



INDEPENDENT
SECTOR

Leading the Charge

2001 Annual Report

Contents

| | |
|-----------------------------------------------------------|----|
| Celebrating the Legacy of John W. Gardner | 2 |
| Message from the President | 5 |
| Message from the Outgoing Chairperson | 6 |
| Message from the Incoming Chairperson | 7 |
| Board of Directors | 8 |
| Committee Chairs | 11 |
| Special Funders | 12 |
| Membership and Dues | 17 |
| Member Organizations | 18 |
| Activities and Achievements | 27 |
| Financial Statements | 34 |
| Independent Auditor's Report | 34 |
| Statements of Financial Position | 35 |
| Statements of Activities | 36 |
| Statements of Cash Flows | 38 |
| Notes to Financial Statements | 39 |
| Independent Auditor's Report on Additional Information | 43 |
| Schedule of Functional Expenses | 44 |
| INDEPENDENT SECTOR Staff | 46 |
| In Memoriam: Darryl L. Barnes | 48 |

Our Vision

A just and inclusive society of active citizens, vibrant communities, effective institutions, and a healthy democracy.

Our Mission

To promote, strengthen, and advance the nonprofit and philanthropic community to foster private initiative for the public good.

Leading the Charge



INDEPENDENT
SECTOR



Celebrating the Legacy of **John W. Gardner**

Founding Chairperson and Chairperson Emeritus

INDEPENDENT SECTOR

October 8, 1912 – February 16, 2002

In the passing of John Gardner, our country has lost one of its greatest builders of ideas and institutions and a unifier of people and causes. He was a leader in many circles, from government and politics to civil rights, education, and philanthropy. As a Republican in a Democratic administration, John was a believer in the responsibility of government to create social change, as evidenced by his leadership in designing Medicare programs. He was an original in the fight for civil rights and campaign finance reform, and he was an early force in the recognition of the great power of private, nonprofit initiative and its role in shaping society.

He died within weeks of President Bush's call for national service and just three days after the House of Representatives voted to enact campaign finance reform—two causes to which he lent his leadership and energy. In the nonprofit and philanthropic sphere in particular, his leadership and ideas have influenced thousands of leaders who are in turn applying his ideas of community building and renewal around the world. In his passing, we have lost a great friend and mentor and the nation has lost a great advocate for vibrant, healthy communities.

Sara E. Meléndez

President and CEO, INDEPENDENT SECTOR



Biography

John W. Gardner was the ultimate builder of ideas and unifier of people and causes. He was an active and distinguished participant in America's educational, philanthropic, and political life. He served as president of the Carnegie Corporation of New York and the Carnegie Foundation for the Advancement of Teaching; Secretary of Health, Education, and Welfare; chairperson of the National Urban Coalition; founding chairman of Common Cause; and founding chairperson of INDEPENDENT SECTOR. In 1964, he received the Presidential Medal of Freedom, the nation's highest civilian honor.

He was the architect of the Great Society programs, as Lyndon Johnson's Secretary of Health, Education, and Welfare, and counselor to five other presidents. He wrote on such topics as excellence, leadership, self-renewal, and organizational renewal. Mr. Gardner was considered one of our foremost thinkers and a vigorous advocate for social action and national renewal. In his remarkable career, he played an instrumental role in a vast array of enterprises, including the White House Fellows Program, public television, enforcement of the Civil Rights Act, Medicare, the Experience Corps, and many, many others. Through the sheer power of his ideas, he became one of the most influential voices of his generation.

In 1978 and 1979, Mr. Gardner chaired the Organizing Committee that founded INDEPENDENT SECTOR, a unique national coalition that today includes more than 700 nonprofit organizations, foundations, and corporate philanthropy programs. Just as Common Cause has proven to be a powerful lobby force of individual citizens, INDEPENDENT SECTOR provides a major meeting ground for organizations in the nonprofit sector and a force for advancing the nonprofit and philanthropic community's work. He served as INDEPENDENT SECTOR's founding chairperson from 1980 to 1983 and in years since was chairperson emeritus.

He authored several books and monographs on the relationship of the individual and societal improvement, *On Leadership*, *Building Community*, and *National Renewal*.

In 1985, INDEPENDENT SECTOR created the John W. Gardner Leadership Award in his honor, recognizing outstanding leaders in nonprofit and philanthropic work who have mirrored his exemplary efforts as a builder, mobilizer, and unifier. Twenty-four individuals have received the award since its inception.

His influence remains strong among thousands of men and women working and leading in nonprofit organizations, government, and business, and especially among many young leaders, who are the builders of tomorrow.

March 5, 1980—
The charter is
signed and
INDEPENDENT SECTOR
is born. Above from
left, Brian O'Connell,
James Lipscomb,
Philip Bernstein,
Bayard Ewing,
John W. Gardner
(signing), and
Kenneth Albrecht.

INDEPENDENT SECTOR and the independent sector

The INDEPENDENT SECTOR name celebrates the vast network of voluntary organizations, foundations, religious congregations, social welfare groups, and corporate giving programs working together to improve the lives of people across the United States and around the world. These groups are

INDEPENDENT SECTOR and

collectively referred to as the “independent sector,” to emphasize their unique role in society, distinct from business and government. Most people recognize the different educational, religious, arts and cultural, and health and human services organizations that improve their lives every day. The reality is that the organizations of the independent sector—and the people who give and volunteer through them—have a tremendous and irreplaceable impact on the quality of life in the United States and beyond.

Message from the President

INDEPENDENT SECTOR began 2001 with a new strategic framework that empowered us to focus on identifying issues critical to the sector and leading efforts to set a common agenda for addressing them, while continuing to fulfill our ongoing responsibilities as a membership organization. It was a “Mandate to Lead” that we, the board and staff, embraced. We learned to work in new ways—we had to be nimble, flexible, focused, and fast in our response capability. We also reached out to a broader group of organizations than were part of our traditional membership.



It turns out that we approved our new framework just in time. The future today looks very different from the one we thought we were facing last year. The nonprofit and philanthropic community was presented with a whole new set of challenges and opportunities that tested us to our core and will continue to test us for some time. How well the sector will be able to take advantage of the opportunities and fend off the perils will depend on how well prepared we are.

INDEPENDENT SECTOR is prepared to “lead the charge” by bringing the philanthropic community together. We are on the forefront of emerging issues. We are gathering information and knowledge about these issues and, when appropriate, leading an effort to address them. And through our unique meeting ground, we are convening key partners from government and business to work with us.

We need to:

- **Focus** on and **promote** the values we espouse;
- **Hear** and **amplify** the voices of all who have a stake in the sector and its values;
- **Create** effective organizations and **cultivate** leadership at all levels within an organization;
- **Earn**, nurture, and hold on to the public trust;
- **Engage** in ongoing renewal of our organizations; and
- **Sustain** the generous spirit of giving and volunteering that is essential to the long-term health and vitality of our communities.

The one thing that is certain is that our sector has become more critical than ever to our society, to our democracy, and to our communities. Our sector, and our members, will help our nation move beyond this most challenging period in our lifetime. We have a tremendous opportunity to give life to the values of the sector. We are critical in the effort to rebuild community. And we are critical to emerging from this dark cloud into the sunshine of a better, stronger nation and sector.

A handwritten signature in blue ink that reads "Sara E. Meléndez".

Sara E. Meléndez

President and CEO, INDEPENDENT SECTOR

Message from the Outgoing Chairperson

Anywhere and everywhere we go in this country, we can see the unique contributions of America's nonprofit sector and the extraordinary commitments emanating from our passion for volunteerism. I am proud of that.

And I am so proud of INDEPENDENT SECTOR—proud of what it stands for, proud of what it has accomplished. In its short but energetic 22 years, INDEPENDENT SECTOR has earned its stripes, established its legitimacy, and become a leader. We are a national resource and a recognized steward for our field.

Expectations of us, and the sector, are now very high and we are held, rightfully, to very high standards. Therefore, there is a need for concerted and collective efforts to maintain the high public appreciation and trust in our sector and rebuild it, where necessary. We have a goodwill account with the public that will go a long way in determining our future health and well-being. We must work hard to keep that account in good standing.

Of equal importance is the need for us to preserve the *independence* of the independent sector. While we are stronger than ever and thriving, we are also at risk of losing some of the hallmark distinctiveness that differentiates us from the public and for-profit sectors. We need to direct more attention to preserving, protecting, and strengthening the special role we play and the responsibilities we have. We need to highlight our distinctiveness, our independence, our value, and our values.

INDEPENDENT SECTOR has been given magnificent opportunities to be the conceptual and pragmatic resource to hundreds and thousands of organizations and millions of people who cherish our traditions. I cherish the opportunity to have been your chairperson these past three years.



A handwritten signature in dark ink that reads "Peter Goldberg". The signature is fluid and cursive, with the first name "Peter" and last name "Goldberg" clearly legible.

Peter B. Goldberg

President and CEO, Alliance for Children and Families

INDEPENDENT SECTOR Chairperson, 1998-2001

Message from the Incoming Chairperson

As I begin my first year as chairperson of INDEPENDENT SECTOR, I want you to know that I appreciate what an honor and a privilege it is to lead this organization. I am cognizant of the fact that I'm the eighth chairperson, and that I have to fill shoes that are much larger than I'm capable of filling unless, of course, I can get support from you.

I also want you to know that I'm very appreciative of the proud heritage of INDEPENDENT SECTOR. I represent an organization that is indeed a charter member, and so I am in awe of all that has been accomplished and the true record of excellence we have built over these last two decades.

I also want you to know that I recognize the formidable challenges before us. Yes, in a way perhaps different from ever before, we are now faced not only with building community, but with *rebuilding* community. And we must do this in a world that is fast changing, more distrustful than a year ago, and filled with challenges that may redefine our sector and question our effectiveness and accountability.

INDEPENDENT SECTOR serves to bring the vast diversity of the organizations of the nonprofit and philanthropic community together so that we never lose sight of our combined vision of building an inclusive society of active citizens, vibrant communities, effective institutions, and a healthy democracy. But this is hard work and a duty that requires much perseverance. To quote from John Gardner, our founding chairperson, whom we will remember in a special way this year, "It would be a grave mistake to imagine that—in a great burst of energy—we can rebuild our communities and then turn to other tasks. That assumes a degree of stability we once knew but may never see again in our lifetime. We can never stop rebuilding."

