve the interests of various and disparate stakeholders. With the call towards more “strategic” giving, organizations face significant challenges in defining and demonstrating the intended purpose and corresponding results of their programs. Common challenges include maintaining focus, connecting to business strategy and objectives, designing programs to generate sizable community benefit, and managing giving resources in a cost-effective manner. Corporations face these challenges because they lack a common method and standard to effectively measure their giving efforts and their results. In addition, companies lack the means to communicate to stakeholders a complete picture of their total contributions to society, resulting in consistent and significant under-reporting and public misunderstanding.

Companies, therefore, require a means to demonstrate the totality of their giving, to communicate the intended social and business value of their giving, and to differentiate their giving program(s). The lack of clarity in what companies are giving prohibits practitioners from benchmarking, both internally and externally, and limits their ability to measure impact. *The Corporate Giving Standard* responds by providing a way to search for, capture, and explain vital information that often goes unmeasured. This process allows companies to present their complete giving efforts and to demonstrate to society the many valuable ways in which corporations are contributing. The program gives companies the ability to assess more accurately, where their resources are going and whether they are being efficiently allocated as intended. Working together, the components of *The Corporate Giving Standard* provide a unique toolkit that offers users all of the following:

- **An emerging global standard**, that provides companies and society alike with common metrics and definitions for measuring and benchmarking corporate contributions
- **A complete measurement framework**, that fully and accurately captures the complete value of corporate contributions to society, including those areas that many companies are currently missing
- **An effective management tool**, that enables companies to better evaluate and manage **what** they're giving, **how** they're giving, and **why** they're giving
- **A unique and collaborative network**, made up of leading U.S. companies and community organizations, that provides peers with a tool that truly meets current and evolving needs

The Corporate Giving Standard is the first step towards achieving a truly effective measurement standard by providing a comprehensive toolkit that will portray a fuller and more complete picture of corporate giving. Accurate and clear measurement is essential for effective communication and management.



The Corporate Giving Standard

A Measurement Model for Corporate Philanthropy

WHAT COMPANIES ARE SAYING:

“The Corporate Giving Standard has allowed us to finally achieve an accurate and comprehensive picture of our organization’s total contributions to society. This survey goes beyond traditional measurement practices to include such items as management costs, non-cash contributions and contributions from business budgets, and even volunteerism.”

Tom King, Eli Lilly

“This survey method has been a valuable learning process that was worth the effort and has enhanced our data collection to capture and record the full community impact of our philanthropy more efficiently and effectively.”

Paula Fraher, Bank of America

“The Corporate Giving Standard gets to the heart of corporate giving through its unique efforts to capture the motivations behind corporate contributions. This comprehensive framework allows us to communicate to our stakeholders, the totality of our giving efforts and the rationale driving those efforts, demonstrating our strategic approach to philanthropy and illustrating that being a leader in corporate citizenship is infused throughout our institution and our staff.”

Michael Feller, JPMorganChase

“The growing field of corporate philanthropy is broad, complex, and definitely in need of a common standard by which to examine performance. *The Corporate Giving Standard* is the first and most necessary step towards developing that standard.”

Skip Rhodes, ChevronTexaco

“Participation in this survey helped us look more broadly across our company in collecting information on charitable giving and sponsorship. This will go a long way in providing meaningful and accurate benchmarking data among our industry and other corporate giving programs.”

John Damonti, Bristol-Myers Squibb

ORIGINAL SPONSORS

- AOL Time Warner
- Applied Materials
- Bank of America
- Bristol-Myers Squibb
- ChevronTexaco
- Cisco Systems
- Computer Associates
- Consolidated Edison
- Deloitte & Touche
- DuPont
- Eli Lilly
- FleetBoston Financial
- Hasbro
- IBM Corporation
- Johnson & Johnson
- JPMorganChase
- Merrill Lynch
- The MONY Group
- Starwood Hotels & Resorts Worldwide
- USFreightways
- Verizon

NEW SPONSORS AS OF 10/31/03

- Altria
- Carlson Companies, Inc.
- Citigroup
- The Coca-Cola Company
- Dover Corporation
- General Electric
- GlaxoSmithKline
- Halliburton
- The Home Depot
- KPMG
- Levi Strauss
- McDonald’s
- The McGraw-Hill Companies
- MorganStanley
- Office Depot
- SAFECO Corporation
- Schering-Plough Corporation
- Shell Oil Company
- Target
- Wells Fargo

How do we
measure

Why do we
give

Where are the *tools*?

