

Z. Smith Reynolds
 FOUNDATION



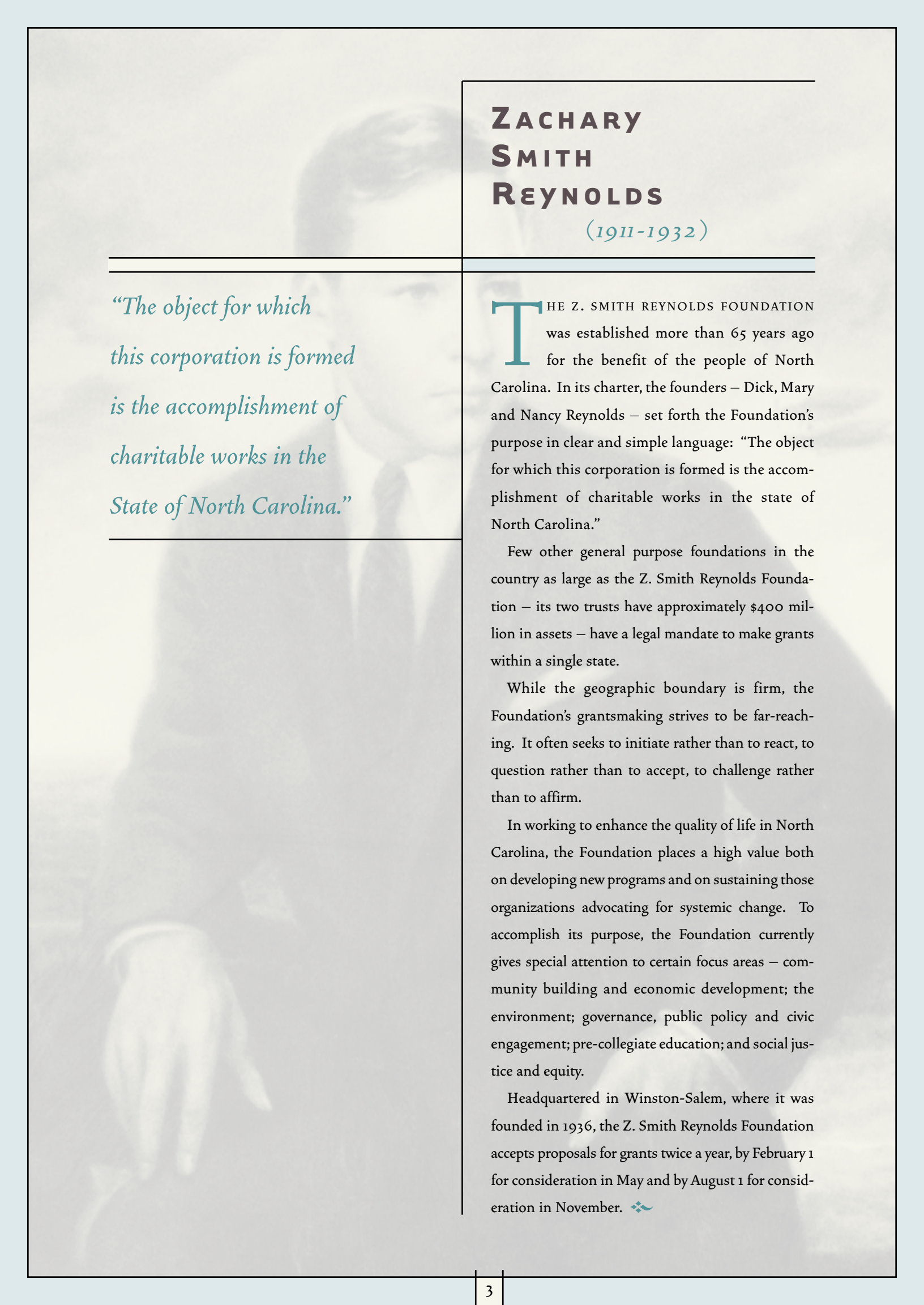
2002 ANNUAL REPORT

Z. Smith Reynolds
FOUNDATION



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ZACHARY SMITH REYNOLDS

(1911-1932)

*“The object for which
this corporation is formed
is the accomplishment of
charitable works in the
State of North Carolina.”*

THE Z. SMITH REYNOLDS FOUNDATION was established more than 65 years ago for the benefit of the people of North Carolina. In its charter, the founders – Dick, Mary and Nancy Reynolds – set forth the Foundation’s purpose in clear and simple language: “The object for which this corporation is formed is the accomplishment of charitable works in the state of North Carolina.”

Few other general purpose foundations in the country as large as the Z. Smith Reynolds Foundation – its two trusts have approximately \$400 million in assets – have a legal mandate to make grants within a single state.

While the geographic boundary is firm, the Foundation’s grantsmaking strives to be far-reaching. It often seeks to initiate rather than to react, to question rather than to accept, to challenge rather than to affirm.

In working to enhance the quality of life in North Carolina, the Foundation places a high value both on developing new programs and on sustaining those organizations advocating for systemic change. To accomplish its purpose, the Foundation currently gives special attention to certain focus areas – community building and economic development; the environment; governance, public policy and civic engagement; pre-collegiate education; and social justice and equity.

Headquartered in Winston-Salem, where it was founded in 1936, the Z. Smith Reynolds Foundation accepts proposals for grants twice a year, by February 1 for consideration in May and by August 1 for consideration in November. ❖

A LETTER FROM THE PRESIDENT

LAST FALL I RETURNED AS PRESIDENT of the Z. Smith Reynolds Foundation after eight years. I want to thank Jock Tate for his steady leadership over the last four years as he shepherded the Foundation through a staff leadership change and the development of a new strategic plan, among other changes.



The world is vastly different today from what it was eight years ago. Then we had a robust economy, and the bottom line for local, state and federal governments – as well as foundations and other nonprofits – was considerably stronger. Now, everyone is working with less while needs require more. Eight years ago, we were watching as democracy rippled through eastern Europe. Today, the world is in a different kind of turmoil as I fear our country's leadership tries to bully its way around the planet.

What hasn't changed is the role of a strong and vibrant nonprofit sector as a core component of what distinguishes us as a nation and a culture. It is more important than ever that we go diligently about the business of building community, increasing tolerance, eliminating injustices and improving the lives of people in communities across our state.

The Kellogg Foundation has defined philanthropy as the giving of time, money and know-how to advance the common good. In these challenging times, it becomes even more critical that the philanthropic sector be a catalyst for unleashing these resources in ways that are more powerful and effective than ever. But how do we do this?

The funding role that foundations play in the overall nonprofit sector is smaller than most people think. According to national data sources, private giving – which includes foundation grants – accounts for only 20 percent of nonprofit income. Of that 20 percent, only 12 percent comes from foundations and four percent from corporations. The vast majority of private giving (84 percent) comes from individual donors.

These statistics are crucial in understanding how foundations need to think about their investments in the nonprofit sector. They point directly to one conclusion: We must aggressively seek ways for our funds to leverage additional money and resources to amplify their impact.

I believe that foundations play a crucial role as the social venture capitalists of society. Foundations can provide seed money for good ideas and promising leaders at their riskiest stage – when they are untested and unproven – and help them establish a track record that they can use to attract individuals or governmental entities for the majority of their support. There are simply not enough foundation resources to provide substantial ongoing support to service-providing nonprofits or to make up for declines in government support. This view does not necessarily hold true for nonprofit advocacy organizations, however. They play an extremely important role in our society, but government and corporations are much less apt to support them, and foundations have an important role to play in providing ongoing operating support for advocacy.

There are ways individual foundations can increase the impact of their grantmaking. One is to start with a cluster of grantees who are working on similar issues or share similar goals and work with this group to define ways they can achieve an impact together that is greater than any individual organization could achieve alone or to share learnings across organizations. The Z. Smith Reynolds Foundation has worked in this way with grantees in the environmental community and in election and campaign finance reform, for example. Another way to increase impact is to build

“Changing policy is the ultimate way to increase the impact of any strategy and make grant money available for other, unmet needs.”

strong statewide organizations that can help aggregate knowledge about effective strategies, increase resources for that sector, and provide an effective vehicle for public policy impact.

Foundations can use an array of tools to leverage their grant dollars: convening groups and facilitating the exchange of ideas, research, technical assistance, leadership training, board development, and other capacity-building assistance. Foundations also can use their influence to bring into the discussion people from the public and private sectors who might not respond to a community group’s invitation.

Funders have a bird’s-eye perspective on issues that can allow them to see opportunities or to learn about exciting programs in another part of the country. As funders, we need to find new ways to work together and share knowledge among ourselves and with our fellow nonprofits. And with the technological resources available, we need to think differently and more creatively about how we do this.

Just as foundations ask their grantees to collaborate to achieve maximum impact, it is important that foundations do so, as well. Increasingly, funders are reaching out to each other, and the results in some areas have been encouraging. A partnership with Hispanics in Philanthropy, a national organization, is an outstanding example of how we are beginning to work together and leverage financial resources and knowledge. Several North Carolina funders have formed collaboratives in their regions to support emerging Latino leadership and build their organizational capacity. Their funds will be matched by national funders and ZSR, increasing the resources available in their communities. In addition, they will learn together about effective strategies and share knowledge acquired throughout the nation. We also have the North Carolina Network of Grantmakers, a relatively new initiative to foster cooperation and knowledge-sharing among the state’s corporate, community and private foundations.

And, finally, central to any effective grantsmaking strategy is support for public policy advocacy. Changing policy is the ultimate way to increase the impact of any strategy and make grant money available for other, unmet needs. If we don’t change the status quo, we are only applying Band-Aids.

Nonprofits must increase the amount of advocacy in which they are involved, and foundations should support advocacy on the issues that they care about. Engaging in advocacy does not have to mean hiring a lobbyist to work the State Legislature. Organizations that are members of the Center for Nonprofits are involved in advocacy to strengthen our sector. Organizations working on children’s issues and involved in the Covenant for North Carolina’s Children are involved in advocacy. Those who joined the Coalition for the Public Trust were involved in a significant advocacy project – preserving for the public the assets of Blue Cross Blue Shield if and when it becomes investor-owned. In short, North Carolina’s nonprofits have proved that they can be effective advocates when they work together and should continue to make advocacy one of their highest priorities.

“May you live in the most interesting of times” is an often-quoted Chinese proverb. We certainly do! The nonprofit sector is a dynamic part of what is good in American life today and must be at the epicenter of the change and foment that is going on about us. I believe the nonprofits represented in this annual report are rising to that challenge, and it is our privilege to be able to support their good work. These interesting times require the best that we all have to give.

~ MARY MOUNTCASTLE
President

A LETTER FROM THE EXECUTIVE DIRECTOR

FOR MORE THAN 65 YEARS the Z. Smith Reynolds Foundation has worked to improve North Carolina and the lives of its people. During those years the Foundation has made a positive difference in many lives and has built a reputation as a leader for our state in a number of arenas. Part of what has made the Foundation what it has become has been the willingness of its Trustees



and staff members to change with the times and to realize that the needs of the state and its people are always a new reality requiring new ideas and strategies. As the English philosopher and essayist Thomas Carlyle said, "Today is not yesterday. We ourselves change. How then can our works and thoughts, if they are always to be the fittest, continue always the same? Change, indeed, is painful, yet ever needful."

The year 2002 brought a change in areas of focus for the work of the Z. Smith Reynolds Foundation. After a year-long strategic planning process in which the Trustees took the time to assess the mission, goals and progress of the Foundation and to determine their continued validity and relevance, five areas of focus for the future work of the Foundation were adopted. Previous priority given to the Environment and Pre-Collegiate Education has continued. Three new focus areas, Social Justice and Equity; Community Building and Economic Development; and Governance, Public Policy and Civic Engagement, have been added. In this annual report we attempt to further explain the kind of work in which the Foundation seeks to engage and to highlight some of the grants made in 2002 as examples of making a difference in the new paradigm that is North Carolina today.

As a means of sharing the new focus areas with the nonprofit sector, in the spring of 2002, Foundation staff held information sessions at eight locations throughout the state. These sessions were attended by hundreds of people from every region of North Carolina. In addition, the Foundation published a brochure detailing the focus areas for its future work and containing its revised grantsmaking guidelines and procedures. Taking these steps to inform those with whom the Foundation partners to make North Carolina a better place was an important way of continuing the tradition of ensuring the Foundation, its Trustees and staff are accessible and open to all North Carolinians.

In part because of difficult economic times and in part because of the visibility the Foundation received from the adoption of the new focus areas, 2002 brought two of the three heaviest grant cycles in our history. Nearly 1,000 proposals were received and reviewed, and almost 300 grants were made. Increasingly, because of the heightened demand for assistance and the reduced funds available, the Foundation is being more strategic in its grantsmaking, in part by looking for more opportunities to effect systemic change.

The year 2002 brought several major public policy successes in North Carolina due in part to the outstanding work of a number of Z. Smith Reynolds Foundation grantees. First, in June the Clean Smokestacks Act, designed to reduce noxious emissions from coal-fired power plants, became law. The Clean Air Coalition – a group of environmental organizations, most of which received Foundation support – worked hard to educate and advocate for this environmental victory. A second major policy

“...it is important to support and build the capacity of organizations that have the expertise, ability and credibility to impact change over time.”

change occurred with the passage of public financing and nonpartisan elections for appellate judges beginning in 2004. This legislation is one of the first legislatively enacted public financing systems in the country and has received a great deal of attention nationally. Several Z. Smith Reynolds Foundation grantees were instrumental in the development and passage of the bill. Finally, efforts to pass a new law that would have restored some ability for institutions to engage in predatory lending were defeated in large measure due to the work of Foundation-supported organizations.

Several lessons were learned from these public policy successes. First, it is important to support and build the capacity of organizations that have the expertise, ability and credibility to impact change over time. Second, any substantial and meaningful change requires quality, credible research and thoughtful policy development. Finally, it takes patience and a willingness to stick with an issue for sometimes several years to accomplish the goals that are set. The Z. Smith Reynolds Foundation is proud of the role it played to effect these changes which, in our view, will enhance the quality of life for the people of North Carolina.

Internally, 2002 marked the end of the long and remarkable career of Martha Pridgen, the Foundation's Director of Administration. Martha spent 33 years with the Foundation. She guided the growth of the Foundation both in terms of its staff and grantsmaking. She became the Foundation's institutional history and the trusted confidant of the Trustees. Her sense of humor, strong character, well-grounded principles and grace provided stability and confidence for the staff. The thought of the Z. Smith Reynolds Foundation without Martha's talent, knowledge and experience present every day is hard to imagine and will present a significant challenge to those of us who remain.

After 22 years the Foundation experienced another major change in 2002. We left our long-time home in Reynolda Village, originally part of the estate of Z. Smith Reynolds' parents, to move to new quarters in downtown Winston-Salem. The gradual growth of staff over the years left the Foundation without adequate space. Our new home offers space that is ideally suited to the needs of the staff and our many visitors.

North Carolina faces many challenges as we end 2002. Jobs are being lost in many communities; high unemployment continues; the state budget faces severe shortfalls; water quality and quantity are in jeopardy; public schools are facing costly federal and state mandates; enrollment at community colleges and public universities is increasing without additional resources being provided; urban sprawl continues to absorb limited green space; and issues of race remain an obstacle to progress, to name a few. So, what are the answers and who will provide them? As George Kirstein, a well respected leader in the foundation world, said, "Apart from the ballot box, philanthropy presents the one opportunity the individual has to express the meaningful choice over the direction in which our society will progress." At the Z. Smith Reynolds Foundation, we are blessed to spend our time working in philanthropy, and we believe we have a responsibility to use the time, positions and the resources available to us to continue to work with the people of our state to change society in ways that positively impact the lives of as many North Carolinians as possible.

~ THOMAS W. ROSS
Executive Director

HUBERT B. HUMPHREY, JR.

Beloved Friend and Trustee

HUBERT B. "HUGH" HUMPHREY, JR. of Greensboro, a member of the Board of Trustees of the Z. Smith Reynolds Foundation since 1981, died March 18, 2003. He also served as legal counsel to the Foundation. He was revered by fellow Trustees and staff.

Hugh Humphrey early on chose to play an active role in what Sir Francis Bacon described as "this theatre of life." Bright, thoughtful and talented, he used his leadership skills throughout his lifetime to make a difference in the civic, political and cultural life of his community and state.

"Hugh was a brilliant attorney who always looked at the world as a glass half full," said his close friend and fellow Foundation Trustee, Smith Bagley. "In representing ZSR, he sought ways to achieve goals, always seeking justice and truth. North Carolina will miss his leadership."

Tom Ross, Executive Director of the Foundation, said Humphrey brought an unusual combination of skills to the Foundation as a lawyer and as a Trustee. "He paid great attention to detail and advised caution when caution was appropriate. On the other hand, he encouraged risk taking, and his compassion and caring for the people of North Carolina were unsurpassed. But perhaps his most remarkable trait was a wonderful sense of humor that he often used to help the Board transcend differences and reach agreement."

Humphrey prepared himself well. He attended undergraduate school at Mars Hill, then a junior college, and then graduated from Wake Forest University. He was a member of Phi Beta Kappa, the highest academic honorary fraternity, and Omicron Delta Kappa, the most prestigious leadership honorary fraternity. He attended the University of North Carolina School of Law and, in typical fashion for him, was editor-in-chief of the *Law Review*, served as president of his class, and graduated number one in his class.

Tom Lambeth, former Foundation Executive Director, described Humphrey as "the ideal foundation Trustee. Hugh had a very clear sense of fiduciary responsibility, but he never let that serve as an excuse not to do new things. He clearly wanted to be on the cutting edge. Hugh had strong opinions," Lambeth said, "but he also had that great capacity to examine the facts and change his mind."

In 1953, Humphrey joined the Greensboro law firm of Brooks, McLendon, Brim and Holderness, and at his death was still a member of the firm, now Brooks, Pierce, McLendon, Humphrey and Leonard. His attention to detail, his in-depth knowledge of the law, and his skills as a trial attorney made him a mentor to younger members of his firm and took him to the top of his chosen profession.

"He was the heart and soul of this law firm," said Jim Williams, one of his law partners. "He was a force. He truly loved the law."

He was devoted to legal professionalism, which he exemplified, and was one of the early chairs of the Young Lawyers Division of the North Carolina Bar Association. He was Fellow of the American College of Trial Lawyers, Life Member of the American Law Institute, and Fellow of the American Bar Association. He was also a member of the North Carolina Supreme Court Historical Society and served as its Chair. He served on many Bar committees and repeatedly made the list of Best Lawyers in America. Last fall, the University of North Carolina School of Law presented him with its 2002 Distinguished Alumni Award.

Humphrey's public service included higher education, where he served as Chair of both the Board of Trustees at Wake Forest University and the University of North Carolina at Greensboro.

"He was an extraordinary man in so many respects and as intelligent a human being as I have ever known," said Tom Hearn, President of Wake Forest. "I'll always think of him with those glasses propped up on his head, peering up from whatever document."

He served in both houses of the state legislature and when serving in the House was its youngest member. Former United States Senator Robert Morgan, who served with him, said, "Hugh was scholarly. He gained great respect because he always knew what he was talking about, and his colleagues recognized that fact. He was interested in issues that affected people's lives. He was progressive."

Hugh Humphrey was totally committed to the Foundation and its mission for more than two decades. The members of the Board of Trustees and members of the staff are saddened by this death and will miss his friendship and continuing contributions to the Foundation's work.



*But you must
know that in this
theatre of life, it
is reserved only
for God and
angels to be
lookers on.*

~SIR FRANCIS BACON

OFFICERS, TRUSTEES, STAFF & ADVISORY PANEL

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| Patricia B. Williamson | ASSISTANT SECRETARY |

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| Zachary Smith | WINSTON-SALEM, NC |
| Lloyd P. Tate, Jr. | SOUTHERN PINES, NC |

*Deceased

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| | |
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| Barbara Roole | PROGRAM OFFICER |
| Monteic Sizer | PROGRAM OFFICER |
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| La Rita M. Bell | TRAVEL/MEETINGS COORDINATOR |
| Jill Ray | ADMINISTRATIVE ASSISTANT |
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| Eric Johnson | 2002-2004 Z. SMITH REYNOLDS FELLOW |
| Thomas W. Lambeth | SENIOR FELLOW |

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| | |
|---------------------------|-------------------|
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| Terry Bellamy | ASHEVILLE, NC |
| Janet Ward Black | GREENSBORO, NC |
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| David Neal | DURHAM, NC |
| Eric Reeves* | RALEIGH, NC |
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| Melinda Wiggins* | DURHAM, NC |
| John J. Wilkins, Jr. | RALEIGH, NC |

*Term Expired in 2002

MARTHA PRIDGEN

A Third of a Century of Dedicated Service

MARTHA PRIDGEN HAS ALWAYS DARED anyone to make a fuss over her. All business, but with a heart as big as the original Carolina, she performed her duties as Director of Administration at the Z. Smith Reynolds Foundation for 33 years. But Trustees of the Foundation, colleagues and friends refused to let her slip quietly into retirement.