I want you to know that I am very sensitive to our *raison d'être*, the reason we exist. Yes, it's captured in large part by last year's conference theme, "Let Every Voice Be Heard." The nonprofit and philanthropic community especially, different from the other sectors, listens to those special voices captured in the poetic words of Robert Frost early last century when he wrote a quatrain simply entitled "A Question." He said, "A voice said look me in the stars and tell me truly, men and women of earth, if all the soul and body scars are not too much to pay for birth."

Those are the voices that we must listen to as we build and rebuild community, so that fewer and fewer people have difficulty answering that question.

And finally, let me say to you that I accept this responsibility as a duty. Tagore, the Bengali poet from Calcutta who won the Nobel Prize for Literature, once wrote,

I slept and dreamt—That life was joy.

I awoke and saw—That life is duty.

I acted, and behold!—Duty was joy.

I accept this duty with joy, and I ask for your support as I attempt to provide the kind of leadership that has come before me.



John R. Seffrin

CEO, American Cancer Society

INDEPENDENT SECTOR Chairperson



2002 Board of Directors

Officers

Chairperson

John R. Seffrin

CEO

American Cancer Society

Vice Chair

Herman Art Taylor

President and CEO

BBB Wise Giving Alliance

Treasurer

Marilda Gándara

President and Executive Director

Aetna Foundation

Secretary

John E. Marshall, III

President and CEO

The Kresge Foundation

President

Sara E. Meléndez

President and CEO

INDEPENDENT SECTOR

Immediate Past Chairperson

Peter B. Goldberg

President and CEO

Alliance for Children and Families

Board Members

Edward H. Able, Jr.

President and CEO

American Association of Museums

David Bergholz

Executive Director

The George Gund Foundation

Kathleen W. Buechel

President

Alcoa Foundation

Diana Campoamor

President

Hispanics in Philanthropy

Hodding Carter III

President and CEO

John S. & James L. Knight Foundation

Dennis A. Collins

President and CEO

The James Irvine Foundation

Robert W. Edgar

General Secretary

National Council of Churches of
Christ in the USA

Maria S. Eitel

*Vice President and Senior Advisor of Corporate
Responsibility*

Nike Corporation

President

Nike Foundation

Lewis M. Feldstein

President

New Hampshire Charitable Foundation

Juan A. Figueroa

President and General Counsel

Puerto Rican Legal Defense and Education Fund

David Ford

President

Lucent Technologies Foundation

Christopher Gates

President

National Civic League

Peter B. Goldberg

President and CEO

Alliance for Children and Families

Darell Hammond

CEO and Co-Founder

KaBOOM! Inc.

The Reverend J. Bryan Hehir

President and CEO

Catholic Charities USA

J.D. Hokoyama

President and CEO

Leadership Education for Asian Pacifics

Kathleen D. McCarthy

Director

Center for the Study of Philanthropy

City University of New York

Gabriella E. Morris

President

Prudential Foundation

Karen Narasaki

Executive Director

National Asian Pacific American Legal
Consortium

Katherine Pease

Executive Director

Pease Consulting

Hilary Pennington

CEO

Jobs for the Future

Michael Rubinger

President and CEO

Local Initiatives Support Corporation

Mary Beth Salerno

President

American Express Foundation

Vice President, Philanthropy

American Express Company

Benjamin R. Shute, Jr.

Secretary

Rockefeller Brothers Fund, Inc.

Louis W. Smith

President and CEO

Ewing Marion Kauffman Foundation

2002 Board of Directors

Donald M. Stewart

President

The Chicago Community Trust

William Trueheart

President and CEO

Pittsburgh Foundation

Arturo Vargas

Executive Director

National Association of Latino Elected &
Appointed Officials Educational Fund

Cass Wheeler

CEO

American Heart Association

Founding Chairperson and Chairperson Emeritus

The Honorable John W. Gardner

Founding President and President Emeritus

Brian O'Connell

Professor of Public Service

Lincoln Filene Center for Citizenship and
Public Affairs
Tufts University



William S. White, president and CEO of the Charles Stewart Mott Foundation, at the IS Annual Conference in Atlanta: "Our goal of creating an inclusive society based on the respect, dignity, and integrity of each individual demands that we in the broadly defined nonprofit sector provide this type of leadership."

2002 Committee Chairs

Executive Committee

John R. Seffrin

CEO

American Cancer Society

Audit Committee

William Trueheart

President and CEO

Pittsburgh Foundation

Board Development Committee

David Bergholz

Executive Director

The George Gund Foundation

Public Affairs Committee

Edward H. Able, Jr.

President and CEO

American Association of Museums

Membership Committee

Mary Beth Salerno

President

American Express Foundation

Vice President, Philanthropy

American Express Company

Research Committee

Kathleen D. McCarthy

Director

Center for the Study of Philanthropy

City University of New York

Resource Development Committee

Barry D. Gaberman*

Senior Vice President

The Ford Foundation

Investment Committee

Marilda Gándara

President and Executive Director

Aetna Foundation

Compensation Task Force

Herman Art Taylor

President and CEO

BBB Wise Giving Alliance

John W. Gardner Leadership Award Committee

Jill C. Darrow

Executive Director

Lloyd A. Fry Foundation

Leadership IS Award Committee

Sanford Cloud, Jr.

President and CEO

The National Conference for Community
and Justice

Emerging Leaders Committee

Katherine Pease

Executive Director

Pease Consulting, Inc.

2002 Annual Conference Planning Committee

Peter B. Goldberg

President and CEO

Alliance for Children and Families

2002 Annual Conference Host Committee

David Bergholz

Executive Director

The George Gund Foundation

Steven A. Minter

Executive Director and President

The Cleveland Foundation

*Term ended January 2002

2001 Special Funders

INDEPENDENT SECTOR would like to thank the following funders for their support of programs in 2001. We would also like to thank our many members for their support of our work on behalf of the nonprofit sector.

Alcoa Foundation
American Express
AOL Time Warner Foundation
Arca Foundation
The Assisi Foundation of Memphis, Inc.
The Atlantic Philanthropies
AT&T Foundation
AXA Foundation
Blackbaud, Inc.
H & R Block Foundation
The Boston Foundation
BP Foundation, Inc.
The California Wellness Foundation
Carnegie Corporation of New York
The Annie E. Casey Foundation
Chicago Tribune Foundation
Edna McConnell Clark Foundation
The Cleveland Foundation
Columbia Foundation
Columbus Foundation
Commonwealth Fund
Community Foundation for Southeastern Michigan
Compton Foundation, Inc.
Convio
Corning Incorporated Foundation
Nathan Cummings Foundation
DaimlerChrysler Corporation Fund
Geraldine R. Dodge Foundation
The Herbert H. and Grace A. Dow Foundation
DuPont
ExxonMobil Corporation
Maurice Falk Medical Fund

Fannie Mae Foundation
Fenton Communications
Fidelity Investments Charitable Gift Fund
Ford Motor Company Fund
The Ford Foundation
Forum of Regional Associations of Grantmakers
Bill & Melinda Gates Foundation
GE Fund
General Mills Foundation
The Wallace Alexander Gerbode Foundation
Grotto Foundation
The George Gund Foundation
Evelyn and Walter Haas, Jr. Fund
Walter and Elise Haas Fund
The Edward W. Hazen Foundation
F. B. Heron Foundation
William & Flora Hewlett Foundation
Hitachi Foundation
Hudson-Webber Foundation
IBM International Foundation
The James Irvine Foundation
Ittleson Foundation
JCPenney Company, Inc.
JM Foundation
Robert Wood Johnson Foundation
The Joyce Foundation
The Henry J. Kaiser Family Foundation
Ewing Marion Kauffman Foundation
W. K. Kellogg Foundation
Kerr Foundation, Inc.
KindMark
Samuel H. Kress Foundation
Albert Kunstadter Family Foundation

Lilly Endowment, Inc.
Lucent Technologies Foundation
John D. & Catherine T. MacArthur Foundation
John and Mary R. Markle Foundation
Robert R. McCormick Tribune Foundation
McGregor Fund
The Meadows Foundation
Metropolitan Life Foundation
Eugene and Agnes E. Meyer Foundation
Charles Stewart Mott Foundation
Stewart R. Mott Charitable Trust
National Endowment for the Humanities
Network for Good
New York Life Foundation
The New York Community Trust
Open Society Institute
David and Lucile Packard Foundation
Park Foundation, Inc.
Peninsula Community Foundation
Pew Charitable Trusts
Pfizer, Inc.
Philip Morris Companies Inc.
The Pittsburgh Foundation
Prudential Foundation
Retirement Research Foundation
Charles H. Revson Foundation
Rockefeller Brothers Fund
Rockefeller Family Fund
Rockefeller Foundation
Rosenberg Foundation
The Seattle Foundation
Skillman Foundation
Alfred P. Sloan Foundation
John Ben Snow Foundation
The St. Paul Companies, Inc. Foundation
Surdna Foundation
Turner Foundation

United Nations Volunteer Programme
United Way of America
Verizon
The Wallace-Reader's Digest Funds
Westat
Woods Fund of Chicago
and other donors



Steven Minter, executive director and president of The Cleveland Foundation and co-chair of the Cleveland Annual Conference Host Committee, invites members to the 2002 Conference.



Participants enjoy a lively discussion during a breakout session at the Annual Conference.

2001 Special Funders

The following funders generously supported INDEPENDENT SECTOR's 2001 Annual Conference in Atlanta:

Conveners

Robert W. Woodruff Foundation, Inc.
The Coca-Cola Company
ChevronTexaco Corp.
William Randolph Hearst Foundations

Presenters

American Express Company
BellSouth Corporation
Ewing Marion Kauffman Foundation
The UPS Foundation

Supporters

Aetna Foundation, Inc.
American Legacy Foundation
California HealthCare Foundation
(Oakland, California)
Annie E. Casey Foundation
The Community Foundation for Greater
Atlanta, Inc.
Fannie Mae Foundation
Georgia Power
The George Gund Foundation
The Home Depot, Inc.
Levi Strauss & Co.
The Zeist Foundation, Inc.