Project Background

The Corporate Giving Standard

The Committee concentrates its efforts on raising the awareness and the level of strategic corporate philanthropy by identifying, promoting and recognizing effective business practices and measures of corporate philanthropy. In pursuing this mission to advocate and facilitate expanded corporate philanthropy, CECP identified a true need among companies for comprehensive measurement tools that would portray a fuller and more complete picture of corporate giving. In early 2002, CECP entered into strategic partnerships with the **American Productivity & Quality Center**, **The Center for Corporate Citizenship at Boston College**, and **The Corporate Citizenship Company**. Together with these expert partners, CECP set out to build a framework of definitions, processes, and systems that would more effectively measure and manage corporate giving, both at home and abroad. In order to ensure the utility and efficacy of this program to the companies that would use it, the partners secured corporate sponsorship and engagement from twenty-one leading corporations representing a variety of industries who would collaborate on *The Corporate Giving Standard*.

Work on *The Corporate Giving Standard* began in London, where the team met with companies successfully utilizing the London Benchmarking Group (LBG) model. This framework was developed in 1994 when leading UK companies recognized the need to measure and manage the totality of corporate community involvement. According to LBG's website, "All members recognize that companies are expected to get involved in the community and are often judged on the amount they contribute. This involvement often goes beyond straightforward donations to charity – and if a comprehensive account is not produced, key groups such as staff, local communities, opinion-formers and the media might easily form the wrong impression." Since its inception, LBG has grown to a membership of 74 international companies. Many other companies also apply the LBG framework independently. This global movement confirmed the partner and sponsor beliefs that U.S. companies had both an internal and external need to measure corporate giving according to a common framework.

Following these discussions, the partners invited the sponsoring companies to review the information they had collected and to develop their own common measurement standards and systems. With significant help and guidance from Kieran Murray of E-Philanthropy Solutions, these standards were incorporated into a comprehensive, global framework and an online survey which sponsoring companies then completed to pilot-test the system. The partners and sponsors alike were sensitive to the fact that other organizations and publications often requested similar information in a more limited format. They, therefore, collaborated with organizations such as The Conference Board to ensure that the data collected through *The Corporate Giving Standard* would align with other such requests.

After completing the survey for the first time, the sponsoring companies and partners came together for the first annual Measurement Summit to review the survey results, discuss their implications, and collaborate on improvements, applications, training, and next steps. The insights and suggestions from this summit were used to revise and improve the survey and the entire measurement process, and the second annual online survey has now been completed and distributed to the original and new sponsors. The results will be delivered in January 2004. The partners and sponsors now look forward to sharing *The Corporate Giving Standard* with the entire U.S. corporate philanthropy community so that all can move towards a commonly accepted standard for measuring corporate giving.

EARLY FINDINGS

- **UNDER-REPORTING**—more than 25% in cash and more than 50% in total giving.
- **APPROACH TO GIVING**—65% to promote public good (moral responsibility); 24% to support longer-term success of business and to promote public good (intelligent self-interest); and 11% to promote direct-commercial interests in alliance with community organizations (business initiatives).
- **SOURCE OF GIFTS**—60% of total gifts from corporate foundations and Community Affairs and 40% from other sources (operations, etc.).
- **MANAGEMENT TOOL**—users found the survey more inclusive, innovative and valuable to all senior executives to make more informed decisions about how to most effectively contribute company resources.