After working behind the scenes to help Trustees make more than 6,000 grants, Martha got her own chance to play grantmaker. In November, Trustees set aside \$250,000 as a grant in her honor and asked her to choose the recipient. Martha chose the Baptist Children's Home of North Carolina where she and three of her sisters were reared and to which she is devoted.

In turn, the Children's Home has established the Martha Hunt Pridgen Fund for remedial, enrichment and other direct educational needs and for installing computers in residential cottages and training children to use them. Martha serves on the committee that decides how the moneys are spent.

When Trustees, professional associates and family gathered for a farewell luncheon, Martha was presented with a memory book with dozens of tributes. We share just a few.



"You have been so much of the heart, soul and brain of ZSR, that I fear we are going to be lost without you. Your compassion and dedication are an example for all of us."

MARY MOUNTCASTLE
President

"Finding the words to express what your presence has meant to me during my transition to the Foundation is nearly impossible. We all know that neither I, nor the Foundation, would have survived if it had not been for you and the advice, guidance, assistance, mentoring and wisdom you provided to me during the last two years."

TOM ROSS
Executive Director

"You witnessed the Foundation move from family projects to a progressive, professional approach. As you move to another phase of your life, I hope that you will realize the very large contribution you have made to the welfare of the people of North Carolina."

SMITH BAGLEY
Trustee

"To say that Martha's knowledge and command of the foundation's history, principles, aspirations, processes, lore, quirks, and foibles were 'encyclopedic' would be to diminish them, and her. ...*(F)ew* can be what Martha has always portrayed to me – calmly methodical and efficient while at the very same time warmly committed and engaged."

DAN CLODFELTER
Trustee and State Senator

"M' is for your monumental minutes, managerial manner, magnificent mentality, meticulous math, marvelous memory and masterful minding of millions. Here's to your Matchless Merit!"

KATIE MOUNTCASTLE
Trustee

"When they write the next history of the Z. Smith Reynolds Foundation, they had better have a chapter on you."

JANE PATTERSON
Trustee

"You have been an outstanding benevolent dictator along the lines of Generals Clay and McArthur in Germany and Japan after World War II. The only fault I could possibly find of you...is that on a rare occasion you disagree with me. I regret to say that you have always been right."

ZACH SMITH
Trustee

"What a great commander-in-chief. What a great Lady! What a great friend! And what a great Historian! You are the best of the best."

SHIRLEY FRYE
Former Trustee

"Most of all I remember your sharing with us all the values of loyalty, hard work, good spirit, integrity and comradeship which you represent in extraordinary measure."

TOM LAMBETH
Former Executive Director and Senior Fellow

THE Z. SMITH REYNOLDS FOUNDATION

147 SOUTH CHERRY STREET, WINSTON-SALEM, NORTH CAROLINA

IT IS A SHORT DRIVE FROM REYNOLDA VILLAGE to the Z. Smith Reynolds Foundation's new offices in downtown Winston-Salem, but the move has been an extended, sentimental journey for staff and Trustees.

Since 1980, the Foundation was nestled in Reynolda Village, which was part of the original Reynolds family estate. The quiet, once bucolic setting in Reynolda Village seemed to be the Foundation's natural, preordained home. But finally the reality of space requirements no longer could be ignored, and the hard decision was made to relocate the Foundation's offices.

The search was frustrating at times, and relocating eventually required a move to interim space, which put everyone's good nature to the test. But staff persevered and business went on as usual while a permanent location was readied.

Now, the Foundation and its staff are in a better position to be of service to the people of North Carolina and conduct the Foundation's business. This fact makes it all worthwhile. And it far outweighs the temporary inconveniences and lingering sentiment for the Charles Barton Keene-designed, tile-roofed country cottage in Reynolda Village that for more than two decades was home – including a reception area created from a front porch and offices that had been school rooms for Reynolds family children and others.

The Foundation chose a new home in the heart of downtown Winston-Salem, making it an important part of the community effort to give new life and energy to the area. Of contemporary design, it is at 147 South Cherry Street and sits beside and above Business Interstate 40 at the Cherry Street exit.

Foundation offices have a sweeping view of Winston-Salem landmarks and the revitalized downtown business district. The "Z. Smith Reynolds Foundation" lettering on the curved, glass façade identifies the Foundation's new home and over time will become a familiar landmark to millions of area residents and travelers.

Visitors to the Foundation will have an easier time of it. In just a couple of minutes they can exit the expressway and be at the Foundation's reception desk. Staff – always, it seems, with little time to spare – can be in their cars and on a major thoroughfare in the same short time while heading either east or west for site visits or meetings. Foundation professionals no longer are operating from makeshift basement offices; conference facilities are greatly improved; there is adequate storage and work space; and there is greater capacity to receive visitors – grantees and others – graciously.

The Trustees and staff of the Z. Smith Reynolds Foundation like calling 147 South Cherry Street in downtown Winston-Salem "home." Please come visit us.

~TOM ROSS



The Z. Smith Reynolds Foundation is a general purpose foundation created to serve the people of North Carolina. The Foundation is particularly interested in projects that accomplish systemic reform and have statewide impact. In addition, the Foundation gives special attention to low-resource regions in the state and innovative, community-based projects within the Foundation's focus areas.

The Foundation's grantsmaking policies reflect the belief that organizational performance is greatly enhanced when people with different backgrounds and perspectives are engaged in an organization's activities and decision-making process. Thus, the Foundation actively seeks to promote access, equity and inclusiveness, and to discourage discrimination based on race, creed, ethnicity, gender, age, sexual orientation, socioeconomic status and other factors that deny the essential humanity of all people.

To accomplish its purpose, the Foundation currently gives special attention to certain focus areas:

- Community Building and Economic Development
- Environment
- Governance, Public Policy and Civic Engagement
- Pre-Collegiate Education
- Social Justice and Equity

making grants

While the listed areas are of highest priority, it is also the desire of the Foundation to serve as a catalyst for new practices and ideas and to respond to other challenges or opportunities that are unique to North Carolina. For these reasons, the Foundation reserves the right to remain flexible in its grantsmaking policies. Further, the Foundation continues to be interested in organizational development and capacity building and open to providing general operating support grants.

to the people of north carolina

The Foundation does not give priority to the following:

- The arts
- Capital campaigns
- Computer hardware or software purchases
- Conferences, seminars or symposiums
- Crisis intervention programs
- Fundraising events
- Historic preservation
- Local food banks
- Substance abuse treatment programs

The Foundation does not fund the following:

- Brick-and-mortar building projects or renovations, including construction materials and labor costs
- Endowment funds
- Equipment or furniture purchases
- Fraternal groups or civic clubs
- Healthcare initiatives (physical and mental) or medical research
- Individuals
- National or regional organizations, unless their programs specifically benefit North Carolina and all funds are spent within the state
- Organizations that are not tax-exempt
- Payment of debts
- Volunteer fire departments and emergency medical services

AN ANCIENT CHINESE PROVERB STATES, “The mark of a leader is if, when a project is done, the people say, ‘We did it ourselves.’” This idea of work that is locally driven, shared by the people who are affected, and about which, at the end of the day, the people involved say, “We did it ourselves,” shapes an underlying theme in the Community Building and Economic Development focus area.

In making grants within this focus area, the Foundation seeks projects that leave lasting change at the grassroots and community levels. The skill level will have grown for the people involved; relationships will be stronger among collaborating individuals; and communities will be better prepared to respond to new issues and challenges. In 2002, the Foundation made nearly 90 grants in support of community building and community-based economic development. Two of the promising projects that illustrate these ideals of community building and community empowerment are Neighbors for Better Neighborhoods and the Center for Participatory Change, which are featured on pages 15 and 16.

Another theme that permeates the Community Building and Economic Development focus area is wealth-building in low-income communities. Over the years, the Foundation has approached this work through several strategies, which include supporting the growth of minority credit unions, affordable housing efforts, community development corporations that are initiating asset-building strategies, the growth of entrepreneurship, and statewide or regional organizations that provide technical assistance and financing to local asset-building organizations. 2002 was no exception. There were 10 grants for developing affordable housing, 11 grants to CDCs, and about 15 grants to organizations that support entrepreneurship in low-income communities or are working to strengthen the agricultural sector in response to the state’s declining tobacco economy.

Two grants made in 2002 illustrate not only a specific grant to an organization or project but also work that is supporting the changing nonprofit sector. One was a grant to the North Carolina Minority Support Center over two years for both general operating support and for secondary capital.

The NC Minority Support Center began in 1990 to help struggling minority credit unions, the majority of which have been around since the 1930s and ‘40s. The Center is serving 17 institutions. The general operating grant helps support four core services: technical assistance; a loan fund for credit union lending and mortgages; capacity grant programs that help credit unions hire staff and purchase equipment; and equity investments – straight grants to local credit unions. In addition, funding allows the organization to work with its member organizations to explore the following: creating an accounting service center, providing understaffed community development credit unions with the support to perform general accounting tasks critical to their sustainability; hiring staff to provide dedicated technical assistance to credit unions for loan origination and servicing; and exploring ways to strengthen credit unions through consolidating back office functions or possibly creating a statewide credit union with branches at current struggling credit union sites. These planning efforts are particularly interesting as a model for how different nonprofits that have similar services can identify ways to operate more cost-effectively while still maintaining the local autonomy and responsiveness to local needs that are the core of their strength.

A second grant that supports the changing nonprofit sector focuses particularly on community development corporations. North Carolina is considered a leader in the CDC movement. There are now nearly 100 CDCs in the state. In addition, the North Carolina Community Development Initiative acts as an intermediary to support mature CDCs. In 2002, the Initiative served as the lead agency for 13 different groups that provide an array of technical assistance for CDCs. A grant to these groups offers an opportunity to examine how technical assistance is delivered in the state and to create ways to strengthen the system. In addition, their work over the next year affords a chance to look at the CDC movement overall in the state and chart a course to further the movement in years to come.

One cannot talk about strengthening communities and wealth-creation without talking about race. Last fall was the first time the Foundation used the revised focus areas generated in its 2001 strategic planning. Though work on issues of race relations has been part of the Foundation's giving history, improving race relations became an explicit category within the Community Building and Economic Development focus area in 2002. Nine grants were made in this category in 2002.

One of these grants was to the Partnership Project in Greensboro to provide anti-racism training and community organizing. In addition, a grant to the City of Salisbury continues support for the community multiculturalism program. The Salisbury program uses the VISIONs model (a program based in Rocky Mount, NC, and Boston, MA) to provide a safe, open and non-threatening forum for the discussion of race relations and other diversity issues. After two years, Salisbury residents have noted positive changes in the way city services are rendered as a result of this project.

Another grant in the race relations category was made to the Community Building Initiative in Charlotte. The organization received initial funding through the Foundation's "Race Will Not Divide Us" Initiative. In the first two years, the Community Building Initiative worked with the 26th Judicial District in Charlotte. The project used the Resource Team model, which utilizes the input of people within and outside the system, to work on issues of race and ethnicity in the court system. In 2002, the Foundation made a grant to expand the Resource Team model beyond the courts to four additional departments in the judicial system (District Attorney's Office, Public Defender's Office, Trial Court Administrator's Office, and the Probation and Parole Office).

North Carolina's economy is caught up in a global sea change. It lost more than 16,000 jobs in 2002. To conclude, again borrowing from the Chinese, the word for "crisis" is a combination of two characters that mean "danger" and "opportunity." The Foundation's giving reflects a belief that the talent and creativity of North Carolina's residents are tools to direct our future toward its great opportunity. That opportunity is based in stronger, interconnected communities; more widely shared wealth; and communities where racial, cultural and ethnic diversity are valued as strengths. ❖

~ MARY FANT DONNAN



neighbors
for better
neighborhoods

NEIGHBORS FOR BETTER Neighborhoods (NBN) is the only nonprofit in Winston-Salem that is focused on supporting local, grass-roots neighborhood organizations on a continuing basis. It received its first funding from the Z. Smith Reynolds Foundation in 2002; however, it has been a part of community building efforts in Winston-Salem's low-resource neighborhoods for more than a decade.

"Our approach to community building is what we describe as 'asset based.' We believe that every neighborhood has people with skills and talents that can be put to work to improve their neighborhood and the quality of life of its residents," said Executive Director Lavastian Glenn. "We help those people organize their neighborhoods and provide them with leadership training."

She points with pride to the work her organization has done with Southside United, a coalition of nine neighborhood associations that NBN has helped bring together for joint planning. The coalition has adopted joint projects, such as neighborhood clean-up campaigns, and is working on securing a community health center for the area.

With support from NBN, Waughtown Street Neighborhood Association and Happy Hill are looking at more effective code enforcement strategies. They want code enforcement that involves and is driven by residents who are determined to stop deterioration and revive areas by cleaning up vacant lots, requiring that properties be maintained or condemned, and eliminating nuisances.

NBN is active in community revitalization efforts throughout the Triad. Its Neighborhood Institute for Community Leadership is providing grassroots leadership and community development training for persons in the region, including members of community development corporation boards and persons active in neighborhood associations. NBN provides technical assistance for new or reorganized

community-based groups and provides a valuable service by assisting them and other nonprofits in preparing applications for grants.

"Winston-Salem has a culture of dependency in many neighborhoods that has weakened the residents' sense of power and civic engagement. But in many neighborhoods people are working very hard to achieve collective power and find a voice in advocating for their community. Our work," said Glenn, "is to support residents of low-resource neighborhoods and their associations as they try to change the culture and the balance of power to the ultimate benefit of everyone." ❖



center for
participatory
change



BUILDING AND SUSTAINING grassroots organizations in the North Carolina mountains is no small task. Geography works against it. So does the historically independent nature of the people. But the Center for Participatory Change in Asheville is proving it can be done.

In 1999, Paul Castelloe and Thomas Watson, both products of the UNC School of Social Work, found themselves in western North Carolina with a common vision of how to put their training to good use. “We went to the Z. Smith Reynolds Foundation for help, and they provided our start-up funding. But just as important,” said Castelloe, “they taught us how to write grants and plugged us into a network that we benefit from every day.”

Castelloe and Watson are co-directors of the Center and through grassroots organizing, capacity building, leadership development, networking and grantsmaking, are helping rural, low-resource mountain people make improvements in their communities through projects that they plan, implement and evaluate themselves.

“Many of these groups are very small and do not have nonprofit status. It is hard for them to get help and sometimes to understand their own significance,” said Castelloe. “It is great to see people becoming involved and many, for the first time, taking the initiative on matters that affect their quality of life and economic well-being.”

The Center’s Collective Entrepreneurship Project helps grassroots groups find ways for their members to earn money collectively. A farmers association has established a market for produce and other products, and Appalachian Heritage Crafters has opened a store.

Western North Carolina is becoming much more diverse. The Latino population has increased significantly. The Communities of Color Organizing Project is helping African-American, Latino and multiracial organizations gain a voice and increase participation in matters that directly affect them.

The Center is bringing together Latino leaders across western North Carolina to network and develop leadership skills. Latino women are forming small groups to generate additional income through activities, such as marketing their hand-made greeting cards, and to discuss mutual concerns and collectively address problems in their communities.

Focusing on those communities that are socially, economically and politically marginalized, the Community Support Project supports nonprofits that are working to reduce domestic violence, create family resource centers and create other resources that help low-resource residents and strengthen the fabric of struggling communities.

Sustaining organizations is a major challenge, and the Center is working with groups to build the leadership and infrastructure required for them to thrive over the long term. This support includes strategic planning, creating organizational structures, developing long-term funding plans, helping groups retain their focus and remain committed, and developing leadership and leadership skills.

The Center is learning and sharing. Its publications aim to influence the way that grassroots organizing and community building are practiced locally and elsewhere. Its quarterly journal, *Mountain Views*, includes stories about its grassroots partners, its programs, and how to develop skills for effective community and nonprofit work. ❖

COMMUNITY BUILDING & ECONOMIC DEVELOPMENT

The Foundation seeks to be a supportive partner in efforts to help communities strengthen themselves and create bold new opportunities for the people who live in them. With the appropriate resources, community-led efforts can enhance the participation of the poor and the excluded in creating new economic opportunities, address community development in a changing economic context, enhance fair economic opportunities, improve race relations and strengthen the web of relationships that increase social capital. The Foundation recognizes that central to building communities is the ability of people to work together. The Foundation is committed to race relations work – including a broad range of efforts to work across differences, to include a full range of voices in communities, and to work toward building a shared power base and increasing the understanding of white privilege. The Foundation recognizes that communities need strong organizations and community leaders as the blueprint for the future of the state.

Within this category, the Foundation seeks to fund organizations and projects that do the following:

Encourage Community Economic Development

- Empower disadvantaged groups and support grassroots organizing
- Reduce financial disparities that limit opportunities
- Increase affordable housing
- Support entrepreneurship, job/business training or strategies for self-sufficiency in low-wealth communities
- Reduce rural/urban economic disparities

- Support sustainable, diversified and economically viable agriculture
- Encourage alternative energy systems
- Promote affordable access to technology and communications networks

Strengthen Communities

- Engage stakeholders in issues of growth, community development and planning
- Support leadership development of disenfranchised individuals
- Encourage full participation of diverse voices in community problem-solving

Improve Race Relations

- Strive to eliminate individual and institutional racism, using strategies that include anti-racism training, diversity training or creative methods to stimulate and continue dialogue about race and ethnicity
- Address the barriers created by discrimination
- Increase an understanding of white privilege and power inequities

The Foundation does not give priority to:

- General operating support for CDCs receiving funding through the North Carolina Community Development Initiative, which the Foundation currently supports
- Homeless shelters or other programs that primarily serve the homeless
- Programs serving the physically or developmentally disabled
- Programs for senior citizens
- Single-site business ventures
- Transitional housing



ENVIRONMENT

“**H**ERE’S TO THE LAND OF THE LONG LEAF PINE...” So goes the beginning of the North Carolina State Toast. The stately long leaf pines that lend beauty and character to parts of North Carolina certainly are representative of the natural beauty of the Tar Heel State; however, they are but a taste of the diverse and majestic environment that more than eight million North Carolinians call home.

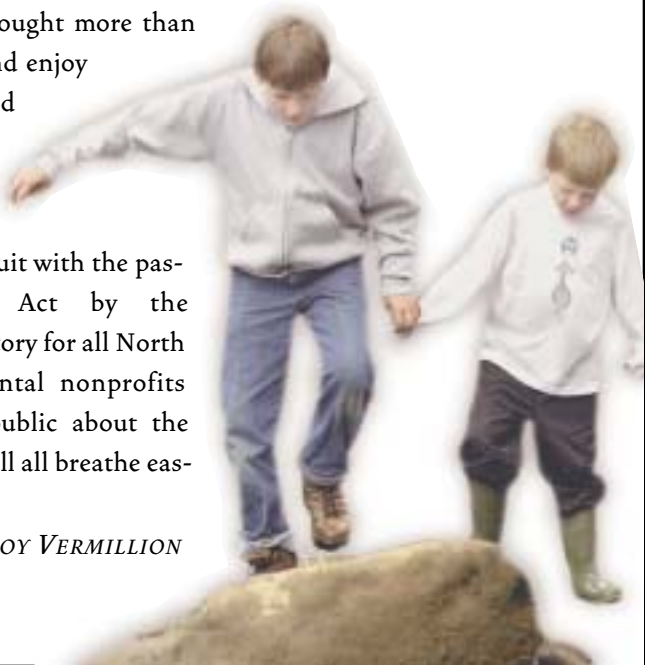
North Carolina is blessed with tremendous natural resources. Most of the headwaters of our 17 river basins are within our borders. We boast over 4,000 miles of shoreline, the highest mountain peak east of the Mississippi, more than five million acres of wetlands, and biodiversity that is among the greatest in the world. We have much to be proud of and much to enjoy. Yet our waters are threatened by sedimentation; our forests are at risk due to air pollution and clearcutting; and our shores and land are subject to extraordinary development pressures.