Donors

American Cancer Society
Anonymous
Elizabeth and Stephen Bechtel, Jr. Foundation
A Friend of INDEPENDENT SECTOR
Georgia Humanities Council
Georgia-Pacific Corporation
William Caspar Graustein Memorial Fund
KaBOOM!
Sara Lee Foundation
Merrill Lynch & Co., Inc.
National Philanthropic Trust
Nellie Mae Education Foundation
The NonProfit Times
Provident Investment Counsel
Southern Education Foundation
Southern Partners Fund
Tull Charitable Foundation, Inc.
Turner Foundation, Inc.

Associates

INDEPENDENT SECTOR Associates are a group of individuals dedicated to the vision and mission of INDEPENDENT SECTOR as the only national organization working to preserve and strengthen the entire nonprofit sector. INDEPENDENT SECTOR Associates include philanthropists, trustees, scholars teaching and writing about the sector, professionals advising nonprofit organizations, thinkers, dreamers, visionaries—everyone concerned with preserving and strengthening the great American traditions of giving and volunteering, not-for-profit initiative, and citizen action.

Kenneth L. Albrecht
Janet Buehler
Barbara D. Finberg
Joel L. Fleishman
Peter B. Goldberg
Doug Green
Sheeraz Haji
Lyda Hunt Hill
Reatha Clark King
Richard W. Lyman
Thomas Mader
Sara E. Meléndez
Frederick T. Miller
Rita and Steve Moya
Brian O'Connell
Robert Payton
Patty Rouse
Ann Mitchell Sackey
John R. Seffrin
Ruth Shack
Marcia Sharp
The Rev. Landrum E. Shields
John C. Whitehead



INDEPENDENT SECTOR President and CEO Sara E. Meléndez presents outgoing Chairperson Peter B. Goldberg of the Alliance for Children and Families with the Steuben eagle sculpture in recognition of his years of service to IS.



2001 IS Membership



Membership and Dues

Brian O'Connell called it "Powered by Coalition." INDEPENDENT SECTOR members are central to the organization's mission. We encourage each of our members to actively help us set the direction of our work, and we ask our members to serve as partners with us to help carry out our work on behalf of the sector. Jointly, we serve the needs of the nonprofit and philanthropic community.

Through membership in INDEPENDENT SECTOR, corporations, nonprofit organizations, and foundations have the opportunity to invest in a vibrant, healthy independent sector and a strong democracy for the future.

IS members:

■ **Build Their Knowledge** and understanding of the major trends and emerging issues facing the nonprofit sector.

■ **Network** with the national leaders of nonprofits, foundations, corporate giving programs, and government—giving them access to a marketplace of ideas and connections.

■ **Take Their Place at the Table** when the future of the nonprofit sector is debated—enabling their organization to have a greater impact and keep up with the pace of change.

■ **Magnify Their Influence** on tax policy and public policy affecting nonprofit organizations and philanthropy.

INDEPENDENT SECTOR membership is open to foundations, corporations with giving programs, and nonprofit voluntary organizations with national and international interests and impact in philanthropy and voluntary action. The dues structure is designed to encourage participation of the maximum number of qualifying groups and to create a level playing field for grantmakers and grantseekers, both large and small. For national voluntary organizations, dues are 1/4 of 1 percent of the organization's salaries and benefits. For grantmaking organizations, dues are 1/8 of 1 percent of the organization's grants. The current maximum annual dues are \$12,500, and the minimum annual dues are \$300.



IS Founding
President and
President Emeritus
Brian O'Connell

introduces a
session at the
IS Annual
Conference.

INDEPENDENT SECTOR Members

AAAFRC Trust for Philanthropy
 AARP
 The Academy for Leadership and Governance (JCLA)*
 Action Without Borders
 The Advertising Council
 Advisory Board Foundation
 Advocacy Institute
 Aetna Foundation
 Africa Action
 Aga Khan Foundation U.S.A.
 Aid Association for Lutherans
 Aid to Artisans
 Alcoa Foundation
 Consuelo Zobel Alger Foundation
 Alliance for Children and Families
 Alliance for International Educational and Cultural Exchange
 Alliance for Nonprofit Management
 Amateur Athletic Union (AAU)*
 American Arts Alliance
 American Association of Community Colleges
 American Association of Museums
 American Association of University Women Educational Foundation
 American Autoimmune Related Diseases Association
 American Cancer Society
 American Corn Growers Foundation*
 American Council on Education
 American Diabetes Association
 American Express Company
 American Farmland Trust
 American Foundation for AIDS Research (AMFAR)
 American Foundation for the Blind
 American Heart Association
 American Humanics
 American Indian College Fund
 American Institute for Managing Diversity (AIMD)
 American Institute of Philanthropy
 The American Leadership Forum
 American Library Association
 American Museum of Natural History
 American Red Cross
 American Society of Civil Engineers Foundation
 American Symphony Orchestra League
 American Trauma Society

Americans for Indian Opportunity
 Americans for the Arts
 America's Charities
 America's Promise—The Alliance for Youth*
 America's Second Harvest
 Amigos de las Americas
 AngelCare, Children's Aid International
 AOL Time Warner Foundation
 Arca Foundation
 Arts & Business Council
 The Aspen Institute
 The ASPIRA Association
 The Assisi Foundation of Memphis, Inc.*
 Associated Grant Makers (AGM)
 Association for Healthcare Philanthropy
 Association for Research on Nonprofit Organizations & Voluntary Action (ARNOVA)
 Association for Volunteer Administration
 Association of Advanced Rabbinical & Talmudic Schools (AARTS)
 Association of American University Presses
 Association of Art Museum Directors
 Association of Baltimore Area Grantmakers
 Association of Catholic Colleges and Universities
 Association of Episcopal Colleges
 Association of Fundraising Professionals
 Association of Governing Boards of Universities and Colleges
 Association of Jewish Family and Children's Agencies
 Association of Junior Leagues International
 Association of Lutheran Development Executives
 Association of Partners for Public Lands
 Association of Performing Arts Presenters
 Association of Public Television Stations (APTS)
 AT&T Foundation
 The Atlantic Philanthropies
 AXA Foundation

PMary Reynolds Babcock Foundation
 Bank of America Foundation
 Battle Creek Community Foundation
 The Bauman Foundation
 BBB Wise Giving Alliance
 Elizabeth and Stephen Bechtel, Jr. Foundation

* = joined in 2001 ** = 2002 new members to date

BellSouth Corporation
 Benton Foundation
 Big Brothers/Big Sisters International
 Black Patriots Foundation
 Blackbaud, Inc.
 Blowitz-Ridgeway Foundation
 BoardSource
 Booz-Allen & Hamilton
 The Boston Foundation
 Boy Scouts of America
 Boys & Girls Clubs of America
 BP Foundation, Inc.
 Brain Trauma Foundation
 Brave Kids
 The Breast Cancer and Women's Health Ultrasound
 Foundation
 Otto Bremer Foundation
 Greater Bridgeport Area Foundation
 The Bridgespan Group
 Bristol-Myers Squibb Foundation
 The Burnett Foundation
 The Bush Foundation

C The Louis Calder Foundation
 California Association of Nonprofits
 The California Endowment
 California HealthCare Foundation
 The California Wellness Foundation
 Camp Fire USA
 Campaign for Tobacco-Free Kids
 Cancer Care, Inc.
 CARE, Inc.
 Carnegie Corporation of New York
 The Annie E. Casey Foundation
 Catholic Charities USA
 Catholic Network of Volunteer Service
 CDC Foundation
 Center for Creative Leadership
 Center for National Policy*
 Center for Non-Profit Corporations
 Center for Nonprofit Organization Leadership, Regis
 University
 Center for Policy Alternatives
 Center for Public Service, Seton Hall University
 Center for the Study of Philanthropy, City University of
 New York
 Center for the Study of Voluntary Organizations and
 Service, Georgetown University
 The Center for What Works

Center for Women Policy Studies
 The Center on Philanthropy at Indiana University
 Centerpoint for Leaders*
 Charlotte Museum of History
 ChevronTexaco Corporation
 The Chicago Community Trust
 The Chicago Public Education Fund*
 Chicago Tribune Foundation
 Child Care Action Campaign
 Child Development Council of Franklin County, Inc.
 Child Health Foundation
 Child Welfare League of America
 Children's Fund of Connecticut
 Chorus America (APVE)
 Christian Church Foundation
 Christian Service Charities
 Cisco Systems, Inc.
 City Year, Inc.
 CLAL—The National Jewish Center for Learning and
 Leadership*
 Edna McConnell Clark Foundation
 The Cleveland Foundation
 Close Up Foundation
 The Coca-Cola Company
 The Collaboratory for Community Support*
 College Board*
 College Fund/UNCF
 Colorado Association of Nonprofit Organizations
 Columbia Foundation
 Columbia Lighthouse for the Blind
 Columbus Foundation
 Comerica Incorporated
 Common Cause*
 Commonwealth Fund
 Community Anti-Drug Coalitions of America
 Community Corrections Improvement Association
 The Community Foundation
 The Community Foundation for Greater Atlanta
 The Community Foundation for the National Capital
 Region
 Community Foundations for Pennsylvania
 Community Health Charities
 Community Impact! Inc.
 The Community Leadership Association
 Compton Foundation, Inc.
 The Conference Board
 Congressional Black Caucus Foundation, Inc.*
 Congressional Hispanic Caucus Institute, Inc.
 Connecticut Association of Nonprofits
 Connecticut Council for Philanthropy

* = joined in 2001 ** = 2002 new members to date

The Conservation Company
 The Conservation Fund
 Consistent Computer Bargains
 The Consortium of Endowed Episcopal Parishes
 Consumers Union of the U.S.
 Cooperative Development Foundation
 Peter C. Cornell Trust
 Corning Incorporated Foundation
 Corporate Public Involvement
 Corporation for Enterprise Development
 Council for Advancement and Support of Education
 (CASE)
 Council for American Private Education
 The Council for Excellence in Government
 Council for Opportunity in Education
 Council of Independent Colleges
 Council of Michigan Foundations
 Council on Foundations
 The Council on Quality and Leadership in Supports for
 People with Disabilities
 The Crafts Center
 Nathan Cummings Foundation
 Cystic Fibrosis Foundation

DaimlerChrysler Corporation Fund
 Daniels Fund
 Day, Berry & Howard Foundation, Inc.
 Delaware Association of Nonprofit Agencies
 Delaware Valley Grantmakers
 Diana, Princess of Wales Memorial Fund (U.S.)
 Geraldine R. Dodge Foundation
 R. R. Donnelley & Sons Co.
 Gaylord and Dorothy Donnelley Foundation
 Donors Forum of Chicago
 Donors Forum of Wisconsin
 Dorothy A. Johnson Center for Philanthropy, Grand
 Valley State University
 The Herbert H. and Grace A. Dow Foundation
 Peter F. Drucker Foundation For Nonprofit Management
 DuPont

Earth Share
 Easter Seals
 Eastman Kodak Company
 Echoing Green Foundation
 Ecolab Foundation
 Ecumenical Center for Stewardship Studies
 Educational Assistance Ltd.

