

Wallace-Reader's Digest Funds

annual report
2000



DeWitt Wallace-Reader's Digest Fund
Lila Wallace-Reader's Digest Fund

mission statement > The Wallace-Reader's Digest Funds > seek to create
through better schools,

opportunities for people to enrich themselves
enhanced community activities, and participation in the arts.

LETTER FROM THE
CHAIRMAN



PHOTO: KEN LEVINSON

As chairman of the Wallace-Reader's Digest Funds, I have the privilege each year of reporting briefly on our activities. For me, this past year stands out as one of our best. We embraced a new strategic direction. We reorganized our staff in a new team-based structure uncommon in the foundation world. And we added new talent to our board

and staff. It's often hard to appreciate how far you've come if you don't look at where you've been. So I would like to offer my observations on the evolution of the Funds over the years.

In 1985, when I became chairman, the Funds' collective assets were approximately \$320 million. By December 31, 2000, these assets had grown to more than \$1.5 billion. In addition, during those 15 years, the Funds made grants of \$860 million.

More striking than the growth in assets has been the increasingly purposeful manner in which they are being deployed. We have reduced our programs from more than 100 to just three: educational leadership, community learning, and cultural participation. We have also come to realize that money alone is not enough. We can achieve our ambitious goals only by combining all our financial and human resources: grant dollars, program expertise, smart research and evaluation work, and effective communication and outreach. Over the past 18 months, we have reorganized our staff into teams to integrate these resources more effectively. We have revised our budgeting to ensure that our best ideas get the needed support, and have integrated our computer systems to increase our efficiency. In short, we are applying the lessons of good

corporate management to help us realize the full benefits of our social investments.

Helping to set the vision for all this work is our talented board of directors. These wise and dedicated individuals are: Laraine Rothenberg, partner of the law firm Fried, Frank, Harris, Jacobson & Shriver; Walter Shipley, recently retired chairman and chief executive officer of J.P. Morgan Chase & Company, and C.J. Silas, former chairman and chief executive officer of Phillips Petroleum Company. And we are fortunate to have the expertise, commitment and guidance of our fellow board member and president, Christine DeVita, who has tirelessly led our staff and coordinated the efforts of our board.

As this report goes to press, we welcome four additional directors: Gordon Ambach, executive director of the Council of Chief State School Officers; Don Cornwell, chairman and chief executive officer of Granite Broadcasting Corporation; Peter Marzio, director of the Houston Museum of Fine Arts; and Joseph Shenker, provost of the C.W. Post campus of Long Island University. We look forward to their insights and contributions.

We are excited about the possibilities before us. Board and staff stand united in a common vision: to create a climate of learning — in schools, in communities, and in cultural institutions — that will enrich life for Americans across the country.

George V. Grune, Chairman

C O N T E N T S

President's Essay:
Beyond Money 3

Education: Leaders Count 9

Arts: Power of Participation 13

Communities: Parents
& Communities for Kids 17

Building Knowledge/
Sharing Knowledge 20

Diversity Matters 22

Program Expenditures
DeWitt Wallace-Reader's
Digest Fund 25
Lila Wallace-Reader's
Digest Fund 31

Financial Statements
DeWitt Wallace-Reader's
Digest Fund 44
Lila Wallace-Reader's
Digest Fund 52

Funds History 60

Funding Guidelines 60

Directors & Staff 61

BEYOND MONEY



PHOTO: KEN LEVINSON



PHOTO: CHRIS TAKAGI

With Wallace Funds support, elementary and middle school students participate in a variety of enriching activities at the Lake Middle School Beacons program before and after school and during summer vacations.

by M. Christine DeVita, President

Foundations = Money

For many, this simple equation defines the common currency of the nearly 47,000 grantmaking foundations in this country. The vast majority are of modest size, locally focused, and staffed by founders, family members, and volunteers who are intimately familiar with the communities they serve. They provide needed support to the non-profit organizations in their region.

Is the role of a larger, national foundation the same? Or is there some special “value added” a national foundation with sizeable assets and a seasoned professional staff can provide? At the Wallace-Reader’s Digest Funds, we believe we have an opportunity — and a responsibility — to go beyond money. We are in a privileged position to use our resources in ways that build, capture and share information and know-how that leaders in a particular field can use to bring about beneficial changes.



This “value added” philosophy has been the driving force behind the reorganization we announced at the beginning of 2000. We refined and sharpened the focus of our work to target three specific goals:

1. Develop effective educational leadership, especially among principals and superintendents, to improve student learning.
2. Improve the quality of out-of-school learning opportunities for children and families and promote learning as a core community value.
3. Create new standards for building participation in arts and cultural institutions.

Creating a Climate for Learning

While each of these three objectives is critically important, the real long-term promise of this work lies in the synergy between and among them. If creatively and strategically combined, the powerful result would be to foster a climate for learning in communities. In such a climate, school and community leaders would work alongside parents to provide effective schools in which all of our children receive the support needed to help them achieve academically and prepare



Strengthening school leadership, helping arts institutions increase participation, and connecting families to a rich array of informal learning opportunities can collectively help create a climate of learning that will enrich community life.

for productive adulthood. Arts institutions, public libraries, parks, and other community-based institutions would work together to provide a rich and varied tapestry of informal learning opportunities in which children and adults engage when the day’s school and work obligations end.

Unfortunately, in many communities today, such a climate does not exist. Rather, in an age of technological marvel and unprecedented prosperity, we find:

- Too many schools, especially in poorer urban and rural communities, are failing to educate all our children to high standards.
- Community institutions such as parks and libraries are often neglected, their potential to provide families with leisure-time pleasures and informal learning opportunities underdeveloped and underutilized.
- Cultural institutions are searching for effective ways to engage a new generation that is increasingly diverse in educational, economic, and cultural background.
- And too often, parents with the best of intentions for their children simply lack the time, energy, or knowledge to get their kids to read, do their homework, or go as families to museums, the park, or the library.

Creating a climate for learning can help turn this situation around and instill a sense of community and achievement that is sometimes lacking in America today. As our population grows more diverse, as economic pressures force many parents to hold more than one full-time job, as we increasingly retreat to the gray solace of television and computer screens, it becomes difficult to weave the fabric that truly enriches community life. A poem by Miller Williams that I keep framed by my desk expresses well why this



renewal of a climate for learning is so imperative for our future:

Who were many people coming together
 Cannot become one people falling apart.
 Who dreamed for every child an even chance
 Cannot let luck alone turn doorknobs or not.
 Whose law was never so much of the hand as the head
 Cannot let chaos make its way to the heart.
 Who have seen learning struggle from teacher to child
 Cannot let ignorance spread itself like rot.

We at the Funds believe our “value-added approach” in building and sharing knowledge in our three chosen program areas of strengthening education leadership, helping arts institutions increase participation, and connecting families to a rich array of informal learning opportunities, can collectively help create a climate of learning that will enrich community life.

Form Follows Function

To achieve these goals, the Funds have adopted a multi-disciplinary, team-based staffing structure. Each team consists of program, evaluation and communications staff who work together to understand the current state of research and practice in the relevant field, to carefully analyze and identify the factors that will promote change in that field, to be realistic and strategic in determining where the foundation’s resources can be most influential, to assess what strategies are most effective, and to share the results publicly. Specifically:

- Program officers provide in-depth knowledge of the field — how it’s organized, where its leverage points are. They identify effective organizations, assess readiness and capacity in specific institutions and the field in general, and take the lead in developing appropriate change strategies and identifying desired outcomes from our investments.
- Evaluation officers determine what research exists and how it can contribute to effective program design, articulate theories of change, assess whether proposed strategies are likely to produce identified outcomes, and plan fresh research that can capture lessons that advance the field.

The overarching goal of our work is to help foster not only a climate for learning in communities, but to be learners ourselves, to use what we’ve learned to leverage change, and to leave as our legacy a public record upon which others can build.



- Communications staff play the crucial role of raising public awareness of needed changes; designing effective ways to address the people and institutions whose work is at the center of needed changes; and translating our program accomplishments and research findings so that they are useful to policymakers, practitioners, and the public.

This team-based approach gives us greater confidence in realizing a positive social return on our investment in our three target areas of promoting better education leadership, more informal learning opportunities in communities, and broader arts participation. The rich diversity of our talented staff’s experiences and backgrounds only adds to that confidence. In the pages that follow, we describe in more detail the work we’ve undertaken this year to move us forward on this path.

I began this essay with a simple equation. I end with a more complex one that symbolizes the power and promise of national foundations:

Learning = Leverage = Legacy

“In times of great change,” wrote the philosopher Eric Hoffer, “it is the learners who inherit the future.” The overarching goal of our work is to help foster not only a climate for learning in communities, but to be learners ourselves, to use what we’ve learned to leverage change, and to leave as our legacy a public record upon which others can build.


 M. Christine DeVita



LEADERS COUNT

CONNECTING LEADERSHIP TO LEARNING



PHOTO: PROVIDENCE JOURNAL

Aspiring Principal Michele Humbyrd, left, works closely on a daily basis with mentor principal Donna Vigneau at Coventry Middle School in Providence, RI, as part of her training through the Principal Residency Network.

Education again tops the public agenda, yet chronically missing from policy discussions is an understanding of the pivotal role of principals and superintendents in promoting and sustaining better learning. Last year, before he was named U.S. Education Secretary, Roderick Paige put it bluntly to the Wallace-Reader's Digest Funds' Board of Directors: "Educational leadership is a stealth issue." Our goal is to ensure that at this rare, precious moment of national attention to schooling, the need for better leaders must no longer be a "stealth" issue, but front and center in reform efforts.

Clearly, teachers are at the heart of learning and, for the past decade, the Funds have invested heavily in the professionalization of teachers and in broadening the pool of candidates. Still, it is the leaders, the principals and superintendents, who must ultimately build collaborative communities of learning so that improvements can spread on a large scale. Starting in 2000 and extending for at least the next five years, the Funds have committed to fostering a national movement aimed at making the essential connection between quality leadership and improved learning.

Leaders Count focuses on three major objectives:

- Attracting and placing a broader pool of able candidates into the principalship and superintendency;
- Strengthening the abilities of leaders to improve student learning; and
- Creating more supportive conditions for education leadership to succeed.

In pursuing those goals, districts are where the Funds will place the biggest bets. The district, after all, is the organization authorized by the state to expend public funds to educate the community's children. At the same time, we recognize that states play a crucial part in determining the climate for leadership in districts and schools. State laws, for example, determine licensing and certification requirements and the local governance structure of the district. Our plan, therefore, is to work simultaneously in selected states and districts that have identified leadership as a core issue and that are committed to improving conditions that support their leaders' success.



PHOTO: AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS

FOLLOW THE LEADER

"Good principals attract good teachers—and good teachers will stay in a school as long as the leadership is strong."

This observation from Diana Lam (pictured above) superintendent of schools in Providence, RI, and a member of the national advisory board of the Wallace-Reader's Digest Funds' Leaders Count initiative, reflects the thinking of a growing number of education leaders nationwide. "While the recent emphasis on teacher quality has been necessary," she says, "we need to realize that in the absence of visionary principals, the accomplishments of excellent teachers are almost impossible to sustain over any period of time."

That thinking is spurring innovative action in Rhode Island. With a three-year, \$1.26 million grant from the Funds, the Providence-

based Big Picture Company has begun the Principal Residency Network, a new method of preparing aspiring principals for instructional leadership. Working in partnership with a number of New England-area universities, the Principal Residency Network pairs promising principals-in-training with experienced "distinguished principals." Participants shadow successful veterans for nearly two years. Applying rigorous, individualized learning plans to real-life situations, they create portfolios filled with relevant project work, reflect on their experiences through journal keeping, and get constant feedback from their mentors and from frequent meetings with colleagues. This unusually intense, on-the-job learning experience could become a national model for preparing aspiring principals to be effective leaders of the teaching and learning process.

"The best place to train leaders is where they have opportunities to learn," says Dennis Littky, founder and co-director of the Big Picture Company. "These aspiring principals are getting the training that most current school leaders can only wish they had."

Donna Vigneau, principal of Coventry Middle School in Providence and mentor to Michele Humbyrd, a former music teacher at her school, agrees: "My two current assistant principals are envious of Michele's experience. They tell her she is a much better principal after one year in the program than they were after three to five years of work experience."

"The Toughest Job in America," a panel discussion moderated by PBS producer John Merrow at the Funds' National Conference on Educational Leadership at Teachers College, Columbia University, featured several current and former school superintendents from cities across the country.



PHOTO: KEN LEVINSON

We are committed to making the case that leaders do count, especially in remaking conditions for the millions of children who are still being left behind.

To begin that work, the Funds in 2000 awarded \$8.9 million to a new consortium of five national organizations headed by the Council of Chief State School Officers and including The National Association of State Boards of Education, the National Governors Association, the Council of Legislative Services, and the Education Commission of the States. In 2001, the consortium will identify 15 states that demonstrate the desire to undertake major policy reviews around factors affecting educational leadership. We then plan to provide significant support to 15 districts within those states to concentrate our work in leadership.

We have also begun a major effort to raise public awareness of the need for better leadership. Grants to the Education Writers Association and The Hechinger Institute on Education and the Media seek to inform the general public and provide information for writers and journalists. In September 2000, a Funds-sponsored National Conference on Educational Leadership at Teachers College, Columbia University, attracted more than 400 participants from 39 states and featured a presentation by then-U.S. Education Secretary Richard W. Riley.

Building a new knowledge base is also at the core of our work. Grants to the Big Picture Company in Providence, RI, and the University of Pittsburgh both seek more effective ways to improve the skill and understanding of superintendents and principals as leaders of learning. With our support, the Southern Regional Education Board has begun an inquiry into more effective preparation programs for middle and high school principals. A grant to New York State is supporting a comprehensive state-wide project to link preparation and practice to needed policy changes. Grants to the RAND Corporation and the University of Washington have begun the process of organizing the information needed by the field in formats accessible to practitioners.

In all these efforts now and in the future, we are committed to making the case that leaders do count, especially in remaking conditions for the millions of children who are still being left behind.

THE POWER OF PARTICIPATION



MAKING ART PART OF EVERYDAY LIFE



Funds support for the Chicago Symphony Orchestra's Musicians Residency Program helps professional musicians provide music instruction and direct local choirs of children and adults throughout the city. Here, the South Shore Children's Choir performs at the Chicago Park District's South Shore Cultural Center.

Art gives tangible shape to the meaning of people's lives. It is through our stories, our pictures, and our music that we come to understand others and ourselves. Art's unique power is its ability to span time and distance, allowing us to know the past and imagine futures yet to be created.

For well over a decade, the Wallace-Reader's Digest Funds have invested in leading cultural groups across the country that are working to make the arts an active part of people's everyday lives. These theaters, museums, dance companies, community art schools and centers have in common a twin commitment to artistic excellence and service to people. Through their artistic programs, business practices and public efforts, these exemplary institutions are demonstrating that excellence need not mean exclusion, and that the wealth of the arts can be multiplied through the shared experience of participation. The successes and failures of these groups can, if well documented, provide valuable insights that other arts organizations, funders and supporters can put to practical use in improving the quality, access and health of the arts.