With great natural resources come great responsibilities. That is why the Z. Smith Reynolds Foundation places a focus on funding organizations that work on environmental issues. The Foundation believes that the quality of life of North Carolinians depends not solely on how we treat one another, but also how we treat our natural resources. People and place are intricately connected, and the Foundation works to promote individual and institutional stewardship of the environment. The health of our people, our ecosystems and our economy depends on that stewardship.

In 2002, the Foundation worked on several fronts to preserve and protect North Carolina’s environment. First, the Trustees made 54 environmental grants, totaling over \$2.6 million. These ranged from a multi-year, environmental education grant to the Friends of the NC State Museum of Natural Sciences to expand its programming to low-wealth counties, to a one-year capacity-building grant to the Catawba Lands Conservancy.

Second, the Foundation chaired the Host Committee of the International Environmental Grantmakers Association’s annual meeting, which was held in Asheville, NC, and brought more than 300 environmental funders to view and enjoy the state’s incredible natural areas. And third, the Foundation continued its funding relationships with many grantees whose dedicated work and advocacy on issues of air pollution bore fruit with the passage of the Clean Smokestacks Act by the North Carolina legislature. This was a victory for all North Carolinians, and numerous environmental nonprofits played pivotal roles in educating the public about the need for strong clean air standards. We will all breathe easier as a result.

~JOY VERMILLION



north carolina conservation network



IN TODAY'S POLITICAL ENVIRONMENT, legislative and regulatory victories tend to go to broad coalitions that can muster grassroots support for the issues that concern them. Mustering such support is both art and science, and increasingly science.

The environmental community in North Carolina, perhaps more than any other, understands this fact and for the last several years has committed substantial time and resources to coalition building and strengthening its capacity to mobilize grassroots support at key political junctures.

The North Carolina Conservation Network (ConNet) is a relatively new organization created in 1998 to serve the environmental community in this state through improved communication and coordination. It serves 150 conservation organizations as an information and communication hub and as a catalyst to bring leaders together, face-to-face, to develop strategies and coordinated approaches to resolving

issues of shared concern.

The Z. Smith Reynolds Foundation grant allows ConNet to hire and train organizers to achieve four key objectives:

- Increase the number of individuals receiving timely information on North Carolina's environment through ConNet's environmental information network. The primary target audiences are staff, board members and activists with existing environmental organizations and citizens who have a special interest in environmental issues.
- Disseminate critical information regarding environmental legislation and policy in a timely manner so organizations can effectively track and participate in policy making. ConNet's Environmental Liaison monitors, reports and analyzes key actions of the General Assembly and agencies, boards and commissions.
- Conduct regional skills training workshops specifically designed to help conservation advocates strengthen their organizations, including how to better impact policy decisions by recruiting, educating and mobilizing citizens on pressing environmental issues.
- Act as a catalyst to create "issue clusters," bringing together environmental organizations with similar interests and positions so they can coordinate their efforts and increase their effectiveness.

"North Carolina continues to face challenging environmental and public health issues," said Brian Buzby, Executive Director of ConNet. "Communication of information on environmental policy to grassroots groups and policy experts across the state has definitely improved," he said. "But more citizens need to get involved and acquire the skills to make consistent, effective use of the increased flow of information that will result in a positive difference in North Carolina's future." ❖

western
north carolina
alliance



GRASSROOTS ENVIRONMENTAL organizations have proved to be the most effective way of helping decision makers understand the impact of bad stewardship of natural resources and the need to conserve our natural heritage.

For two decades, the Western North Carolina Alliance has been bringing together people who care about the quality of life in their towns and in the countryside and helping them find an effective voice to address critical issues in the mountain counties. No issue has been more pressing than the pollution of mountain air by aging, coal-fired electric generation plants.

Environmental groups cite the passage of the Clean Smokestacks Act by the North Carolina General Assembly in June 2002 as one of the state's greatest

environmental victories and one that especially affects the western counties in which the Alliance works. A statewide coalition of conservation organizations, business leaders, politicians and concerned citizens worked together to pass this historic legislation, but citizens and elected officials from the mountains led the charge, thanks to the Alliance. Every legislator from western North Carolina voted for the legislation.

The Alliance knows there is strength in numbers. One of its major goals is to increase its membership to ensure that it continues to be a powerful and enduring voice to protect the environment in western North Carolina and the health and quality of life of its residents. It intends to almost triple its membership over a three-year period.

Sustainability has become a major focus of many organizations, including the Alliance, and it is committed to quadrupling its community-based funding. The Alliance has a clear plan: Increase membership renewals; hold fund-raisers; do targeted direct mail; build a major donor program through personal contact; encourage planned giving; promote automatic withdrawal; and conduct a strong workplace giving campaign.

The Alliance also wants to grow its membership so it reflects the diversity in western North Carolina. It is working to increase membership by African-Americans, Latinos and the Cherokee community and thus create a broader base from which to draw volunteers and cultivate new organizational leaders.

Great environmental challenges still face North Carolina's western counties, including chronic air pollution, sprawl, destruction of mountain streams, insatiable consumption of natural resources and others. Having a powerful voice, such as the Western North Carolina Alliance, to address those challenges is clearly in the interest of all North Carolinians. ❖

ENVIRONMENT

The Z. Smith Reynolds Foundation believes that people and place are intricately connected and that the quality of life and health of North Carolinians depends on strong stewardship of the environment.

The goals of Foundation funding in this area are to preserve, protect and improve North Carolina's diverse and precious natural areas, to prevent irreversible damage to the environment, and to advocate for environmental justice. Additionally, the Foundation believes that environmental education is a key component to ensuring that such goals can be accomplished.

Within this category, the Foundation seeks to fund organizations and projects that do the following:

Provide Education and Outreach

- Promote public awareness of environmental stewardship and growth management through education of the general public
- Create and implement environmental education curricula and programs for young people
- Encourage a diversity of people and interests to participate in addressing environmental concerns

Preserve, Protect and Improve

- Preserve, protect and advocate for North Carolina's natural assets, including, but not limited to, clean air, clean water, green space, forests, coastal and wetland habitats, and farmland

- Support sustainable agriculture and business methods that are not destructive to the land, air or water and, therefore, to our food and the health of our people
- Promote renewables, recycling and the reduction of waste (including toxins)
- Develop and/or advocate for alternative energy sources and transportation methods that cause less destruction of natural resources

Employ Advocacy Methods and Encourage Public Policy Changes

- Support the development and enforcement of sound public policies to preserve and protect North Carolina's environment through established networks and grassroots efforts
- Bring diverse constituencies together to advocate for environmental justice, particularly as it affects populations whose voices are often unheard
- Assist local, regional and statewide efforts to create, develop and advocate for growth management plans and tools

The Foundation does not give priority to:

- *Academic research*
- *Land purchases*
- *Animal species preservation or rehabilitation*



TOO OFTEN PEOPLE SAY THEY CANNOT MAKE A DIFFERENCE, that politics is all about money and influence, government is irrelevant, and voting does not matter. Consequently, many fear that democracy is at risk.

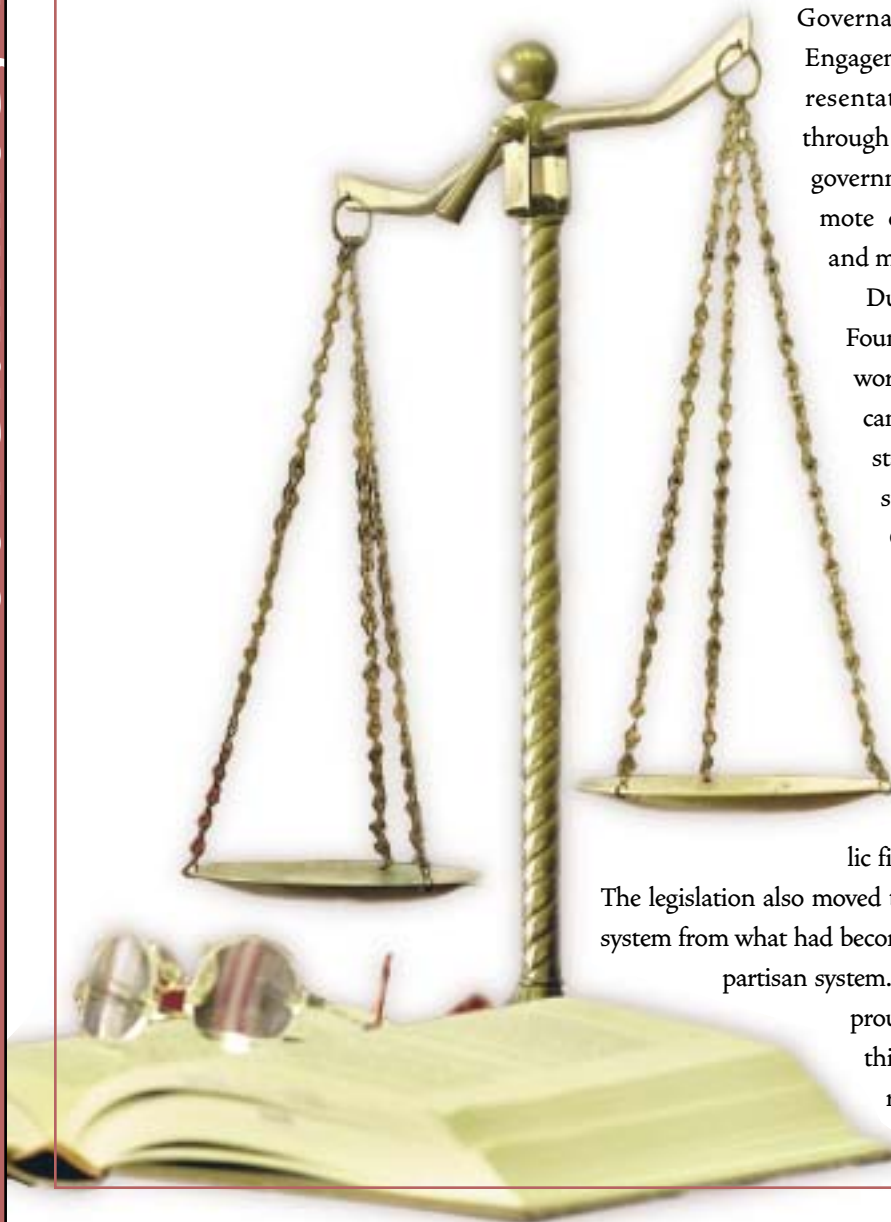
Do we as a society really know any more what democracy is and what it means? Could it be as playwright George Bernard Shaw said, “Democracy is a word all public men use and none understand”?

At the Z. Smith Reynolds Foundation, we believe individuals can make a difference, that government is relevant and voting matters. Chester Bowles, a former ambassador, congressman and governor, once said, “Government is too big and important to be left to the politicians.” We agree and know that our democracy is least at risk when all residents of North Carolina understand the role of government, how it works, what to do when it doesn’t, and what their responsibilities are for making it work well. The

Foundation adopted the new focus area, Governance, Public Policy and Civic Engagement, with the aim to “strengthen representative democracy in North Carolina through efforts that educate the public about government institutions and policies, promote civic engagement and responsibility, and monitor government performance.”

During the last several years, the Foundation has supported several groups working to improve the system of election campaigns for appellate court judges in our state. In large measure due to the outstanding efforts of groups like the North Carolina Center for Voter Education, Democracy South (now Democracy North Carolina), Common Cause Education Fund and North Carolina Public Interest Research Group, North Carolina in 2002 passed the North Carolina Clean Elections Act – one of the first judicial public financing campaign laws in the country.

The legislation also moved the judiciary to a non-partisan election system from what had become an increasingly expensive and bitter partisan system. The Z. Smith Reynolds Foundation is proud of its investment that helped make this monumental public policy change a reality.



In 2002, the Foundation continued its support of the North Carolina Civic Education Consortium, which educates K-12 students about government and ways to make it stronger and more responsive to the needs of society. This project, which the Foundation helped launch, is becoming a national model and has attracted support from several large national foundations. We believe investing in North Carolina's youngest citizens today is one of the best ways to produce a healthy democracy for tomorrow. Further, it is our view that the voices of young people should be heard and public service considered a vital and worthwhile endeavor.

The Foundation is also convinced that leadership is critical to the future of the state and its government. As such, support was provided in 2002 to the Center for Creative Leadership to develop a new leadership program to assist business and nonprofit managers to better understand how to lead people of different ethnicities and cultures. In addition, the Foundation provided support for the operation of the Wildacres Leadership Initiative, which provides a unique two-year leadership development opportunity for North Carolinians identified as having unusual leadership potential.

We are satisfied that by working in partnership with many of our grantees, we can help ensure that residents of North Carolina better understand democracy and are more engaged in civic activities. Renowned journalist Bill Moyers said, "(T)here is no substitute for grassroots action by individuals who understand that they occupy the most important office in democracy – the office of citizen." We feel fortunate to be able to play a small role in helping create a more educated and involved citizenry that is ready to meet the challenges of that office. ❖

~TOM ROSS



north carolina center
for voter education



WITH EACH ELECTION, the cost of political campaigns in North Carolina skyrockets and campaigns become even more about money than issues. It's true that generally speaking the candidate with the most money wins.

The North Carolina Center for Voter Education already has been successful in systematically advancing the cause of campaign and election reform in North Carolina. Its efforts were a key to passage of landmark campaign finance reform legislation in October 2002 – full public financing of races for state appellate judgeships. The work of the Center and the other organizations with which it is allied is being heralded throughout the nation by campaign reform advocates.

Former United States Senator Robert Morgan, Chair of the Center's Board since it opened its doors in 2000, said, "We are in danger of becoming an oligarchy – a government of the rich and the powerful."

"We are working to bring as many people as possible back into the political system," said Chris Heagarty, the Center's executive director. "Too many

people have been shut out for too long.

"We have created barriers that effectively prohibit people without substantial personal resources from running for office, and we often see a disturbing relationship between elected officials and the contributors and fund-raisers upon whom they have become so dependent. At the same time, ordinary citizens who lack resources to participate in the money-raising process see less and less of candidates during election time and have fewer chances for meaningful input," said Heagarty.

The Center is addressing these problems aggressively in the following ways:

- A public education campaign for Voter-Owned Elections, soft money regulation, improved enforcement of and disclosure requirements in campaign spending laws, and examination of free-speech issues and the abuse of so-called "independent political expenditures" and "issue ads."
- Opinion research measuring public attitudes and beliefs about voting, campaign spending and reform.
- A campaign to educate citizens about the recently enacted Judicial Campaign Reform legislation, including encouraging taxpayers to make voluntary contributions to the public campaign fund.
- A "Follow the Money" syndicated opinion column that is distributed to media statewide.
- Development of a video resources library related to campaign finance and election reform issues for use by news media, elected officials, coalition partners and concerned citizens.

The Center's activities are rooted in its devotion to participatory democracy. Consequently, it does not confine its activities to election reform. The Center also has projects related to voter education and balloting instructions, voter turnout and increased coverage of governmental and campaign events by news media. ❖

common cause

THE COMMON CAUSE EDUCATION Fund's North Carolina Project is a carefully targeted campaign to bring new voices to the debate on campaign finance reform in this state.

There is a disturbing fact about North Carolina's political system: Fewer and fewer people are having more and more influence. After the 2000 election, North Carolina ranked 41st nationally in voter turnout while the cost of running a legislative race nearly quadrupled in just the preceding six years. Far too much of that was special interest money, said Bob Phillips, Project Manager.

"Having a meaningful campaign finance reform bill moving through the North Carolina General Assembly last year was a great boost for us. Having an issue like that to focus on made it much easier for us to help the groups we reached to understand the unhealthy relationship between big money and politics," said Phillips. "Our educational outreach programs helped convince people to get involved and be a part of the effort to pass the landmark judicial campaign finance reform legislation in North Carolina. And in that sense we accomplished a major part of our project's mission, which is to promote civic engagement."

The project has three target groups – young people, conservatives and Latinos.

Many young people are cynical about politics. Many conservatives are skeptical of reform. Many Latinos are unaware of the system's impact on their community and in their daily lives. The needs are clear: Connect young people with the political system; get conservative voices into the dialogue on reform; and educate Latinos on the system and its impact on them.

Youth Outreach: Goals include expanding the project's presence to all 16 state university campuses; creating coalitions of Common Cause members, students and faculty; coordinating and sponsoring educational activities including panel discussions, media events

and research projects; building student listservs; producing newsletters; and initiating more outreach to high school students.

Conservative Outreach: Goals include providing reform information and promoting discussion at meetings with conservative audiences; building conservative listservs; producing an e-newsletter targeted to conservatives; appearing on conservative talk radio; and producing and distributing other educational materials.

Latino Outreach: Goals include hiring someone from the Latino community to lead educational outreach efforts; building a coalition of Latino leaders to speak out for campaign reform; appearing at Latino gatherings; providing Latino media outlets with educational materials; and producing and distributing materials on campaign finance reform to members of the Latino community. ❖



democracy
north carolina



SINCE DEMOCRACY SOUTH WAS founded more than six years ago, it has focused on one of the most controversial issues in America – the capacity of wealthy special interests to exert undue influence on and subvert democratic institutions. There is little doubt that Democracy South, since January 2003 called Democracy North Carolina, played a major role in the passage of the Judicial Campaign Reform legislation that has drawn national attention and made North Carolina a leader in campaign finance reform efforts in the United States.

The leadership of Democracy South has never striven to be popular or to curry favor with the power structure. Instead it has chosen to state its mission clearly, create coalitions that pursue goals doggedly, and have faith that an underlying popular desire for truly democratic political processes would eventually effect desperately needed changes.

Change in fact is occurring, and the prospect of comprehensive campaign finance reform in North Carolina is coming closer to being a reality. The Z. Smith Reynolds Foundation has provided funds for grassroots organizing and leadership development programs, as well as for research and public education efforts.

Democracy South's grassroots and leadership program has developed networks of informed citizens who are willing to pursue and defend meaningful policies that reinforce democratic principles upon which our government is based. Its research and public education program analyzes election-related

problems and remedies and disseminates findings directly to targeted audiences and, indirectly, through the media and other sources.

Repeatedly, at key junctures, Democracy South has produced solid, illuminating statistics on the role of money in politics and political decision making. Using the “follow the money” approach, its research has provided the information that coalition groups have needed to prove their points and move decision makers to action.

Democracy South produced 18 reports and research projects in 2002, including information on sources of campaign funds for state appellate judicial candidates, fundraising by legislative candidates, contributions by the video poker industry, fundraising by employees and board members of the NC Department of Transportation, major soft-money contributions, and others. It did much of the research on public financing legislation – including finding and adapting model legislative language for public financing of judicial races – and provided case studies that dramatized the need for laws to give the State Board of Elections new tools to enforce campaign contributions.

Field workers crisscrossed the state, educating, organizing and mobilizing local activists. The organization did door-to-door campaigns, conducted workshops and leadership training sessions, met with editorial writers and submitted op-ed articles, involved students on summer break in local petition and canvassing drives, and in many other ways helped create momentum for reform efforts.

It astounded even veteran politicians and media representatives when it secured endorsements from 1,200 local leaders and elected officials, 600 appointees to state boards, and other community leaders for Voter-Owned Clean Elections. It also obtained endorsements of public financing of statewide judicial races from more than 1,000 attorneys and judges, including 12 presidents of the North Carolina Bar. ❖

GOVERNANCE, PUBLIC POLICY & CIVIC ENGAGEMENT

The Foundation believes that a high quality of life in North Carolina requires an engaged citizenry and a government that is responsive to the needs of the people. Additionally, the Foundation believes that the development of sound public policy is crucial to effective government. Therefore, it is the aim of the Foundation to strengthen representative democracy in North Carolina through efforts that educate the public about government institutions and policies, promote civic engagement and responsibility, and monitor government performance.

Within this category, the Foundation seeks to fund organizations and projects that do the following:

Promote Civic Engagement

- Increase the level of public discourse regarding significant public policies
- Promote civic engagement and increase the level and quality of participation by North Carolinians in their communities and government
- Develop leadership training opportunities for individuals, particularly those whose voices are under represented in the public sphere
- Enhance civic education through school and community activities

Advocate for Systemic Change

- Generate credible, policy-relevant research that can be utilized to move a social justice agenda
- Create innovative and systemic solutions to respond to the rapidly changing demographics of North Carolina
- Promote equity in the state's justice system by advocating for appropriate systemic changes

Encourage Responsive, Accountable Governance

- Promote alignment of the state's resources with the needs of residents to ensure responsible, just and effective use of resources
- Improve understanding and knowledge of policy development and government operations among elected and appointed officials
- Support media accountability and encourage responsible, credible coverage of government and politics

The Foundation does not give priority to the following:

- *Academic research*



MUCH OF NORTH CAROLINA'S FUTURE DEPENDS UPON the quality of education that our children obtain. That shouldn't be news to anyone.