Educational Testing Service
 El Pomar Foundation
 Elderworks
 The Enterprise Foundation
 Environmental Defense
 Environmental Support Center
 Eureka Communities
 Evangelical Council for Financial Accountability
 The Evergreen State Society
 ExxonMobil Corporation

F Maurice Falk Medical Fund
 Fannie Mae Foundation
 Federation of State Humanities Councils
 Field Foundation of Illinois, Inc.
 First Nations Development Institute
 First Night International*
 First Nonprofit Companies
 Florida Association of Nonprofit Organizations
 The Ford Foundation
 Ford Motor Company Fund
 Forum of Regional Associations of Grantmakers
 The Foundation Center
 Foundation for Independent Higher Education
 Foundation of National Student Nurses' Association, Inc.
 Four Corners Strategy Group*
 Four Times Foundation
 Freddie Mac Foundation*
 The Fresh Air Fund
 Friends of the National Library of Medicine
 Friends of the National Parks at Gettysburg
 Lloyd A. Fry Foundation
 Fund for Theological Education

G Bill & Melinda Gates Foundation
 GE Fund
 General Board of Global Ministries, The United
 Methodist Church
 General Conference of Seventh-day Adventists
 General Mills Foundation
 General Service Foundation
 Georgia Center for Nonprofits
 The Wallace Alexander Gerbode Foundation
 J. Paul Getty Trust
 Gifts In Kind International
 Gill Foundation
 Giraffe Project
 Girl Scouts of the USA

* = joined in 2001 ** = 2002 new members to date

Girls Incorporated
 The Gleitsman Foundation
 The Global Fund for Children
 Global Fund for Women
 Goodkids! Inc.*
 Goodwill Industries International, Inc.
 Edwin Gould Foundation for Children
 William T. Grant Foundation
 Grantmakers In Health
 Grantmakers of Western Pennsylvania
 Grants Management Associates
 Greenwood Cultural Center*
 Lucile & Robert H. Gries Charity Fund
 Grotto Foundation
 GuideStar-Philanthropic Research, Inc.
 The George Gund Foundation
 Alan Guttmacher Institute

H
 H & R Block Foundation
 Miriam and Peter Haas Fund
 Walter and Elise Haas Fund
 Evelyn and Walter Haas, Jr. Fund
 Habitat for Humanity International
 HalfthePlanet Foundation
 Hallmark Corporate Foundation
 HandKind Company
 Mary W. Harriman Foundation
 Harris Trust & Savings Bank
 Hartford Foundation for Public Giving
 The Edward W. Hazen Foundation
 William Randolph Hearst Foundations
 F. B. Heron Foundation
 The William and Flora Hewlett Foundation
 High/Scope Educational Research Foundation
 Hispanic Association of Colleges and Universities
 Hispanic Federation of New York
 Hispanic Policy Development Project
 Hispanic Scholarship Fund
 Hispanics in Philanthropy
 Hitachi Foundation
 Hoblitzelle Foundation
 Hogg Foundation for Mental Health
 Hole In The Wall Gang Fund
 The Hospital for Special Surgery, New York City
 Hostelling International-American Youth Hostels
 Houston Endowment Inc.
 Hudson-Webber Foundation
 Humanitarian Medical Relief Inc.*
 Hubert H. Humphrey Institute/Public Affairs,
 Philanthropy & the Nonprofit Sector

"I Have A Dream" Foundation
 IBM International Foundation
 IDC: Mobilizing Generations for Development
 IMPACT II-The Teachers Network
 Impact Online, Inc.
 Indiana Grantmakers Alliance*
 Institute for Democracy Studies
 Institute for Global Ethics
 Institute for Nonprofit Management, Portland State
 University*
 Institute for Nonprofit Organization Management,
 University of San Francisco
 Institute for Voluntary Organizations
 Institute for Women's Policy Research
 InterAction-American Council for Voluntary
 International Action
 Intermed International*
 The International Alliance*
 International Primate Protection League
 International Service Agencies
 International Society for Third Sector Research
 International Youth Foundation
 Iowa Nonprofit Resource Center, University of Iowa*
 The James Irvine Foundation
 Islamic Society of North America*
 Ittleson Foundation

J
 Japanese American National Museum
 JCC Association of North America
 JCPenney Company, Inc.
 JM Foundation
 Jobs for the Future
 John Ben Snow Foundation
 Johnson & Johnson
 The Johnson Foundation
 Christian A. Johnson Endeavor Foundation
 Robert Wood Johnson Foundation
 Joint Action in Community Service, Inc. (JACS)
 Joint Center for Political and Economic Studies
 The Joyce Foundation
 JPMorgan Chase Foundation
 JSJ Foundation
 Jumpstart for Young Children, Inc.
 Junior Achievement

K
 KaBOOM! Inc.
 The Henry J. Kaiser Family Foundation
 The Greater Kansas City Community Foundation

* = joined in 2001 ** = 2002 new members to date

Kansas Health Foundation
 Ewing Marion Kauffman Foundation
 W. K. Kellogg Foundation
 Kellogg School of Management, Northwestern University*
 James S. Kemper Foundation
 Kerr Foundation, Inc.
 Charles F. Kettering Foundation
 Kidney Cancer Association
 Kids Voting USA*
 The Esther A. and Joseph Klingenstein Fund
 John S. and James L. Knight Foundation
 Korean Association of Retired Persons*
 The Kosciuszko Foundation, Inc.
 KPMG Foundation
 The Kresge Foundation
 Samuel H. Kress Foundation
 Albert Kunstadter Family Foundation

Land Trust Alliance, Inc.
 Eugene M. Lang Foundation
 Laurel Foundation
 Lawyers' Committee for Civil Rights Under Law
 LEAD—Pakistan*
 LEAD USA Member Program*
 Leadership Education for Asian Pacifics (LEAP)
 League of Women Voters of the United States
 Liberty Day
 Libraries for the Future
 Library Media Project
 Lilly Endowment, Inc.
 Lincoln Filene Center, Tufts University
 Link Research
 Literacy Volunteers of America, Inc.
 Local Initiatives Support Corporation
 Los Alamos National Laboratory Foundation
 Los Angeles Women's Foundation
 Lucent Technologies Foundation
 Lumina Foundation for Education*
 Lutheran Brotherhood Foundation

MJohn D. and Catherine T. MacArthur Foundation
 Make-A-Wish Foundation of America
 The Management Center
 Mandel Center for Nonprofit Organizations, Case Western Reserve University
 March of Dimes Birth Defects Foundation
 John and Mary R. Markle Foundation

Maryland Association of Nonprofit Organizations
 Mattel Children's Foundation
 Mayo Foundation
 Robert R. McCormick Tribune Foundation
 McGregor Fund
 McKesson Foundation
 The McKnight Foundation
 The Meadows Foundation
 Medical Education for South African Blacks
 Richard King Mellon Foundation
 MEM Associates, Inc.
 Memorial Sloan-Kettering Cancer Center
 The John Merck Fund
 Merrill Lynch & Co. Foundation, Inc.
 Metropolitan Association for Philanthropy
 Metropolitan Life Foundation
 The Metropolitan Museum of Art
 Mexican American Legal Defense and Educational Fund
 Eugene and Agnes E. Meyer Foundation
 Michigan Nonprofit Association
 Mid-Delta Workforce Alliance*
 Midwest Center for Nonprofit Leadership, L.P.
 Cookingham Institute of Public Affairs
 The Minneapolis Foundation
 Minnesota Council of Nonprofits
 Minnesota Office of Citizenship & Volunteer Services
 Mississippi Center for Nonprofits
 MOBI—(My Own Business, Inc.)*
 Morino Institute
 Stewart R. Mott Charitable Trust
 Charles Stewart Mott Foundation
 Museum Trustee Association
 Myositis Association of America

National Academy of Public Administration
 National AIDS Fund
 National Alliance for Choice in Giving
 National Alliance of Breast Cancer Organizations
 National Alliance of Business
 National Alliance to End Homelessness
 National Asian Pacific American Legal Consortium
 National Assembly of Health and Human Service Organizations
 National Assembly of State Arts Agencies (NASAA)
 National Association for Bilingual Education
 National Association for Visually Handicapped
 National Association of Independent Colleges and Universities
 National Association of Independent Schools

* = joined in 2001 ** = 2002 new members to date

National Association of Latino Elected & Appointed
 Officials Educational Fund
 National Association of Private Schools for Exceptional
 Children
 National Association of Schools of Art and Design
 National Association of Schools of Music
 National Association of Schools of Public Affairs and
 Administration
 National Association of Schools of Dance
 National Association of Schools of Theatre
 National Association of Service & Conservation Corps
 (NASCC)
 National Association of Student Personnel
 Administrators
 National Associations in Colorado Springs
 National Black College Alliance*
 National Board for Professional Teaching Standards
 National Catholic Development Conference
 National Center for Appropriate Technology*
 The National Center for Family Philanthropy
 National Center for Learning Disabilities
 The National Center on Nonprofit Enterprise
 National Civic League
 National Coalition for Homeless Veterans
 National Committee for Responsive Philanthropy
 The National Conference for Community and Justice
 National Congress of Parents and Teachers
 National Council for International Visitors
 National Council for Research on Women
 National Council of Churches of Christ in the USA
 National Council of La Raza
 National Council of Nonprofit Associations
 National Council on Child Abuse & Family Violence
 National Crime Prevention Council
 National Down Syndrome Society
 National Endowment for Financial Education (NEFE)
 National Executive Service Corps
 National FFA Foundation
 National Health Council
 National Health Foundation
 National Hemophilia Foundation
 National Home Library Foundation
 National Hospice Foundation
 National Humanities Alliance
 National Medical Fellowships, Inc.
 National Military Family Association
 National Multiple Sclerosis Society
 National Network for Youth
 National Parenting Association
 National Peace Corps Association