PHOTO: THE VILLAGE OF ARTS AND HUMANITIES



PHOTO: KENNETH C. FISCHER

In 2000, grantee convenings were organized in collaboration with The Heinz Endowments in Pittsburgh and the Walter and Elise Haas Fund in San Francisco. Senior managers, including Lily Yeh, executive director of the Village of Arts and Humanities in Philadelphia, PA, shared lessons on effective strategies for building arts participation. Above, young people in Philadelphia create a mural in their community.

Recognizing that the Funds can only reach a small percentage of the 25,000 cultural organizations in America, our strategy is to make four-to-five year investments in arts groups that are opening themselves to their communities and engaging new, often underserved audiences. The Funds' Leadership and Excellence in Arts Participation (LEAP) program represents a total of 65–75 organizations of all types. In 2000, we awarded LEAP grants to 15 cultural organizations that are making service to people as important as artistic excellence. One LEAP grantee, the Cleveland Museum of Art, for example, asked former Cleveland Indians Manager Mike Hargrove to host an "all-star" video tour of its permanent collection. The resulting *Mummies, Knights and a Cleveland Indian* became a popular hit, especially when it ran on the Jumbotron at the Indians' Jacobs Field.

To help spread good ideas and practices, the Funds in 2000 began a national Arts4AllPeople campaign for building effective arts participation. A new website, which will go live in 2001, will establish a "virtual community" for arts and cultural practitioners. Along with gatherings of grantees and funding partners, the Arts4AllPeople website will extend the benefits of this work to arts and cultural groups beyond the reach of the Funds' direct grants.

The Funds have also commissioned two significant studies to better understand why people participate in the arts and what institutions and communities can do to encourage such participation. *A Strategic Approach to Building Participation in the Arts*, by RAND, will for the first time document and examine the full range of influences and factors affecting participation in ways that will help arts organizations increase, diversify and deepen engagement with audiences. A second study by the Urban Institute addresses how individuals express community values, beliefs and aspirations through arts and cultural activities and how these forms of expression can help perform a community-building role. The RAND study will be released in 2001; the Urban Institute will release several reports and research briefs starting in 2001.

Through our Community Partnership for Cultural Participation initiative, we are collaborating with community foundations to support efforts in ten communities aimed at improving understanding of arts participation, strengthening programs that support the arts, and building local endowments to sustain participation beyond the period of our investments.

Recognizing the crucial policy and funding roles that state arts agencies can play in promoting arts participation, the Funds in 2000 initiated the State Arts Partnerships for Cultural Participation (START) initiative. The goal is to help state arts agencies develop new, more effective guidelines, programs and funding practices aimed at encouraging greater local participation in the arts and culture. As such agencies rise to meet this public mandate, they are being compelled to develop innovative strategies tailored to the needs of their communities and regions. The Funds' research, experience and demonstrated success in building participation opens the possibility of a productive and effective partnership that will ultimately improve service to people.



PHOTO: DAVID SMITH

IN MICHIGAN, A PARTNERSHIP FOR PARTICIPATION

In 1996, when it successfully co-commissioned and first presented *The Harlem Nutcracker*, the University Musical Society (UMS) in Ann Arbor, MI, saw firsthand how departing from a 118-year-old tradition of presenting mostly classical western music could attract thousands of people it had previously failed to reach. To sustain the interest and participation of those who took part, including those pictured above, UMS clearly had to find new ways of thinking and working. That has meant collaborating with cultural institutions in nearby Detroit and throughout the state's entire southeast region.

With support from an Audiences for the Performing Arts Network grant from the Wallace-Reader's Digest Funds, UMS reached out to the Arts League of Michigan and the Detroit Opera House. The three institutions began a partnership that brought a UMS production to downtown Detroit for the first time and helped redefine how cultural institutions in the area work together. "We struggled to learn how

three organizations that differ dramatically in size, purpose and culture could contribute equally and all benefit," said Kenneth C. Fischer, president of UMS. "Fortunately, each of us is deeply committed to coming up with ways of working that allow everyone to share both risks and rewards."

With the partnership established, the group turned to the Community Foundation for Southeastern Michigan, one of ten community foundations nationwide participating in the Wallace Funds' Community Partnerships for Cultural Participation initiative, and a supporter of more than 30 similar groups and their collaborators in that part of the state. This grant enabled UMS and its partners to attract local funding for other projects to begin and deepen their work, individually or as a consortium, with other organizations. These include the Mosaic Youth Theater, Detroit Symphony Orchestra, Detroit Public Schools, Detroit Public Library, Alvin Ailey American Dance Theater, Rudy Hawkins Singers, Royal Shakespeare Company, and several community and human service organizations.

"The seemingly simple, yet very complex, notion of working together is good not just for cultural institutions, but artists and audiences as well," said Mariam C. Noland, president of the Community Foundation for Southeastern Michigan. "It keeps us all better informed about what's available in our communities, helps emerging organizations learn from established ones, and allows people to experience art in places they didn't before. When that happens, everyone benefits."

PARENTS & COMMUNITIES FOR KIDS



MAKING LEARNING A CORE VALUE

Picture a nation of neighborhoods in which families, libraries, parks, schools and other institutions work together to make sure all children are learning, especially in communities most in need. That, in short, is the developing vision of the Wallace-Reader's Digest Funds' communities team.

For a decade, the Wallace-Reader's Digest Funds have supported important individual elements of that vision. Our past work in adult literacy, public libraries, urban parks, museums, youth development and out-of-school enrichment opportunities has provided valuable insights and a record of accomplishments in how best to connect children and families to non-school-based learning. In weighing how to create a more powerful, coherent whole from those activities, the communities team spent much of 2000 consulting a wide range of authorities and research and canvassing 30 communities around the country. We awarded capstone grants to 11 high-performing Extended-Service Schools (ESS) program sites to expand and sustain their after-school offerings to youth and families. A study is underway at six of those sites to determine their impact on students' academic and developmental achievement. Drawing on research from its previous work



PHOTO: FRIENDS OF HERMANN PARK

In Houston's Hermann Park, young people can learn about plant life indigenous to the region. The Wallace Funds support a wide variety of such out-of-school learning opportunities in communities across the country.

with 57 ESS sites, the Funds also published a practical handbook, *Getting Started with Extended-Service Schools: Early Lessons from the Field*, which was widely distributed and presented to practitioners around the country.

Further setting the stage for its more comprehensive vision, the Funds in 2000 sponsored national and regional forums to share lessons on urban parks development and their contribution to community revitalization. We awarded \$3 million in concluding grants to support urban park improvements, collaborations and intergenerational activities. The grants may also help establish a first-time national organization to represent urban parks and possibly provide a network for encouraging informal learning through park projects around the country.



PHOTO: CHRIS TAKAGI

COMMUNITY ACTION = BETTER LEARNING

On one side of Sloan's Lake in Denver, homes are worth half a million dollars, parks are well kept, and academic achievement in school is taken for granted. Just across the water, however, economic conditions are far more modest. Despite hardworking families' attempts to create a better life for their children, school success is not a given.

Lake Middle School, the site of the Lake Beacons Neighborhood Center, is leading the effort to channel community action into school success for all. As part of the Wallace-Reader's Digest Funds' Extended-Service Schools program, the school has become a community resource for teens, children and adults after school, on weekends and during the summer. Activities such as the one shown above include an after-school program for elementary school children; a homework club and counseling center for middle

school students; and for youth and adults, recreation opportunities, art and computer courses, and GED and English-as-a-Second Language classes.

The Beacons program, originally a New York City project to join the resources of community organizations with public schools, has spread to five additional U.S. cities, including Denver. Lake Middle School collaborates with Mi Casa Resource Center for Women, Inc. "There is a lot of energy in this community," said Gayle Warner, director of youth programs for Mi Casa. "Young people are developing positive relationships with caring adults, which has a trickle-down effect on the entire neighborhood."

Since the Beacons program started in 1997, many participating students have boosted their grade-point averages. "Students here have a tremendous support system," explained Warner. "They can see during the school day and beyond that their school is set up to help them succeed."

Donna Banuelos, whose two teenage daughters have participated in Beacons activities, is impressed with her older daughter's newfound leadership skills and is grateful for the after-school homework assistance her younger daughter is receiving. "She never told me she was having trouble in school, but she'll confide in her counselor," she said. "Kids have to keep their grades up to participate. I know they'll help her so she makes it."

By creating a community climate for learning, we will complement our other long-term objectives of building better education leadership and broader participation in arts and culture as vital community assets.



PHOTO: CHRIS TAKAGI

What has emerged is a comprehensive new Funds initiative, Parents and Communities for Kids (PACK). Over the next five to 10 years, we will pursue two broad objectives:

- Improve the quality of out-of-school learning opportunities in community and cultural institutions for families and children, especially for those with low rates of achievement.
- Increase the demand for learning by promoting family participation in learning activities at community and cultural institutions, and by helping parents become more effective in raising children to be active learners and productive citizens.

Starting in 2001, we expect to support planning in a dozen communities. This planning effort will involve convening a wide assortment of community institutions to help gather solid data on what learning opportunities exist, whether families and children are making good use of those opportunities, and what kinds of other opportunities the community might enjoy and benefit from. Based on those local preferences, the Funds will support partnerships to strengthen community-based learning experiences. PACK will also assist in developing messages to encourage families to make more and better use of those local learning opportunities.

In keeping with the Funds' spirit of integration, PACK will continually seek to make connections between its out-of-school learning objectives and the goals of the Funds' arts and education teams. By creating a community climate for lifelong learning, we are optimistic that our initiative as it unfolds will powerfully complement the Funds' other long-term objectives of building better education leadership and broader participation in arts and culture institutions as vital community assets.

BUILDING KNOWLEDGE,



SHARING KNOWLEDGE



One of the most important benefits of our integration strategy has been the increased role of the Funds' evaluation and communications teams in achieving the mission. The common goal is to ensure that our work has benefit beyond the reach of our grantmaking. To accomplish that, we use evaluations research to glean lessons from the innovative work of our grantees, and then translate that knowledge into clear, highly useful forms for a wide range of organizations and communities. Lee Mitgang, the Funds' director of communications, and Edward Pauly, director of evaluation, discuss the new ways their departments are collaborating and how that is enriching the Funds' work.

Ed Pauly: At the Funds, our challenge is not just to support good work in a handful of organizations. It's to capture important lessons about what is valuable from that work and share it in ways that underscore its value and applicability for other organizations. Our research efforts aim to make important contributions that strengthen the knowledge base available to policymakers, leaders, and members of the public.

Lee Mitgang: That's exactly right. The purpose is to help the fields we support improve their practice. If we aren't able to share information that they value and that they see as being a real contribution to their work, then we haven't done our job. That's why communications is the heart of this enterprise.

Ed: An excellent example of this is the handbook the Funds published in 2000 called *Getting Started with Extended-Service Schools*. We needed to mine the nuggets from some pretty complex early findings of our research on out-of-school programs so that practitioners and others could apply them to their work. When program, evaluation and communications put their heads together, we were able to come up with a product that is not only useful, but is now in great demand.

Lee: It's examples like this that remind us of the importance of appreciating the differences in our talents and perspectives. We need to understand what we want to learn, why we want to learn it, who needs to know it, and how to get it out there. Do I wish that the very best researchers had all these skills? Sure. On the other hand, the best communicators in the world don't have the skills that researchers have. Our job as a foundation is to act as the connector of these worlds. There are very few organizations that can do that in society. It's exactly why our close collaboration here at the Funds has been so rewarding.

Ed: Researchers can be very smart about figuring out how to get the right information. But they're terrible, historically, at figuring out how to share their knowledge in

ways that can be useful to the world of practice. That's why our relationship with communications has been so helpful. We want our evaluation work to pay off for the field.

Lee: It helps that we're all committed to two overarching goals, which are to share knowledge and to create a climate of receptivity for that knowledge. Put another way, it's creating a conversation among a community of learners. This happened last year when we were preparing to launch our Leaders Count initiative. Before we uttered one public word, we held six regional meetings where we gathered more than 400 practitioners, educators and policymakers to ask them what matters to them about education leadership and how we might contribute. This proved tremendously helpful in developing our messages from the start. We were able to go right to the core of what is important to the field.

Ed: And as concrete knowledge emerges from our work, the partnership among our departments becomes even more vital as we capture information from the field and are able to target results to the audiences that need them.

Lee: A real advantage of this collaborative way of working is that we can figure out together when knowledge is ready to share. Working with our program teams from the very beginning of our deliberations, we can make smarter decisions about when, and to whom, this knowledge can be most useful.

Ed: In our studies of arts participation, for example, we have found that what motivates people to participate in

the arts is not just income and education levels. These motivations always have been difficult for leaders to articulate and share. But by looking across the wide range of the most effective organizations building arts participation, researchers found consistent practices that had not been visible to people working in the field. And we're spreading the word about those practices.

Lee: The truth is, the results of our work can have a profound impact on people's lives and behavior. As these results become available, it gives people and organizations an opportunity to apply tested and proven theories to their practice.

Ed: That was the case with the evaluation of our Pathways to Teaching Careers program, whose goal was to provide new avenues to teacher certification and to recruit from nontraditional pools — paraprofessionals, uncertified teachers, and returned Peace Corps volunteers. Before the evaluation by the Urban Institute, nobody knew if experienced teacher aides could get the education that would enable them to function as high-quality teachers. Now we know. The evaluation has definitive evidence showing that these teachers perform better than the average for other novice teachers. That breakthrough finding gave legislators from both parties the confidence to support federal legislation using the Pathways model.

Lee: The payoff is not news for the sake of news; it's solid information that people can put into practice.

DIVERSITY MATTERS



PHOTO: KEN LEVINSON

Front row, l-r: Natina Bethea, Judith Johnson, Rob Nagel, Barry Julien, Christine DeVita, Marie Connolly, Jack Booker, Edward Pauly, Mary Lee Fitzgerald, Sheila Murphy, Tiffany Hardy.

Second row, l-r: Ramon Rivera, Barbara To, John Rito, Ann-Marie Buckley, Leah Alexander, Michael Moore, Deborah Alexander, Estela Madrigal, Lee Mitgang, Holly Dodge, Valerie Peattie, Mary Geras, Jessica Schwartz, Christopher Baety, Geraldine Francis, Odehyah Gough, Rita Boscaino, Ian Beckford, Linda Cox, Rory MacPherson, Soneni Smith, Samuel Cargile, Sharon Ramroop, Misa Sheffield, Abby Kass, Judith Lorimer, Judith Williamson, Paula Warford. (Missing: Aundra Green, Kimberly Jinnett, Maria Santos.)

Why Diversity?

Walter Lippmann once said, “when all think alike, no one is thinking very much.” Here at the Wallace-Reader’s Digest Funds, we strongly believe that the diversity we are building in our staff — its backgrounds, and its widely varied professional and life experiences — broadens our thinking and helps make our work in communities, schools and cultural institutions more relevant and credible. The more we learn to recognize, respect and value the differences within our own foundation family, the more likely our chances of realizing our overall mission of enriching community life.

As the Funds have moved in the past two years to project teams integrated by function — to include staff members with expertise in communications, program and evaluation — we have also continued to recognize as equally important the need to have individuals with a variety of cultural, regional, and professional perspectives at the table. Such diversity helps ensure that critical questions that might otherwise be overlooked are raised, that information relating to a wide range of perspectives is considered, and that a variety of promising but non-traditional potential partners in our work are included. A workforce that understands cultural and other subtle differences that may affect how various groups view issues concerning their community helps focus the ideas, and the debate.