North Carolinians were ambitious enough to create the first public university in the United States in 1789, and now we've pledged to make our public schools first in America by 2010. We can look at our public schools with pride. They have been, and continue to be, among our state's greatest assets. Unfortunately, we also have cause for concern.

Today, children are exposed to a host of risk factors at ever younger ages. School violence captures national headlines. Educators are under intense pressure to raise scores on standardized tests, and, as a result, important aspects of the curriculum, such as arts and foreign language, are de-emphasized. A sizable achievement gap exists within most schools and between suburban schools and their counterparts in rural and inner city schools – particularly between white students and African-Americans, Latinos and Native Americans. Many educators worry about a lack of parental involvement in schools, while many parents don't feel comfortable advocating for their children.

North Carolina faces a severe teacher shortage. In the next decade, the state will need an additional 90,000 teachers. It also must retain the great teachers it has now; teacher turnover rates in North Carolina climbed to a disturbing 13.5 percent in 2000.

Meanwhile, legislation and judicial decisions could bring about significant changes in education. The No Child Left Behind Act will impose severe penalties on federally funded schools that fail to meet high – some would say extreme – standards for student achievement. The U.S. Supreme Court has declared school vouchers to be constitutional, while the Leandro decision in North Carolina could force the state to significantly increase its investment in low-wealth schools.

Public education stands at a critical juncture, but the Z. Smith Reynolds Foundation's commitment to enhancing its quality in North Carolina remains deep and long-standing. Over the years, the Foundation has supported both grassroots initiatives and statewide projects in pre-collegiate education. In 1985, the Foundation established the Public School Forum, a public policy organization that brings together stakeholders from the public, private and nonprofit sectors to improve the state's public schools. Support for the Forum and its outstanding work continues.

The Foundation's grantsmaking in pre-collegiate education has evolved somewhat in recent years, particularly as a result of the strategic planning process the Foundation undertook in 2001. However, several aspects of the field remain at the core of the Foundation's work: the classroom teacher and principals, and the value of equity, diversity and quality curricula. The Foundation's Pre-Collegiate Education focus area reflects these key elements.

Teachers and principals are among the most critical factors affecting the quality of education in this state. To maintain and enhance the excellence of North Carolina's teachers and school administrators, the Foundation supports efforts to promote their professional development. This state has been a national leader in professional development for school personnel. The North Carolina Center for the Advancement of Teaching in Cullowhee, for instance, was the first program of its kind in the United States.

The Foundation continues to look for projects that build the prestige of teaching as a profession and empower teachers and administrators to lead and advocate. We are interested in the recruitment and retention of talented teachers and administrators, keeping in mind the critical shortage of minority educators and teachers in

math and science subject areas, and the challenges of providing quality education in low-performing schools.

Organizations and projects that strengthen the capacity of university education programs to provide excellent teacher preparation experiences have appeal as well. The Foundation's 2002 grants related to professional development included a support program for beginning teachers sponsored by Western Carolina University and funding for Teach for America to increase the number of teachers it places in low-wealth school districts in North Carolina.

Equity matters: We believe that all students have a right to a high-quality education. We seek to address equity in education by supporting progressive public policy reforms within and outside of the public school system, by enhancing parental knowledge and advocacy, and by increasing community participation in our schools. In 2002, for instance, the Foundation funded the Charlotte-based Swann Fellowship to continue the publication of *Educate!*, an e-journal that provides information about the Charlotte-Mecklenburg School System and advocates for school integration.

The Foundation looks for groups that promote access to a quality education for all students throughout North Carolina; that advocate for effective accountability models and testing methods; and that work continuously to promote the inclusion of immigrant groups in the educational process. We also seek to foster an exceptional statewide system of early childhood education. Last year the Foundation funded the Frank Porter Graham Child Development Institute at UNC-Chapel Hill to help child care professionals access Internet-based distance learning programs.

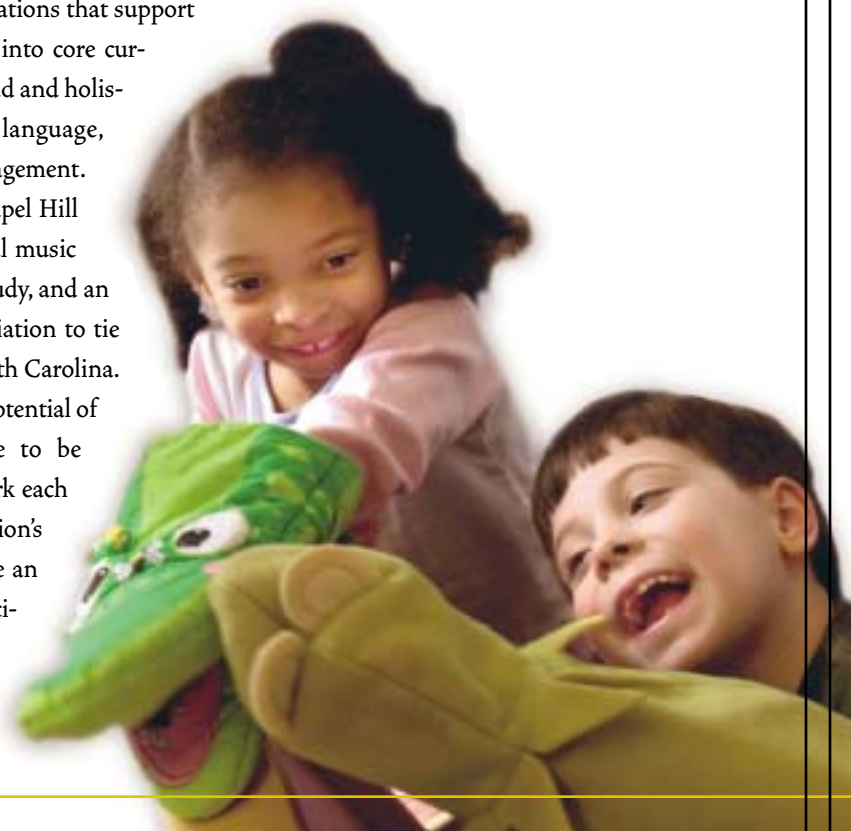
In the Foundation's view, a truly effective public educational system should offer a balanced and innovative curriculum. To that end, the Foundation supports projects that develop curricula that accurately represent the history and culture of all students, and curricula that teach students their responsibilities as citizens and encourage civic participation.

The Foundation is interested in organizations that support teachers in the integration of technology into core curriculum instruction and advocate for a broad and holistic curriculum, including arts, foreign language, entrepreneurial skills and financial management. In 2002 such grants included a UNC-Chapel Hill program that helps teachers integrate local music and folklore into the standard course of study, and an effort by the Asheville Art Museum Association to tie literacy to art in rural areas of western North Carolina.

We remain convinced of the value and potential of North Carolina's schools and continue to be inspired by the dedicated citizens who work each day to make them better. It is the Foundation's privilege to support their efforts to nurture an educational system that strengthens our society in so many ways. ✨

~ERIC JOHNSON, MONTEIC

SIZER



community alliance
for education



THE COMMUNITY ALLIANCE FOR Education – a joint venture with the county library, the chamber of commerce, PTA Council, El Puente Parent Resource Center, Forsyth Tech, and the *Winston-Salem Journal* – is dedicated to bringing Winston-Salem and Forsyth County residents into the decision-making process for their school system.

Winston-Salem and Forsyth County have a history of addressing community problems with well-

financed programs. But Alliance participants believe these programs rarely have been the result of consensus building or involvement through dialogue and deliberation across divisions of age, race, ethnicity, ideology and geography.

A *Winston-Salem Journal* editorial summed it up this way: “Citizen indifference to, even alienation from, government is widely acknowledged as a threat to American democracy. Giving everyone a voice is critical to a healthy process, and perhaps nowhere is hearing that voice more important than in our public schools.”

The Alliance has chosen the Study Circles model, which has been used effectively across the country to address complex community issues and outline clear action steps for change.

“The idea,” said the *Journal* editorial, “is to bring together people from all walks of life – parents, students, teachers, citizens – who are interested in public schools but feel, many of them, that their voice is seldom if ever heard. For two hours a week for four weeks, these people would meet in groups of about 10 with a facilitator to keep the discussion on track. They would talk about such issues as what a good education means to them, how they would help every student to succeed, what their visions are for the schools and how to develop action plans.”

Problems that are particularly worrisome and that need broad citizen input include the achievement gap between white and non-white children and the resegregation of public schools.

Involvement doesn’t stop there. The Alliance is working with established community organizations and relatively new grassroots organizations to build relationships among a diverse group of residents, to create and implement a community action plan and to demonstrate a new, more inclusive form of public problem solving. Clearly, the school system will be the ultimate beneficiary. ❖

los puentes

THE LATINO POPULATION IS growing at a faster rate in North Carolina than in any other state. Greene County, in the heart of the rural East, saw an almost 800 percent increase in its Latino population over a 10-year period.

The strain on the school system presented by increased enrollment in this low-resource county – one of the poorest in North Carolina – has been exacerbated by the challenges presented by dual languages and the cultural diversity of the new children it is serving. Regardless, public school administrators are determined to make diversity an asset rather than a liability.

The Greene County public school system, in collaboration with East Carolina University, is implementing Los Puentes (Bridges), an innovative approach to “two-way” or “dual-language” immersion and multicultural education. At the same time, East Carolina is studying the migration and resettlement process of the Latino population in an attempt to better understand the county’s Latino residents and the socioeconomic realities of their presence.

Dr. Rebecca Torres of East Carolina University believes that the Los Puentes multicultural curriculum and learning environment will do far more than raise academic achievement. “Greene County is destined to be multicultural,” said Dr. Torres. “I think that when people look back they will see the introduction of Los Puentes in the public schools as a real turning point – the time when the county took control of its own destiny and started to capitalize on its diversity and human resources.

“The deep respect, appreciation and understanding between races and cultures that will be fostered will create bridges and positive interaction between Greene County’s three cultural groups and pay dividends for decades to come,” she said.

Los Puentes will begin in what is described as the “the ideal incubator.” Snow Hill Primary School (K-2) received the National Blue Ribbon School of

Excellence Award in 1998-99 under the leadership of noted educational pioneer Gail Edmondson, 2000 North Carolina Principal of the Year.

Starting with grades K-2, the Snow Hill Primary School intends to move from a remedial approach to teaching English that often stigmatizes minority students to an enrichment mode that treats language and cultural differences as an asset and integrates them into the curriculum. All children will attain high levels of proficiency in both English and Spanish while pursuing a mainstream curriculum that will enable them to score well on achievement tests, avoid retention and close the achievement gap.

As the program is developed and proves its worth, it can become a new model for bilingual and multicultural education in schools throughout North Carolina. ❖





PRE-COLLEGIATE EDUCATION

Supporting pre-collegiate public education is a long-standing priority of the Z. Smith Reynolds Foundation. The Foundation recognizes that North Carolina's future depends on what happens in classrooms today and seeks to improve the quality of teaching and learning in the public schools. In addition, quality education is a major component of an economic development strategy that will enable North Carolina to compete in a global economy.

Differences in educational achievement and opportunity in the state remain as a result of geography, local capacity, gender, racial/ethnic and socioeconomic inequities. The Foundation strives to improve equity in education, especially in low-resource communities. As North Carolina's demographics change, the Foundation encourages efforts by public schools to address the challenges of diversity for students, teachers and administrators.

The Z. Smith Reynolds Foundation believes that private philanthropy serves as a catalyst for educational progress, recognizing that the primary responsibility for funding public, pre-collegiate education rests with government. The Foundation welcomes opportunities to collaborate as a partner in innovative models of educational reform and seeks to promote the alignment of the state's educational resources with the most significant needs of students.

Within this category, the Foundation seeks to fund organizations and projects that do the following:

Address Equity in Education

- Promote access to a high-quality education for all students throughout North Carolina
- Support progressive policy reforms within the public school system
- Advocate for effective accountability models and testing methods
- Create policies and programs to address the achievement gap
- Foster an exceptional statewide system of early childhood education, both in program content and teacher training
- Work continuously to promote the inclusion of immigrant groups

Promote Professional Development

- Build the prestige of teaching as a profession
- Strengthen the capacity of university education programs to provide excellent teacher preparation experiences
- Recruit talented teachers and administrators, with particular attention to critical shortages in minority representation, math/science subject areas and low-performing schools
- Retain talented teachers and administrators
- Empower teachers and administrators to serve as leaders and advocates

Advocate for a Balanced and Innovative Curriculum

- Develop curricula that accurately represent the history and culture of all students
- Promote curricula that teach students their responsibilities as citizens and encourage civic participation
- Support teachers in the integration of technology into core curriculum instruction
- Advocate for a broad and holistic curriculum that includes arts, foreign language, entrepreneurial skills and financial management

The Foundation does not give priority to the following:

- *Single-site charter schools*
- *Single-site school projects*

The Foundation does not fund the following:

- *Athletic teams or events, parent-teacher organizations or similar groups*
- *Initiatives promoting religious education or doctrine*
- *Personnel salaries and other general operating expenses in public schools*
- *Private K-12 schools, other than exceptional programs or initiatives with the potential for replication in public schools across the state*
- *Scholarship programs or general budgets for educational institutions (outside of pre-existing commitments)*
- *Single-site day care centers*



“SOCIAL JUSTICE AND EQUITY.”

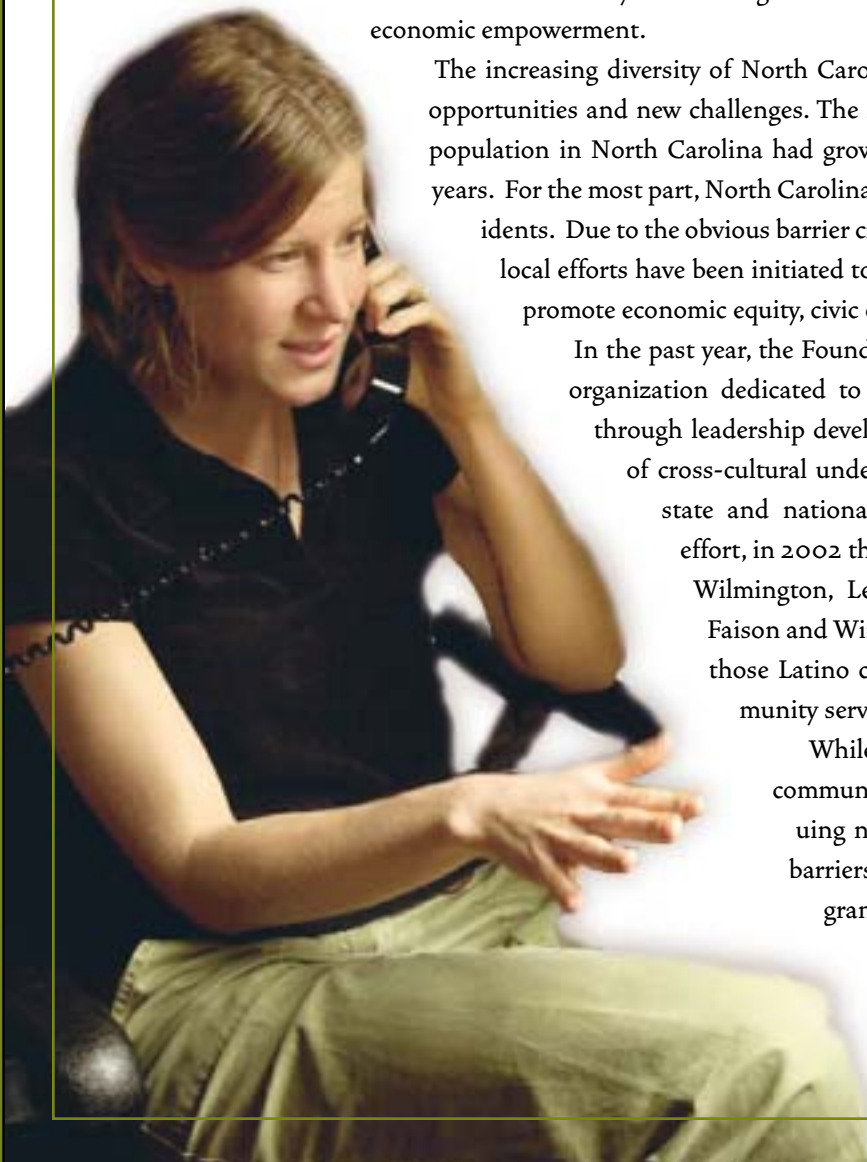
These words evoke images of the ongoing, worldwide struggle to develop and preserve democratic societies where there is freedom to express new thoughts and ideas; where there are economic opportunities that will lead to the eventual eradication of poverty; and where there is opposition to all forms of oppression of racial equality, gender equity and human rights.

The Social Justice and Equity focus area is new to the Foundation. As a part of the strategic planning process, staff and Trustees looked at existing focus areas to reexamine what the Foundation was seeking to accomplish and to determine whether any changes were needed. After thoughtful discussion, the Foundation realized that what it wanted to achieve through the focus areas, Issues Affecting Minorities and Issues Affecting Women, was similar enough to be merged into a new focus area called Social Justice and Equity. Through this focus area, the Foundation reinforces its commitment to support advocacy and other efforts that provide meaningful opportunities for women, communities of color and the economically disadvantaged to obtain political inclusion, social equity and economic empowerment.

The increasing diversity of North Carolina presents the state with numerous opportunities and new challenges. The 2000 census indicated that the Latino population in North Carolina had grown by 394 percent in the preceding 10 years. For the most part, North Carolina has reacted positively to its newest residents. Due to the obvious barrier created by language differences, a host of local efforts have been initiated to provide access to basic services and to promote economic equity, civic engagement and political inclusion.

In the past year, the Foundation supported El Pueblo, a statewide organization dedicated to strengthening the Latino community through leadership development, education and the promotion of cross-cultural understanding in partnerships at the local, state and national level. In addition to this statewide effort, in 2002 the Foundation supported local efforts in Wilmington, Lenoir, Sanford, Fayetteville, Charlotte, Faison and Winston-Salem to ensure that members of those Latino communities have access to basic community services.

While the efforts to be inclusive of the Latino community are necessary, there is also a continuing need to break down long-existing racial barriers. To that end, the Foundation made a grant to help establish the UNC School of Law Center for Civil Rights. The



mission of the Center includes active participation in the development of law and policy to enlarge, protect and further the civil rights of racial and ethnic minorities and the poor.

The Center will be headed by Dr. Julius L. Chambers, who graduated from the UNC-CH School of Law, co-founded one of the nation's most successful private civil law firms and then served as Director-Counsel of the NAACP Legal Defense & Education Fund, before returning to North Carolina Central University as Chancellor. The center will focus on economic development, education, economic justice, employment, health care, housing law and voting rights.

In addition to barriers that exist due to race and economics, there also are barriers that exist due to gender. The Foundation supported the merger of two organizations – Planned Parenthood of the Capital and Coast and Planned Parenthood of North Carolina West – to form a new organization, Planned Parenthood Health Systems. This newly formed organization serves a 75-county area and is committed to ensuring that reproductive health care options and programs to reduce teen pregnancy remain available and accessible to all women across the state. The Foundation also supported the Adolescent Pregnancy Prevention Coalition of North Carolina in its efforts to reinvigorate and jump start local teen pregnancy prevention organizations to address the birth rate for 12-19 year olds in North Carolina, which is the 12th highest in the United States.

Within the Social Justice and Equity focus area, the Foundation made grants in 2002 to two statewide organizations that, among other things, are working to break down economic barriers and one of the many barriers that prevent women from moving forward – violence. The Foundation supported the North Carolina Justice and Community Development Center, which is trying to work toward economic equity by addressing issues of predatory lending, and to the North Carolina Coalition Against Domestic Violence, which seeks to stop violence against women.

Finance companies that participate in predatory lending practices often establish themselves in low-income communities and prey on those who lack access to legitimate resources, blocking their ability to establish credit and build personal wealth. Through the concerted efforts of the Justice Center and other organizations, North Carolina now has the strongest anti-predatory lending laws in the country. These laws help ensure that all North Carolinians have the resources necessary to move from poverty to economic security.