National Press Foundation
 National Public Radio
 National Puerto Rican Coalition, Inc.
 National Puerto Rican Forum, Inc.
 National Tree Trust
 National Trust for Historic Preservation
 National Urban Fellows, Inc.
 National Urban League, Inc.
 National Wildlife Federation
 National Wildlife Refuge Association
 National Youth Leadership Council
 Native American Rights Fund
 Native Americans in Philanthropy
 Natural Resources Defense Council
 Natural Science Collections Alliance*
 The Nature Conservancy
 NEC Foundation of America*
 Neighborhood Reinvestment Corporation
 Nellie Mae Education Foundation
 NetAid Foundation*
 New Hampshire Charitable Foundation
 The New York Community Trust
 New York Life Foundation
 The New York Public Library
 New York Regional Association of Grantmakers
 Nicaraguan Development Center
 NIKE Foundation*
 Nokomis Foundation
 Nonprofit & Public Management Center, Ford School of
 Public Policy, University of Michigan
 Nonprofit Academic Centers Council
 Nonprofit Coordinating Committee of New York
 Nonprofit Management Program, Milano Graduate
 School of Management & Urban Policy
 Nonprofit Television Programs, Inc.
 North Carolina Center for Nonprofits
 The North Carolina Glaxo Smith Kline Foundation
 Northern California Grantmakers
 Northern Westchester Hospital Foundation
 Northrop Grumman Corporation
 NOW Legal Defense and Education Fund

Oakleaf Foundation
 Ohio Association of Nonprofit Organizations
 Ohio Grantmakers Forum
 OIC of America
 Olive Crest—Homes & Services for Abused Children
 OMNI Youth Services
 Open Society Institute—New York

* = joined in 2001 ** = 2002 new members to date

OPERA America
Opera Roanoke*
Oral Health America
Outreach International

P David and Lucile Packard Foundation
Park Foundation
Partnership for Prevention
Josephine Bay Paul and C. Michael Paul Foundation
Peninsula Community Foundation
William Penn Foundation
Pennsylvania Association of Nonprofit Organizations*
People for the American Way
Pettus Crowe Foundation
Pew Charitable Trusts
Pfizer, Inc.
The Philanthropic Group
The Philanthropic Initiative, Inc.
Philanthropy & Nonprofit Sector Graduate Certificate
Program, Loyola University
Philip Morris Companies Inc.
The Piton Foundation
The Pittsburgh Foundation
Points of Light Foundation
Population Resource Center
Premier Farnell Foundation
Presbyterian Health Foundation
Presidential Classroom
Prevent Child Abuse America
Prudential Foundation
Public Affairs Council
Public Agenda Foundation
Public Allies, Inc.
Public Conversations Project
Public Education Network
Public Radio International
Puerto Rican Legal Defense and Education Fund
Puerto Rico Community Foundation*

Q QueensCare*

P Radio and Television News Directors Foundation
Raytheon Company
Reader's Digest Foundation
Reading Is Fundamental, Inc.
Recording for the Blind & Dyslexic
Christopher Reeve Paralysis Foundation*

Region Nine Development Commission
Religion in American Life
Research! America
Retirement Research Foundation
Charles H. Revson Foundation
Sid W. Richardson Foundation
Fannie E. Rippel Foundation
Rochester Area Community Foundation
Rockefeller Brothers Fund
Rockefeller Family Fund
Rockefeller Foundation
The Rockefeller Philanthropy Advisors
Rocky Mountain Youth Corps
Rosenberg Foundation
Royal Flying Doctor Service of Australia (Victorian
Section)*

S S&H Greenpoints
Russell Sage Foundation
The Salvation Army National Headquarters
San Francisco Foundation
Sara Lee Foundation
Sarkeys Foundation
Dr. Scholl Foundation
School Food Service Foundation
Sears, Roebuck and Company
The Seattle Foundation
Shepherd's Centers of America
Sherwin-Williams Company
The Sierra Club Foundation
Harry Singer Foundation
The Sister Fund
The Skillbuilders Fund
Skillman Foundation
Alfred P. Sloan Foundation
Social Welfare Research Institute, Boston College
Society for Nonprofit Organizations
Society for Values in Higher Education
SOS Children's Village—USA, Inc.
South Carolina Association of Nonprofit Organizations
South Carolina Center on Nonprofit and Grassroots
Leadership*
Community Foundation for Southeastern Michigan
Southeastern Council of Foundations
Southern California Association for Philanthropy
Southern Education Foundation, Inc.
The Spencer Foundation
The St. Paul Companies, Inc. Foundation
The Starbucks Foundation

* = joined in 2001 ** = 2002 new members to date

Levi Strauss Foundation
Student Conservation Association
The Studio Museum in Harlem
Support Center of Washington
Surdna Foundation**
Synergos Institute

T
Taconic Foundation
Target Foundation
Texas Commission on Volunteerism and Community Service
Theatre Communications Group
Third Sector New England
Three Guineas Fund
3M Foundation
Travelers Aid International
Trust for Public Land

U
The Union Institute
United Jewish Communities
United Leukodystrophy Foundation
United Methodist Higher Education Foundation
United States Conference of Catholic Bishops
United Way of America
University of Pennsylvania Center for Community Partnerships

V
Venture Philanthropy Partners, Inc.
Ventures in Education, Inc. (Ventures Scholars Program)
Verizon Foundation
Volunteers of America
VSA Arts Colorado

W
The Wallace-Reader's Digest Funds
Izaak Walton League of America
The Washington Center for Internships
The Washington Council of Agencies
Washington Independent Writers Legal and Educational Fund, Inc.*
Washington Mutual Bank
Washington Regional Association of Grantmakers
Weingart Foundation
Weyerhaeuser Family Foundation
Whirlpool Foundation
Mrs. Giles Whiting Foundation
Wildflowers Institute
William Caspar Graustein Memorial Fund
Woodrow Wilson School of Public and International Affairs, Princeton University
Woodrow Wilson National Fellowship Foundation
The Wireless Foundation
Women's College Coalition
Women's Funding Network
Robert W. Woodruff Foundation
Woods Charitable Fund, Inc.
Woods Fund of Chicago
World Charity Network
World Neighbors

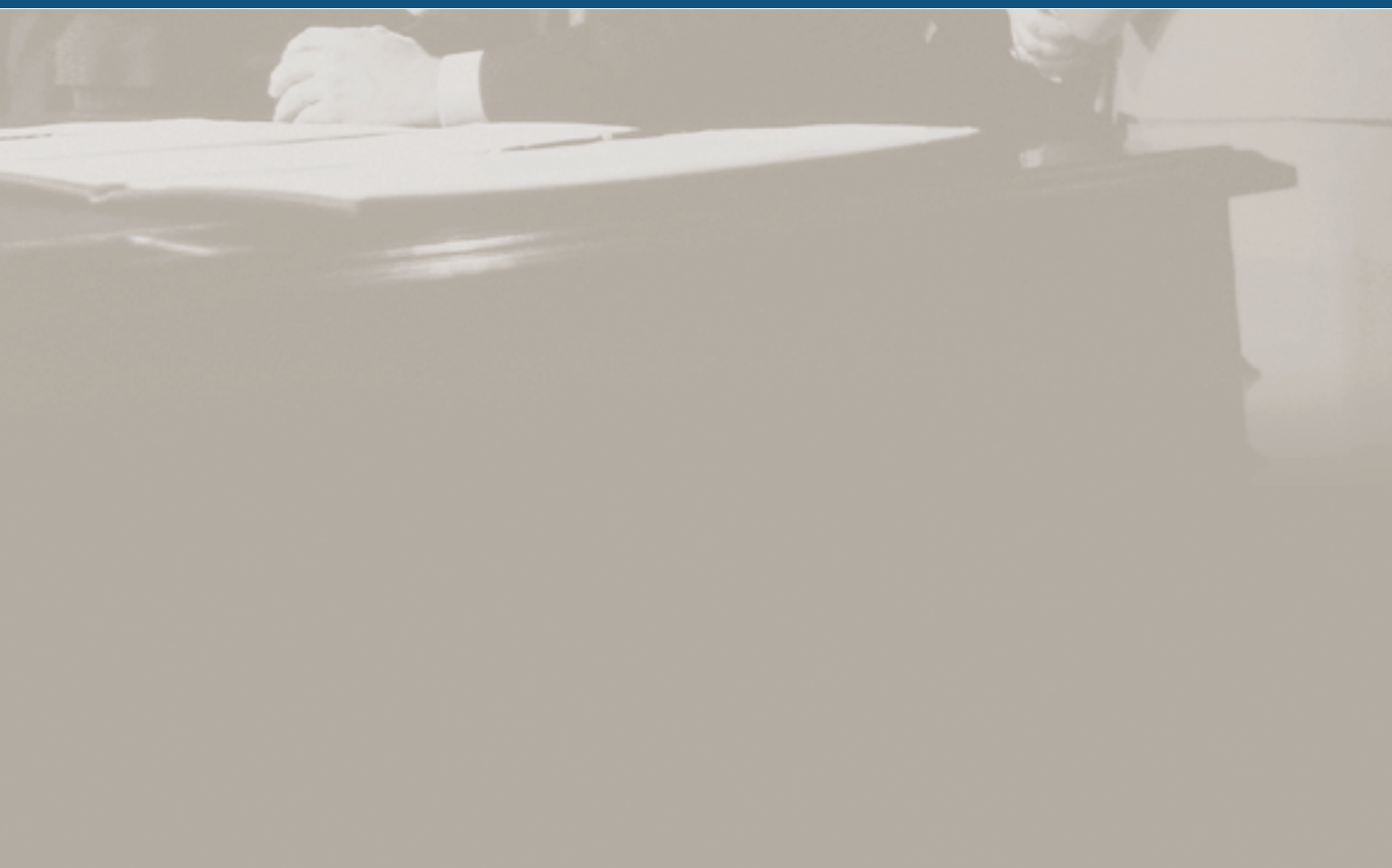
X
Xerox Corporation

Y
YMCA of the USA
Young Audiences, Inc.
Youth Venture
YouthBuild U.S.A.
YWCA of the USA

* = joined in 2001 ** = 2002 new members to date



2001 IS Achievements



Highlights

Leading the Charge... in 2001 and Beyond



IS President and CEO Sara E. Meléndez and leaders from religious groups across the country join President Bush as he announces the creation of the Office of Faith-Based and Community Initiatives, January 29, 2001.