Where We Are, Where We’re Going

As of 2000, 51 percent of our entire staff were African-American, Asian or Hispanic. Among professional staff alone, 30 percent were people of color, and 53 percent were female. The Funds’ staff includes individuals from virtually every region of the country. They have previously worked in or managed institutions in public education, museums, broadcasting, community organizations, finance and investments, journalism and communications, research and evaluation, private industry, government, the military, and legal services. We have staff with GEDs, undergraduate and graduate degrees, Ph.D.s and other certifications.

We are proud of our progress in establishing a climate that ensures many different perspectives, but we recognize that this is a never-ending process. We will continue to strive to attract people who represent a rich assortment of cultural, ethnic, professional, and life experiences. We want talented, thoughtful and caring individuals with practical knowledge of the fields in which we are working and of the communities we are supporting. We firmly believe that the expense and time invested in attracting such talent is a small price for the rich payoffs that a quality and diverse workforce yields.

PROGRAM EXPENDITURES

The Integration Strategy, By the Numbers

Grants are only one tool that the Wallace-Reader's Digest Funds use under our integration strategy to enrich community life. So this year, our tables have a new look: showing, by the numbers, that the Funds are not just about "giving grants."

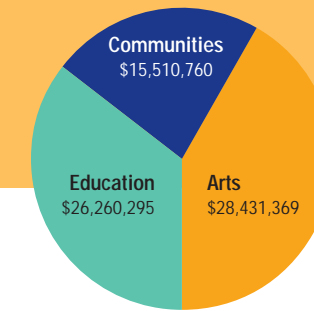
For starters, grants are no longer listed and described alphabetically, but are grouped according to initiatives. Second, our tables now include itemized spending on non-grant related communications and evaluation activities: for example, Funds-sponsored meetings that bring together key players in education, arts or culture; evaluation projects that build knowledge for the field and the public; and print and website publishing that disseminates that knowledge.

In short, this year's tables were revised to better mirror the Funds' integrated approach and reflect the new ways that we collect and report financial data. In the past, program, evaluation and communication departments would prepare and present their budgets individually. Now all areas of expertise are represented when decisions are made to allocate resources, and funds are allocated by initiative, not by departments. This new way of budgeting enables us to select the best possible strategic tools to maximize the use of our limited resources.

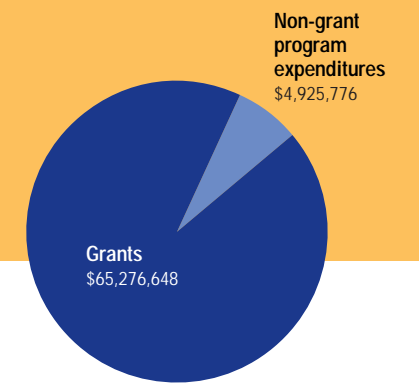
The tables that follow represent expenditures in 2000 in our new focus areas as well as concluding investments in other programs.

Total Expenditures 2000

DeWitt Wallace-Reader's Digest Fund and Lila Wallace-Reader's Digest Fund



Total expenditures by program area



Grant and non-grant program expenditures

DEWITT WALLACE-READER'S DIGEST FUND

Organization / IRS Name, if different (City & State)	Approved 2000	Paid 2000	Future Payments
EDUCATION			
<i>Leaders Count</i>			
American Association of School Administrators (Arlington, VA) To plan a program to recruit highly qualified candidates and prepare them, through intensive field experiences and related study, to lead urban school districts. Leading superintendents and others with expertise in strengthening urban districts will lead the design effort.	\$ 168,000	168,000	—
Council of Chief State School Officers, Inc. (Washington, DC) To help states create and implement new legislative and administrative policies designed to strengthen leadership for the purpose of improving student performance.	8,853,000	—	8,853,000
Council of Chief State School Officers, Inc. (Washington, DC) To design a plan for assisting state policymakers to enact laws and develop programs that strengthen education leadership in their states.	370,000	370,000	—
Education Writers Association (Washington, DC) To increase interest and deepen knowledge about education leadership among education reporters.	143,000	—	143,000
RAND Corporation (Santa Monica, CA) To develop better information for policymakers and practitioners about leadership in America's districts and schools, eliminating its current fragmented nature. RAND will also identify what information is available and make recommendations about key dimensions of leadership.	1,025,000	1,025,000	—
Southern Regional Education Board / Board of Control for Southern Regional Education (Atlanta, GA) To design a plan for strengthening leadership in urban and low-performing schools in the southeast.	383,000	383,000	—

	Approved 2000	Paid 2000	Future Payments
Teachers College, Columbia University (New York, NY) To plan a possible national center that would be the hub of a laboratory on education leadership. The center would integrate and disseminate learnings; launch, support and coordinate demonstration projects; and convene critical conversations among grantees, policymakers, and community, business and civic leaders.	98,000	98,000	—
The Big Picture Company (Providence, RI) To pilot The Principals Residency Network, an innovative model for recruiting and training principals who will learn about leadership and develop their skills by working as interns to experienced or "distinguished" principals. Other activities include readings, seminars designed to spur reflection and build knowledge, and creation of a network of innovative school leaders. Successful candidates will receive certification from a partnering university.	1,266,000	406,000	860,000
The Hechinger Institute on Education and the Media / Teachers College, Columbia University (New York, NY) To conduct a three-day seminar for up to 30 invited broadcast and print education reporters to help them become better informed about the importance of education leadership and their role in putting the issue before the public.	90,000	90,000	—
The Institute for Learning at Learning Research & Development Center / The University of Pittsburgh (Pittsburgh, PA) To increase the ability of six large school districts to focus on and increase student learning by engaging several levels of leaders from principals to superintendents in "think tanks," on-site consultations and the delivery of targeted tools and protocols.	3,932,000	3,932,000	—
The University of the State of New York Regents Research Fund (Albany, NY) To help principals and superintendents create conditions in their schools and districts so that all students can achieve the state's higher learning standards.	3,994,000	3,994,000	—
University of Washington, Center on Reinventing Public Education (Seattle, WA) To examine the causes of leadership shortages and propose ways to increase both the supply and quality of superintendents and principals.	2,322,000	2,322,000	—
NON-GRANT RELATED EXPENSES			
Advisory Board Meetings	—	111,225	—
Media Briefing, Washington, DC	—	18,202	—
Regional Meetings Convenings of education leaders in six cities to develop Leaders Count strategies	—	352,843	—
National Conference on Education Leadership at Teachers College, Columbia University	—	204,557	—
CONCLUDING INVESTMENTS			
<i>Pathways to Teaching Careers</i>			
Education Commission of the States (Denver, CO) To help governors and other key state education policymakers develop and enact legislation and policies that support programs to recruit and prepare teachers for hard-to-staff schools.	—	—	294,000
<i>Teacher Development</i>			
Harvard Project Zero / President and Fellows of Harvard College (Cambridge, MA) To pilot a program model for helping five low-income elementary and middle schools in Massachusetts improve the quality of the instruction they offer to students. Teachers and administrators will use tools and processes developed by Project Zero to guide their collaborative examination of instructional practices as well as refine and improve them.	—	265,016	—
National Council for Accreditation of Teacher Education (NCATE) (Washington, DC) To pilot-test and revise a system for accrediting the proliferating professional development schools (PDS), sites where a growing number of teachers receive practical training. NCATE will refine PDS standards and develop a system for assessing them.	—	418,282	—
Yale-New Haven Teachers Institute / Yale University (New Haven, CT) To establish Teachers Institutes in three cities, and provide assistance and support to them.	—	—	437,726
<i>School Performance</i>			
Southern Regional Education Board / Board of Control for Southern Region (Atlanta, GA) To prepare states to play a more active role in the High Schools That Work initiative, while continuing to enlarge its network of high schools, especially those in large urban districts.	—	—	640,000

COMMUNITIES

CONCLUDING INVESTMENTS

Extended-Service Schools

Community College of Aurora Foundation (Aurora, CO) To develop a community-wide coalition that expands the Extended-Service Schools program from two to five schools. Coalition members include parents, representatives of the community college, school district, and community organizations. Activities focus on resource development and effective strategies to recruit and train students and families as participants.	150,000	—	150,000
Rose Community Foundation (Denver, CO) To strengthen program assessment, parent involvement and student retention at the three Beacons schools that form the nucleus of Denver's Extended-Service Schools network. In addition, a more formal citywide system for supporting training, technical assistance, information dissemination and increased funding will be established.	400,000	—	400,000
United Way of Genesee County (Flint, MI) To develop a countywide system for Extended-Service Schools programs through technical assistance, training, marketing, service coordination and program improvement.	400,000	—	400,000
United Way of Greater Greensboro, Inc. (Greensboro, NC) To expand its Extended-Service Schools sites from five to twelve schools, implement a data collection system that documents student outcomes and create a community network that connects the ESS sites to other local initiatives promoting improved learning.	250,000	—	250,000
United Way of Missoula County (Missoula, MT) To create The Friends of Flagship, an administrative entity that will coordinate Extended-Service Schools programs at ten schools, strengthen the partnership with the school district and diversify its public and private funding base to support future program development.	300,000	—	300,000
United Way of Southeastern New England, Inc. (Providence, RI) To expand the number of Extended-Service Schools sites in Central Falls from three to seven schools and develop a statewide learning network that provides training and technical assistance and disseminates information. UW will also work with school and community leaders to develop state policy that generates funding for the continued development of ESS programs.	325,000	—	325,000
Urban Strategies Council (Oakland, CA) To strengthen the quality and capacity of six Extended-Service Schools sites through technical assistance and the establishment of a citywide learning network that connects key leadership around the goal of high-quality, community-based learning opportunities for children and families.	400,000	—	400,000
YMCA of Greater Boston / Young Men's Christian Association Greater Boston YMCA (Boston, MA) To strengthen the Gardner Elementary Extended-Service Schools model and provide training and technical assistance to six new ESS schools in the Allston-Brighton community. The YMCA will also participate in a planning process begun by the mayor to expand ESS programs throughout Boston.	200,000	—	200,000
YMCA of Greater Long Beach / Young Men's Christian Association of Greater Long Beach (Long Beach, CA) To increase the involvement of African American and Asian American families; introduce parent training activities to promote children's learning at home; and increase academic programs that support student learning during school vacations.	200,000	—	200,000
YMCA of Metropolitan Minneapolis (Minneapolis, MN) To increase opportunities for youth involvement, develop new programs and expand program assessment capacity at five existing sites. The YMCA will also create a citywide network for Extended-Service Schools activity that strengthens partnerships.	400,000	—	400,000
Youth Futures Authority / Chatham-Savannah Youth Futures Authority (Savannah, GA) To double the amount of arts programming at three middle school sites, increase youth and family participation, and implement a database management system to document participation.	400,000	—	400,000
<i>Making the Most of Out-of-School Time (MOST) Initiative</i>			
Boston Foundation (Boston, MA) To address the school-age child care system and sustainability issues on a citywide level, develop new partnerships, and strengthen work with public schools and large providers.	—	250,000	—
The Chicago Community Trust (Chicago, IL) To expand efforts to diversify the provider community through a "neighborhood networking" series of open houses that has successfully attracted participants to MOST efforts. In partnership with the city's park district, Chicago MOST will set up programs in schools as well as assist the YMCA and other multisite providers to improve the quality of their programs.	—	250,000	—

	Approved 2000	Paid 2000	Future Payments
Seattle Foundation, Inc. (Seattle, WA) To focus on system-building strategies, emphasizing the need for a better-financed system and strengthening other organizations to take on the out-of-school time agenda. In particular, Seattle MOST will strengthen its work with schools and form relationships with organizations with large, multisite providers, such as the YMCA and parks and recreation departments.	—	222,600	—
Wellesley College (Wellesley, MA) To build and influence the national field of out-of-school time care through dissemination of system-building strategies developed by MOST sites during Phase I. As the national coordinator for the National Institute for Out-of-School Time, Wellesley will also work with other national organizations to craft messages on out-of-school time and organize conferences that inform key leaders and decision makers.	—	186,107	—
<i>Public Libraries as Partners in Youth Development</i>			
Brooklyn Public Library / Brooklyn Public Library Foundation, Inc. (Brooklyn, NY) To provide approximately 6,750 low-income teenagers after-school educational enrichment, job readiness, career planning and leadership development programs at five pilot sites.	—	96,700	105,600
Enoch Pratt Free Library of Baltimore City (Baltimore, MD) To provide opportunities for low-income youth to become skilled in library technology, group presentation and develop leadership skills while serving as ambassadors for the library throughout the system and community.	—	124,200	130,900
Fort Bend County Libraries / Friends of the Fort Bend County Library System (Richmond, TX) To provide high-quality after-school educational enrichment and career development programs for low-income youth in this rural area through partnerships with nine community-based organizations.	—	163,100	123,500
King County Library System / King County Library System Foundation (Issaquah, WA) To provide educational and employment opportunities for low-income teenagers at selected branches.	—	132,500	182,200
Oakland Public Library / Oakland Public Library Foundation (Oakland, CA) To expand and strengthen an educational enrichment program by involving additional branches, adding a teen homework component and providing year-round services.	—	139,000	141,900
Public Library of Charlotte and Mecklenburg County, Inc. (Charlotte, NC) To create Teens Succeed!, a youth development program that will nurture and develop leadership and life skills for low-income teenagers living in Charlotte's Westside neighborhood and will serve as a model program for replication in other branches.	—	131,300	157,000
The Free Library of Philadelphia (Philadelphia, PA) To collaborate with key community partners to develop Young Library Leaders, an after-school and summer program for low-income children and youth.	—	140,700	124,400
Tucson-Pima Public Library, Inc. / Friends of the Tucson Public Library, Inc. (Tucson, AZ) To create four teen centers that provide educational enrichment and career development programs for 500 Hispanic, African American and Native American teenagers in low-income neighborhoods.	—	123,600	126,600
Urban Libraries Council (Evanston, IL) To provide technical assistance and coordination for the Public Libraries as Partners in Youth Development Initiative.	—	261,000	270,100
Washoe County Library System / Washoe Library Foundation (Reno, NV) To develop a corps of trainees called Teen Action Teams that will work with the Washoe County Library System to develop innovative programs for low-income teenagers.	—	113,000	106,700
<i>Engaging Parents in Their Children's Education</i>			
Alliance for Children and Families, Inc. / Family Foundation of North America (Milwaukee, WI) To assist the organization in sustaining its Families Together with Schools program.	—	140,000	—
Interfaith Education Fund, Inc. (Austin, TX) To build on its substantial improvement of Texas public schools through extensive parent and community involvement and to replicate the Alliance Schools initiative in three additional Southwestern states.	—	200,000	200,000
National Coalition of Advocates for Students (Boston, MA) To sustain the National Asian Family/School Partnership Project.	—	146,000	—
Right Question Project, Inc. / Suffolk University (Cambridge, MA) To forge partnerships with key national organizations to train practitioners on its nationally recognized methodology.	—	218,100	174,400
<i>School to College Transition</i>			
The Education Resources Institute, Inc. (Boston, MA) To create a national network of community-based information centers for encouraging low-income youth to pursue college education.	—	—	329,900