It is sobering to think that there is a network of organizations that exist solely because some people choose to abuse the spouse or partner that they promised to love. In 2001 more than 40,000 women in North Carolina accessed domestic violence services for the first time. Many people have a difficult time understanding the cycle of violence and ask why women stay with their abusers. A better question is why we as a community continue to tolerate violence in the home, a question the North Carolina Coalition against Domestic Violence seeks to address.

While the words “Social Justice and Equity” evoke images of international efforts to promote fairness and equality, we have numerous opportunities right here in our state to eliminate the barriers that prevent some of our residents from moving forward and to promote justice and equity at home. ❖

~BARBARA ROOLE

north carolina
justice and community
development center



LOW-INCOME PERSONS — individuals and families struggling just to make ends meet — all too often are the people the unscrupulous prey upon. Any chance they may have to get a pay check ahead or to accumulate savings for a down payment on a home disappears when they sign a loan agreement with an exorbitant interest rate or resort to “payday lending” to survive financially for one more month.

One part of the North Carolina Justice and Community Development Center’s mission is to remove predators from the marketplace, to give the poor at least a fighting chance for economic security, and to ensure that the unscrupulous do not grow

wealthy by appropriating the limited resources of the poor and disadvantaged.

The Center uses four primary strategies: research and policy development, public policy advocacy, litigation, and grassroots empowerment/community capacity building. Specific projects implement the strategies and include the Living Income Initiative, Health Access Coalition, Budget and Tax Center, Immigrants Legal Assistance Project, Education and Law Project, and Consumer Action Network.

The Z. Smith Reynolds Foundation provides the Justice and Community Development Center with funds for general operating expenses and for two of these initiatives — the North Carolina Consumer Action Network and the North Carolina Living Income Initiative.

The premise of the Consumer Action Network is that a combination of strong consumer protection laws and aggressive enforcement is essential to the accumulation and preservation of wealth in low-income communities. The Network has focused on two substantive issues: payday lending, which is often referred to as “deferred-deposit check cashing,” and regulation of small loan companies. In both instances, the poor pay dearly in interest and fees, and in all too many instances the result is continuing exploitation. The Network has assembled consumer advocates to articulate the positions of the poor in the halls of the General Assembly.

The Living Income Initiative conducts quality research and analysis, which are crucial for effective outreach and education efforts that attack the widening income gap between rich and poor and reshape the debate on wage and income support policies. The Initiative believes that North Carolina must have a comprehensive safety net — one that works in both boom and bust times for a broad range of working people — if the state is to have a humane and competitive society. ❖

north carolina coalition against domestic violence

DOMESTIC VIOLENCE HAS plagued society for many years, and, yet, the nature of this serious abuse has kept the issue quiet, many of its victims silent, and society generally unaware of the extent of the problem and its toll on individuals, families and communities.

For many years, the Z. Smith Reynolds Foundation has funded programs that help protect women from abuse, offer a safe haven from their abusers, and educate society about the seriousness of the problem. For many years, the Foundation's grants were made to local domestic violence shelters.

The North Carolina Coalition Against Domestic Violence (NCCADV) has received funding in recent years for its strategic efforts to help the 90 domestic violence programs in North Carolina be more effective and to help raise public awareness of domestic violence. This organization, founded in 1981 and based in Durham, believes that "battering is more than physical abuse. It is a pattern of domination enforced by violence in which all parts of a woman's life are subject to the batterer's control. In addition to physical abuse, it generally includes sexual, emotional and economic abuse."

NCCADV also believes that "gender inequality plays a central role at both the personal and societal level in creating and maintaining battering. We believe the voice and experience of battered women must be the foundation of all work on battering."

Based on those beliefs, NCCADV applied for, and received, grants from the Z. Smith Reynolds Foundation to support member programs, including technical assistance, training, information about public policy initiatives, and activities to increase public awareness of domestic violence. In recent years, as state and local governments dealt with budget issues by reducing funding to domestic violence service providers, the role of NCCADV has become even more important, as it has helped local organizations become more effective and taken a

broader role in public education and advocacy.

Recently, the Coalition has focused attention on oppression and racism in the movement against domestic violence in North Carolina. It hired a communities of color specialist to provide technical assistance around issues of race and domestic violence and to support women of color who work for domestic violence service providers.

North Carolina's rapidly increasing Latino population has resulted in the need for specialized services to help battered Latinas. NCCADV has developed a number of initiatives to deal with this growing problem, including regional meetings, printed materials, and grassroots training for volunteer Hispanic women who work in the field of domestic violence.

NCCADV works not only to assist those who are committed to help battered women but also to raise awareness about the issues with the public at large. A report issued this spring by a state-wide task force on child well-being and domestic violence said, "Society's reluctance to acknowledge the extent of this violence, as well as the tremendous societal costs it brings to bear, has frustrated efforts to reduce it." The coalition is working in a variety of ways to let people know – and call them to action. It is willing to take its message all over the state: "Battering is absolutely unacceptable. It is wrong." ❖





SOCIAL JUSTICE & EQUITY

The increasing diversity of North Carolina presents the state with numerous opportunities and new challenges. At the same time, there is a continuing need to work on breaking down long-held beliefs and stereotypes that are based on race, gender and poverty and are barriers to mutual trust and respect. The Z. Smith Reynolds Foundation is committed to supporting advocacy and other efforts that provide meaningful opportunities for women, ethnic and racial minorities, and the economically disadvantaged to obtain political inclusion, social equity and economic empowerment.

Within this category the Foundation seeks to fund organizations and projects that do the following:

Empower Women and Girls

- Ensure that all reproductive options remain available to women
- Address, treat and seek to end emotional, physical and sexual abuse
- Work to end the disparity in economic opportunities and empower women to advocate for economic equity
- Promote a statewide system of accessible, affordable and quality child care
- Promote and support efforts to develop leadership and political empowerment

- Provide opportunities to build networks and develop and nurture positive self-images
- Prevent teenage pregnancy and overcome obstacles that can have a negative impact on a young woman's future success

Promote Racial and Ethnic Equality

- Support efforts to develop minority leadership and promote political inclusion
- Promote cultural understanding and diversity
- Strive to improve housing conditions and end housing discrimination
- Meet the needs of disadvantaged immigrants
- Protect the civil rights of racial and ethnic minorities

Reduce Poverty through Economic Empowerment

- Advocate in opposition to predatory lending and other practices that particularly impact the economically disadvantaged
- Promote and provide personal financial education, skill development and support home ownership efforts
- Advocate and work toward establishing a living income

- Support the transition from welfare to work
- Advocate for workers' rights and improved working conditions

Seek Equity in the Criminal Justice System

- Address systemic issues of racial and economic disparity
- Promote equal access to justice

The Foundation does not give priority to the following:

- *Community correction centers or other alternatives to incarceration*
- *Criminal justice programs designed to rehabilitate and/or punish individuals*
- *Juvenile justice programs*
- *Programs serving the physically or developmentally disabled*
- *Senior citizens' programs*

The Foundation does not fund the following:

- *Foster care programs*
- *Single-site day care centers*





IN THE LATE 1990s, the Trustees and staff of the Z. Smith Reynolds Foundation noticed an influx of proposals aimed at working with youth (K-12) in the after-school hours. Simultaneously, the state was grappling with new testing requirements, accountability, and a potentially dangerous achievement gap. In 1999, these converging facts led the Foundation to embark upon a Youth Development Initiative with the goal of attempting to identify systemic and/or community approaches to boosting academic achievement with an eye towards the balanced needs of children. By following this approach, the Foundation acknowledged that while academics are important, so are the arts, recreation, service-learning and time for imagination. Based on the expertise of some of North Carolina's top leaders in education, the Trustees of the Foundation agreed that there ought to be a way to incorporate these various needs into a program that could also satisfy the need for a safe place for children to be after school.

As part of the Youth Development Initiative, the Z. Smith Reynolds Foundation created the Young Scholars Program (YSP). Managed by the Public School Forum of North Carolina under the able leadership of Gail Daughtry, YSP is a five-year pilot program that will test the theory that extended day learning can indeed increase academic achievement while still meeting many other needs of children. In 1999, fifty of North Carolina's elementary and middle schools were targeted and were mailed a request for proposals. These were schools where at least 60 percent of the student body was eligible for free/reduced lunch. Of the proposals that were submitted, 20 were selected as YSP sites. They are geographically diverse – urban and rural, east, piedmont and west. Each site receives \$70,000 per year and has the flexibility to create its own programming, so long as it meets certain basic requirements, including: 1) the programs must be school-based, 2) each site must provide an extra 540 hours of academic enrichment each year, and 3) participants should be those students who are not performing at the highest level on the NC end-of-grade tests.

Three years into the initiative, we believe the YSP results already speak for themselves, as can be seen on the following pages. Of the original 20 sites, all but one are operating and continue to produce story after story of how children can thrive when given the needed time and tools. The YSP pilot program will finish in 2005, and it is the Foundation's hope that the final results will prove useful to educators and decision makers in North Carolina and elsewhere. One role of philanthropy is to try to identify what works, and we all have a responsibility to use that knowledge to ensure that North Carolina's youngest residents are given what they need in order to be successful students and critical thinkers.

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|--|--|--|
| Buncombe County Johnston Elementary Emma Elementary | Granville County C.G. Credle Elementary Northern Granville Middle | Scotland County Johnson Middle North Laurinburg Elementary |
| Caldwell County Gamewell Middle West Lenoir Elementary | Martin County East End Elementary Robersonville Middle | Warren County Mariam Boyd Elementary Warren Middle South Warren Elementary |
| Charlotte/Mecklenburg Statesville Road Elementary | Nash/Rocky Mount Parker Middle | Winston-Salem/Forsyth Diggs Elementary |
| Cumberland County Elizabeth Cashwell Elementary South View Middle | Rutherford County Dunbar Elementary | |



YOUNG SCHOLARS

WHENEVER I AM ASKED ABOUT the impact of Young Scholars, I think of Scott. Stepping up on a small box tucked behind a podium in the center of the stage, the young essay winner announced to an assembly of parents and school officials, “I used to be nervous, but now I’m not.”

Like Scott, Young Scholars across the state have many reasons to be confident and proud of their accomplishments. For three years in a row, as a group, they have made the highest academic growth designated by the state’s accountability measures, and their scores reveal a correlation between time spent in the program and academic improvement in math and literacy.

Each year Young Scholars’ grades show remarkable improvement. Last year “A”s were up by 50 percent, and “F”s were down by 49 percent. This year “A”s rose by 50 percent and “F”s plummeted 72 percent. As a result, detentions were down 90 percent.

The Young Scholars Program has seen a well-balanced, extended learning opportunity make a positive difference in students’ achievement and personal growth. For instance, with “3” representing “grade level” on the state’s assessment scale that ranges from 1 to 4, C. G. Credle Elementary School first started with a program composed entirely of children with entering scores of 1 and 2. By the end of the year, 100 percent of those students had reached grade level. Across all programs this year, 53 percent of the students began the year with math or literacy scores at “Well Below Grade” Level 1. By the end of the year, their number had shrunk to 7 percent.

The sites are diverse – large and small, urban and rural; one a technology magnet; another, a classical magnet; one, with an arts emphasis and a year-round curriculum. Yet, all schools have one thing in common – the majority of students are eligible for free or reduced price lunches.

Under the recently mandated No Child Left Behind federal legislation, unless these and other schools receiving Title I funds meet prescribed academic benchmarks, they will be liable for remedies their students select, including private tutoring programs. In North Carolina, 1,075 schools are Title I schools; and the Department of Public Instruction (DPI) estimates most of them will find it very difficult to meet the new requirements. Successful interventions have never been more important.

The question is, “What do the individual implementations, which are designed around local needs, strengths and preferences, have in common that is making a significant difference to Young Scholars and their families?”

To say the programs provide more time for study may beg the question. Providing 540 hours after school, each of the sites has an equivalent of 80 days added to the school calendar. But students have sometimes neglected to take full advantage of school time already available. For example, Young Scholars’ regular-day absences have been reduced this year by 45 percent. More than one child has been heard to say, “I come to school so I can attend Young Scholars.” Finding a way to reconnect students with the school day is important for their long-term success, and Young Scholars programs work hard toward that end. They are also considering what may be different about after-school time.

First, there is a look at how time after school is being used across programs, starting with academics. Each year, program logs reveal a balanced use of the time allotted primarily to academics. Over three years, that time has been roughly divided into thirds. This year the breakdown was “teaching in a different way, including pre-teaching of concepts before their introduction in the classroom” (26 percent); “remediation” (35 percent); and “help with homework” (39 percent).

Well-integrated activities sometimes make it hard to tell academics from enrichment. Certified

YOUNG SCHOLARS

teachers, who comprise 69 percent of the staff and with whom the children spend 58 percent of their time, help align hands-on activities to the curriculum. These activities could be Young Scholars tearing down and rebuilding computers, dissecting snakes and sharks, doing a grid search at a Cherokee village site, or considering angles and velocity at the bowling alley. The emphasis is on engaging participants in a wide range of interactions as partners in their growth.

An average 1:7 staff/student ratio has enhanced these partnerships. Teachers and students know and better appreciate each other. The same can be said for teachers and parents. Of the 601 volunteers who worked in the program this year, more than three-fourths were parents. And, as in every year, there has been a spill over on regular-day involvement.

Of parents whose children enrolled in the program for a second year, 22 percent more Young Scholars parents visited school to observe the classroom this year; 37 percent more volunteered during the school day; 24 percent more attended a school event; 27 percent more attended parent meetings; and 28 percent more attended conferences with their children's teachers. Reinforcing observations by school administrators, parents speak openly of the program's role in strengthening their ties to schools.

Young Scholars' regular-day teachers have recognized the program as a conduit for parent contact. And, perhaps as an outgrowth, they have doubled their home visits.

Parents are sometimes drawn in by the experiences available after school. Field trips, which have represented approximately 10 percent of Young Scholars' time, are mostly non-local (69 percent this year). Like their children, some parents have had few chances to travel outside their communities. They, too, welcome opportunities to stretch their frames of reference.

Each year parents have had chances to work side-by-side with their children to learn new skills, like computer programs. Some activities, such as literacy workshops that help them participate in preparing their children for writing tests, are crafted specifically for parents. Other activities have been shaped by the parents' expertise, as when Young Scholars built a pond at school, guided by a father whose job was in landscaping. Overall, the aim is to go farther than creating audiences.

Parents spend some of their volunteer time on Young Scholars advisory boards (4 percent this year). Most of these boards (88 percent) have policy and decision-making authority. For some, this direct hand in shaping things that happen at school represents a new kind of involvement.

Increased satisfactory interactions with school may be having some effect on home experiences for families. Surveys of parents at the start of each year indicate that in families who have participated more than a year, reports of children talking about a book with family or friends every day are up 39 percent. At the end of the school year, those who reported earlier that they talked about books only a few times a year or never decreased by 36 percent.

Reports of Young Scholars spending time at home on homework or school projects are up 21 percent. And importantly, in light of National Assessment of Educational Progress (NAEP) findings of a strong correlation between excessive TV viewing and lack of academic progress, Young Scholars' TV viewing has decreased by 59 percent.

Why have Young Scholars committed to more and different time? "If you build it they will come" may work for baseball parks, but to achieve the dreams of the Young Scholars programs, the after-school sessions need to stimulate not just attendance, but engagement. Teachers look for a variety of rich experiences to excite students and provide additional avenues to success. Last year's exit data indicates that out of more than 1,000 students, only 12 left the program because of "lack of interest."

Interest sometimes stems from arts experiences, which account for 11 percent of the program time. From west to east, Young Scholars have learned to play violins, flutes and keyboards. They have painted murals for school walls. They have written poetry and enacted the stories they have read, danced the Nutcracker ballet and performed a choral history tracing African-American music from spirituals to rap.

The connection between arts experiences and academic success has been well publicized. Perhaps less well known are research findings that students from disadvantaged families have less time for enrichment activities during the school day. Well-rounded after-school experiences may be important particularly to students deemed “at risk” because their school-day enrichment may be very limited compared to that of others.

Interest can stem, also, from service learning experiences. Besides reconnecting Young Scholars and their families to school, the programs link young people to the community. There are a variety of intergenerational activities. Students’ written reflections indicate they highly value these experiences. Being in the position of having something important to give helps young people reverse negative self-images and set new goals. “I have a dream to make the community a better place,” said one Young Scholar.

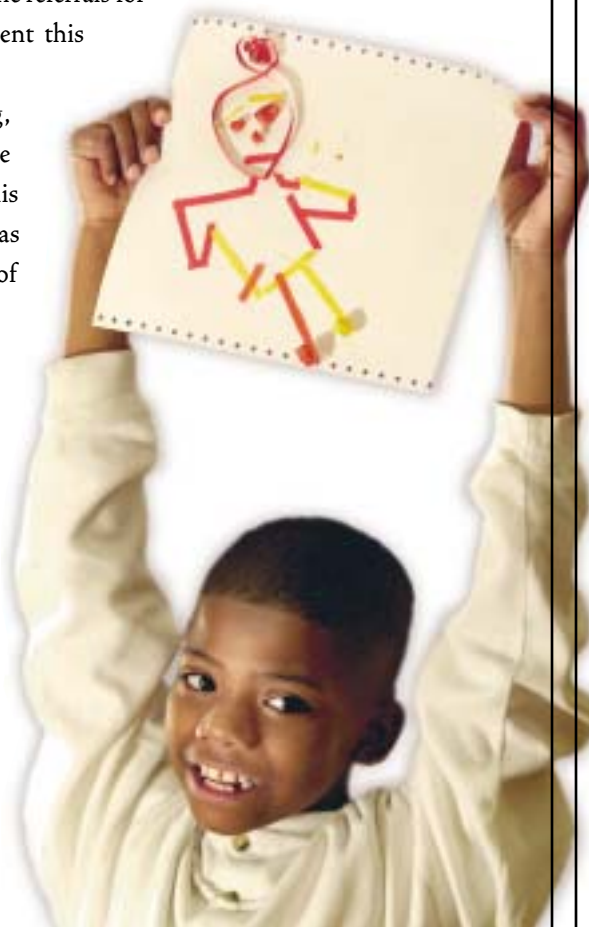
Peer tutoring also has helped students understand their ability to contribute. Middle school Young Scholars give time to their counterparts in elementary school to improve their reading skills, and the rewards are reciprocal. Often high school students return to volunteer in middle school programs so, as one put it, they don’t “lose touch.” Within programs, Young Scholars who have risen to level 4 (7 percent this year) guide others still working toward grade level. Their leadership reflects the credibility of “having been there.”

Besides leadership development, character education is an express aim of most programs. One innovative approach was highlighted in a recent character education conference sponsored by the Department of Public Instruction. Across all programs, discipline referrals for Young Scholars have dropped sharply each year (down 59 percent this year).

Although the data gathered so far has been very encouraging, Young Scholars still has an important question to answer: What are the constant effects of long-term intervention? At the end of this year, we can look at elementary school Young Scholars who entered as third graders and are now in middle school programs. By the end of the current three-year cycle, we may be able to follow their progress until they begin high school to see whether outcomes are different from the diminishing effects reported for short-term interventions.

In the meantime, site coordinators and principals continue to collaborate to ensure these children are not “left behind.” They are designing a summer science camp, located on a university campus, to give Young Scholars enriched, hands-on experiences and head them toward success well before the 2006 science assessments that will be added by the No Child Left Behind Act. Meeting the standards of this new act will not be easy, but as one Young Scholar, who was named a Presidential Scholar by the end of his school year, observed, “Anything is possible.” ❖

~ GAIL DAUGHTRY
PUBLIC SCHOOL FORUM



emma and johnston elementary schools



STUDENTS AT EMMA AND JOHNSTON elementary schools in Buncombe County are enthusiastic about learning – but it wasn't always that way. In 2000, both schools initiated the Z. Smith Reynolds Foundation Young Scholars Program, an extended-day school program that operates three hours a day, five days a week for the entire school year.

The goal of the Young Scholars Program at Emma and Johnston schools is to increase the performance level of underachieving students in grades three through five.

"The children have changed our school," said Dawn McGiboney, Young Scholars Program site coordinator at Johnston Elementary. "Students have planted a garden, cooked for other children in the program, presented a mosaic to the Board of Education and done many other things through the Young Scholars Program."

Both schools call their Young Scholars Program "The Time of Your Life" and focus on gardening, community exploration, mass media/communication, appreciating diversity, community service, goal setting, career exploration and creative arts.