Sara E. Meléndez testifies before subcommittees of the U.S. House of Representatives Ways and Means Committee in support of charitable giving tax incentives.

The following report captures major highlights of INDEPENDENT SECTOR's achievements in 2001, the first year enacting our new strategic framework.

Goal #1: Shape Policy.

To develop and advance a legislative agenda that strengthens the work of our member organizations and the sector at large and increases incentives for giving and volunteering.

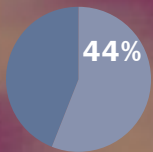
- Built support for legislation to encourage additional charitable giving by working closely with Congressional leaders, commissioning research to demonstrate the effect of various proposals on giving, and disseminating stories and information to the White House and other leaders. IS worked with Congressional leaders to introduce bills to extend the charitable deduction to nonitemizers and to encourage older Americans to give to charity from their Individual Retirement Accounts. By year's end a scaled-back provision had passed in the House and legislation in the Senate was pending. IS continues its work on this legislation.
- Served as an advocate for the diverse nonprofit and philanthropic community as President Bush announced the creation of the White House Office of Faith-Based and Community Initiatives and proposed his faith-based and charitable giving legislation. IS played a leadership role in serving as resource for government officials, monitoring proposals, sharing analysis with the field, and acting as a source for media.
- Developed a framework for decision making on current and future tax proposals that affect charitable giving. IS convened a blue ribbon commission, the Task Force on Tax Policy, co-chaired



John Dilulio, then director of the White House Office of Faith-Based and Community Initiatives, greets Fred Grandy, former Congressman and IS senior advisor, during a member briefing at INDEPENDENT SECTOR in February.



Kathleen McCarthy, director of the Center for the Study of Philanthropy at the City University of New York and chair of INDEPENDENT SECTOR's Research Committee, shares a new publication on *America's Religious Congregations* with the audience at the 2001 Spring Research Forum in March.



**44% of adults—83.9 million people—
volunteered a total of 15.5 billion hours.**

Source: *Giving and Volunteering in the United States 2001*

by John Marshall of the Kresge Foundation and John Seffrin of the American Cancer Society. The Task Force's work resulted in IS's "Guiding Principles for Public Policy on Charitable Giving."

- Strengthened the network of national and state advocates for nonprofit sector issues through IS's joint project with the National Council of Nonprofit Associations. As part of this Building Capacity for Public Policy project, IS and NCNA launched GiveVoice.org, a network of state associations that use web and email communications to organize local nonprofit advocates to communicate with state and federal elected officials on important nonprofit issues, such as charitable giving, nonprofit advocacy rights, and funding. IS and NCNA also worked together to provide training and capacity-building grants to six state nonprofit associations, helping them to strengthen their policy work.

Goal #2: Identify Emerging Issues.

To focus on identifying and anticipating issues that directly affect the nonprofit community. Using our new and strengthened research capacity, identify trends, share new research knowledge, shape attitudes and practices, stake out a position, and mobilize our membership in a concerted, coherent response.

- Provided insights into American charitable behavior by releasing key findings from *Giving and Volunteering in the United States 2001*. This comprehensive national study of more than 4,000 Americans is the major work in the field, and its results inform the work of nonprofits, fundraisers, volunteer managers, religious congregations, Congressional and White House officials, researchers, and the



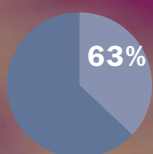
(From left) Keila and John Barros of the Dudley Street Neighborhood Initiative, winners of the 2001 Leadership IS Award, join presenter Sanford Cloud, Jr., of the National Conference for Community and Justice, and Anne Dowling of ChevronTexaco Corp., sponsor of the award.



Annual Conference Planning Committee Chair Patricia L. Willis of the BellSouth Corporation welcomes participants to her home city of Atlanta for the 2001 INDEPENDENT SECTOR Annual Conference.



Leslie Lenkowsky, newly appointed CEO of the Corporation for National and Community Service, speaks with INDEPENDENT SECTOR members about the organization's evolution and future at a briefing in December.



63% of adults volunteer when asked.

Source: *Giving and Volunteering in the United States 2001*

media. The study was instrumental in the development of President Bush's call to national service and volunteerism delivered in his 2002 State of the Union speech. IS also delved deeper into special topics around giving and volunteering, distributing user-friendly publications such as *America's Informal Volunteers: Civic Participation Comes in Many Forms*, *America's Family Volunteers: Civic Participation Is a Family Matter*, and *Hispanic Giving and Volunteering*.

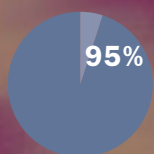
- Provided nonprofit organizations with valuable insights into the outpouring of giving in response to the September 11 terrorist attacks and the likely effects for the rest of the year by commissioning a national survey by Wirthlin Worldwide. The survey results earned coverage in the New York Times, Chronicle of Philanthropy, Cox newspapers, the Washington Times, the Religion News Service, and other outlets.
- Following the September 11 terrorist attacks on America, IS led members and others to rededicate their commitment to embracing diversity and addressing injustice in a joint statement, "Upholding Our Values," published in The Chronicle of Philanthropy and The NonProfit Times. IS placed ads in the New York Times and Roll Call to salute the nonprofit sector and remind the American people and Congress about its work and its value.
- Increased knowledge about the impact of information technology on nonprofit organizations by convening more than 350 researchers and experts for the 2001 Spring Research Forum around the theme "The Impact of Information Technology on Civil Society: How Will Online Innovation, Philanthropy, and Volunteerism Serve the Common Good?" IS also provided insights into how



John P. Morgridge, chairman of Cisco Systems, Inc., explores the concept “Good Giving Is Good Business” with attendees at the 2001 Annual Conference.



(From left) Linda Tarr-Whelan of Tarr-Whelan Associates, moderator; Sayyid Syeed of the Islamic Society of North America; Jim Wallis, editor-in-chief of Sojourners magazine and convener of Call to Renewal; Diana Aviv of United Jewish Communities; Reverend Robert M. Franklin of the Interdenominational Theological Center; and Leslie Lenkowsky of the Corporation for National and Community Service formed the panel for the closing plenary of the 2001 INDEPENDENT SECTOR Annual Conference, “Moving Forward in a Changed World.”



95% of households give when asked.

Source: *Giving and Volunteering in the United States 2001*

nonprofits use technology by working with Cisco Systems, Inc., to commission a Princeton Survey Research Associates study, “Wired, Willing, and Ready: Nonprofit Human Service Organizations’ Adoption of Information Technology.”

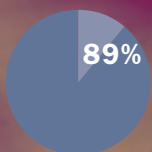
- Promoted volunteering worldwide during the United Nations’ International Year of Volunteers by producing *Measuring Volunteering: A Practical Toolkit* and distributing it in four languages.
- Provided resources to help nonprofits and companies build effective partnerships that enhance both mission and business goals—and serve to build public trust in the nonprofit sector as a whole—through IS’s Corporate-Nonprofit Partnership Initiative and its online resource center, *Mission and Market*.
- Encouraged nonprofit organizations to focus on results by publishing *Outcome Measurement in Nonprofit Organizations: Current Practices and Recommendations*, by Urban Institute researchers Harry Hatry, Elaine Morley, and Elisa Vinson.
- Provided insights into Americans’ attitudes toward nonprofit organizations through our publication *Taking The Pulse of Americans’ Attitudes Toward Charities*. This short report in the *Facts and Findings* series indicated that a rising number of Americans believe charities are more effective in providing services now than in the past, but also identified areas of concern for nonprofits in maintaining and building public trust.



Ray Suarez of the NewsHour with Jim Lehrer moderates a panel discussion on “Building Community in America and Around the World: Renewed Engagement or Fraying Ties?” at the IS Annual Conference.



INDEPENDENT SECTOR announces the formation of the Coalition to Help America Give—a group dedicated to urging Congress to encourage low- and middle-income Americans to give to charities by extending the charitable contributions deduction to all taxpayers—in April of 2001. Present at the launch on Capitol Hill are Pat Read, INDEPENDENT SECTOR; Thomas Lewis, the Fishing School; John Seffrin, American Cancer Society; Marsha Johnson Evans, Girl Scouts of the USA; William Bryant, American Heart Association; and Fred Hesketh, volunteer.



89% of American households contribute to charity.

Source: *Giving and Volunteering in the United States 2001*

Goal #3: Strengthen the Meeting Ground.

To strengthen our unique capacity to bring together nonprofit organizations, foundations, and corporations around critical issues facing our community. To use our focus on new policy development and emerging issues to convene our members, create new knowledge, and share it widely.

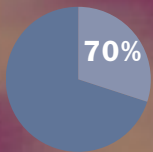
- Provided a forum for rich dialogue and exchange of ideas at the 22nd IS Annual Conference in Atlanta, *Let Every Voice Be Heard—The Responsibility of Leadership*. The IS conference served as the first national gathering for the leadership of the sector to address the new environment for our work following the September 11 terrorist attacks.
- Advanced the debate surrounding the proposed expansion of “charitable choice” at the Summit on Government Funding of Social Services Provided by Religious Congregations, co-hosted with the Aspen Institute’s Nonprofit Sector Research Fund. While there was disagreement over some aspects of President Bush’s faith-based proposals, leaders from religious and nonprofit organizations agreed that overcoming the serious challenges facing America’s communities would require new resources and new partnerships among government, nonprofit service providers, and faith-based communities.
- Facilitated dialogue between nonprofit leaders and Bush Administration officials through briefings with John Dilulio, the first director of the White House Office of Faith-Based and Community Initiatives, and Leslie Lenkowsky, CEO of the Corporation for National and Community Service.