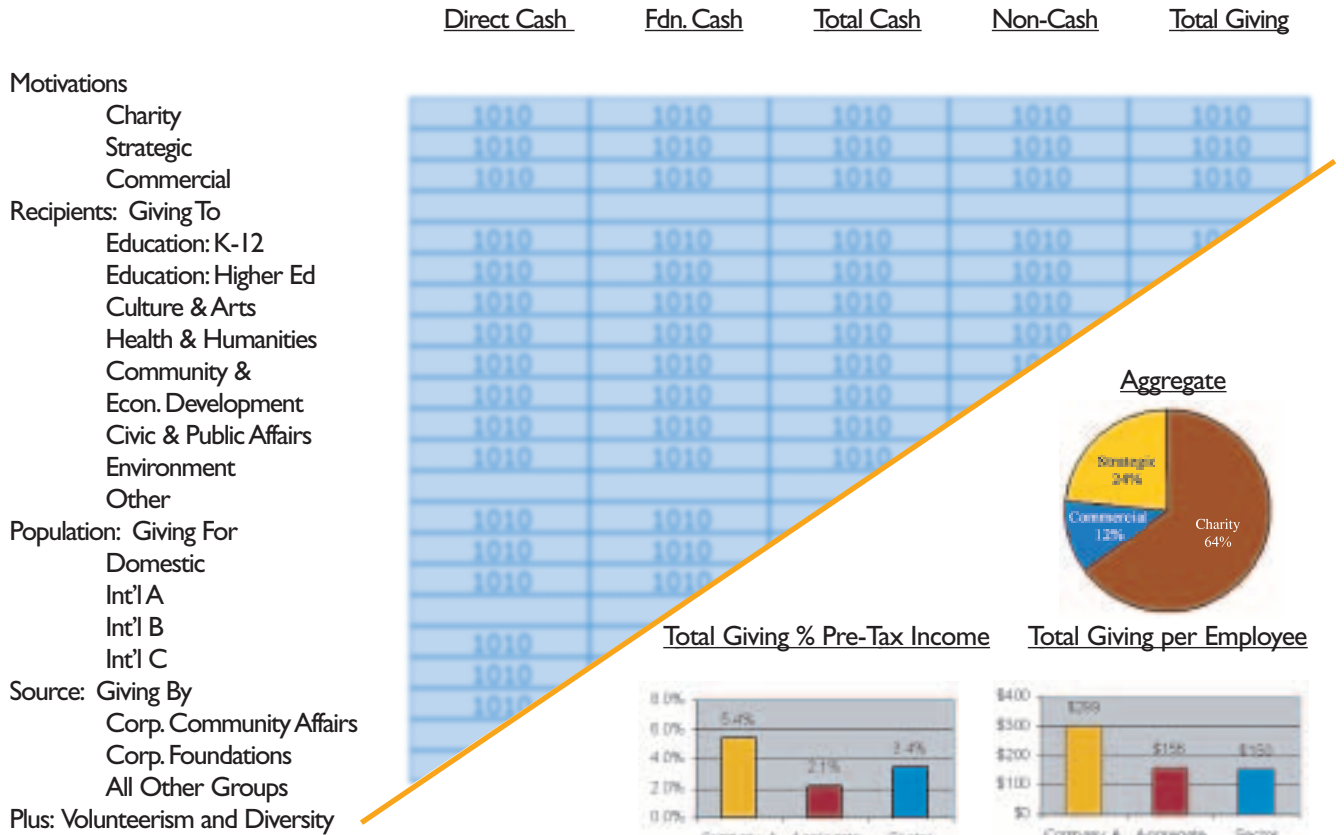
Commitments need to make a difference to society, but they also need to be aligned with business interests.

- Curt Weeden, President, The Contributions Academy

Summary Report



The results from *The Corporate Giving Standard* online data collection survey are normalized and validated; and a personalized summary report is produced for each participating company with an in-depth review of their results compared to the sector and the aggregate. The report captures data on motivations for giving, recipients of giving, populations for giving, sources of giving, and a breakdown on volunteerism activities. Imagine the benchmarking – to compare your company’s individual results with your sector and total aggregate.



Figures above are not accurate and are for example purposes only.

Data Center

Fifty sponsors will represent over one-third of total reported corporate giving. The objective now is to develop a unique, subscription-based data center with capacity to collect as much as ninety-percent of total reported corporate giving online.