Johnston Elementary, which has 30 to 35 students enrolled in the Young Scholars Program each year, also has experienced increased parental participation at the school as a result of the program. "Our parents have been very responsive to the Young Scholars Program,"

McGiboney said. "Sometimes all you have to do is ask – so I called parents, made friends with them and asked them to support the children in the Young Scholars Program. And they did."

Since the Young Scholars Program started at Johnston Elementary, the school has skyrocketed into the top 25 schools in North Carolina for most improved end-of-grade testing as ranked by the North Carolina Department of Public Instruction. "In one year alone, our school leaped 11 percentiles on its end-of-grade testing thanks in large part to the Young Scholars Program," McGiboney said.

"When I didn't come to Young Scholars, I used to not read," said one Johnston Elementary student. "Since I've been coming to Young Scholars, I read every night, and I finish my homework. I've been making really good grades."

"When children do better, the whole school and then the whole community is improved," McGiboney said. "The Young Scholars Program has revolutionized our school and community."

The revolution also is taking place at nearby Emma Elementary School.

"Students simply love the Young Scholars Program," said Candie Sellers, principal at Emma Elementary School. "They especially like working on community service projects, including a mosaic we did for a nursing home and a quilt we created about Africa."

Sellers said that Emma Elementary has about 30 students enrolled annually in its Young Scholars Program but that demand is growing. "I have at least 15 students on a waiting list right now," Sellers said. "I would love to expand the Young Scholars staff as soon as possible and focus even more on technology."

"The greatest thing about the Young Scholars Program is to see students exit the program when they get to a certain achievement level," Sellers said. "Then, when students get to middle school, they often come back as mentors and role models. That's what I call a big success." ❖

gamewell middle school

BOB HENSON, PRINCIPAL at Gamewell Middle School in Lenoir, is amazed by students' enthusiasm for his school's Young Scholars Program, a program of intense after-school study that Gamewell initiated in early 2000.

"Think about it," said Henson. "You have typical middle school students who, of course, profess to hate regular school – but they're anxious to stay in the classroom extra hours for the Young Scholars Program."

Gamewell's Young Scholars Program accepts lower-achieving sixth-to-eighth grade students based on end-of-grade testing and other achievement indicators. Teachers also make recommendations for inclusion in the program based on academic history and the students' potential to progress to above-grade level.

The Young Scholars Program operates 3 to 6 p.m. during school days and 9 a.m. to noon during the week prior to the beginning of each school year. Participants in the program receive intense instruction from four certified teachers in reading, writing and math and are enhanced by additional computer lab instruction. Parents or guardians of students in the Young Scholars Program also are encouraged to participate in the program by assisting their children in reading and mathematics at home.

The goal of the Young Scholars Program is not just to master minimum performance standards but to exceed them. Students in the Young Scholars Program are regularly evaluated, and parents and guardians are informed of their progress.

Henson said that Gamewell has a waiting list of students wanting to participate in the Young Scholars Program which is three times the size of the program's original capacity of 36 students.

"Gamewell parents, teachers and staff are always looking for a new approach to learning to help get good results from our students," Henson said. "We have a long history of 'thinking outside the box' at Gamewell and saw early on that the Young Scholars Program was a chance to teach in a way that couldn't

be done during the regular school day. We wanted to do something different."

The Z. Smith Reynolds Foundation provided total funding for Gamewell's initial Young Scholars Program when it began in 2000. The Caldwell County School System helped by providing in-kind services, such as computers and free Internet connection, transportation and use of school facilities. Gamewell is the only middle school in the Caldwell County School System that has a Young Scholars Program.

Gamewell's Young Scholars Program doesn't stop at the school doors. The Gamewell Young Scholars Program has an active community outreach component that includes students frequently visiting local nursing homes, writing letters of support to military personnel and cleaning local roads as part of the Adopt-A-Highway program.

"We want to continue the Young Scholars Program as long as we can and hope that we can expand it by partnering with 'Gear-Up North Carolina' to enroll more students," Henson said. "We've finally found a program that is making a very positive impact on many, many lives. This one works." ❖



2002 GRANTS

Administrative Office of the Courts-NC, Raleigh \$30,000
Trial Court Performance Standards Pilot Project to improve court operations.

Adolescent Pregnancy Prevention Coalition-NC, Chapel Hill \$100,000
To support local teen pregnancy prevention council and serve as a statewide advocate.

AdvantageWest, Fletcher \$50,000
Support of Blue Ridge National Heritage Area's sustainable economic development strategy.

AdvantageWest, Fletcher \$50,000
To support a value-added food processing center.

Affordable Rentals, Inc., Chapel Hill \$20,000
To increase affordable rental housing in Orange County.

Agricultural Resources Center, Inc., Carrboro \$25,000
For general support of the PESTicide Education Project (PESTed).

Alliance for a Responsible Swine Industry, Inc., Burgaw \$25,000
Expansion of information services about the swine industry.

Alliance for Human Services, Hendersonville \$20,000
General support to engage funders, agencies and others in collaborative problem solving.

Alzheimer's Association, Asheville \$1,000
NSR Award designated by Dr. Margaret Noel.

American Civil Liberties Union Foundation of NC, Raleigh \$80,000
Civil Rights Outreach and Empowerment Project to protect and expand the civil rights of minorities.

American Rivers, Washington \$50,000
To protect and restore water sources in NC.

American Whitewater Affiliation, Silver Spring \$20,000
To support American Whitewater's restoration of more than 70 miles of whitewater river.

Amigos Internacional, Wilmington \$35,000
For Centro Latino to help the Wilmington area Latino population achieve political, social and economic equity.

Appalachian Voices, Boone \$25,000
Promoting and enacting clean air policy for NC.

Asheville Art Museum, Asheville \$15,000
For delivery of a school curriculum that explores the visual arts while improving language arts skills.

Audubon NC, Chapel Hill \$50,000
An environmental education initiative focusing on the Cape Fear region.

Baptist Children's Homes of NC, Thomasville \$250,000
Martha Hunt Pridgen Fund for educational and technology needs of children.

Bertie, Martin, Washington Community Development Corporation, Jamesville \$35,000
For general operating support.

Big Brothers Big Sisters of Iredell County, Statesville \$25,000
For expansion into Rowan County.

Blue Ridge Environmental Defense League, Glendale Springs \$50,000
General support for grassroots action projects across NC.

Blue Ridge Parkway Foundation, Winston-Salem \$10,000
Feasibility study for its first capital/endowment campaign.

Blue Ridge Resource Conservation and Development Council, Sugar Grove \$25,000
To establish the Western NC Food Business Incubator in Wilkes County.

Blue Springs-Hoke County Community Development Corporation, Raeford \$30,000
For general operating support.

Boyd (Mariam) Elementary School, Warrenton \$175,000
Young Scholars Program.

Boys and Girls Club of Elizabeth City, Elizabeth City \$4,000
NSR Award designated by Cader Harris.

Boys and Girls Club of Henderson County/Hendersonville, Hendersonville \$25,000
Diversity and education youth program.

Bridge Jobs Program, Charlotte \$20,000
Job readiness training program with easy access for Latinos.

Brothers' Keeper of the Albemarle, Inc., Moyock \$15,000
To open a thrift store to train workers for jobs in retail sales and in an office setting.

Cape Fear River Watch, Wilmington \$15,000
Salary support for the CFRW Volunteer Coordinator.

Carolina Day School, Asheville \$50,000
Develop a multisensory language teacher-training program.

Carolina Farm Stewardship Association, Pittsboro \$34,500
For expanding awareness of sustainable agriculture.

Carolina Justice Policy Center, Durham \$25,000
To ensure the long-term survival of effective community-based corrections program.

Carolina Land and Lakes (RC&D), Inc., Conover \$20,000
To research land use/smart growth planning tools for watershed and water quality.

Carolina Mountain Land Conservancy, Hendersonville \$25,000
To educate landowners about conservation easements and land protection.

Carteret County Rape Crisis Program, Beaufort \$20,000
Continue services and support for sexual assault victims in Carteret County.

Cashwell (Elizabeth) Elementary School, Fayetteville \$140,000
Young Scholars Program.

Catawba Lands Conservancy, Charlotte \$20,000
Capacity Building Initiative to further expand land protection capacity.

Catawba Riverkeeper Foundation, Charlotte \$70,000
To protect and enhance the Catawba River, its lakes, tributaries and watershed.

Catawba-Wateree Relicensing Coalition, Charlotte \$30,000
For general operating support.

Catholic Social Services of the Diocese of Charlotte, Charlotte \$20,000
Bilingual case management services for Spanish-speaking residents in western NC.

Cedar Grove Research Institute, Mebane \$60,000
Study of racial disparities in the provision of water and sewer services in small NC towns.

Center for Creative Leadership, Greensboro \$120,000
Leadership Across Differences: Reconciling Ethnicity, Religion, Gender and Culture.

Center for Death Penalty Litigation, Inc., Durham \$60,000
To provide reliable and accurate information about the death penalty.

Center for Diversity Education, Asheville \$20,000
Building cultural and religious understanding with emphasis on the Muslim world.

Center for Documentary Studies, Durham \$30,000
For a collaborative race project with the NC Teaching Fellows Program.

Center for Participatory Change, Inc., Asheville \$40,000
For general operating support.

Center for Sustainable Communities, New Bern \$50,000
To provide technology outreach positions for training and education.

Centro Latino of Caldwell County, Inc., Lenoir \$35,000
For general operating support.

Chapel Hill-Carrboro Residents Council, Chapel Hill \$30,000
To provide training on self-sufficiency for public housing residents.

Charlotte Communities of Shalom-Thomasboro, Charlotte \$30,000
Salary for a site coordinator.

Chatham County Affordable Housing Coalition, Pittsboro \$20,000
To promote opportunities for homeownership among residents of Chatham County.

Cherokee County Public Schools, Murphy \$35,000
Expansion of the adult and teen computer literacy outreach program.

Children First of Buncombe County, Asheville \$7,750
Civic Education Consortium Small Grants Program - Youth Leadership Asheville.

Children First of Buncombe County, Asheville \$25,000
Provide community leadership to improve the lives of children, youth and their families.

Choanoke Area Development Assoc. of NC, Rich Square \$35,000
Credit counseling program.

Citizen Education Foundation of the League of Women Voters of Carteret County, Morehead \$1,500
Civic Education Consortium Small Grants Program.

Clean Water for NC, Asheville \$20,000
Support programs to protect citizens from hazards threatening drinking water and public health.

Cleveland County Family YMCA, Inc., Shelby \$15,000
Funds to increase salary and benefits of Girls Club staff.

Common Cause Education Fund, Washington \$100,000
To support the grassroots programs across the state - helping people understand how "big money in politics" affects their lives.

Community Alliance for Education, Winston-Salem \$25,000
To support educational excellence in the public schools of Winston-Salem/Forsyth County.

Community Building Initiative, Charlotte \$20,000
To broaden and sustain CBI's collaborative race project with the 26th Judicial District.

Community Empowerment Project CDC, Forest City \$40,000
General support for development strategy based on smart growth planning principles.

Computer Training Partnership, Inc., Clayton \$20,000
Computer and office skills training, placement assistance and follow-up for job seekers.

Connectinc, Inc., Rocky Mount \$25,000
To support employment and financial self-sufficiency among former welfare recipients.

Conservation Trust for NC, Raleigh \$80,000
Conduct planning and research to advance NC land trusts.

Cooleemee Historical Assoc., Cooleemee \$15,000
Save the Bullhole project - a section of the South Yadkin River.

Court Watch of North Carolina, Inc., Greensboro \$10,000
Ensure continued evaluation of government agencies and public officials.

Credle (C.G.) Elementary School, Oxford \$140,000
Young Scholars Program.

Delta City Community Association, Inc., Pantego \$25,000
Operating support to conduct survey, develop plan for the community, and secure a permanent home for the organization.

2002 GRANTS

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| Diggs (J.D.) Elementary School , Winston-Salem | \$175,000 | Elizabeth City Neighborhood Corporation , Elizabeth City | \$30,000 |
| Young Scholars Program. | | To offer leadership development training for leaders in the northeastern region of the state. | |
| Diocese of East Carolina , Washington | \$20,000 | Emma Elementary School , Asheville | \$140,000 |
| General support to continue the Housing and Rural Outreach Initiative in Beaufort and Hyde counties. | | Young Scholars Program. | |
| Domestic Violence and Rape Crisis Center of Scotland County , Laurinburg | \$25,000 | Employee Matching Gifts | \$ 3,125 |
| Operating support for services to victims of domestic violence and sexual assault. | | Staff charitable contributions. | |
| Domestic Violence Shelter and Services, Inc. , Wilmington | \$20,000 | EnergyXchange, Inc. , Burnsville | \$ 25,000 |
| To fund the Underserved Victims Outreach & Support Program. | | To assist growers in the region to profit more from native plants. | |
| Dreams of Wilmington , Wilmington | \$20,000 | Environmental Education Fund , Raleigh | \$20,000 |
| To develop emotional health and moral character in economically disadvantaged young people through the arts. | | Funds for a project coordinator. | |
| Duke University , Durham | \$50,000 | Episcopal Farmworker Ministry , Newton Grove | \$35,000 |
| Support for the NC FerryMon Project. | | Funds for a Program Director/Community Involvement Coordinator. | |
| Duke University , Durham | \$50,000 | Equality NC Project , Raleigh | \$10,000 |
| Coastal Advocacy Initiative to ensure long-term sustainability of the state's beaches. | | Privacy Rights Initiative to repeal NC's archaic crimes against nature law. | |
| Duke University , Durham | \$50,000 | Exchange Club Center for the Prevention of Child Abuse of Iredell County, Inc. , Statesville | \$20,000 |
| To develop both legal skills of students and an understanding of how professional expertise can be used to support community-based economic development. | | To provide a safe, child-friendly facility to support the investigation and successful prosecution of child sexual abuse cases. | |
| Duke University , Durham | \$100,000 | Executive Center for Economic & Educational Development, Inc. , Greenville | \$35,000 |
| To fund a film about the life and work of Terry Sanford. | | To serve the historically underutilized and underserved business sector of Greenville. | |
| Dunbar Elementary School , Forest City | \$175,000 | Exodus Outreach Foundation , Hickory | \$20,000 |
| Young Scholars Program. | | Information Technology Apprenticeship Pilot Project for Exodus Homes. | |
| Durham Regional Financial Center , Durham | \$40,000 | Fair Trial Initiative , Durham | \$75,000 |
| Family Self-Sufficiency Institute to foster the development of stable families and individuals. | | To respond to the crisis of inadequate trial counsel provided to capital defendants. | |
| Earth Share of NC , Durham | \$20,000 | Faith in Action Inc. , Greensboro | \$30,000 |
| To support workplace solicitation efforts. | | To build community among diverse people. | |
| East Carolina University , Greenville | \$65,000 | Faith Partnerships, Inc. , Raleigh | \$35,000 |
| To implement a dual language immersion and multicultural education program in the Greene County Schools. | | Capacity building to address the rising crisis among faith-based organizations as they seek to meet the needs of people living in poverty. | |
| East Carolina University , Greenville | \$35,000 | Family Life Council of Greater Greensboro , Greensboro | \$7,750 |
| To assist NC teachers in becoming more knowledgeable about the Hispanic/Latino cultural experiences. | | Civic Education Consortium Small Grants Program - Photovoice. | |
| East End Elementary School , Robersonville | \$175,000 | Family Resources of Cherokee County , Murphy | \$30,000 |
| Young Scholars Program. | | To continue the process of closing the achievement gap. | |
| East Market Street Development Corporation , Greensboro | \$25,000 | Financial Protection Law Center , Wilmington | \$75,000 |
| To increase affordable housing in the neighborhoods that surround the East Market Street corridor in Greensboro, NC. | | To provide a litigation resource for victims of predatory lending. | |
| Eastside Park Community Center, Inc. , Greensboro | \$20,000 | First Baptist Church-Elizabeth City , Elizabeth City | \$2,000 |
| To support staff positions of the tutorial program and community center director. | | NSR Award designated by Cader Harris. | |
| El Pueblo, Inc. , Raleigh | \$150,000 | Food Bank of the Albemarle , Elizabeth City | \$5,000 |
| For general operating support. | | NSR Award designated by Cader Harris. | |

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| Foothills Conservancy of NC, Inc. , Morganton | \$25,000 |
| Building a sustainable base: major donor and membership development program. | |
| Fountain Youth Development Center , Fountain | \$15,000 |
| To improve student achievement through the Educational Growth Program. | |
| Franklin County Goat Producers Cooperative , Louisburg | \$75,000 |
| Salary and general support for the production and marketing of goat meat and for educational programs. | |
| Friends of NC State Museum of Natural Sciences , Raleigh | \$300,000 |
| Outreach NC environmental program. | |
| Friends of the Page-Walker Hotel , Cary | \$4,000 |
| Civic Education Consortium Small Grants Program - Cary Youth Heritage Project. | |
| Gamewell Middle School , Lenoir | \$175,000 |
| Young Scholars Program. | |
| Gaston Together , Dallas | \$20,000 |
| To develop a community building initiative to strengthen the community. | |
| Girl Scouts, Hornets' Nest Council , Charlotte | \$25,000 |
| To support the Hispanic Outreach Initiative. | |
| Girls Incorporated of the Albemarle , Elizabeth City | \$3,000 |
| NSR Award designated by Cader Harris. | |
| Givens Estates United Methodist Retirement Community , Asheville | \$1,000 |
| NSR Award designated by Dr. Margaret Noel. | |
| Good Work, Inc. , Durham | \$25,000 |
| Microenterprise development program for resource-poor entrepreneurs. | |
| Goshen Medical Center, Inc. , Faison | \$60,000 |
| Women's Wellness Program to provide education and supportive services for needy women. | |
| Granville Regional Community Development Corporation , Oxford | \$25,000 |
| For general operating support. | |
| Graveyard of the Atlantic Museum , Hatteras | \$50,000 |
| Museum exhibition designs and structuring of educational programming. | |
| Greater Winston-Salem Sponsoring Committee , Winston-Salem | \$40,000 |
| To develop a strategy and action plan for Winston-Salem's future. | |
| Greensboro Children's Museum , Greensboro | \$7,750 |
| Civic Education Consortium Small Grants Program - Kids Count. | |
| Greensboro Housing Coalition , Greensboro | \$15,000 |
| To prevent housing loss due to predatory lending, deterioration, foreclosure and eviction. | |
| Guilford College , Greensboro | \$50,000 |
| Anti-racism initiative to investigate, analyze and dismantle racism at Guilford College. | |

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| Halifax/Edgecombe/Wilson Enterprise Alliance, Inc. , Rocky Mount | \$35,000 |
| Maintain and expand current economic development programs in Halifax, Edgecombe and Wilson counties. | |
| HAVEN in Lee County , Sanford | \$20,000 |
| General operating support for the ongoing and emerging needs of the Hispanic population. | |
| Haw River Assembly , Bynum | \$17,500 |
| Operating support for the Riparian Land Conservation and Stream Steward Campaign. | |
| Hinton Rural Life Center , Hayesville | \$20,000 |
| To improve access to safe and affordable housing in a four-county region. | |
| Hispanic Task Force of Lee County , Sanford | \$15,000 |
| To support a full-time Bilingual Alliance Caseworker. | |
| Hispanic/International Action Assoc. , Winston-Salem | \$35,000 |
| For communication specialists and support of El Puente projects. | |
| Hispanic/Latino Center , Fayetteville | \$20,000 |
| To provide services to young, pregnant Latina women. | |
| Hispanic/Latino Center , Fayetteville | \$10,000 |
| Operating support and outreach services to the Hispanic/Latino community. | |
| Historic Hope Foundation , Windsor | \$30,000 |
| To improve race relations and capacity for community economic development. | |
| Hmong National Development, Inc. , Washington | \$30,000 |
| To strengthen community-based organizations serving the Hmong in NC. | |
| Hoke County Youth & Family Services , Raeford | \$20,000 |
| Operating support for youth intervention services. | |
| Homekeeping Mortgage Default Counseling, Inc. , Greensboro | \$50,000 |
| For mortgage default and budget counseling. | |
| Institute for Southern Studies , Durham | \$35,000 |
| To promote civic engagement and political participation in the state. | |
| Institute for Southern Studies , Durham | \$35,000 |
| To build the capacity of farmworker organizations working for economic and social justice. | |
| International House , Charlotte | \$30,000 |
| To establish the Immigrant Advocate Project. | |
| International Link , Asheville | \$20,000 |
| General support to address language and cultural barriers in western NC and employ a volunteer coordinator. | |
| Johnston Elementary School , Asheville | \$140,000 |
| Young Scholars Program. | |
| Jubilee Jobs of Greensboro, Inc. , Greensboro | \$15,000 |
| General support to assist unemployed and underemployed people. | |