The 2001 John W. Gardner Leadership Award honoree was Rebecca L. Adamson, founder and president of the First Nations Development Institute. Among those attending the award presentation at the IS Annual Conference in Atlanta are (from left) Louis Smith of the Ewing Marion Kauffman Foundation, Gabriella Morris of the Prudential Foundation, Rebecca Adamson, Peter Goldberg of the Alliance for Children and Families, Sara E. Meléndez of INDEPENDENT SECTOR, Robert Frehse of the William Randolph Hearst Foundations, Jill Darrow of the Lloyd A. Fry Foundation, and John Seffrin of the American Cancer Society.



Vinay Bhagat of Convio speaks to 2001 Spring Research Forum participants about “Creating Vibrant Spaces for Civil Society Organizations on the Internet After e-Commerce.”



70% of Americans reported some form of charitable involvement in response to September 11.

Source: *A Survey of Charitable Giving After September 11th*

Goals #4 and #5: Grow Our Membership and Broaden Our Reach.

To deepen the relationship with our members and reach out to create new partnerships, ensuring that the IS network represents the breadth and depth of the sector.

- Recruited 47 new corporate, foundation, and nonprofit members, adding new perspectives and geographical diversity to our coalition.
- Collaborated with the U.S. Chamber of Commerce, along with the Council on Foundations and National Endowment for the Humanities, to co-host the Summit on Three-Sector Partnerships. The two-day event brought a diverse group of philanthropic, business, and government leaders together at the U.S. Chamber headquarters for an exploration of partnership building.
- Encouraged the national rollout of the Learning to Give Initiative, launched by the Council of Michigan Foundations, to teach K-12 students about philanthropy.
- Encouraged and enabled more Americans to give and volunteer through our partnership with Network for Good, a newly launched comprehensive e-philanthropy portal that helps charities expand their reach to new audiences while strengthening the public's involvement in civil society. Network for Good was founded by the AOL Time Warner Foundation and AOL, Inc.; the Cisco Systems Foundation and Cisco Systems, Inc.; and Yahoo! Inc., in partnership with over 20 nonprofit foundations and associations.



At the Annual Conference Host Event at the World of Coca-Cola Museum, attendees had the opportunity to complete volunteer projects, such as assembling tricycles for local children.



In June of 2001, in cooperation with the Aspen Institute, INDEPENDENT SECTOR convened a Summit on Government Funding of Social Services Provided by Religious Congregations at the National Press Club. Melissa Rogers of the Pew Forum on Religion and Public Life looks on as Nancy Wisdo of the U.S. Conference of Catholic Bishops addresses the gathering.

The dollar value of volunteer time is \$16.05 per hour.

INDEPENDENT SECTOR Online

Direct your browser to www.IndependentSector.org, and you'll find the most comprehensive resource on the web for the nonprofit and philanthropic community. The site offers visitors the opportunity to:

- Access a wealth of resources on giving and volunteering trends, facts and figures about the nonprofit sector, updates on proposed legislation, and much more;
- Access members-only services, such as posting job openings and calendar events;
- Stay current on the latest legislative, tax, and other public policy issues;
- Use NonProfit Pathfinder, IS's online gateway to civil society research and innovations, profiling more than 100 academic research centers, research publications, and online bibliographies;
- Speak out on key issues affecting the nonprofit sector with GiveVoice.org, a grassroots advocacy tool created by IS and the National Council of Nonprofit Associations;
- View transcripts from key speeches of the IS Annual Conference, member briefings, and other events;
- Link to the resources of INDEPENDENT SECTOR members; and
- Browse INDEPENDENT SECTOR publications—or download many for free directly from the website.



Financial Statements

Independent Auditor's Report on the Financial Statements

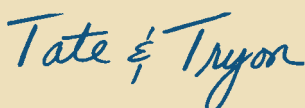
To the Board of Directors

INDEPENDENT SECTOR

We have audited the accompanying statement of financial position of INDEPENDENT SECTOR as of December 31, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of INDEPENDENT SECTOR's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of INDEPENDENT SECTOR as of December 31, 2000, were audited by other auditors whose report, dated March 21, 2001, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides 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 INDEPENDENT SECTOR at December 31, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Washington, DC

February 20, 2002

Statements of Financial Position

| | December 31, | |
|---------------------------------------------------------------|---------------------|---------------------|
| | 2001 | 2000 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 581,132 | \$ 1,407,387 |
| Accrued interest receivable | 56,133 | 70,340 |
| Grants and accounts receivable, current portion (Note E) | 1,773,179 | 501,689 |
| Short term investments (Note B) | 3,442,136 | 4,830,453 |
| Total current assets | 5,852,580 | 6,809,869 |
| Long-term investments (Note B) | 4,181,253 | 3,480,520 |
| Grants and accounts receivable, less current portion (Note E) | 227,386 | 1,170,669 |
| Property and equipment, net (Note C) | 291,644 | 360,276 |
| Supplemental executive retirement plan (Note F) | 175,518 | 264,070 |
| Other assets | 70,884 | 41,932 |
| | 4,946,685 | 5,317,467 |
| Total assets | \$10,799,265 | \$12,127,336 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expense | \$ 516,262 | \$ 804,711 |
| Deferred revenue | 23,000 | 49,853 |
| Total current liabilities | 539,262 | 854,564 |
| Supplemental executive retirement plan (Note F) | 175,518 | 264,070 |
| Total liabilities | 714,780 | 1,118,634 |
| Net assets | | |
| Unrestricted: | | |
| Undesignated | 1,467,804 | 1,370,755 |
| Designated (Note D) | 3,729,659 | 4,069,171 |
| Temporarily restricted (Note E) | 4,887,022 | 5,568,776 |
| Total net assets | 10,084,485 | 11,008,702 |
| Commitments (Note G) | - | - |
| Total liabilities and net assets | \$10,799,265 | \$12,127,336 |

Certain 2000 amounts have been reclassified for comparative purposes. See notes to financial statements.

Statements of Activities

| | Year ended December 31, 2001 | | |
|---------------------------------------------------------------------------------------------|------------------------------|---------------------------|----------------------------|
| | Unrestricted | Temporarily Restricted | Total |
| Revenue | | | |
| Grants and contributions | \$ 950,849 | \$ 3,055,802 | \$ 4,006,651 |
| Membership dues | 2,320,874 | | 2,320,874 |
| Conference fees and sponsorships | 582,313 | | 582,313 |
| Interest and dividend income (Note B) | 348,785 | | 348,785 |
| Publication sales and other | 67,561 | | 67,561 |
| Net assets released from restrictions | 3,264,939 | (3,264,939) | - |
| Total revenue | 7,535,321 | (209,137) | 7,326,184 |
| Expenses | | | |
| Program services: | | | |
| Public affairs | 2,524,625 | | 2,524,625 |
| Research | 1,850,175 | | 1,850,175 |
| Communication among members/ Meeting ground | 1,407,215 | | 1,407,215 |
| Strategic outreach | 242,250 | | 242,250 |
| Leadership and management | - | | - |
| Total program services | 6,024,265 | | 6,024,265 |
| Supporting services | | | |
| General and administrative | 616,225 | | 616,225 |
| Membership development | 467,913 | | 467,913 |
| Fundraising | 329,869 | | 329,869 |
| Total supporting services | 1,414,007 | | 1,414,007 |
| Total expense | 7,438,272 | | 7,438,272 |
| Change in unrestricted net assets before net loss on investments and transfer of program | 97,049 | (209,137) | (112,088) |
| Net loss on investments (Note B) | (339,512) | | (339,512) |
| Transfer of program (Note E) | | (472,617) | (472,617) |
| Change in net assets | (242,463) | (681,754) | (924,217) |
| Net assets, beginning of year | 5,439,926 | 5,568,776 | 11,008,702 |
| Net assets, end of year | <u>\$5,197,463</u> | <u>\$4,887,022</u> | <u>\$10,084,485</u> |

Certain 2000 amounts have been reclassified for comparative purposes. See notes to financial statements.

Year ended December 31, 2000

| Unrestricted | Temporarily Restricted | Total |
|--------------------|------------------------|---------------------|
| \$ 216,100 | \$ 3,394,740 | \$ 3,610,840 |
| 2,301,642 | | 2,301,642 |
| 680,157 | | 680,157 |
| 496,819 | | 496,819 |
| 100,387 | | 100,387 |
| 3,851,515 | (3,851,515) | - |
| <u>7,646,620</u> | <u>(456,775)</u> | <u>7,189,845</u> |
| 2,785,506 | | 2,785,506 |
| 1,557,760 | | 1,557,760 |
| 1,174,679 | | 1,174,679 |
| - | | - |
| 836,322 | | 836,322 |
| <u>6,354,267</u> | | <u>6,354,267</u> |
| 714,191 | | 714,191 |
| 352,717 | | 352,717 |
| 183,269 | | 183,269 |
| <u>1,250,177</u> | | <u>1,250,177</u> |
| <u>7,604,444</u> | | <u>7,604,444</u> |
| 42,176 | (456,775) | (414,599) |
| (312,131) | | (312,131) |
| - | | - |
| <u>(269,955)</u> | <u>(456,775)</u> | <u>(726,730)</u> |
| 5,709,881 | 6,025,551 | 11,735,432 |
| <u>\$5,439,926</u> | <u>\$5,568,776</u> | <u>\$11,008,702</u> |

Statements of Cash Flows

| | Year ended December 31, | |
|---------------------------------------------------------------------------------------------|-------------------------|--------------------|
| | 2001 | 2000 |
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (924,217) | \$ (726,730) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 110,203 | 105,253 |
| Net loss on investments | 339,512 | 312,131 |
| Changes in assets and liabilities: | | |
| Accrued interest receivable | 14,207 | 51,521 |
| Grants and dues receivable | (328,207) | 145,787 |
| Other assets | (28,952) | 10,994 |
| Accounts payable and accrued expense | (288,449) | 306,211 |
| Deferred revenue | (26,853) | 14,982 |
| Total adjustments | (208,539) | 946,879 |
| Net cash (used in) provided by operating activities | (1,132,756) | 220,149 |
| Cash Flows From Investing Activities | | |
| Sale (Purchase) of investments, net | 348,072 | (310,570) |
| Purchase of property and equipment, net | (41,571) | (135,197) |
| Net cash provided by (used in) investing activities | 306,501 | (445,767) |
| Net decrease in cash and cash equivalents | (826,255) | (225,618) |
| Cash and cash equivalents, beginning of year | 1,407,387 | 1,633,005 |
| Cash and cash equivalents, end of year | \$ 581,132 | \$1,407,387 |

Certain 2000 amounts have been reclassified for comparative purposes. See notes to financial statements.