Career Exploration and Preparation

Corporation for Business, Work and Learning (Boston, MA) To continue development of the Communities and Schools for Career Success program in Massachusetts and exploring its implementation in at least two more states.	—	350,000	550,000
Manpower Demonstration Research Corporation (New York, NY) To conduct the second phase of its Career Academies Evaluation, which will provide guidance to policymakers and practitioners about the development and design of high school programs that improve the education and career prospects of young people.	—	—	200,000
National Association of Service and Conservation Corps (Washington, DC) To improve the quality of local corps by increasing their capacity to place and retain participants in jobs or college after they leave the program. In addition, the Sar Levitan Center of the Johns Hopkins University will assist planning groups in up to five cities explore the feasibility of increasing access to public funds and institutional resources for youth who have left school.	—	250,000	—
National Youth Employment Coalition, Inc. (Washington, DC) To establish the New Leaders Academy to train current or emerging leaders of local youth employment programs.	—	247,000	275,000
YouthBuild USA, Inc. (West Somerville, MA) To support local YouthBuild sites throughout the country.	—	275,000	—
<i>Other</i>			
Brandeis University (Waltham, MA) To improve the quality of summer learning opportunities for low-income adolescents.	—	—	318,800
Community Funds, Inc. (New York, NY) To support the Wallace-Reader's Digest Education Fund.	46,956	46,956	—
Council on Foundations, Inc. (Washington, DC) To support the national nonprofit member organization for grantmakers.	22,000	22,000	—
The Foundation Center (New York, NY) To support the national clearinghouse for information on private grantmaking.	25,000	25,000	—
Grantmakers for Children, Youth & Families (Washington, DC) To support this national membership organization for grantmaking foundations for children, youth and families.	20,000	20,000	—
Grantmakers for Education / The Tides Center (San Diego, CA) To support this national membership organization of private, corporate, community and public foundations interested in programs in pre-collegiate, higher and adult education.	5,000	5,000	—
Independent Sector (Washington, DC) To support this nonprofit coalition of organizations for giving, volunteering and nonprofit initiatives.	10,500	10,500	—
New York Regional Association of Grantmakers, Inc. (New York, NY) To support this association of nonprofit organizations for advancing New York City's nonprofit sector.	10,000	10,000	—
Nonprofit Coordinating Committee of New York, Inc. (New York, NY) To support this association of nonprofit social service, education, arts, health care and philanthropic organizations dedicated to advancing New York's nonprofit sector.	1,000	1,000	—
Miscellaneous grants, each no more than \$1,000.	4,400	4,400	—

NON-GRANT RELATED EXPENSES*Evaluation*

Center for Applied Research and Educational Improvement / University of Minnesota (Minneapolis, MN) To document and assess how Funds-supported university-based programs designed to prepare new and practicing school counselors transform their counselor preparation programs, and how partner school districts respond to the initiative and new counselors.	—	313,000	—
Chapin Hall Center for Children / University of Chicago (Chicago, IL) To conduct an evaluation of after-school youth services provided by nine public library systems participating in the Funds' Public Libraries as Partners in Youth Development initiative. The study is examining the nature of services, the extent and intensity of participation, and costs related to the effort.	—	328,000	—
Policy Studies Associates (Washington, DC) To assess lessons of Funds support to the Yale-New Haven Teachers Institute for adaptation of the Institute's National Demonstration Project, a professional development model for classroom teachers. Evaluators are assessing the experiences of participating teachers, the recruitment process, partnerships between universities and school districts, benefits and costs.	—	102,500	—

	Approved 2000	Paid 2000	Future Payments
Public/Private Ventures (Philadelphia, PA) To conduct an evaluation in partnership with Manpower Demonstration Research Project of the Funds' Extended-Service Schools (ESS) initiative. Evaluators are considering what is necessary to plan and launch an ESS program on the community level; how high-quality services are designed; what attracts young people to programs and sustains their interest; and determine the costs and ways to finance programs.	—	850,000	—
Stanford University (Stanford, CA) To examine ways teacher development organizations participating in the Funds' Students at the Center Initiative promote student-centered teaching, learning and school organization.	—	420,614	—
University of California, Berkeley (Berkeley, CA) To publish an article highlighting the efforts of Funds grantees to strengthen the practices of classroom teachers. The approaches examined by UC Berkeley include teachers' review of student work and peer discussions about ways to improve student learning.	—	61,000	—
Urban Institute (Washington, DC) To conduct a comprehensive evaluation of the Funds' Pathways to Teaching Careers program, which aims to increase and diversify the supply of well-trained public school teachers in hard-to-staff districts. UI is documenting program implementation at participating universities as well as impacts and costs.	—	305,610	—
<i>Publications</i>			
Getting Started with Extended-Service Schools: Early Lessons from the Field Handbook for Practitioners	—	25,290	—
New Rules, New Roles: Preparing All Young People for a Changing World Monograph outlining Fund-supported career preparation programs	—	19,327	—
<i>Other</i>	—	74,144	—
TOTAL GRANTS	26,213,856	17,776,061	18,169,726
TOTAL NON-GRANT PROGRAM EXPENDITURES	—	3,186,312	—
TOTAL PROGRAM EXPENDITURES	\$ 26,213,856	20,962,373	18,169,726

Note: Grants approved in 2000 (\$26,213,856) plus multiyear grant payments in 2000 (\$4,843,205) and non-grant program expenditures (\$3,186,312) are equivalent to total grants and related activities (\$34,243,373) as shown in Statement of Activities (see p. 46, "Grants and Related Activities"). Future payments represent grants payable as well as conditional multiyear grant commitments.

LILA WALLACE-READER'S DIGEST FUND

Organization / IRS Name, if different (City & State)	Approved 2000	Paid 2000	Future Payments
ARTS			
<i>Leadership and Excellence in Arts Participation (LEAP)</i>			
Alabama Shakespeare Festival, Inc. (Montgomery, AL) To commission and produce African American plays, increase the number of African American actors who perform on stage, expand marketing efforts and increase education programs. The theater will disseminate lessons of its work in print form and on the web to regional theaters and other arts organizations.	\$ —	127,075	144,077
Alliance Theatre Company / Robert W. Woodruff Arts Center, Inc. (Atlanta, GA) To increase the number of performances for families, offer staged readings and studio theater productions, and conduct audience research to guide expanded marketing and community relations efforts. The theater will disseminate the lessons of its work in print form and on its website.	—	113,300	172,000
American Ballet Theatre (ABT) / Ballet Theatre Foundation, Inc. (New York, NY) To create new ballets and conduct education and outreach activities that will increase attendance at youth and family-oriented programs. ABT will commission one-act ballets for family audiences, create an affordable series of short performances, and expand the Make a Ballet educational program.	1,250,000	416,667	833,333
Arena Stage / The Washington Drama Society, Inc. (Washington, DC) To form partnerships with local universities, museums and other arts organizations to conduct audience research, create new plays, boost marketing and expand programs that directly involve community members to attract a more diverse audience.	1,250,000	416,667	833,333
Armory Center for the Arts (Pasadena, CA) To develop partnerships with schools, universities, community organizations and museums to expand programs that will increase attendance at exhibitions and participants in school-based programs.	1,250,000	416,667	833,333
The Asia Society - NY (New York, NY) To expand public programs in the traditional and contemporary visual, performing and literary arts. Long-term audience development efforts will be strengthened through expanded audience research, strategic marketing and partnerships.	—	—	450,000
Center for Cultural Exchange (CCE) (Portland, ME) To expand partnerships with social service organizations, community groups and churches to deepen connections with residents, especially new immigrants. CCE will develop a core group of active participants, hire community cultural specialists, develop a weekly radio program and a CD music label as well as collaborate on programming for public television.	720,000	240,000	480,000
Chicago Children's Choir (Chicago, IL) To create after-school, neighborhood choir programs in two underserved communities based on research that indicates the reasons for the success of four similar existing choirs. In addition to providing music training to singers, CCC will offer high quality concert programs at sites within many poor communities.	514,000	172,000	342,000
Chicago Symphony Orchestra (Chicago, IL) To increase access to music and music education for a broad and diverse population of students and adult audiences by expanding the Musicians Residency Program. Program expansion includes establishing three new residency sites, creating an advanced study opportunity for serious choral students from all of Chicago's public high schools and presenting community orchestra concerts.	1,250,000	416,667	833,333
Des Moines Art Center / Edmundson Art Foundation, Inc. (Des Moines, IA) To build on recent, dramatic increases in attendance by expanding community engagement efforts mounted in connection with four new traveling exhibitions. The center will host more artists in residence, enhance teacher training, create multilingual educational materials and develop interactive content for its website.	1,250,000	416,667	833,333
Freedom Theatre / New Freedom Theater, Inc. (Philadelphia, PA) To target African American women and crossover audiences, create four new mainstage productions and expand marketing efforts. Audience development efforts will be enhanced through expanded audience research and computerization of marketing and sales management systems. The theater will disseminate its audience development lessons through written materials, professional symposiums, and staff consultations with organizations affiliated with the African Grove Institute for the Arts, the Greater Philadelphia Cultural Alliance and the Black Theatre Network.	—	100,000	50,000

	Approved 2000	Paid 2000	Future Payments
Isabella Stewart Gardner Museum, Inc. (Boston, MA) To increase the current audience, particularly people of color, families and adults through exhibitions, performances and educational programs.	—	600,000	—
Museum of Fine Arts, Houston (Houston, TX) To increase participation by underserved audiences citywide through exhibitions and educational programs based on the museum's permanent collection and through community-based partnerships with libraries, parks and schools.	—	562,500	—
New Jersey Performing Arts Center (Newark, NJ) To attract and serve new and nontraditional audiences of all ages through partnerships with more than a dozen universities, libraries, churches and community-based organizations. Workshops, discussions and performances will connect audiences with a variety of featured artists.	1,250,000	416,667	833,333
Pittsburgh Ballet Theatre, Inc. (Pittsburgh, PA) To build on its recent audience development success and present a series of new ballets that draw on themes that are important to Pittsburgh's heritage, including ballets inspired by jazz music and works by choreographers native to Pittsburgh.	—	—	400,000
Real Art Ways, Inc. (Hartford, CT) To conduct market research that will inform strategies for increasing the number and length of artist residencies, mount a major annual public art project, and expand marketing efforts to double annual attendance levels.	400,000	132,000	268,000
Repertorio Español / Spanish Theatre Repertory Co., Ltd. (New York, NY) To increase attendance among Hispanics who speak little or no Spanish and other nontraditional Hispanic audiences. The theater will produce new works and thematic festivals, expand education and outreach programs, increase marketing efforts and upgrade audience tracking systems.	—	100,000	200,000
Seattle Art Museum (Seattle, WA) To conduct audience research, organize major exhibitions, expand opportunities for involvement with the museum and heighten marketing efforts to diversify its audience so it more closely reflects local demographics.	1,200,000	400,000	800,000
Seattle Opera (Seattle, WA) To expand its Young Artists Program so that more elementary and high schools and communities throughout Washington state have greater opportunities to learn about opera through recitals, regional concerts and community performances.	1,250,000	416,667	833,333
Seattle Repertory Theatre (Seattle, WA) To increase the number of new plays developed, support the production of more large-scale works, conduct market research and implement coordinated marketing, communications and outreach strategies.	—	250,000	—
The Village of Arts and Humanities (Philadelphia, PA) To expand its arts education programs by offering workshops in partnership with at least three new schools and community groups each year, increasing the number of youth theater productions, visual arts exhibitions at outreach sites, and developing new community art parks.	800,000	266,000	534,000
University Musical Society / University of Michigan (Ann Arbor, MI) To collaborate with local organizations and University of Michigan departments to conduct annual residencies by major artists in modern dance, jazz and theater; and develop new marketing and fundraising strategies that more fully involve new audiences.	1,250,000	416,667	833,333
Walker Art Center, Inc. (Minneapolis, MN) To maintain the size of its audience and deepen people's engagement with the museum by increasing the number of artist residencies, launching a new weekly program of Free Thursdays, enhancing community programs offered through the Walker on Wheels mobile art lab, and expanding its award-winning interactive web programs.	1,250,000	416,667	833,333
Wing Luke Memorial Museum / Wing Luke Memorial Foundation, Inc. (Seattle, WA) To expand and refine community-based programs, outreach and exhibitions, performances, and educational programs. The museum will focus on young audiences and new Vietnamese and Cambodian immigrants.	—	—	332,175
Yerba Buena Center for the Arts (San Francisco, CA) To host four extended artist residencies annually, expand traditional and on-line marketing efforts and join with local schools and community organizations to enhance education and outreach efforts, which will help strengthen its relationships with current audiences.	1,250,000	416,667	833,333
NON-GRANT RELATED EXPENSES			
<i>Evaluation</i>			
RAND Corporation (Washington, DC) To examine lessons from previous Funds grantmaking that supports the broadening, diversifying and deepening of participation in arts and culture. Through this, RAND will identify why people participate in the arts, how institutions can influence participation and ways they can adapt to foster participation, and lessons that can be learned from leaders in the field.	—	179,062	—

	Approved 2000	Paid 2000	Future Payments
<i>Communications</i>			
Arts4AllPeople Communications strategy and website development.	—	275,977	—
<i>Convenings</i>			
Meetings in Pittsburgh and San Francisco of leading arts organizations and funders to share lessons on effective strategies for building arts participation.	—	54,869	—
CONCLUDING INVESTMENTS			
<i>Community Partnerships for Cultural Participation Initiative</i>			
Boston Foundation (Boston, MA) To increase arts participation through targeted grants and strategic partnerships that bring together cultural organizations, artists and community organizations through expanded performances, exhibitions and education classes.	—	—	301,650
Community Foundation for Southeastern Michigan (Detroit, MI) To increase cultural participation across its seven-county service area by creating a Cultural Forum to support ongoing research and exemplary new ventures that promote involvement in the arts.	—	150,000	—
Community Foundation Silicon Valley (San Jose, CA) To support programs that expand the use of community facilities for arts programs and collaborative presenting partnerships between arts and neighborhood civic groups.	—	350,000	—
Dade Community Foundation, Inc. (Miami, FL) To enhance arts participation in area neighborhoods through targeted technical assistance, planning and implementation grants that create neighborhood collaborations and expanded public programs in the traditional and contemporary arts.	—	—	125,000
East Tennessee Foundation (Knoxville, TN) To support expanded cultural participation by providing arts organizations with technical assistance and training in program development, marketing and promotion.	—	—	163,110
Humboldt Area Foundation (Bayside, CA) To enhance cultural participation by strengthening the arts as part of the lives of young people and families.	—	100,000	—
Maine Community Foundation, Inc. (Ellsworth, ME) To enhance arts participation in three Maine communities through technical assistance and grant programs targeting young people, families and year-round residents.	—	—	45,081
New Hampshire Charitable Foundation / The New Hampshire Charitable Fund (Concord, NH) To enhance cultural participation in Portsmouth and Manchester through grantmaking, technical assistance and strategic partnerships targeting neighborhood audiences and young people.	—	—	100,000
San Francisco Foundation (San Francisco, CA) To increase community-based arts participation through grants and strategic partnerships that bring together cultural organizations, artists and community organizations.	—	160,000	480,000
<i>Community Arts Partnership (CAP) Initiative</i>			
California State University, Monterey Bay / Foundation of California State University, Monterey Bay (Seaside, CA) To form partnerships with four organizations to establish a Reciprocal University for the Arts, in which the community serves as a primary focus and resource for university curriculum. Performances, exhibitions, projects and university curricula will be produced based on the premise that art and artists can play a transformative role in community life.	—	160,243	298,998
Columbia College Chicago / Columbia College (Chicago, IL) To plan and implement the Institute for Community Arts Partnerships (ICAP) program to enhance the impact of the Funds' CAP initiative. ICAP will involve annual meetings of grantees, peer-to-peer mentoring projects, targeted technical assistance, web-based listservs and teleconferences and publications of case studies and conference proceedings. ICAP's development will be guided by a committee comprising CAP grantees, national leaders from the fields of higher education, service learning and community development, and Fund staff.	—	200,000	300,000
Columbia College Chicago / Columbia College (Chicago, IL) To facilitate partnership activities designed to increase connections between the college, community organizations and community youth. Program benefits will be leveraged to create institutional change within the college and partnering community organizations.	—	193,050	222,300
Cooper Union / Cooper Union for the Advancement of Science and Art (New York, NY) To collaborate with two organizations in metropolitan New York to provide high-quality studio arts education to ethnically diverse community youth. Customized to meet the needs of all three partners, the program will focus on photography, printmaking and pre-college/pre-professional visual arts training.	—	160,000	264,090