2002 GRANTS

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| Kids Voting NC - Buncombe County , Asheville | \$20,000 | Lumber River Council of Governments , Lumberton | \$75,000 |
| General operating support for educating and involving youth in the election process. | | To fund the Southern Coastal Plain Ground Water Program. | |
| L.I.F.E. of NC, Inc. , Greenville | \$75,000 | Making A Difference Foundation , Virginia Beach | \$25,000 |
| STRIVE, a model of training and preparation for unsubsidized employment. | | To provide SAT and GED preparation, literacy assistance, job skill training and school-to-work development for underprivileged, minority populations. | |
| Land Trust for the Little Tennessee , Franklin | \$25,000 | McAuley Institute , Raleigh | \$45,000 |
| For general support to conserve and restore forestland in Jackson, Macon and Swain counties. | | To identify the issues that women face as leaders and community members, and recommend strategies for change. | |
| Land-of-Sky Regional Council , Asheville | \$25,000 | McAuley Institute , Raleigh | \$50,000 |
| To protect the region's most valuable "sense of place" assets. | | To provide technical assistance and to bring the national Women's Leadership Institute to NC. | |
| Land-of-Sky Regional Council , Asheville | \$15,000 | MDC, Inc. , Chapel Hill | \$100,000 |
| To increase awareness of air quality issues and inform citizens of actions they can take to reduce air pollution. | | Latino Pathways Initiative to develop and test model programs that break through the barriers that keep Latino immigrants from better paying jobs in growth sectors of the economy. | |
| Land Trust for Central NC , Salisbury | \$12,500 | Mecklenburg County Sheriff's Office , Charlotte | \$25,000 |
| Grant's Creek Restoration and Protection Project. | | A Spanish language basic living skills program targeted to adult male Hispanic inmates. | |
| Latin American Resource Center , Raleigh | \$55,000 | Memory Assessment Clinic and Eldercare Resource Center , Asheville | \$18,000 |
| General operating support. | | NSR Award designated by Dr. Margaret Noel. | |
| Leadership America NC , Charlotte | \$30,000 | Metro Durham Sponsors, Inc. , Durham | \$40,000 |
| Scholarships for the Class of 2002 to educate and connect women leaders across NC. | | Support for a full-time organizer to conduct systematic training and development for the leadership of the Raleigh Organizing Chapter of the Triangle Sponsoring Committee. | |
| Legal Aid of NC-Raleigh , Raleigh | \$40,000 | Mitchell Community College , Statesville | \$70,000 |
| North State Legal Services' Environmental Poverty Law Program. | | To continue operation of the South Statesville Skills Center. | |
| Legal Aid Society of Northwest NC , Winston-Salem | \$75,000 | Mountain Microenterprise Fund , Asheville | \$25,000 |
| Legal representation of non-citizen, low-income people in Legal Aid's service area. | | To support Latino/Hispanic entrepreneurship in western North Carolina. | |
| Legal Services of Southern Piedmont , Charlotte | \$50,000 | Mountain Microenterprise Fund , Asheville | \$30,000 |
| To provide free legal assistance to low-income people in western NC. | | To enhance economic development opportunities for women and minorities. | |
| Levine Museum of the New South , Charlotte | \$8,000 | MountainKeepers , Boone | \$20,000 |
| Distribution of a collection of biographical profiles of 20th century North Carolinians to libraries of middle and high schools in low-wealth districts. | | To conduct a fact-based assessment of land cover and land use change. | |
| Lexington Housing Community Development Corp. , Lexington | \$40,000 | National Committee for the New River , West Jefferson | \$25,000 |
| Operating support to increase the number of home ownership program participants. | | To protect, restore and monitor the Todd South Fork Greenway Project. | |
| Lighthouse of Wayne County, Inc. , Goldsboro | \$7,400 | National Interfaith Committee for Worker Justice , Pittsboro | \$20,000 |
| To continue Nueva Vida, domestic violence and sexual assault services for Hispanics. | | To develop and operate two workers' centers in NC. | |
| Local Initiatives Support Corporation , Winston-Salem | \$75,000 | Native Opportunity Way CDC, Inc. , Hollister | \$25,000 |
| General support to provide technical assistance and financing to community-based development corporations in Forsyth County. | | To employ an economic developer to increase services to low- and moderate-income populations. | |
| Louisburg College , Louisburg | \$7,000 | NC A&T State University , Greensboro | \$25,000 |
| To provide race relations training to faculty, staff and students. | | To introduce farmers to edible and medicinal mushroom farming. | |
| Lumbee Tribe of NC , Pembroke | \$30,000 | | |
| Creating a plan for organizational development of the Tribal Government. | | | |

NC A&T State University, Greensboro \$30,000
GEAR UP/MAH and PAH College Initiative II program for middle schoolers.

NC Agricultural Foundation, Inc., Raleigh \$90,000
To enhance organic grain and fiber production in NC.

NC Alliance for Transportation Reform, Hoffman \$50,000
Support for the Citizens for Transportation Alternatives Campaign.

NC Assoc. of Community Development Corporations, Raleigh \$300,000
General operating support to strengthen member community development corporations.

NC Assoc. of County Directors of Social Services, Raleigh \$150,000
Family Net Program.

NC Association of Soil and Water Conservation, Raleigh \$25,000
Encourage environmental stewardship by middle schoolers.

NC Center for Character Education, Inc., Raleigh \$35,000
To establish a character education clearinghouse.

NC Center for International Understanding, Raleigh \$50,000
Latino Initiative for Public Policy and Civic Leaders.

NC Center for International Understanding, Raleigh 40,000
Latino Initiative Cross-Cultural Training Program.

NC Center for Public Policy Research, Raleigh \$350,000
To evaluate state government programs and raise public policy issues.

NC Center for Voter Education, Raleigh \$400,000
To improve the quality and responsiveness of our election system.

NC Child Advocacy Institute, Raleigh \$55,000
Report on the history, current well-being and future prospects of Black children in NC.

NC Child Advocacy Institute, Raleigh \$96,000
To maintain and expand staff capacity.

NC Citizens for Business & Industry, Raleigh \$10,000
A one-hour documentary television program on the life and political career of Jim Hunt.

NC Coalition Against Domestic Violence, Durham \$85,000
Continue Action and Empowerment Project that advocates on behalf of battered women.

NC Coalition Against Sexual Assault, Raleigh \$50,000
Statewide technical assistance and general support.

NC Coalition to End Homelessness, Raleigh \$25,000
To coordinate the development of the NC Plan to End Homelessness.

NC Community Colleges Foundation, Raleigh \$200,000
Increase services provided to Hispanic adults so they may participate in community college-based programming.

NC Community Development Initiative, Raleigh \$2,150,000
For general operating support and the development of specific Initiative programs.

NC Community Development Initiative, Raleigh \$25,000
To research the range of technical and financial assistance provided to community-based economic development organizations by NC's community economic development intermediaries.

NC Community Shares, Durham \$20,000
General support to continue its workplace giving programs for more than 30 social justice organizations throughout NC.

NC Community Solutions Network, Chapel Hill \$145,000
To build the capacity of citizens in economically distressed communities to solve complex community problems.

NC Conservation Network, Raleigh \$100,000
Strengthen the environmental community's ability to impact environmental policy.

NC Cooperative Extension Service-Wake County, Raleigh \$9,400
Civic Education Consortium Small Grants Program - Teens Reaching Underserved Youth to Strengthen Citizenship in Western NC.

NC Council of Churches, Raleigh \$75,000
People of Faith Against the Death Penalty, NC Moratorium Now.

NC Council of Churches, Raleigh \$10,000
To extend the distribution of *Raleigh Report*, the Council's legislative newsletter.

NC Department of Commerce, Raleigh \$100,000
Small Town Downtown Program for Eastern NC.

NC Environmental Defense, Raleigh \$75,000
To develop a vision for our environmental future and the plan needed to implement it.

NC Environmental Defense, Raleigh \$60,000
To support collaborative work entitled Energy Production and Air Quality: A Holistic Approach.

NC Fair Housing Center, Durham \$35,000
Anti-predatory lending initiative.

NC Fair Share Education Fund, Raleigh \$25,000
Support for NCFs People's Advocacy Institute project.

NC Good Government Fund, Carrboro \$400,000
To build public support for comprehensive campaign-finance reform in NC.

NC Humanities Council, Greensboro \$60,000
Rethinking the narrative and historiography of recent NC history.

NC Institute of Minority Economic Development, Durham \$75,000
General support to enhance market opportunities for racial/ethnic minority-owned firms in NC.

NC Justice and Community Development Center, Raleigh \$2,250,000
For general support to produce positive outcomes in the battle against poverty and inequality in NC.

2002 GRANTS

NC Justice and Community Development Center, Raleigh \$75,000
NC Living Income initiative and its 2002-03 Comprehensive Safety Net Project.

NC Justice and Community Development Center, Raleigh \$75,000
NC Consumer Action Network.

NC Legal Immigration Coalition, Inc., High Point \$20,000
General support/educational programs.

NC Low Income Housing Coalition, Raleigh \$155,000
General operating support for advocacy and education work.

NC Low Income Housing Coalition, Raleigh \$30,000
Statewide public awareness and education campaign on affordable housing.

NC Minority Support Center, Durham \$450,000
Expansion of the NC Minority Support Center.

NC Occupational Safety and Health Project, Durham \$20,000
For general support to educate and organize Latino immigrants and U.S. union workers.

NC Peace Action Education Fund, Inc., Knightdale \$40,000
Peace List Enhancement Action Project (LEAP).

NC Public Allies, Durham \$70,000
To create opportunities for diverse young leaders throughout the Triangle.

NC Public Interest Research Group Education Fund, Chapel Hill \$35,000
Campaign for clean air and open spaces.

NC Public School Bus Drivers Assoc., Salisbury \$35,000
To strengthen the capacity of public school bus drivers to raise their economic, educational and social levels and to foster and promote statewide interest and concern.

NC Smart Growth Alliance, Carrboro \$50,000
Web-based Smart Growth Toolbox for local policymakers.

NC Smart Growth Alliance, Carrboro \$75,000
Organizational capacity building.

NC State University, Raleigh \$40,000
An education program to improve the teaching and learning of science in NC schools.

NC State University, Raleigh \$20,000
To help change state law so public sector workers in NC will have the right to bargain collectively.

NC Sustainable Energy Association, Raleigh \$30,000
To support collaborative work with NC Environmental Defense entitled Energy Production and Air Quality: A Holistic Approach.

NC Waste Awareness & Reduction Network, Inc., Durham \$25,000
General support to protect the public from unnecessary risks at nuclear power plants.

NCYT, Durham \$40,000
To encourage and mobilize the resources of young nonprofit professionals and promote their involvement in the nonprofit sector.

Neighborhood Housing Services of Asheville, Asheville \$35,000
To provide affordable housing to first-time homebuyers in Shiloh.

Neighbors for Better Neighborhoods, Winston-Salem \$25,000
General operating support to purchase program supplies and support four staff positions.

NetCorps, Durham \$60,000
Operating support to expand technology support to nonprofits around the state.

Neuse River Foundation, New Bern \$45,000
To provide partial support for Riverkeeper Programs.

New Hanover County Schools, Wilmington \$30,000
Snap the Gap, to close the education achievement gap for minority students.

Non-Profit Industries of Charlotte, Charlotte \$24,500
To provide an affordable housing information clearinghouse in Spanish for Gaston, Mecklenburg and Union counties.

North Laurinburg Elementary School, Laurinburg \$140,000
Young Scholars Program.

Northern Granville Middle School, Oxford \$140,000
Young Scholars Program.

Northwest Alliance Community Development Corp., Wilkesboro \$40,000
Employment of a staff person to facilitate and direct the organizational growth of the Alliance.

Onslow County Schools, Jacksonville \$6,250
Civic Education Consortium Small Grants Program - You Can Make a Difference.

Open Door/La Puerta Abierta, Angier \$20,000
Drop-in Centre for mothers with pre-school children.

Operation Spring Plant, Inc., Oxford \$40,000
Continued support for the Rural Business Economic Cooperative Development Program.

Options to Domestic Violence & Sexual Assault, Inc., Washington \$30,000
Provide Spanish-speaking victims of domestic violence quality service.

Orange County Rape Crisis Center, Chapel Hill \$15,000
Funds for a matching challenge grant for the Membership Drive to Stop Sexual Violence.

Pamlico-Tar River Foundation, Inc., Washington \$50,000
Funds for employment of the first Riverkeeper.

Pamlico-Tar River Foundation, Inc., Washington \$15,000
General support to continue its program to protect and improve the river and watershed.

Parker Middle School, Rocky Mount \$140,000
Young Scholars Program.

Partnership Project, Greensboro \$50,000
For support of anti-racism community organizing and training.

Pasquotank 4-H Development Fund, Elizabeth City \$2,000
NSR Award designated by Cader Harris.

Pasquotank Arts Council, Inc., Elizabeth City \$2,000
NSR Award designated by Cader Harris.

Passage Home, Inc., Raleigh \$105,000
Building Assets, Breaking Poverty: Taking the NC IDA Initiative to Scale.

Paul Green Foundation, Chapel Hill \$15,000
To improve race relations by working together to place a work of public art honoring the African-American experience in the state capital.

Pisgah Legal Services, Asheville \$50,000
To help immigrants in western NC gain self-sufficiency and meet basic needs.

Planned Parenthood of the Capital and Coast, Raleigh \$65,000
Merger of Planned Parenthood of the Capital and Coast with Planned Parenthood NC- West.

Pocosin Arts, Inc., Columbia \$45,000
General operating support for exhibition and production of the traditional arts of the people of the pocosin region of eastern NC.

Pope House Museum Foundation, Raleigh \$35,000
For general operating support.

Public School Forum of NC, Raleigh \$35,000
Fundraising assistance to schools participating in the Young Scholars Program.

Public School Forum of NC, Raleigh \$375,000
For general operating support.

Public School Forum of NC, Raleigh \$500,000
Administrative support of the Young Scholars Program.

Quality of Life Assoc. of Hertford County, Murfreesboro \$30,000
General support for developing a 30-unit single family subdivision.

Raleigh-Wake Martin Luther King Celebration, Raleigh \$40,000
General support of the Martin Luther King Resource Center.

Rebuilding Broken Places CDC, Goldsboro \$30,000
General support to engage in community and economic development of low- and moderate-income persons from a faith-based perspective.

Reynolda House, Inc., Winston-Salem \$200,000
General operating support for educational programs, services and staff.

RiverLink, Inc., Asheville \$35,000
To provide assistance to the development community and general public on methods to manage sediment, erosion and stormwater in the mountain region.

Roanoke Bible College, Elizabeth City \$2,000
NSR Award designated by Cader Harris.

Roanoke Economic Development, Inc., Rich Square \$73,500
To continue the Roanoke Chowan Partners for Progress project.

Roanoke Middle School, Robersonville \$175,000
Young Scholars Program.

Robeson County Public Schools, Lumberton \$24,500
Training and retention program for teachers.

Robeson Enterprise Community Development Corp., Lumberton \$35,000
To provide business development assistance to new and potential entrepreneurs.

Rosenzweig Museum and Jewish Heritage Foundation of NC, Chapel Hill \$20,000
To document and illustrate the 400 years of history of Jewish life in NC.

Rural Advancement Foundation International-USA, Pittsboro \$50,000
General support for contract agriculture reform and on-farm research.

Rural Initiative Project, Inc., Winston-Salem \$40,000
General support for programs and projects based on community needs in Davie, Surry, Stokes, Yadkin and Forsyth counties.

Salisbury, City of, Salisbury \$60,000
Community Multiculturalism Program.

Sandhills Family Heritage Assoc., Durham \$25,000
Start-up and operating support for African-American land and cultural preservation program.

Sandhills Mediation Center, Inc., Laurinburg \$25,000
Let it Begin With Me, II, race program of Scotland County.

Save Our State, Inc., Raleigh \$425,000
For general operating support.

Second Ward High School National Alumni Assoc., Charlotte \$10,000
Support to preserve the history of black citizens who once lived in the neighborhood.

South Lee Street-Ayden Neighborhood Improvement, Inc., Ayden \$33,000
Employ full-time housing counselor to do homeownership workshops.

South View Middle School, Hope Mills \$140,000
Young Scholars Program.

South Warren Elementary School, Warrenton \$175,000
Young Scholars Program.

Southeastern Alliance for Community Change, Wilmington \$20,000
General support to develop and support existing activities addressing issues of social and economic justice.

Southern Appalachian Forest Coalition, Asheville \$45,000
Operating support to protect and restore the wildlands, waters, native forests and ecosystems of the Southern Appalachian landscape.

Southern Forestry Foundation, Inc., Statesville \$40,000
Master Logger Certification Program.

2002 GRANTS

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| Southerners for Economic Justice , Durham | \$40,000 |
| Continue welfare reform activities in NC. | |
| Southside Alliance for Neighborhood Empowerment, Inc. , Edward | \$25,000 |
| Assist entrepreneurs in starting new businesses. | |
| Southside Community Development Corporation , Winston-Salem | \$25,000 |
| Happy Hill revitalization. | |
| SouthWings, Inc. , Asheville | \$25,000 |
| NC flight expansion project. | |
| Spring Hill Middle School , Laurinburg | \$140,000 |
| Young Scholars Program. | |
| Statesville Road Elementary School , Charlotte | \$140,000 |
| Young Scholars Program. | |
| Student Action with Farmworkers , Durham | \$20,000 |
| To promote the work and accomplishments of SAF and expand fundraising base. | |
| Swann Fellowship , Charlotte | \$25,000 |
| General support for <i>Fellowship and Educate</i> – a newsletter on equity and diversity issues. | |
| Tar River Land Conservancy , Louisburg | \$25,000 |
| For general support of the Upper Tar River Basin and surrounding region. | |
| Teach for America , Raleigh | \$35,000 |
| Provide support and professional development to corps members. | |
| Teaching Quality Foundation , Chapel Hill | \$50,000 |
| To track and assess the progress to ensure qualified teachers for all students. | |
| Thankful Heritage , Kernersville | \$10,000 |
| To implement the Traveling Black History Museum in NC. | |
| Thirtieth Judicial District Domestic Violence-Sexual Assault Alliance, Inc. , Waynesville | \$25,000 |
| For Family Peace Project. | |
| Thomasville Primary School , Thomasville | \$4,100 |
| Civic Education Consortium Small Grants Program - Ambassadors of Good Character. | |
| Todd Community Preservation Organization, Inc. , Todd | \$20,000 |
| Community coordinator position. | |
| Training Helping Assisting Serving (THAS) , East Spencer | \$10,000 |
| Operating support to promote educational achievement among children and adults in the East Spencer area. | |
| Triangle J Council of Governments , Research Triangle Park | \$40,000 |
| To protect Triangle GreenPrint, a regional network of green space. | |
| Troy Housing Authority , Troy | \$60,000 |
| To hire a housing counselor to work with participants in a rent-to-own program. | |