The Committee’s plan is to develop a web-based data mining system that allows subscribers to submit annual survey data online and login to a secure extranet application to perform ad-hoc reporting and analysis on the resulting information. We envision the survey and data mining components to share the same relational database, normalized in such a way that allows for annual changes in data elements the system will capture and process, without sacrificing performance or causing significant application redesign.

Next Steps

This product has laid the foundation and framework for measuring outcomes: leverage, community benefits and business benefits – in order to advance dialogue from what we **give**, to what we **accomplish** within the community.

CECP Collaborations

MEASURES OF SUCCESS: PERFORMANCE INDICATORS AND CORPORATE CITIZENSHIP

THE CONFERENCE BOARD



The *Measures of Success program* is a strategic joint initiative between **The Conference Board (TCB)**, the **Committee to Encourage Corporate Philanthropy (CECP)**, and the **Ford Foundation** to examine and analyze the issues and

opportunities relating to the role of performance measures for assessing corporate citizenship. The program seeks to identify traditional and emerging performance measurement practices and approaches and how these key factors motivate or hinder their successful implementation and broad adoption. In addition, the program will examine how and whether philanthropy impacts the evolving citizenship equation and how it too is measured. Models such as CECP's *Corporate Giving Standard: A Measurement Model for Corporate Philanthropy* program, will be presented. *The Measures of Success* will work to determine what are the fundamental components of measurement practice, how success is defined, and what tools and innovations show promise in meeting these objectives. As a result, the program will focus the measurement debate on the elements of best practice. The program will publish and share its findings with the broader stakeholder community. This cooperative effort strives to encourage consensus and perspective on effective performance measurement practices for corporate citizenship.

EXCELLENCE IN CORPORATE PHILANTHROPY AWARDS



CORPORATE PHILANTHROPY

In keeping with the Committee's mission to celebrate and encourage corporate giving, CECP partnered with **The McGraw-Hill Companies** to host the annual *Excellence in Corporate Philanthropy Awards* program to recognize two companies that have demonstrated an outstanding commitment and innovative approach to their corporate giving programs as well as identify an exceptional nonprofit corporate partner, to acknowledge the critical role that nonprofit community organizations play in the world of corporate philanthropy. CECP has teamed up with volunteer research partner, **Accenture**, to refine the Awards criteria and further formalize the selection process for the Awards.



EDUCATION INITIATIVE

Net Impact is a network of emerging business leaders committed to using the power of business to create a better world. It is one of the most progressive and influential networks of MBAs in existence today. CECP works with Net Impact to facilitate opportunities for CEO Committee members to influence business school students particularly in the areas of corporate responsibility and citizenship. The Committee worked with Net Impact to recruit and identify MBA interns for its **John C. Whitehead Education Leadership Intern Program**.



NET IMPACT
New Leaders for Better Business

GLOBAL SOCIAL RESPONSIBILITY

Jim Wolfensohn, President of **The World Bank**, hosted 10 CEO members of the Committee to Encourage Corporate Philanthropy and 15 senior World Bank colleagues for a high-level conversation at World Bank headquarters in Washington in June 2003. The members of the gathering explored possible opportunities for collaboration between the World Bank Group and members of the Committee, especially in the areas of corporate citizenship and philanthropy. The combined group concluded that this event uncovered areas for collaboration between the World Bank Group and the private sector, and that these opportunities should be pursued through regular leadership forums of corporate CEO members of CECP and the World Bank Group.