	Approved 2000	Paid 2000	Future Payments
Institute of American Indian Arts Foundation (Santa Fe, NM) To develop a Native American Youth Outreach Program through collaborations with community organizations in Albuquerque, NM and Denver, CO.	—	150,990	301,074
Maryland Institute, College of Art (Baltimore, MD) To expand access to the visual arts for several hundred Baltimore children at four community-based after school programs. The college will offer art-mentoring programs and a variety of special art projects that meet the children's, MICAs and the communities' interests, while laying the groundwork for ongoing arts programs in target communities.	—	162,500	250,000
Xavier University of Louisiana (New Orleans, LA) To expand current visual arts instruction programs for low-income youth at two community-based centers. The university will collaborate with two New Orleans universities and link with the New Orleans Museum of Art, the Arts Council of New Orleans and Yellow Pocahontas Mardi Gras Indians. The program will enhance community service learning curricula at the three universities while establishing significant linkages between community organizations and more traditional arts organizations.	—	132,217	160,271
<i>Community Arts Centers</i>			
Appalshop, Inc. (Whitesburg, KY) To increase participation in the arts by young people and adults in eastern Kentucky and western Virginia through expanded public performances of live theater and traditional music and expanded use of radio broadcasts.	—	138,371	—
AS 220 (Providence, RI) To expand general audience of adults and young people through enhanced audience information systems, marketing, outreach and targeted public programs. Long-range audience development efforts will be strengthened through staff training in the areas of audience research, marketing and strategic planning.	—	81,000	77,000
Boston Center for the Arts (Boston, MA) To broaden and deepen participation in the arts by Asian American and Cape Verdean adults, families and young people through enhanced community planning and public programs.	—	54,489	—
Dell'Arte, Inc. (Blue Lake, CA) To increase the audience for its five-week Mad River Festival and expand enrollment in its summer theater, dance, music and performance classes. The target audience, children and families, will be reached through enhanced year-round programs featuring folk and traditional arts.	—	99,250	70,510
Hayti Heritage Center/St. Joseph's Historic Foundation (Durham, NC) To increase audiences through enhanced strategic marketing and program development targeting youth and senior citizens. The center will create partnerships with neighborhood churches, schools and social service agencies to develop customized mini-performances, exhibitions and interactive workshops that expand local exposure and involvement.	—	206,527	—
Intermedia Arts Minnesota (Minneapolis, MN) To deepen participation in the arts and expand the base of volunteers and individual donors through enhanced community partnerships, extended public programs, and expanded marketing efforts.	—	61,954	—
Japanese American Cultural and Community Center (Los Angeles, CA) To increase the participation of adults and senior citizens in Japanese American traditional and contemporary performing and visual arts through increased performances, mini-festivals and educational programs.	—	—	56,006
Madame Walker Theatre Center / The Madame Walker Building Urban Life Center, Inc. (Indianapolis, IN) To increase participation by first-time attendees and increase individual contributions through targeted neighborhood outreach, enhanced marketing and extended artistic and educational programs.	—	113,435	—
Manchester Craftsmen's Guild (Pittsburgh, PA) To increase participation of young people, families and general audiences through expanded presentation of traditional and contemporary music and dance, and extended community residencies by leading visual and performing artists.	—	—	149,311
The Martin Luther King Jr. Performing and Cultural Arts Complex / Community Arts Project, Inc. (Columbus, OH) To expand audiences among young African Americans through enhanced marketing, outreach and targeted programs of theater, music and the visual arts. An advisory group drawn from the targeted audience will help shape public programs and marketing strategies. Strategic partnerships with community organizations will be used to develop collaborative programs and crossover attendance.	—	191,751	—
Mexican Fine Arts Center Museum / Mexican Fine Arts Center (Chicago, IL) To expand participation by youth and young professionals through the creation of a youth museum and a radio station, enhanced audience research and the expansion of outreach, volunteer and member activities.	—	—	120,000
Point Breeze Performing Arts Center (Philadelphia, PA) To expand audiences for its touring theater and music productions and increase the enrollment and participation of young males in center classes. A consolidated audience database will be used to improve the planning and marketing of touring productions.	—	225,000	—

	Approved 2000	Paid 2000	Future Payments
Taller Puertorriqueno, Inc. (Philadelphia, PA) To build a sustaining membership of contributors and expand community participation in the arts through enhanced outreach to young professionals, improved audience tracking and expanded community programs.	—	77,602	—
Young Aspirations / Young Artists, Inc. (New Orleans, LA) To expand audiences of young artists, families and community members through targeted community partnerships in four neighborhoods, creation of a 200-member friends group and expanded enrollment in after school arts programs.	—	78,000	—
<i>Arts Partners Program</i>			
Dancers Collective of Atlanta, Inc. (Atlanta, GA) To conduct a three-week residency by David Dorfman Dance to build audiences for dance and strengthen the repertory of a local dance company.	—	5,000	—
Danspace Project, Inc. (New York, NY) To conduct a residency by choreographer Yoshiko Chuma and her company, School of Hard Knocks, to build audiences for dance among residents of New York's East Village.	—	5,000	—
Junebug Productions (New Orleans, LA) To conduct a five-week residency by Roadside Theater and Pregones Theater to build audiences for theater.	—	5,000	—
Lied Center of Kansas / The University of Kansas, Center for Research, Inc. (Lawrence, KS) To conduct a three-week residency by dance ensemble Donald Byrd/The Group to expand and diversify adult audiences.	—	5,000	—
Lotus Fine Arts Productions, Inc. (New York, NY) To conduct a residency by Tom Porter and members of the Mohawk Singers and Dancers to develop Native American attendance at cultural events.	—	5,000	—
San Francisco Performances, Inc. (San Francisco, CA) To conduct a four-week residency by the Paul Taylor Dance Company to build audiences for dance and increase the number of dance subscribers.	—	5,000	—
Touchstone Theatre / Touchstone (Bethlehem, PA) To conduct a seven-week residency by Cornerstone Theater Company to increase participation in theater among Bethlehem residents, particularly current and former steel workers.	—	5,000	—
University Musical Society / University of Michigan (Ann Arbor, MI) To collaborate with the University of Michigan School of Humanities and School of Music, Ann Arbor Public Schools and School for Performing Arts, and WUOM/Michigan Radio for a residency with the American String Quartet and pianist Ursula Oppens to develop chamber music audiences.	—	—	5,000
<i>Audiences for the Performing Arts Network</i>			
The Carver Development Board (San Antonio, TX) To collaborate with local organizations and a consortium of Texas presenters to conduct extended residencies by five African American artistic companies to increase audience attendance and boost active participation in arts activities.	—	55,000	—
Flynn Theatre / Flynn Theatre for the Performing Arts, Ltd. (Burlington, VT) To collaborate with presenters and groups in three rural Vermont communities to conduct extended residencies by national artists to attract new people to programs at the Flynn Theater and partner communities, and boost membership.	—	79,521	—
Helena Presents (Helena, MT) To collaborate with three other Montana presenters to conduct extended residencies to increase attendance and participation by Montana educators, local artists, seniors and Native Americans, as well as general audiences.	—	123,577	—
Performing Arts Chicago (Chicago, IL) To collaborate with local community organizations and regional presenters to conduct extended residencies by dance, music and theater artists to increase season subscribers and single ticket buyers.	—	75,000	—
San Francisco Performances, Inc. (San Francisco, CA) To collaborate with local presenters and community organizations to conduct extended artist residencies to attract new ticket buyers and new subscribers.	—	98,800	—
<i>Leading Dance Centers</i>			
Dance Saint Louis (St. Louis, MO) To support extended residencies in Missouri for four dance companies.	—	86,200	128,000

	Approved 2000	Paid 2000	Future Payments
<i>Leading Dance Companies</i>			
Ballet Arizona (Phoenix, AZ) To expand and diversify audiences for dance in Phoenix and Tucson through integrated artistic, marketing and outreach programs conducted in partnership with presenters and community organizations.	—	100,000	—
Bill T. Jones/Arnie Zane Dance Company / Foundation for Dance Promotion (New York, NY) To increase and diversify audiences in New York City, Minneapolis/St. Paul, San Francisco and Riverside, CA by planning and implementing a series of long-term residencies and innovative artistic programs.	—	—	100,000
Liz Lerman Dance Exchange / Dance Exchange, Inc. (Tacoma Park, MD) To expand involvement, especially among seniors in Washington, DC, New England, Houston, Austin and Tucson, by planning and implementing extended artistic projects, community engagement initiatives and changes in the organization's structure.	—	100,000	—
Pacific Northwest Ballet / Pacific Northwest Ballet Association (Seattle, WA) To increase attendance among young computer industry professionals and African Americans by planning and implementing a variety of artistic, outreach and marketing programs.	—	50,000	—
Pilobolus Dance Theatre / Pilobolus, Inc. (Washington Depot, CT) To expand target audiences in the New England home region as well as in Atlanta, Cleveland, New Orleans, Pittsburgh and Santa Fe by planning and implementing new performance, outreach and teaching programs.	—	100,000	—
<i>Museums</i>			
American Association of Museums (Washington, DC) To convene a series of nine discussions, "Common Dialogues," for museum professionals and community leaders to determine how museums can best serve communities. The discussions will be co-sponsored and organized by museums and other civic organizations in each host community to help establish a set of principles that will be incorporated into AAM's standards of accreditation for museums.	300,000	300,000	—
The Baltimore Museum of Art (Baltimore, MD) To use the combined strengths of the early American, African and modern art collections to increase participation and attendance by the city's African American residents.	—	217,670	193,107
El Museo del Barrio / Amigos del Museo del Barrio (New York, NY) To use collections of fine art, archeology and folk arts to strengthen and expand connections with the multiethnic Latino neighborhoods of New York City and general audiences.	—	175,000	75,000
The Institute of Contemporary Art (Boston, MA) To establish a permanent artists residency program in the Charlestown Navy Yard, linking resident artists with community groups and neighborhood schools to produce work that has meaning for local residents.	—	—	50,000
Museum of Contemporary Art, San Diego (La Jolla, CA) To expand audiences, especially middle-income Latino residents, through a series of exhibitions and programs based on the permanent collection.	—	222,751	—
Saint Louis Art Museum (St. Louis, MO) To reinstall the African, Native American and pre-Columbian collections, develop new interpretive approaches to the collections and strengthen marketing to reach new audience segments of novice visitors and other underserved members of the community, particularly African Americans.	—	338,107	—
The Toledo Museum of Art (Toledo, OH) To make the museum's collections accessible to the diverse populations of Toledo through the program, Art and The Workplace.	—	94,138	—
<i>Audiences for Literature Network (ALN)</i>			
Florida Center for the Book / Broward Public Library Foundation, Inc. (Fort Lauderdale, FL) To increase adult audiences for literature in Broward County, Venice and the Tampa Bay area.	—	37,153	—
Guild Complex (Chicago, IL) To increase the participation of women, young people and writers through enhanced programs, marketing activities and membership services.	—	43,500	—
Just Buffalo Literary Center, Inc. (Buffalo, NY) To increase youth participation through expanded and refined workshops, reading incentive programs in partnership with local sports organizations and a local arts education initiative centered on curriculum reform.	—	54,040	—
The Loft, Inc. (Minneapolis, MN) To increase the participation of young urban adults, other suburban adults and young writers by enhancing its programs, marketing and organizational activities.	—	82,500	—

	Approved 2000	Paid 2000	Future Payments
Unit for Contemporary Literature / Illinois State University (Normal, IL) To enhance ALN's impact by developing and coordinating three conferences for the network, producing publications, and coordinating telecommunications activities.	—	144,340	—
Unit for Contemporary Literature / Illinois State University (Normal, IL) To expand coordination of ALN through a broader distribution of publications that highlight effective audience-building practices; enlarging online activities such as web-based publishing, discussion boards and electronic mailing lists for current and prospective network members; and creating a business plan.	50,000	50,000	—
Washington Center for the Book / Seattle Public Library Foundation (Seattle, WA) To increase adult participation by partnering with libraries and other groups to sponsor annual residencies featuring nationally known authors, and expand and enhance book discussion groups.	—	60,435	—
Woodland Pattern Literary Center / Woodland Pattern, Inc. (Milwaukee, WI) To increase youth participation by becoming a literary-center-in-residence with local elementary and high schools.	—	58,420	—
Writers and Books, Inc. (Rochester, NY) To increase participation of older adults and young people by enhancing programs, developing an Internet-based writing program, and sponsoring an annual Festival of Reading in collaboration with the local newspaper.	—	75,000	—
The Writers Center (Bethesda, MD) To increase participation of rural and suburban audiences by developing partnerships with six organizations in the Washington, DC area.	—	70,050	—
<i>Nonprofit Literary Publishers</i>			
Arté Publico Press / University of Houston (Houston, TX) To expand annual sales and increase revenues by distributing books in English and Spanish through supermarkets and convenience stores in Houston, San Antonio and Dallas.	—	—	35,410
Boston Review / Boston Critic, Inc. (Cambridge, MA) To increase readership among internet users through a project that combines three strategies: a new editorial section on contemporary fiction, innovative approaches to cross-marketing between radio and the Internet, and strategic alliances.	—	—	29,889
Coffee House Press (Minneapolis, MN) To develop the audience for African American literature through development and promotion of a website, and on-line promotion of Coffee House titles.	—	—	55,333
Copper Canyon Press (Port Townsend, WA) To increase the audience for poetry among library book groups and increase the acquisition of its titles in public library collections. Sample books, reading guides and other promotional materials will be distributed to a network of 1,200 public libraries as well as library program coordinators knowledgeable about library purchasing systems.	—	—	42,366
Council of Literary Magazines and Presses (CLMP) (New York, NY) To increase the competitive strength of nonprofit literary publishing and disseminate critical information about building audiences for literature. CLMP will provide training, technical assistance and other professional development activities; convene grantees and other leaders in the field for annual institutes that explore emerging market trends in audience development; and implement communications strategies that include publications and telecommunication activities to promote the spread of knowledge in the field.	—	170,000	131,000
Dalkey Archive Press / Review of Contemporary Fiction, Inc. (Normal, IL) To increase its audience of younger readers by strengthening its website; making strategic use of Internet resources; and publishing, in both print and electronic formats, a literary tabloid that features innovative writings.	—	—	60,007
Milkweed Editions (Minneapolis, MN) To increase its reading audience, especially among nature lovers and travel enthusiasts, by establishing an imprint for high-quality literary nonfiction.	—	—	37,200
The New Press / Fund for Independent Publishing (New York, NY) To increase the high school and college audience for its publications by working with targeted school systems and academic institutions to incorporate international literary fiction into high school and college curricula.	—	50,000	50,000
Ploughshares, Inc. (Boston, MA) To increase readership among Internet users by developing a full-service website that gives readers complete access to the magazine's literary archives as well as opportunities to capture information about and converse with leading contemporary writers associated with the magazine. Ploughshares will also implement a marketing strategy that links the magazine to the leading literary sites on the internet.	—	—	22,125
Sarabande Books, Inc. (Louisville, KY) To expand the audience for its publications among college students by focusing on three specific areas of college instruction: composition, contemporary American literature, and creative writing.	—	—	19,589