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| Tyrrell Action Group , Columbia | \$25,000 |
| To provide first-time homebuyers' assistance. | |
| Uhuru Community Development Corporation , Rich Square | \$25,000 |
| To create affordable housing for citizens in the predominantly African-American community. | |
| United Family Services-Charlotte , Charlotte | \$30,000 |
| To provide a neighborhood-based community of support for families and individuals. | |
| United Way of Greater Greensboro , Greensboro | \$100,000 |
| To establish United Way 211, an information and referral hub for human services in Forsyth and Guilford counties. | |
| University of NC-Center for Public Television , Research Triangle Park | \$15,000 |
| Television Race Initiative - to build and expand on diversity training. | |
| University of NC-Chapel Hill , Chapel Hill | \$50,000 |
| To provide legal representation to nonprofit community development organizations in NC and train lawyers to serve the state's community development sector. | |
| University of NC-Chapel Hill , Chapel Hill | \$70,000 |
| To help child care directors and teachers in six rural counties access Internet-based distance learning opportunities. | |
| University of NC-Chapel Hill , Chapel Hill | \$30,000 |
| For support of the NC Women's Prison Writing and Performance Project. | |
| University of NC-Chapel Hill , Chapel Hill | \$250,000 |
| General operating support and capacity building for the Civic Education Consortium. | |
| University of NC-Chapel Hill , Chapel Hill | \$33,000 |
| WUNC News and Public Affairs Project. | |
| University of NC-Chapel Hill , Chapel Hill | \$25,000 |
| Sponsor Curriculum, Music and Community 2003 Teachers' Institute. | |
| University of NC-Chapel Hill , Chapel Hill | \$35,000 |
| To support an outreach coordinator position for World View: Developing Global Perspectives. | |
| University of NC-Chapel Hill , Chapel Hill | \$195,000 |
| Support of the new School of Law Center for Civil Rights. | |
| University of NC-Chapel Hill , Chapel Hill | \$100,000 |
| Support community partnerships to close the academic achievement gap. | |
| University of NC-Chapel Hill , Chapel Hill | \$9,000 |
| NC Civic Education Consortium Small Grants Program. | |
| University of NC-Chapel Hill , Chapel Hill | \$35,000 |
| Good Schools-Good Neighborhoods project. | |
| University of NC-Chapel Hill , Chapel Hill | \$40,000 |
| To expand the K-12 International Outreach Program to underserved counties in NC. | |

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| University of NC-Charlotte , Charlotte | \$40,000 |
| Diversity in Information Technology Initiative teacher workshops. | |
| University of NC-General Administration , Chapel Hill | \$40,000 |
| Principals' Executive Program - developing the principals' roles and responsibilities to improve teacher retention. | |
| University of NC-Greensboro , Greensboro | \$15,000 |
| For Supporting a Local Agro-Food System (Project Green Leaf). | |
| University of NC-Greensboro , Greensboro | \$66,000 |
| A program for early recruitment and retention of students exploring teaching as a profession. | |
| University of NC-Greensboro , Greensboro | \$15,000 |
| Team QUEST Student Leadership Initiative. | |
| Vote for America, Inc. , Raleigh | \$75,000 |
| For support of Vote for America North Carolina to encourage more people to vote. | |
| Wake Education Partnership , Raleigh | \$40,000 |
| To continue and expand the Kenan Fellows Program for Curriculum and Leadership Development. | |
| Wake Forest University , Winston-Salem | \$728,398 |
| Campaign for Wake Forest to complete the endowment for the Joseph G. Gordon and Nancy Susan Reynolds scholarships, salary supplements for 15 young faculty members, four new Reynolds professorships, and to increase the Foundation's general operating support to the University. | |
| Wake Forest University , Winston-Salem | \$1,200,000 |
| Annual grant, under 1990 contract, for general support, faculty development and scholarships. | |
| Warren County Middle School , Warrenton | \$175,000 |
| Young Scholars Program. | |
| Waterkeeper Alliance, Inc. , New Bern | \$90,000 |
| To challenge North Carolina NPDES (Clean Water Act) Permits that are inadequate to protect public health and the environment. | |
| Waterworks Visual Arts Center, Inc. , Salisbury | \$10,000 |
| Freedman's Cemetery Memorial project. | |
| West Lenoir Elementary School , Lenoir | \$175,000 |
| Young Scholars Program. | |
| Western Carolina University , Cullowhee | \$35,000 |
| Beginning Teacher/Teacher Leader Program. | |
| Western Carolina University , Cullowhee | \$25,000 |
| Mountain Air Quality Coalition to continue addressing the region's air. | |
| Western NC Alliance , Asheville | \$85,000 |
| For support of the Strategic Membership Development Campaign. | |
| Wildacres Leadership Initiative , Durham | \$150,000 |
| Building Capacity for Collaborative Action to support for three years the collaborative action of the William C. Friday Fellows for Human Relations. | |

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| Wilderness Society , Washington | \$20,000 |
| New Work, New Constituencies in Protecting NC's Wild Lands. | |
| WNC Families CAN, Inc. , Arden | \$20,000 |
| NSR Award designated by Diane Bauknight. | |
| Women's Center of Rockingham County , Reidsville | \$20,000 |
| General operating support for a women's center in Rockingham County. | |
| Women's Resource Center of Hickory , Hickory | \$25,000 |
| General support to assist women to overcome obstacles and circumstances that are affecting their ability to be independent. | |
| Yadkin-Pee Dee Lakes Project , Badin | \$60,000 |
| For the preparation of an outdoor recreation master development plan for the Uwharrie Lakes Region. | |
| Yancey County Schools , Burnsville | \$25,000 |
| Further develop and continue academically and socially focused summer camp/after-school program for minority students. | |
| YMCA-Greensboro , Greensboro | \$25,000 |
| To address the needs of youth by identifying Black professionals who will work with youth as role models. | |
| YMCA-University City , Charlotte | \$2,500 |
| Civic Education Consortium Small Grants Program - City Youth and Government. | |
| YWCA-Wake County , Raleigh | \$40,000 |
| Triangle Racial Justice Initiative Action Phase to address racism. | |
| YWCA-Winston-Salem/Forsyth County , Winston-Salem | \$25,000 |
| Millennium Village project. | |
| Zara Betterment Corp. , Council | \$20,000 |
| Youth entrepreneurship/business program, teen pregnancy prevention, and after-school programs for youth. | |

TOTAL GRANTS APPROVED **\$25,238,923**

GRANT APPLICATION GUIDELINES

The Z. Smith Reynolds Foundation, Inc. is legally restricted to making grants for the accomplishment of charitable works in the State of North Carolina. Grants are made only to nonprofit, charitable organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code or to governmental units. No grants are made to individuals for any purpose. Organizations that operate both within and outside the State of North Carolina may be eligible for consideration for programs operating within North Carolina. The Foundation does not pay indirect or overhead expenses for projects at colleges, universities, public schools or governmental units.

To accomplish its purpose, the Foundation currently gives special attention to certain focus areas:

- Community Building and Economic Development
- Environment
- Governance, Public Policy and Civic Engagement
- Pre-Collegiate Education
- Social Justice and Equity

While the listed areas are of highest priority, it is also the desire of the Foundation to serve as a catalyst for new practices and ideas and to respond to other challenges or opportunities that are unique to North Carolina. In addition to funding projects that achieve the goals of each focus area, the Foundation has an interest in building the capacity of organizations and in promoting organizational development. Also, the Foundation reserves the right to remain flexible in its grantsmaking policies.

DEADLINES: The Foundation's Board of Trustees meets in **May (deadline February 1)** and in **November (deadline August 1)** to consider grant applications. The Foundation has a very strict policy regarding deadlines. When deadlines fall on a weekend, the following Monday will be the deadline. **If mailed, proposals must be postmarked on or before the deadline date.** Proposals that are submitted electronically must be received by 11:59 p.m. EST on the deadline date. The Foundation will not accept proposals by facsimile or email. Late proposals will be considered in the next funding cycle.

Reporting Requirements: If your organization has received a grant(s) from this Foundation in the past, all reporting requirements must be met in order for your current application to be considered. If you have reports that are overdue, please call to request the appropriate forms before submitting an application.

ALL APPLICANTS MUST SUBMIT THE FOLLOWING:

■ **APPLICATION FORM:** All pages of the application form (including all questions) must be completed in the space provided.

■ PROPOSAL

Format

- (a) The proposal must be submitted on the organization's letterhead and must be signed by an authorized official of the organization.
- (b) The proposal is limited to three single-spaced, single-sided pages, should have a left hand margin of no less than one inch, should be printed on 8½ x 11 inch paper, should have at least 12 pt font, and should not be bound or fastened in any way. **Please do not staple any of the pages together.**
- (c) Only one copy of the proposal should be submitted.

Content: The first paragraph of the proposal should state clearly the specific amount being requested and the purpose of the request. The proposal should also contain the following:

APPLICATION DEADLINES - FEBRUARY 1 AND AUGUST 1

■ General Operating Support Request

- (a) Mission of the organization
- (b) Objectives for the time period of the grant request and how they will be achieved
- (c) Recent accomplishments of organization (if not a new organization)
- (d) How the work of the organization will address the priorities of ZSR

■ Project Request

- (a) Description of project
- (b) Need for the project
- (c) Objectives of the project and how they will be achieved
- (d) Method and criteria for evaluation
- (e) Recent accomplishments of organization (if not a new organization)
- (f) How the project will address the priorities of ZSR

■ BUDGET: Submit the following:

- (a) Current fiscal year's approved budget showing actual income and expenses to date.
- (b) Prior fiscal year's actual statement showing general expenses and specific sources of income.
- (c) One page, line-item proposed budget (showing anticipated income and expenditures) for the total operations of the organization's fiscal year(s) for which funds are being requested.
- (d) If the funds being requested are for a specific project rather than for general support, also submit a one-page, line-item budget for the specific project for which funds are being requested (showing anticipated income and expenditures).

■ GOVERNING BOARD

Submit a list of the members of the petitioning organization's governing board, with a brief explanation of how members are elected.

■ TAX-EXEMPT STATUS

A copy of the petitioning organization's federal tax-exempt certification under Section 501(c)(3) of the Internal Revenue Code, including a determination as to the organization's status as a publicly supported organization. Governmental units need not submit these documents. The Foundation will not make pass-through grants from one organization to another.

■ OPTIONAL MATERIALS

Additional information and material may be submitted to supplement the application.

■ SUBMITTING APPLICATIONS

■ By Mail

- You may call, write or email the Foundation and request that an application form be sent to you by mail.
- You may download the application form in Microsoft Word format on the Foundation's Web site.

■ Electronically

- You may submit an application electronically by accessing the IGAM module from the Foundation's Web site at www.zsr.org. Please note that the deadline for electronic submissions is 11:59 P.M. EST on the deadline date.

Applications can be mailed to

Thomas W. Ross, Executive Director
Z. Smith Reynolds Foundation
147 South Cherry Street, Suite 200
Winston-Salem, NC 27101-5287

NANCY SUSAN REYNOLDS AWARDS

Recognizing a Special Kind of Leadership

THE ANNUAL NANCY SUSAN REYNOLDS AWARDS luncheon is a unique event, not just because the awards themselves which recognize “unsung heroes” are unique, but because it brings together one of the most diverse groups of North Carolinians assembled each year.



Dr. Margaret “Peggy” Noel, Cader Harris and Diane Bauknight are the 2002 recipients of the Nancy Susan Reynolds Awards.

Civic, political and philanthropic leaders come from throughout the state to honor the winners and mingle with their families, neighbors and associates and the people who have benefited from their work – former drug addicts, abused women, advocates for better race relations, children with special needs, the disabled and others.

Since 1986, attendees have heard the stories of winners in the areas of advocacy, personal service and race relations told by videos and the winners’ friends and associates. Surely, Nancy Susan Reynolds, daughter of R.J. Reynolds and Katharine Smith Reynolds, in whose memory the awards are presented, would be pleased that so many North Carolinians are being inspired by the stories. The winners also are featured in a 30-minute television program produced by the Foundation and aired each spring.

Like the awards created in her memory, Nancy Susan Reynolds was unique. A founding member, president and lifetime Trustee of

the Z. Smith Reynolds Foundation, she believed in the ability of ordinary people who possess great determination and resolve to change things for the better. Quietly, through her philanthropic work, she encouraged their efforts and took great delight in their achievements.

When she died in 1985, the Foundation’s Trustees established the Nancy Susan Reynolds Awards in her memory. Each Nancy Susan Reynolds Award is accompanied by a grant of \$25,000, of which \$20,000 is designated by the recipient to charitable organizations. Since their inception, the awards have given \$1,275,000 to grassroots leaders and nonprofit organizations in North Carolina.

Anyone may nominate a North Carolinian for a Nancy Susan Reynolds Award by calling the Z. Smith Reynolds Foundation or visiting its Web site at www.zsr.org.

In 2002, the Z. Smith Reynolds Foundation honored Diane Bauknight, who has made better services for mentally ill children her personal crusade, in the advocacy category; Cader Harris, who has helped bring diverse people together to promote racial harmony, in the race relations category; and Dr. Margaret A. Noel, a physician who has developed a new model for treating memory loss disorders, in the personal service category.

Diane Bauknight has an adopted daughter with mental illness. She has spent years trying to get government agencies to provide adequate help for such children and support for their parents. Despite roadblocks, she has continued to work with legislators, urging increased appropriations. She also believes state mental health administrators are misusing funds already appropriated for situations like hers, and, in desperation, has sued local mental health officials.

Cader Harris grew up in a small, northeastern town and led a privileged life until his family’s clothing business was picketed by civil rights demonstrators in the 1960s and eventually failed. Harris, however, was not embittered. Years later, after the Los Angeles riots, he helped bring together a racially and ethnically diverse group to promote understanding and harmony in Elizabeth City. The Hope Group, because of its diversity, provides a role model for the community and also provides support for local charities.

Dr. Margaret “Peggy” Noel works with patients who have Alzheimer’s disease or other memory disorders. When the only facility in her area that offered comprehensive service to these people closed, she opened a center herself. She had a mission in mind – to take a more holistic approach that placed a value on time spent with patients, families and other caregivers, as well as on “technical” treatment. It has been a struggle because Medicare and Medicaid reimbursements and HMOs are not geared to this model.

Z. SMITH REYNOLDS FOUNDATION SABBATICAL PROGRAM

PROVIDING LEADERSHIP FOR A NONPROFIT, day after day, year after year can wear you down. That's a fact. And sometimes those nonprofit executives who have the most resources in terms of experience and lessons learned find themselves able to do little more than muster the energy required to meet increasing requests for services and, most importantly, to survive financially as an organization.

The Foundation established the Z. Smith Reynolds Sabbatical Program in 1990 with these nonprofit leaders in mind. It hopes that sabbatical recipients, who are chosen from the leadership of North Carolina's nonprofits, can renew themselves personally and professionally and return to work with fresh ideas for achieving their missions and with more balanced lifestyles.

Each of the five 2002 sabbatical recipients – Cathy Alston-Kearney, Susan Gilbertson, Denise Lawless, Doris Bernice Stith and Blythe Tennent – received a \$15,000 grant to enable her to take leave from work for three to six months to read, relax, travel, work on special projects, be with her family or simply reflect.

Recipients of sabbaticals are chosen on the basis of the need for a break from the daily stress and challenges of their work environment, the innovation and creativity they have demonstrated in their work achievements in the past, and their potential to continue to make a significant contribution to public service.

Alston-Kearney, the executive director of the Warren Family Institute in Warrenton, said that she did not think of her sabbatical as a "one time event." Instead, she viewed her sabbatical as an opportunity to make course corrections in her life to lead her on a more balanced path. "It took at least two weeks of getting up every morning (when beginning her sabbatical) and reciting the silent mantra, 'There is nothing you HAVE to do today' to break up the routine of planning every minute of every day," Alston-Kearney said. "Instead of trying to come up with some exotic experience, I chose to think about creating oases in my everyday surroundings." She found her oasis in her own backyard, sharing time with family and friends.

Gilbertson, regional director of Catholic Social Ministries in Durham, said that it is hard for her to "sum up how delicious" her sabbatical time was for her. "Even now, months later, I draw strength from the pace and reflective time the sabbatical 'gifted' me. It's the little everyday things that stand out for me: visiting the neighborhood where I grew up, going to the farmer's market or discovering that I love to bake pies," she said. "I'm grateful."

Lawless, executive director of Summit Support Services of Ashe in Jefferson, had a long list of things to accomplish during her sabbatical: decorating during the holidays, taking an art class, learning to quilt or weave baskets, taking weekend trips, initiating a daily routine of yoga and meditation, camping, cleaning out closets and vacationing on a cruise. She preserved the memories of her sabbatical in a daily journal filled with photos, artwork and notes.

Stith, executive director of the Community Enrichment Organization in Tarboro, said that her sabbatical came at a time when outside incentive and inspiration to pause from her work were needed. "The sabbatical allowed me to spend time with my son who was preparing for his first year of college. The two of us enjoyed trips to the beach and shopping for things for his room at college," she said. "Having an opportunity to reconnect with my family has been wonderful."

Tennent, executive director of the Mediation Center of Eastern Carolina in Greenville, said that she found time during her sabbatical to become closer to family and friends and to spend time exercising and meditating. "Each day of the sabbatical was a gift," she said. "I have emerged with respect for the body and spirit and acceptance that each of us must honor and nourish these parts of ourselves."

Please contact the Foundation for an application if you, or someone you know, may deserve a Z. Smith Reynolds Sabbatical.

Blythe Tennent, Cathy Alston-Kearney, Doris Bernice Stith, Sue Gilbertson and Denise Lawless are the recipients of the 2002 Z. Smith Reynolds Sabbaticals.



"I reached a place where, deep in my bones, I felt tranquility."

~2002 RECIPIENT

STATEMENT OF INCOME, GRANTS, EXPENSES & UNDISTRIBUTED INCOME

December 8, 1936 through
December 31, 2002

| | 2001 | 2002 | 1936-2002 |
|--|---------------------|---------------------|----------------------|
| UNDISTRIBUTED INCOME BEGINNING OF PERIOD | \$21,581,646 | \$24,544,245 | |
| INCOME RECEIVED: | | | |
| Zachary Smith Reynolds Trust | 10,686,045 | 9,406,879 | 151,317,407 |
| W. N. Reynolds Trust | 13,593,881 | 11,409,322 | 197,797,352 |
| Interest on Investments* | 811,652 | 322,054 | 13,680,806 |
| Refunds of Grants | 16,649 | 79,757 | 457,225 |
| Other Income | 650 | 3,198 | 10,773 |
| TOTAL INCOME | | | |
| DISBURSEMENTS: | | | |
| Grants Paid | \$20,066,550 | \$23,436,023 | \$317,425,604 |
| Direct Charitable Activities: | | | |
| Nancy Susan Reynolds Awards | 151,803 | 180,987 | 1,963,290 |
| Sabbatical Program | 90,827 | 106,960 | 1,213,968 |
| Race Relations Projects | 116,573 | 25,328 | 350,136 |
| Good Government | 1,225 | 3,517 | 152,651 |
| Sprawl/Growth Management | 625 | 0 | 53,154 |
| Youth Development/Young Scholars Program | 208,500 | 150,110 | 612,862 |
| Special Projects/Meetings/Seminars | 5,806 | 110,558 | 2,517,425 |
| TOTAL GRANTS AND DIRECT CHARITABLE ACTIVITIES | \$20,641,909 | \$24,013,483 | \$324,289,090 |
| ADMINISTRATIVE EXPENSES: | | | |
| Personnel | 548,383 | 556,388 | 8,111,465 |
| Operating Expenses | 867,537 | 953,208 | 10,287,249 |
| Federal Excise Tax | 4,931 | 4,693 | 254,558 |
| TOTAL ADMINISTRATIVE EXPENSES AND TAXES | \$1,420,851 | \$1,514,289 | \$18,653,272 |
| TOTAL DISBURSEMENTS | \$22,062,760 | \$25,527,772 | \$342,942,362 |
| Undistributed Income End of Period | \$24,627,763 | \$20,237,683 | \$20,237,683 |
| Unpaid Grants End of Period | \$16,791,116 | \$18,667,950 | \$18,667,950 |
| Excess of Undistributed Income Over Unpaid Grants | \$7,836,647 | \$1,569,733 | \$1,569,733 |

NOTES TO FINANCIAL STATEMENTS

The Foundation's income is derived from two trusts that are separately controlled and each of which meets the reporting requirements of the federal government and of those states in which they are located. No list of investments appears in this report because the Foundation itself has no assets.

*Interest earned on short-term investments of income received from the two trusts but not yet distributed.

STATEMENT ON INCLUSIVENESS

The mission of the Z. Smith Reynolds Foundation is to improve the quality of life of the people of North Carolina. Toward this end, the Foundation actively seeks to promote access, equity and inclusiveness; and to discourage discrimination based on race, ethnicity, gender, age, socioeconomic status and other factors that deny the essential humanity of all people.

The Foundation has the conviction that inclusiveness benefits everyone and is not only compatible with, but also promotes, excellence. The Z. Smith Reynolds Foundation's grantmaking policies reflect the belief that organizational performance is greatly enhanced when people with different backgrounds and perspectives are engaged in an organization's activities and decision-making process.

We recognize that this policy must be practiced with flexibility and with sensitivity. In this spirit, applicants to the Z. Smith Reynolds Foundation are asked to provide general information about the race and gender of their board and staff. With the aid of this information, the Foundation is better equipped to do its modest part to foster inclusiveness and equal opportunity throughout the State of North Carolina.

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Z. Smith Reynolds

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