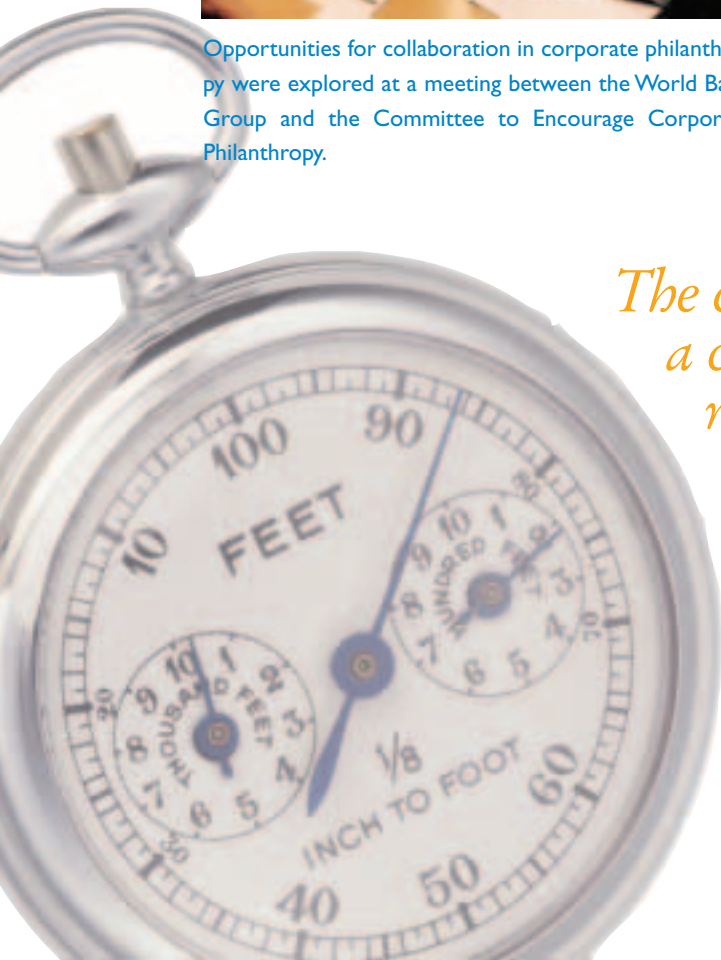
Opportunities for collaboration in corporate philanthropy were explored at a meeting between the World Bank Group and the Committee to Encourage Corporate Philanthropy.



From left to right, Paul Newman, Jim Wolfensohn and Marilyn Carlson Nelson.

The corporation gains a positive image as a community partner, the nonprofit receives much needed assistance in building a sustainable organization, and the academic center develops another important relationship in the community.

- Dr. Eugene R. Tempel, Executive Director
Center on Philanthropy at Indiana University



Financials – Committee to Encour

BALANCE SHEETS AUGUST 31, 2003 AND 2002

ASSETS	2003	2002
CASH AND CASH EQUIVALENTS	\$ 586,485	\$ 959,751
PLEDGES RECEIVABLE - Net	<u>210,000</u>	<u>373,290</u>
TOTAL ASSETS	<u>\$ 796,485</u>	<u>\$1,333,041</u>

LIABILITIES AND NET ASSETS

LIABILITIES	2003	2002
Accounts payable	\$ 27,918	\$ 18,118
Accrued salaries	<u>9,681</u>	<u>6,987</u>
Total liabilities	<u>37,599</u>	<u>25,105</u>

NET ASSETS

Unrestricted	474,177	831,394
Temporarily restricted	<u>284,709</u>	<u>476,542</u>
Total net assets	<u>758,886</u>	<u>1,307,936</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$796,485</u>	<u>\$1,333,041</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS YEARS ENDED AUGUST 31, 2003 AND 2002

CASH FLOWS FROM OPERATING ACTIVITIES	2003	2002
(Decrease) increase in net assets	(\$549,050)	\$576,703
Adjustment to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Decrease (increase) in pledges receivable, net	163,290	(73,290)
Increase in accounts payable	9,800	14,449
Increase in accrued salaries	<u>2,694</u>	<u>738</u>
Net cash (used in) provided by operating activities	(373,266)	518,600

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

959,751 441,151

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 586,485 \$ 959,751

See notes to financial statements.