	Approved 2000	Paid 2000	Future Payments
Small Press Distribution, Inc. (Berkeley, CA) To develop an electronic data interchange to deliver books more efficiently to bookstores, create and disseminate specialized marketing materials to libraries, and develop a website and Internet marketing strategies to reach readers directly.	—	—	141,206
Theatre Communications Group, Inc. (New York, NY) To implement several targeted marketing and promotional strategies to expand its core audience of theater professionals and convert the market of theatergoers to book buyers.	—	—	40,000
<i>Leading Literary Centers</i>			
American Library Association (Chicago, IL) To develop and support a national network to build capacity and sustain public libraries in presenting innovative literary and cultural programs to diverse audiences.	—	—	200,000
YMCA of the USA / National Council of Young Mens Christian Associations of the USA (Chicago, IL) To provide support for "Sharing Our Voices," a national initiative that will provide the training and resources for local YMCAs to develop programs in the literary, performing and visual arts.	—	205,010	—
<i>Writers' Awards</i>			
Atlant (Phoenix, AZ) To underwrite activities in association with Writers' Award recipient Joy Harjo.	—	10,000	—
Brown, William Larry (Oxford, MS) To produce a series of authors' readings in association with the Lafayette County and Oxford Public Library.	—	35,000	35,000
Chavez, Denise E. (Las Cruces, NM) To conduct, in affiliation with PEN American Center, a community-based project to broaden the audience for literature.	105,000	35,000	70,000
Clifton, Lucille (Columbia, MD) To create, in association with St. Mary's College, an oral history project to document changes taking place in rural St. Mary's County as it becomes suburbanized.	—	35,000	35,000
Crawford, Stanley G. (Dixon, NM) To conduct, in affiliation with PEN American Center, a community-based project to broaden the audience for literature.	105,000	35,000	70,000
Dairy Barn Southeastern Ohio Cultural Arts Center (Athens, OH) To underwrite activities in association with Writers' Award recipient Mark Halliday.	—	10,000	10,000
Davis, Lydia (Port Ewen, NY) To present, in affiliation with the Town of Esopus Port Ewen Library, a series of readings by writers from the Hudson Valley region.	—	35,000	—
Diaz, Junot (New York, NY) To conduct, in affiliation with PEN American Center, a community-based project to broaden the audience for literature.	105,000	35,000	70,000
Di Piero, William Simone (San Francisco, CA) To organize, in affiliation with Jack Gilbert and the San Francisco Public Library, a series of readings and talks by Bay Area writers.	—	35,000	35,000
Doty, Mark Alan (Houston, TX) To conduct, in affiliation with PEN American Center, a community-based project to broaden the audience for literature.	105,000	35,000	70,000
The Friends of the Oakland Public Library (Oakland, CA) To underwrite activities in association with Writers' Award recipient Ishmael Reed.	—	10,000	—
Friends of the Santa Fe Public Library (Santa Fe, NM) To underwrite activities in association with Writers' Award recipient Arthur Sze.	—	10,000	—
Gilbert, Jack (San Francisco, CA) To organize, in joint affiliation with William Simone Di Piero and the San Francisco Public Library, a series of readings and talks by Bay Area writers.	—	—	70,000
Good News Home, Inc. (Flemington, NJ) To underwrite activities in association with Writers' Award recipient Ed Roberson.	—	10,000	10,000
Grimsley, Jim (Decatur, GA) To affiliate with Friends of the Atlanta-Fulton Public Library to conduct writing workshops for junior high school students, which will lead to publication of their works.	—	35,000	—
Hahn, Kimiko (Brooklyn, NY) To affiliate with the Queens Library Foundation to conduct writing workshops that focus on life in Queens, one of the world's most ethnically diverse counties.	—	35,000	—

	Approved 2000	Paid 2000	Future Payments
Halliday, Mark (Athens, OH) To present, in affiliation with the Dairy Barn Southeastern Ohio Cultural Arts Center, a series of readings and talks by well-known writers.	—	35,000	35,000
Harjo, Joy (Honolulu, HI) To affiliate with Atlant, Inc., to honor selected Native American writers in their home cities through writing workshops, public readings and community feasts.	—	35,000	—
Jin, Ha (Lawrenceville, GA) To conduct, in affiliation with PEN American Center, a community-based project to broaden the audience for literature.	105,000	35,000	70,000
Kushner, Tony (New York, NY) To conduct, in affiliation with PEN American Center, a community-based project to broaden the audience for literature.	105,000	35,000	70,000
Lafayette County and Oxford Public Library / Elizabeth Enrikin Cooke Foundation (Oxford, MS) To underwrite activities in association with Writers' Award recipient William Larry Brown.	—	10,000	10,000
The Learning Tree / The Learning Tree Education Center, Inc. (Washington, DC) To underwrite activities in association with Writers' Award recipient John Edgar Wideman.	—	10,000	—
North Columbia Schoolhouse Cultural Center (Nevada City, CA) To underwrite activities in association with Writers' Award recipient Gary Snyder.	—	10,000	10,000
Paley, Grace (Thetford Hill, VT) To affiliate with Teachers & Writers Collaborative in New York City to conduct master classes for high school teachers to enhance their skills as writing instructors.	—	35,000	—
PEN American Center, Inc. (New York, NY) To coordinate and administer the community-based activities of the eight 2000 Writers' Awards recipients.	350,000	350,000	—
Powell, Patricia Esmie (Cambridge, MA) To conduct, in affiliation with PEN American Center, a community-based project to broaden the audience for literature.	105,000	35,000	70,000
Queens Library Foundation, Inc. (Jamaica, NY) To underwrite activities in association with Writers' Award recipient Kimiko Hahn.	—	10,000	—
The Providence Athenaeum (Providence, RI) To underwrite activities in association with Writers' Award recipient Rosmarie Waldrop.	—	10,000	10,000
Reed, Ishmael (Oakland, CA) To conduct writing workshops for adult literacy students in affiliation with Friends of the Oakland Public Library.	—	35,000	—
Roberson, Ed (New Brunswick, NJ) To affiliate with the Good News Home for Women, a drug and alcohol rehabilitation facility whose clients will participate in creative writing workshops led by Roberson.	—	35,000	35,000
San Francisco Public Library / Friends of the San Francisco Public Library (San Francisco, CA) To underwrite activities in association with Writers' Award recipients Jack Gilbert, poet, and William Simone Di Piero, essayist and translator.	—	20,000	20,000
Seven Stages, Inc. (Atlanta, GA) To underwrite activities in association with Writers' Award recipient Jim Grimsley.	—	15,000	—
Snyder, Gary (Nevada City, CA) To produce a series of readings by well-known authors in association with the North Columbia Schoolhouse Cultural Center.	—	35,000	35,000
St. Mary's College of Maryland Foundation (St. Mary's City, MD) To underwrite activities in association with Writers' Award recipient Lucille Clifton.	—	12,000	12,000
Sze, Arthur (Santa Fe, NM) To affiliate with Friends of the Santa Fe Public Library to offer poetry writing workshops in conjunction with the library's annual reading festival.	—	35,000	—
Teachers & Writers Collaborative, Inc. (New York, NY) To underwrite activities in association with Writers' Award recipient Grace Paley.	—	10,000	10,000
Town of Esopus Port Ewen Library (Port Ewen, NY) To underwrite activities in association with Writers' Award recipient Lydia Davis.	—	10,000	—
Vermont Center for the Book (Chester, VT) To underwrite activities in association with Writers' Award recipient Ellen Voigt.	—	13,000	13,000

	Approved 2000	Paid 2000	Future Payments
Voigt, Ellen Bryant (Marshfield, VT) To organize, in association with the Vermont Center for the Book, a series of visits by poets to high schools throughout the state.	—	35,000	35,000
Waldrop, Rosmarie (Providence, RI) To organize a series of readings by poets in association with the Providence Athenaeum.	—	35,000	35,000
Wideman, John Edgar (Amherst, MA) To conduct writing workshops for teachers working in inner-city public schools in association with The Learning Tree.	—	35,000	35,000
Williams, Terry Tempest (Castle Valley, UT) To conduct, in affiliation with PEN American Center, a community-based project to broaden the audience for literature.	105,000	35,000	70,000
<i>National Projects in the Folk and Traditional Arts</i>			
Arab Community Center for Economic and Social Services (Dearborn, MI) To present a series of concerts and exhibits on traditional Arabic artforms in five major cities. The program will feature music and dance concerts, craft presentations and related programs for school and adult audiences.	—	45,535	—
Michigan State University Museum / Michigan State University (East Lansing, MI) To develop and tour two exhibitions about outstanding traditional Native American and Hawaiian quilts. The exhibitions will tour to small cultural organizations and tribal museums.	—	35,137	—
National Council for the Traditional Arts (Silver Spring, MD) To integrate folk and traditional arts programs into the development of new national, state and local parks whose mandate includes increasing awareness of America's cultural heritage.	—	83,334	—
Vermont Folklife Center (Middlebury, VT) To document and present outstanding traditional storytellers in a series of public programs, radio presentations and exhibitions.	—	30,498	12,925
COMMUNITIES			
CONCLUDING INVESTMENTS			
<i>Adult Literacy</i>			
Education Development Center, Inc. (Newton, MA) To support the Adult Literacy Media Alliance.	—	550,000	—
Friends of Greensboro Public Library (Greensboro, NC) To improve services to learners and study the impact of those improvements on learner persistence.	—	87,467	89,466
The Friends of the Oakland Public Library (Oakland, CA) To improve services to learners and study the impact of those improvements on learner persistence.	—	92,050	92,050
Illinois Literacy Resource Development Center (Champaign, IL) To serve as the coordinating agency for the Fund's library-based literacy initiative. By organizing conferences, facilitating peer learning, documenting and disseminating lessons learned, ILRDC will help participating programs improve practice and share results with the larger adult literacy field.	—	246,315	255,208
Jacksonville Public Libraries Foundation, Inc. (Jacksonville, FL) To improve services to learners and study the impact of those improvements on learner persistence. Primary initiatives include expanded hours and locations and an accelerated curriculum that will produce substantial learning gains for students.	—	63,852	53,327
LeRoy Collins Leon County Library / Friends of the Leon County Public Library, Inc. (Tallahassee, FL) To improve services to learners and study the impact of those improvements on learner persistence.	—	84,981	60,543
Lexington Public Library (Lexington, KY) To improve services to learners and study the impact of those improvements on learner persistence.	—	57,867	57,866
Literacy Partners, Inc. (New York, NY) To continue the work of the What Works Literacy Partnership (WWLP), a national network of 12 literacy programs that represent diverse learners, institutional bases, instructional purposes and geographic areas. WWLP will determine what factors make their programs more effective and apply that knowledge to improve instruction and services for adult learners in their programs.	—	525,000	225,000
New Orleans Public Library / Friends of the New Orleans Public Library (New Orleans, LA) To improve services to learners and study the impact of those improvements on learner persistence.	—	63,918	63,918
The New York Public Library / The New York Public Library Astor Lenox and Tilden Foundation (New York, NY) To improve services to learners and study the impact of those improvements on learner persistence. By offering childcare assistance, expanded hours and enhanced services for new learners, NYPL will increase the intensity and duration of instruction received by learners.	—	66,934	48,690

	Approved 2000	Paid 2000	Future Payments
Plymouth Public Library (Plymouth, MA) To improve services to learners and study the impact of those improvements on learner persistence.	—	53,221	59,926
Queens Library Foundation, Inc. (Jamaica, NY) To improve services to learners and study the impact of those improvements on learner persistence.	—	130,500	102,500
Redwood City Friends of Literacy (Redwood City, CA) To improve services to learners and study the impact of those improvements on learner persistence.	—	89,654	89,133
Robinson Public Library Endowment / Robinson Library Endowment (Robinson, IL) To improve services to learners and study the impact of those improvements on learner persistence.	—	63,408	62,908
San Jose Public Library / The San Jose Public Library Foundation (San Jose, CA) To improve services to learners and study the impact of those improvements on learner persistence.	—	75,799	70,828
Santa Clara County Library / Friends of the Reading Program (Milpitas, CA) To improve services to learners and study the impact of those improvements on learner persistence.	—	70,000	72,819
Springfield City Library / Springfield Library and Museums Association (Springfield, MA) To improve services to learners and study the impact of those improvements on learner persistence.	—	70,000	70,167
Waukegan Public Library Foundation (Waukegan, IL) To improve services to learners and study the impact of those improvements on learner persistence.	—	57,811	63,270
<i>Urban Parks</i>			
The American Planning Association (Chicago, IL) To develop and manage the City Parks Forum, in partnership with the Doris Duke Charitable Foundation. The institute will educate mayors, their principal park advisors and private sector partners about the value of parks.	—	—	375,000
Austin Parks Foundation (Austin, TX) To refine and expand its Adopt-A-Park program in conjunction with the City of Austin Parks and Recreation Department and promote greater community and business cooperation in restoring neighborhood parks. The Foundation will focus on four to six parks in diverse neighborhoods of the city, involving neighborhood residents in restoration and programming, training city parks workers in effective ways to sustain community involvement and raising ongoing funding for the program.	—	110,000	178,000
Boston Natural Areas Fund, Inc. (Boston, MA) To conduct programs to encourage community involvement in the creation of the Neponset River Greenway and the East Boston Greenway, two new parks serving diverse, underserved neighborhoods.	—	—	140,000
Buffalo Olmsted Parks Conservancy / Buffalo Friends of Olmsted Park, Inc. (Buffalo, NY) To enhance public use of three major parks designed by Frederick Law Olmsted. The Conservancy will create reforestation plans for each park, develop friends groups to help implement the reforestation plans, and increase public use and stewardship.	—	—	325,000
City Parks Foundation (New York, NY) To build and sustain both neighborhood and citywide constituencies for parks through the Partnership for Parks program. Efforts will focus on five parks in underserved neighborhoods, mobilizing volunteers, increasing programming, raising funds and strengthening the capacity of local friends groups to sustain programming and maintenance. Partnerships for Parks will develop a citywide parks database, including a census of parks friends groups and lists of park volunteers and local businesses interested in neighborhood parks, and use it to promote park awareness and attract public and private funds for programming and restoration efforts.	—	—	500,000
Forest Park Forever, Inc. (St. Louis, MO) To make capital improvements, launch public programs for school children and community groups, and create an endowment to ensure sustainability of physical improvements and public programming.	—	—	300,000
Friends of Hermann Park (Houston, TX) To provide major support for the physical restoration and programming of the Brays Bayou, a 100-acre section of underutilized land in 585-acre Hermann Park.	—	50,716	—
Friends of Recreation and Parks / Friends of Recreation and Parks Foundation Incorporated (San Francisco, CA) To strengthen and expand the network of support for San Francisco's parks by increasing the capacity of neighborhood park groups to improve their parks; expanding educational programs for children and youth from Golden Gate Park to 30 neighborhood parks; convening public forums and facilitating greater public/private interaction in support of improved parks; and creating park events that engage the community.	575,000	575,000	—
Garfield Park Conservatory Alliance (Chicago, IL) To work with the Chicago Park District to involve community residents in molding the programs and marketing for two major new exhibits—a Children's Garden and a Demonstration Garden—so they serve and attract the Conservatory's neighbors on the city's west side.	470,000	470,000	—
Garfield Park Conservatory Alliance (Chicago, IL) To continue the development and implementation of programs to enhance usership of the Garfield Conservatory.	—	64,839	—

	Approved 2000	Paid 2000	Future Payments
Louisville Olmsted Parks Conservancy, Inc. (Louisville, KY) To make physical improvements and expand public use of three major parks designed by Frederick Law Olmsted. New programs will be launched to involve volunteers in park restoration activities and expand participation in environmental education programs.	—	—	450,000
Parks & People Foundation / Parks & People Foundation for Baltimore Recreation and Parks (Baltimore, MD) To work with the Gwynns Falls Trail project partners to build the first 12 miles of the trail and plan, design and break ground on the second phase of the trail's restoration. Through this project, Parks and People will sustain community involvement in work on the trail, develop programming that will attract public use and, in cooperation with public sector partners, develop maintenance, management and programming plans for the trail's future.	—	105,000	105,000
Parkway Partners / Parkway Partners Program (New Orleans, LA) To implement improvements to three existing neighborhood parks and develop a new park on the Press Street Corridor in order to increase and enhance public use of parks.	—	—	500,000
ParkWorks (Cleveland, OH) To improve public parks and enhance public use by training city parks staff and volunteers in effective park development strategies, offering small grants to neighborhood projects designed to upgrade parks, engaging youth in nature and environmental education programs along the Cuyahoga River, and strengthening the organization's ability to raise funds to sustain park programming into the future.	—	—	120,000
The Pennsylvania Horticultural Society's Philadelphia Green Program / The Pennsylvania Horticultural Society (Philadelphia, PA) To work with the city's Department of Recreation and park friends groups in diverse neighborhoods to enhance the landscape and public programming in three parks.	—	—	550,000
Piedmont Park Conservancy, Inc. (Atlanta, GA) To work with strategic partners from across the city to make Piedmont Park a safer and more welcoming place, increase use by community neighbors and targeted non-users and strengthen the Conservancy's ability to sustain capital and program improvements.	—	—	400,000
Project for Public Spaces, Inc. (New York, NY) To transform the Urban Parks Institute (established by the Fund with a grant in 1995) into a web-based national resource center for urban parks, convene urban parks grantees in annual conferences, and support efforts to develop a national alliance for urban parks.	650,000	650,000	—
Prospect Park Alliance, Inc. (Brooklyn, NY) To expand programs that encourage community involvement and public support for restoring and enhancing public use of Prospect Park. These programs will foster community participation, education and support by the Park's diverse usership, public officials and the private sector.	600,000	600,000	—
Providence Plan (Providence, RI) To increase public access to and involvement in the Woonasquatucket River Greenway, including the restoration of two closed and one neglected park, reclamation of two brownfield sites for recreation and economic reinvestment.	—	—	155,000
The Unity Council / Spanish Speaking Unity Council of Alameda County, Inc. (Oakland, CA) To develop a new nine-acre park, improve two neighborhood parks and work with residents, civic organizations, schools and public agencies in partnerships to increase support and programs for open space in the underserved Fruitvale neighborhood of Oakland.	590,000	590,000	—
<i>Other</i>			
Community Funds, Inc. (New York, NY) To support the Lila Acheson Wallace Theater Fund.	125,285	125,285	—
Council on Foundations, Inc. (Washington, DC) To support the national nonprofit member organization for grantmakers.	17,200	17,200	—
The Cummer Museum of Art & Gardens / Deette Holden Cummer Museum Foundation (Jacksonville, FL) For general support.	35,000	35,000	—
The Foundation Center (New York, NY) To support the national clearinghouse for information on private grantmaking.	25,000	25,000	—
Independent Sector (Washington, DC) To support this nonprofit coalition of organizations for giving, volunteering and nonprofit initiatives.	10,500	10,500	—
Jacksonville Symphony Orchestra / Jacksonville Symphony Association (Jacksonville, FL) For general support.	35,000	35,000	—

	Approved 2000	Paid 2000	Future Payments
National Community Building Network (Oakland, CA) To support a forum for community practitioners, researchers, funders and others engaged in neighborhood transformation in sharing common interests and insights into barriers they encounter as well as field-tested strategies for rebuilding communities.	500	500	—
National Public Radio, Inc. (Washington, DC) To support broadcast of jazz, opera and music programs of outstanding artistic quality that will serve an increasingly large and diverse audience.	1,583,300	1,583,300	—
Neighborhood Funders Group, Inc. (McLean, VA) To strengthen the capacity of organized philanthropy to understand and support community-based efforts to organize and improve the economic and social fabric of low-income urban neighborhoods and rural communities.	1,000	1,000	—
New York Regional Association of Grantmakers, Inc. (New York, NY) To support this association of nonprofit organizations for advancing New York City's nonprofit sector.	10,000	10,000	—
Nonprofit Coordinating Committee of New York, Inc. (New York, NY) To support this association of nonprofit social service, education, arts, health care and philanthropic organizations dedicated to advancing New York's nonprofit sector.	1,000	1,000	—
Miscellaneous grants, each no more than \$500.	2,500	2,500	—
NON-GRANT RELATED EXPENSES			
<i>Evaluation</i>			
AMS Planning and Research Corp. (Fairfield, CT) To evaluate the efforts of theaters participating in the Funds' Resident Theater initiative and Theaters for New Audiences program. The study will examine the theaters' approaches to expanding and diversifying audiences as well as the results of their efforts.	—	54,600	—
Manpower Demonstration Research Corporation (New York, NY) To conduct an evaluation in partnership with the National Center for the Study of Adult Learning and Literacy at Harvard University that explores the effects of five leading public library-based literacy programs. Specifically, the study focuses on ways to improve learner persistence through various programmatic, operational and support service strategies.	—	442,000	—
Urban Institute (Washington, DC) To conduct an evaluation that examines the experiences of community foundations participating in the Funds' Community Partnerships for Cultural Participation initiative and reports the effects of their work.	—	594,000	—
<i>Publications</i>			
Focus: Urban Parks Newsletter reporting the status of the Funds' Urban Parks initiative	—	5,268	—
Service to People: Challenges and Rewards Monograph outlining ways museums can become more visitor-centered.	—	25,363	—
The Art of the Possible Monograph celebrating the lessons of the Lila Wallace-Reader's Digest Writers' Awards program.	—	28,058	—
<i>Convening</i>			
Meeting of urban parks grantees and other field leaders to discuss creating a national network of urban parks leaders.	—	8,480	—
<i>Other</i>			
	—	71,787	—
TOTAL GRANTS	22,405,285	22,902,257	24,103,759
TOTAL NON-GRANT PROGRAM EXPENDITURES	—	1,739,464	—
TOTAL PROGRAM EXPENDITURES	\$ 22,405,285	24,641,721	24,103,759

Note: Grants approved in 2000 (\$22,405,285) plus multiyear grant payments in 2000 (\$11,814,302) and non-grant program expenditures (\$1,739,464) are equivalent to total grants and related activities (\$35,959,051) as shown in Statement of Activities (see p. 54, "Grants and Related Activities"). Future payments represent grants payable as well as conditional multiyear grant commitments.

FINANCIAL STATEMENTS

DEWITT WALLACE-READER'S DIGEST FUND

Independent Auditors' Report

The Board of Directors
DeWitt Wallace-Reader's Digest Fund, Inc.:

We have audited the accompanying balance sheets of DeWitt Wallace-Reader's Digest Fund, Inc. as of December 31, 2000 and 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeWitt Wallace-Reader's Digest Fund, Inc. as of December 31, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

March 16, 2001

Balance Sheets

December 31, 2000 and 1999	2000	1999
Assets		
Cash equivalents and cash	\$ 8,287,750	4,800,717
Investments:		
The Reader's Digest Association, Inc. (note 3)	370,850,247	278,319,950
Other investments (note 4)	538,791,034	539,593,886
Receivables and prepaid expenses	424,474	90,152
Fixed assets, net of accumulated depreciation of \$635,361 in 2000 and \$529,447 in 1999	434,602	517,305
	\$ 918,788,107	823,322,010
Liabilities and Net Assets		
Liabilities:		
Grants payable (note 7)	\$ 13,281,000	—
Accrued expenses and other payables	1,063,698	1,645,783
Deferred Federal excise tax (note 5)	4,825,981	3,137,811
Total liabilities	19,170,679	4,783,594
Net assets - unrestricted	899,617,428	818,538,416
	\$ 918,788,107	823,322,010

See accompanying notes to
financial statements.

Statements of Activities

Years ended December 31, 2000 and 1999	2000	1999
Revenues:		
Investment income:		
Dividends	\$ 7,134,244	7,325,429
Interest	16,840,788	16,708,875
	23,975,032	24,034,304
Investment fees	(1,686,196)	(1,559,554)
Net investment income	22,288,836	22,474,750
Stock contributions received (note 3)	53,224	—
	22,342,060	22,474,750
Expenses:		
Grants and related activities	34,243,373	43,129,243
Operating expenses	4,279,686	3,646,721
Current Federal excise tax (note 5)	690,000	2,278,282
	39,213,059	49,054,246
Investment gains:		
Increase (decrease) in unrealized appreciation, net (note 5)	82,720,272	(158,083,937)
Realized gains (note 3)	15,229,739	205,267,163
Net investment gains	97,950,011	47,183,226
Increase in net assets	81,079,012	20,603,730
Net assets:		
Beginning of year	818,538,416	797,934,686
End of year	\$ 899,617,428	818,538,416

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended December 31, 2000 and 1999	2000	1999
Cash flows from operating activities:		
Increase in net assets	\$ 81,079,012	20,603,730
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
RDA common and preferred stock grants issued	46,956	86,067
RDA preferred stock received	(53,224)	—
(Increase) decrease in unrealized appreciation of investments	(84,408,442)	161,305,190
Realized gains on investments	(15,229,739)	(205,267,163)
Depreciation	105,914	167,217
Deferred Federal excise tax provision (benefit)	1,688,170	(3,221,253)
Change in assets and liabilities:		
(Increase) decrease in accrued investment income	(882,982)	432,371
(Increase) decrease in receivables and prepaid expenses	(334,322)	737,225
Increase in grants payable	13,281,000	—
(Decrease) increase in accrued expenses and other payables	(582,086)	1,154,114
Net cash used in operating activities	(5,289,743)	(24,002,502)
Cash flows from investing activities:		
Sales of investments	1,791,363,600	1,087,162,585
Purchases of investments	(1,782,563,613)	(1,060,789,431)
Capital expenditures	(23,211)	(12,838)
Net cash provided by investing activities	8,776,776	26,360,316
Net increase in cash equivalents and cash	3,487,033	2,357,814
Cash equivalents and cash at beginning of year	4,800,717	2,442,903
Cash equivalents and cash at end of year	\$ 8,287,750	4,800,717

See accompanying notes to financial statements.

Notes to Financial Statements

(1) Nature of Operations

DeWitt Wallace-Reader's Digest Fund, Inc. (the Fund) is an independent private foundation created and endowed by DeWitt Wallace, founder of The Reader's Digest Association, Inc. The Fund's resources are allocated mostly to foundation-initiated grants that further the Fund's mission and have a national or regional impact.

(2) Summary of Significant Accounting Policies

a. Basis of Accounting

The accounts of the Fund are maintained on the accrual basis of accounting.

b. Tax-Exempt Status

The Fund is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is a private foundation as defined in Section 509(a) of the Code.

c. Investments

Investments are stated at fair value. The valuation of investments is based upon quotations obtained from national securities exchanges; where securities are not listed on an exchange, quotations are obtained from other published sources.

d. Fixed Assets

Fixed assets consist of furniture, fixtures, equipment, and leasehold improvements. All assets are depreciated on a straight-line basis over the estimated useful lives of the assets or the term of the lease, whichever is shorter.

e. Grants

Grants are reported as an expense and liability of the Fund when approved by the Fund's Board of Directors unless conditions imposed on the grantee have not yet been fulfilled. Such conditional grants are recorded when the conditions have been satisfied.

f. Cash Equivalents

Cash equivalents represent short-term investments with maturities of three months or less at the time of purchase, except for those short-term investments managed by the Fund's investment managers as part of their long-term investment strategies.

g. Use of Estimates

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

(3) The Reader's Digest Association, Inc.

At December 31, 2000, holdings of The Reader's Digest Association, Inc. (RDA) consisted of the following:

	Cost	Fair value
Common Stock	\$ 132,515,552	370,681,994
Preferred Stock	187,467	168,253
	<u>\$ 132,703,019</u>	<u>370,850,247</u>

At December 31, 1999, holdings of RDA consisted of the following:

	Cost	Fair value
Common Stock	\$ 132,517,890	278,193,124
Preferred Stock	140,281	126,826
	<u>\$ 132,658,171</u>	<u>278,319,950</u>

On September 24, 1999, the Fund exchanged 4,641,946 shares of RDA Class B Common Stock for 4,015,283 shares of RDA Class A Common Stock resulting in a realized gain on investments of approximately \$109.2 million. In addition, on November 17, 1999, the Fund participated in a secondary offering of 3,261,479 shares of RDA Class A Common Stock resulting in a realized gain on investments of approximately \$81.4 million.

The Fund received \$53,224 of RDA Preferred Stock contributions as remainderman of charitable remainder annuity trusts in 2000.

(4) Other Investments

At December 31, 2000, other investments consisted of the following:

	Cost	Fair value
Fixed income	\$ 292,215,962	295,862,658
Equities	279,621,974	278,526,606
Short-term investments	10,921,443	10,997,165
Accrued investment income	3,716,371	3,716,371
Payable for investments purchased, net	(50,836,579)	(50,311,766)
	<u>\$ 535,639,171</u>	<u>538,791,034</u>

At December 31, 1999, other investments consisted of the following:

	Cost	Fair value
Fixed income	\$ 267,235,518	259,646,757
Equities	274,182,938	293,002,884
Short-term investments	27,961,632	27,957,035
Accrued investment income	2,833,521	2,833,389
Payable for investments purchased, net	(43,766,964)	(43,846,179)
	<u>\$ 528,446,645</u>	<u>539,593,886</u>

Short-term investments include money market funds, commercial paper, and cash managed by the Fund's investment managers as part of their long-term investment strategies.

(5) Federal Excise Tax

As a private foundation, the Fund is normally subject to a Federal excise tax equal to 2% of its net investment income for tax purposes. However, under Section 4940(e) of the Code, this tax is reduced to 1% if certain conditions are met. The Fund's December 31, 2000 and 1999 current taxes are estimated at 2% and 1%, respectively, of net investment income, as defined.