Age Corporate Philanthropy

STATEMENTS OF ACTIVITIES YEARS ENDED AUGUST 31, 2003 AND 2002

	UNRESTRICTED	TEMPORARILY RESTRICTED	2003 TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	2002 TOTAL
REVENUES						
Contributions	\$125,000	\$ –	\$ 125,000	\$ 625,200	\$ 448,290	\$ 1,073,490
Donated services	106,829	–	106,829	100,943	–	100,943
Interest and dividends	9,338	–	9,338	13,370	–	13,370
Special projects	–	112,710	112,710	–	221,000	221,000
Net assets released from restrictions	<u>304,543</u>	<u>(304,543)</u>	<u>–</u>	<u>492,748</u>	<u>(492,748)</u>	<u>–</u>
Total revenues	<u>545,710</u>	<u>(191,833)</u>	<u>353,877</u>	<u>1,232,261</u>	<u>176,542</u>	<u>1,408,803</u>
EXPENSES						
Compensation	432,804	–	432,804	390,125	–	390,125
Supplies and other	55,154	–	55,154	35,407	–	35,407
Consultants' fees	115,139	–	115,139	128,015	–	128,015
Professional fees	106,829	–	106,829	100,943	–	100,943
Travel and lodging	63,458	–	63,458	59,862	–	59,862
Special projects	<u>129,543</u>	<u>–</u>	<u>129,543</u>	<u>117,748</u>	<u>–</u>	<u>117,748</u>
Total expenses	<u>902,927</u>	<u>–</u>	<u>902,927</u>	<u>832,100</u>	<u>–</u>	<u>832,100</u>
CHANGE IN NET ASSETS	(357,217)	(191,833)	(549,050)	400,161	176,542	576,703
NET ASSETS,						
BEGINNING OF YEAR	<u>831,394</u>	<u>476,542</u>	<u>1,307,936</u>	<u>431,233</u>	<u>300,000</u>	<u>731,233</u>
NET ASSETS, END OF YEAR	<u>\$474,177</u>	<u>\$284,709</u>	<u>\$758,886</u>	<u>\$831,394</u>	<u>\$476,542</u>	<u>\$1,307,936</u>

NOTES:

Basis of Accounting – Financial statements are recorded on the accrual basis of accounting generally accepted in the United States.

Donated Services – Consist of the fair value of accounting, legal and other professional services provided to the Committee at no cost.

Temporarily Restricted Net Assets – Those assets whose donor-imposed restrictions as to a specific purpose or time have not been met. When donor restrictions expire; that is, when a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are included in the statement of activities as Net Assets Released from Restrictions.

Pledges Receivable – Pledges recorded at the net present value as receivables in the year made; they're reported as additions to the Temporarily Restricted Net Assets.

Organization Structure – The Committee is a not-for-profit membership corporation incorporated in New York State on September 3, 1998.

Tax Status – The Committee is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as per a determination letter dated October 16, 1999. The Internal Revenue Service has issued a provisional ruling that the Committee will be treated as a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code during the advance ruling period which ends on August 31, 2003. The Committee intends to apply for a definitive determination from the Internal Revenue Service confirming its status as a publicly supported organization by the end of November 2003.

Audit Status – Figures for year ended August 31, 2002, are audited; figures for the year ended August 31, 2003, are believed to be final, but the Independent Auditors' Report has not been released at the time of this printing. This Report will be available by the end of November 2003.

Functional Expense – To provide more visibility to programs, this statement differentiates between the Committee's Main Program (advocacy and communications), its Special Programs (Measurement Initiative and Education Leadership) and Administration, as follows:

	2003	2002
Main Program	\$581,588	\$577,160
Special Programs	129,543	117,748
Administration Expenses	<u>191,796</u> (Including relocation of \$18,574 in 2003)	<u>137,192</u>
TOTAL EXPENSE	\$902,927	\$832,100

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CARI PARSONS
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“CEOs are leading and inspiring their organizations and their employees in sustained and strategic corporate philanthropy. Many CEOs devote extra time on strategic decisions: what models to use, what partners to choose. More and more corporate giving programs are managed strategically, with clear objectives, established metrics and reporting structures to senior management, similar to other key business disciplines. Corporate philanthropy is regarded as a sound business practice in the best interest of shareholders and is often institutionalized as an integral part of the company’s mission and business practices. Corporate philanthropy has moved beyond grant-making and check-writing. The new philanthropy is more ambitious, more strategic, more global, and it demands results.”

- Charles H. Moore





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