The Fund has recorded a liability for deferred Federal excise tax at the 2% rate on the total unrealized appreciation in the fair value of investments. The Federal excise tax will be paid as realized gains are reported for tax purposes. The change in unrealized appreciation is reported net of the deferred Federal excise tax expense of \$1,688,170 in 2000 and a tax benefit of \$3,221,253 in 1999, in the statements of activities.

(6) Financial Instruments

Investments are stated at fair value. The carrying amount of cash equivalents and cash, receivables and prepaid expenses, grants payable and accrued expenses and other payables approximates fair value because of the short maturities of these financial instruments.

The Fund permits several of its investment managers to invest, within prescribed limits, in financial futures (primarily U.S Treasury futures) and options; to sell securities not yet purchased for hedging purposes; and to manage the asset allocation and duration of the fixed income portfolios. At December 31, 2000 and 1999, the Fund held U.S. Treasury and foreign currency futures contracts with notional amounts of approximately \$70 million and \$72 million, respectively. The contracts are valued daily using the mark-to-market method. Securities sold not yet purchased of

\$22 million at December 31, 2000 are recorded net in the Fund's investment accounts. All of these securities sold not yet purchased were settled by February 2001.

The Fund's investments include options written for which premiums of approximately \$59,000 and \$292,000 were received in 2000 and 1999, respectively. The options expired through March 2001. The collateral on deposit with a third party to meet margin requirements for futures contracts and options, included in short-term investments, was approximately \$367,000 and \$575,000 at December 31, 2000 and 1999, respectively.

(7) Grants

At December 31, 2000, grants scheduled to be paid in future years are as follows:

Year	Amount
2001	\$ 12,840,000
2002	441,000
	<u>\$ 13,281,000</u>

At December 31, 2000, the Fund was committed, subject to the satisfaction of certain conditions by the grantees, to make grants in 2001 of \$4,888,726.

(8) Lease Commitments

The Fund, together with the Lila Wallace-Reader's Digest Fund, Inc., is a party to a lease agreement. The lease on the Fund's current office space expires in February 2006. The Fund's total contractual lease commitment is provided below. The Fund's share is anticipated to be 50% of these amounts.

Year	Amount
2001	\$ 637,000
2002	653,000
2003	653,000
2004	653,000
2005	653,000
2006	109,000
	<u>\$ 3,358,000</u>

Total rent expense was \$290,983 and \$318,375 for the years ended December 31, 2000 and 1999, respectively.

(9) Pension Plans

The Fund, together with the Lila Wallace-Reader's Digest Fund, Inc., provides a defined contribution tax deferred annuity retirement plan for all eligible employees, whereby the Fund contributes 15% of a participant's eligible earnings on an annual basis. In addition, the Fund provides a supplemental executive retirement plan for the benefit of certain eligible employees. Total pension expense for the years ended December 31, 2000 and 1999 was \$228,922 and \$210,544, respectively.

FINANCIAL STATEMENTS

LILA WALLACE-READER'S DIGEST FUND

Independent Auditors' Report

The Board of Directors
Lila Wallace-Reader's Digest Fund, Inc.:

We have audited the accompanying balance sheets of Lila Wallace-Reader's Digest Fund, Inc. as of December 31, 2000 and 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lila Wallace-Reader's Digest Fund, Inc. as of December 31, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

March 16, 2001

Balance Sheets

December 31, 2000 and 1999	2000	1999
Assets		
Cash equivalents and cash	\$ 8,690,319	7,325,171
Investments:		
The Reader's Digest Association, Inc. (note 3)	264,481,538	198,811,085
Other investments (note 4)	426,936,394	435,722,974
Receivables and prepaid expenses	13,250	54,653
Fixed assets, net of accumulated depreciation of \$635,361 in 2000 and \$529,445 in 1999	434,602	517,256
	\$ 700,556,103	642,431,139
Liabilities and Net Assets		
Liabilities:		
Grants payable (note 7)	\$ 11,317,330	—
Accrued expenses and other payables	1,510,841	1,477,832
Deferred Federal excise tax (note 5)	2,827,356	1,684,391
Total liabilities	15,655,527	3,162,223
Net assets - unrestricted	684,900,576	639,268,916
	\$ 700,556,103	642,431,139

See accompanying notes to financial statements.

Statements of Activities

Years ended December 31, 2000 and 1999	2000	1999
Revenues:		
Investment income:		
Dividends	\$ 5,360,280	6,261,090
Interest	12,752,338	12,331,602
	18,112,618	18,592,692
Investment fees	(1,253,611)	(1,463,256)
Net investment income	16,859,007	17,129,436
Stock contributions received (note 3)	158,657	—
	17,017,664	17,129,436
Expenses:		
Grants and related activities	35,959,051	31,602,523
Operating expenses	4,263,470	3,667,896
Current Federal excise tax (note 5)	464,671	1,992,826
	40,687,192	37,263,245
Investment gains:		
Increase (decrease) in unrealized appreciation, net (note 5)	56,046,978	(146,828,698)
Realized gains (note 3)	13,254,210	182,519,747
Net investment gains	69,301,188	35,691,049
Increase in net assets	45,631,660	15,557,240
Net assets:		
Beginning of year	639,268,916	623,711,676
End of year	\$ 684,900,576	639,268,916

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended December 31, 2000 and 1999	2000	1999
Cash flows from operating activities:		
Increase in net assets	\$ 45,631,660	15,557,240
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
RDA common and preferred stock grants issued	116,657	70,523
RDA preferred stock received	(158,657)	—
(Increase) decrease in unrealized appreciation of investments	(57,189,943)	149,826,373
Realized gains on investments	(13,254,210)	(182,519,747)
Depreciation	105,916	153,045
Deferred Federal excise tax provision (benefit)	1,142,965	(2,997,675)
Change in assets and liabilities:		
(Increase) decrease in accrued investment income	(412,104)	277,482
Decrease in receivables and prepaid expenses	41,403	578,324
Increase (decrease) in grants payable	11,317,330	(2,674,887)
Increase in accrued expenses and other payables	33,009	1,092,823
Net cash used in operating activities	(12,625,974)	(20,636,499)
Cash flows from investing activities:		
Sales of investments	743,898,771	942,110,151
Purchases of investments	(729,884,387)	(917,186,083)
Capital expenditures	(23,262)	(12,838)
Net cash provided by investing activities	13,991,122	24,911,230
Net increase in cash equivalents and cash	1,365,148	4,274,731
Cash equivalents and cash at beginning of year	7,325,171	3,050,440
Cash equivalents and cash at end of year	\$ 8,690,319	7,325,171

See accompanying notes to financial statements.

Notes to Financial Statement

(1) Nature of Operations

Lila Wallace-Reader's Digest Fund, Inc. (the Fund) is an independent private foundation created and endowed by Lila Acheson Wallace, co-founder of The Reader's Digest Association, Inc. The Fund's resources are allocated mostly to foundation-initiated grants that further the Fund's mission and have a national or regional impact.

(2) Summary of Significant Accounting Policies

a. Basis of Accounting

The accounts of the Fund are maintained on the accrual basis of accounting.

b. Tax-Exempt Status

The Fund is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is a private foundation as defined in Section 509(a) of the Code.

c. Investments

Investments are stated at fair value. The valuation of investments is based upon quotations obtained from national securities exchanges; where securities are not listed on an exchange, quotations are obtained from other published sources.

d. Fixed Assets

Fixed assets consist of furniture, fixtures, equipment, and leasehold improvements. All assets are depreciated on a straight-line basis over the estimated useful lives of the assets or the term of the lease, whichever is shorter.

e. Grants

Grants are reported as an expense and liability of the Fund when approved by the Fund's Board of Directors unless conditions imposed on the grantee have not yet been fulfilled. Such conditional grants are recorded when the conditions have been satisfied.

f. Cash Equivalents

Cash equivalents represent short-term investments with maturities of three months or less at the time of purchase, except for those short-term investments managed by the Fund's investment managers as part of their long-term investment strategies.

g. Use of Estimates

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

(3) The Reader's Digest Association, Inc.

At December 31, 2000, holdings of The Reader's Digest Association, Inc. (RDA) consisted of the following:

	Cost	Fair value
Common Stock	\$ 125,523,572	264,178,853
Preferred Stock	329,675	302,685
	<u>\$ 125,853,247</u>	<u>264,481,538</u>

At December 31, 1999, holdings of RDA consisted of the following:

	Cost	Fair value
Common Stock	\$ 125,556,433	198,570,967
Preferred Stock	264,145	240,118
	<u>\$ 125,820,578</u>	<u>198,811,085</u>

On September 24, 1999, the Fund exchanged 4,641,947 shares of RDA Class B Common Stock for 4,015,284 shares of RDA Class A Common Stock resulting in a realized gain on investments of approximately \$109.2 million. In addition, on November 17, 1999, the Fund participated in a secondary offering of 2,355,923 shares of RDA Class A Common Stock resulting in a realized gain on investments of approximately \$57.7 million.

The Fund received \$158,657 of RDA Preferred Stock contributions as a remainderman of a charitable remainder annuity trust in 2000.

(4) Other Investments

At December 31, 2000, other investments consisted of the following:

	Cost	Fair value
Fixed income	\$ 202,256,232	205,296,202
Equities	237,654,020	236,959,858
Short-term investments	11,015,947	11,031,001
Accrued investment income	2,497,750	2,497,750
Payable for investments purchased, net	(29,233,102)	(28,848,417)
	<u>\$ 424,190,847</u>	<u>426,936,394</u>

At December 31, 1999, other investments consisted of the following:

	Cost	Fair value
Fixed income	\$ 197,481,414	192,028,644
Equities	238,646,027	255,292,098
Short-term investments	20,594,283	20,594,824
Accrued investment income	2,085,638	2,085,646
Payable for investments purchased, net	(34,216,813)	(34,278,238)
	<u>\$ 424,590,549</u>	<u>435,722,974</u>

Short-term investments include money market funds, commercial paper, and cash managed by the Fund's investment managers as part of their long-term investment strategies.

(5) Federal Excise Tax

As a private foundation, the Fund is normally subject to a Federal excise tax equal to 2% of its net investment income for tax purposes. However, under Section 4940(e) of the Code, this tax is reduced to 1% if certain conditions are met. The Fund's December 31, 2000 and 1999 current taxes are estimated at 2% and 1%, respectively, of net investment income, as defined.

The Fund has recorded a liability for deferred Federal excise tax at the 2% rate on the total unrealized appreciation in the fair value of investments. The Federal excise tax will be paid as realized gains are reported for tax purposes. The change in unrealized appreciation is reported net of the deferred Federal excise tax expense of \$1,142,965 in 2000 and a tax benefit of \$2,997,675 in 1999, in the statements of activities.

(6) Financial Instruments

Investments are stated at fair value. The carrying amount of cash equivalents and cash, receivables and prepaid expenses, grants payable, and accrued expenses and other payables, approximates fair value because of the short maturities of these financial instruments.

The Fund permits several of its investment managers to invest, within prescribed limits, in financial futures (primarily U.S. Treasury futures) and options; to sell securities not yet purchased for hedging purposes; and to manage

the asset allocation and duration of the fixed income portfolio. At December 31, 2000 and 1999, the Fund held U.S. Treasury and foreign currency futures contracts with notional amounts of approximately \$49 million and \$47 million, respectively. The contracts are valued daily using the mark-to-market method. Securities sold not yet purchased of \$17 million at December 31, 2000 are recorded net in the Fund's investment accounts. All of these securities sold not yet purchased were settled by February 2001.

The Fund's investments include options written for which premiums of approximately \$64,000 and \$207,000 were received in 2000 and 1999, respectively. The options expired through March 2001. The collateral on deposit with a third party to meet margin requirements for futures contracts and options, included in short-term investments, was approximately \$234,000 and \$383,000 as of December 31, 2000 and 1999, respectively.

(7) Grants

At December 31, 2000, grants scheduled to be paid in future years are as follows:

Year	Amount
2001	\$ 11,037,330
2002	280,000
	<u>\$ 11,317,330</u>

Additionally, at December 31, 2000, the Fund was committed, subject to the satisfaction of certain conditions by the grantees, to make grants in future years as follows:

Year	Amount
2001	\$ 9,896,673
2002	2,729,756
2003	160,000
	<u>\$ 12,786,429</u>

(8) Lease Commitments

The Fund, together with the DeWitt Wallace-Reader's Digest Fund, Inc., is a party to a lease agreement. The lease on the Fund's current office space expires in February 2006. The Fund's total contractual lease commitments are provided below. The Fund's share is anticipated to be 50% of these amounts:

Year	Amount
2001	\$ 637,000
2002	653,000
2003	653,000
2004	653,000
2005	653,000
2006	109,000
	<u>\$ 3,358,000</u>

Total rent expense was \$290,983 and \$318,375 for the years ended December 31, 2000 and 1999, respectively.

(9) Pension Plans

The Fund, together with the DeWitt Wallace-Reader's Digest Fund, Inc., provides a defined contribution tax deferred annuity retirement plan for all eligible employees, whereby the Fund contributes 15% of a participant's eligible earnings on an annual basis. In addition, the Fund provides a supplemental executive retirement plan for the benefit of certain eligible employees. Total pension expense for the years ended December 31, 2000 and 1999 was \$228,922 and \$238,184, respectively.



Funding Guidelines & Restrictions

The Wallace-Reader's Digest Funds are national foundations that support programs in the United States. Grants are awarded to nonprofit public charitable organizations that are tax exempt under Section 501(c)(3) of the Internal Revenue Code.

Because the Funds' programs are carefully focused to achieve certain goals and employ specific strategies, most grants are awarded as part of Funds-initiated programs. The Funds usually solicit proposals from grantees identified through a careful screening process. Given this, unsolicited proposals are rarely funded.

Nevertheless, organizations wishing to send a one- to two-page letter of inquiry describing the project, the organization, the estimated total for the project and the portion requiring funding (please do not send videotapes or email inquiries), should write to:

Wallace-Reader's Digest Funds
General Management
Two Park Avenue, 23rd Floor
New York, NY 10016 USA

The Funds will acknowledge receipt of letters. If more information or a proposal is desired, the Funds will request it within four weeks.

*Please note that the Funds do not award grants for religious or fraternal organizations, international programs, conferences, historical restoration, health, medical or social service programs, environmental/conservation programs, capital campaigns, emergency funds or deficit financing, private foundations or individuals.

Funds History

In 1922, DeWitt Wallace, together with his wife, Lila Acheson, founded The Reader's Digest Association. With \$5,000 in borrowed money, they began publishing and soliciting subscriptions for the "little magazine" that DeWitt was convinced had a potential market. From their first office below a Greenwich Village speakeasy to the company's world headquarters built in 1939 in Pleasantville, NY, the Wallaces worked to make The Reader's Digest Association a global publisher of magazines, books and home entertainment products.

Their business success provided the Wallaces with the resources to pursue a variety of philanthropic endeavors. Supporters of educational endeavors and visual and performing arts organizations since the early days of their success, DeWitt and Lila Wallace, in the 1950s, established foundations in their names, with grants since that time totaling nearly \$2 billion. Today, the grantmaking programs of the Wallace-Reader's Digest Funds continue to reflect the interests of the Wallaces during their lives and honor what DeWitt at age 17 identified as his chief ambition—to serve his fellow man.

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