Notes to Financial Statements

Note A – Organization and Summary of Significant Accounting Policies

Organization: INDEPENDENT SECTOR is a nonprofit, nonpartisan coalition of more than 700 national organizations, foundations, and corporate philanthropy programs, collectively representing tens of thousands of charitable groups in every state across the nation. Its mission is to promote, strengthen, and advance the nonprofit and philanthropic community to foster private initiative for the public good. INDEPENDENT SECTOR works to promote effective policies and a healthy legislative environment to help not-for-profit initiative thrive; research and analyze the scope of the nonprofit sector and trends in giving and volunteering; strengthen accountability among nonprofit organizations; champion effective collaboration among the business, government, and nonprofit sectors; communicate the value and successes of the American tradition of giving and volunteering; and provide the “meeting ground” for the leadership of the philanthropic and nonprofit sector to address emerging trends affecting the sector.

Income tax status: INDEPENDENT SECTOR is exempt from income taxes on its exempt activities under the provisions of Section 501(c)(3) of the Internal Revenue Code. INDEPENDENT SECTOR is not a private foundation since it meets the requirements of Section 509(a)(2).

Basis of accounting: INDEPENDENT SECTOR prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expense when the obligation is incurred.

Use of estimates: Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash and cash equivalents: For financial statement purposes, all highly liquid investments with a maturity of three months or less at the time of purchase are considered to be cash equivalents.

Net assets: INDEPENDENT SECTOR has established the following unrestricted net asset categories:

- **Undesignated** – This fund is used for the general operations of INDEPENDENT SECTOR.
- **Designated** – These funds have been appropriated by the Board of Directors of INDEPENDENT SECTOR for designated programs and consist of the following:

Reserve and Program Contingency Fund – Fund was established to provide for the stability for INDEPENDENT SECTOR over the long term.

Public Policy Strategic Reserve Fund – Fund was established to support future public policy initiatives as they arise.

Grants and Contributions: Grants are recorded when INDEPENDENT SECTOR is notified of them. Unrestricted grants are recognized as unrestricted revenue in the period designated by the donors. Temporarily restricted grants are recorded as temporarily restricted revenue when received and released from program and time restrictions as expenditures are incurred for the restricted purposes or time restrictions have expired. INDEPENDENT SECTOR has adopted a policy of implying time restrictions on long-lived assets acquired with temporarily restricted grants. Time restrictions will expire as depreciation related to the long-lived assets is expensed.

Functional allocation of expense: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities.

Note B – Investments

Investments are recorded at fair value and consist of the following at December 31:

| | 2001 | | 2000 | |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Index stock mutual funds | \$ 3,773,600 | \$ 3,141,008 | \$ 3,715,090 | \$ 3,480,453 |
| U S Agency and similar | 1,653,852 | 1,697,273 | 4,795,437 | 4,830,520 |
| Mortgage-backed securities | 1,108,969 | 1,130,824 | - | - |
| Corporate bonds | 822,774 | 821,697 | - | - |
| Asset-backed securities | 830,892 | 832,587 | - | - |
| Total investments | \$8,190,087 | \$7,623,389 | \$8,510,527 | \$8,310,973 |

The following is a summary of investment revenue for the years ended December 31:

| | 2001 | 2000 |
|------------------------------------|-----------------|------------------|
| Interest and dividends | \$ 348,785 | \$ 496,819 |
| Net realized and unrealized losses | (339,512) | (312,131) |
| | \$ 9,273 | \$184,688 |

Note C – Property and Equipment

Acquisitions of property and equipment of more than \$500 are capitalized at cost. Depreciation and amortization are provided using the straight-line basis over the estimated useful lives of the respective assets (3-10 years).

Property and equipment consist of the following at December 31:

| | 2001 | 2000 |
|------------------------------------------------|------------------|------------------|
| Furniture and equipment | \$ 285,415 | \$ 265,924 |
| Computer equipment and software | 493,390 | 475,537 |
| Leasehold improvements | 70,222 | 70,227 |
| | 849,032 | 811,688 |
| Less accumulated depreciation and amortization | (557,388) | (451,412) |
| | \$291,644 | \$360,276 |

Note D – Designated Net Assets

Designated net assets consist of the following at December 31:

| | 2001 | 2000 |
|---------------------------------|--------------------|--------------------|
| Reserve and program contingency | \$2,979,659 | \$3,319,171 |
| Public policy strategic reserve | 750,000 | 750,000 |
| | \$3,729,659 | \$4,069,171 |

Note E – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

| Projects | Balance at December 31, 2000 | New Commitments | Amounts Released or Expired | Transfer of Program | Balance at December 31, 2001 |
|--------------------------------------------|------------------------------------|---------------------------|-----------------------------------|---------------------------|------------------------------------|
| Gardner Award | \$ 45,000 | \$ 75,000 | \$ 30,000 | \$ | \$ 90,000 |
| Salute to Volunteers | 82,281 | | | | 82,281 |
| Public Policy Initiative | 657,041 | | 270,640 | | 386,401 |
| Organizational Leadership Award | 90,000 | | 30,000 | | 60,000 |
| Corporate–Nonprofit Partnerships | 73,960 | | 2,509 | | 71,451 |
| Research | 35,113 | 1,850,000 | 991,286 | | 893,827 |
| Charity Lobbying in the Public Interest | 647,124 | | 174,507 | (472,617) | - |
| Public Policy Advocacy | | 13,000 | 12,848 | | 152 |
| Tax Issues | 95,703 | | 95,703 | | - |
| Leadership | 40,321 | | 16,850 | | 23,471 |
| Capacity Building | 44,788 | | 19,411 | | 25,377 |
| BCPP-Public Policy | 947,861 | | 571,185 | | 376,676 |
| Total Projects | 2,759,192 | 1,938,000 | 2,214,939 | (472,617) | 2,009,636 |
| Time-restricted grants | 2,850,000 | 1,100,000 | 1,050,000 | | 2,900,000 |
| Total grants and contributions | 5,609,192 | 3,038,000 | 3,264,939 | (472,617) | 4,909,636 |
| Less: Present Value Discount | (40,416) | 17,802 | | | (22,614) |
| Net Present Value | <u>\$5,568,776</u> | <u>\$3,055,802</u> | <u>\$3,264,939</u> | <u>\$(472,617)</u> | <u>\$4,887,022</u> |

During the year ended December 31, 2001, Charity Lobbying in the Public Interest separated from INDEPENDENT SECTOR and set up its own exempt organization under Section 501(c)(3) of the Internal Revenue Code. In accordance with donor restrictions, the net asset balance of \$472,617 was transferred to the new organization. INDEPENDENT SECTOR is no longer the reporting or fiscal agent for Charity Lobbying in the Public Interest.

Included in grants and accounts receivable is \$872,722 of temporarily restricted project funds and \$1,100,000 of time-restricted grants, which will be collected as follows:

| | |
|------------------------------|---------------------------|
| Restricted project funds | |
| 2002 | \$ 772,722 |
| 2003 | 100,000 |
| | <u>872,722</u> |
| Time-restricted grants | |
| 2002 | 1,100,000 |
| Total grants | 1,972,722 |
| Less: present value discount | (22,614) |
| | <u>\$1,950,108</u> |

Note F – Retirement Plans

Defined contribution retirement plan:

All full-time employees of INDEPENDENT SECTOR who have reached the age of 21 years and have completed a minimum of one year of service participate in an employee retirement plan administered by Teachers' Insurance Annuity Association and College Retirement Equities Fund. The plan is a noncontributory defined contribution plan whereby an amount equal to fifteen percent of a participant's salary is funded by INDEPENDENT SECTOR and applied as a premium on retirement annuity contracts owned by the participants. Employer contributions for the years ended December 31, 2001 and 2000, were \$276,156 and \$296,360, respectively.

Supplemental executive retirement plan:

Plan offers certain of INDEPENDENT SECTOR's executives or highly compensated employees an opportunity to defer compensation pursuant to section 457(f) of the Code to supplement such employees' retirement benefits under the employer's ERISA qualified retirement plan and other retirement programs.

Note G – Commitment

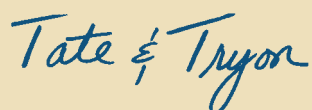
INDEPENDENT SECTOR leases office space in Washington, D.C., under an agreement that expires in January 2009. The remaining non-cancelable future minimum lease payments are as follows:

| Year Ending December 31, | Total |
|--------------------------|---------------------|
| 2002 | \$ 324,794 |
| 2003 | 324,794 |
| 2004 | 352,436 |
| 2005 | 352,436 |
| 2006 | 352,436 |
| 2007-09 | 704,869 |
| | <u>\$ 2,411,765</u> |

Independent Auditor's Report on Additional Information

To the Board of Directors
INDEPENDENT SECTOR

Our report on our audit of the basic financial statements of INDEPENDENT SECTOR as of and for the year ended December 31, 2001 appears on page 34. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

The signature is written in a dark blue, cursive script. It reads "Tate & Tryon". The ampersand is stylized, and the letters are fluidly connected.

Washington, DC
February 20, 2002

Schedule of Functional Expenses

Year Ended December 31, 2001 with Comparative Totals for 2000

| | Program Services | | | | | |
|-----------------------------------|---------------------------------------------------|--------------------|-----------------------|--------------------|--------------------|--|
| | Communication Among Members/ Meeting Ground | Public Affairs | Strategic Outreach | Research | Subtotal | |
| Employee costs | \$ 580,511 | \$ 856,394 | \$ 181,087 | \$ 503,400 | \$ 2,121,392 | |
| Professional/consultants | 362,074 | 803,955 | 2,403 | 978,445 | 2,146,877 | |
| Printing/reproduction | 17,623 | 77,336 | 1,756 | 54,153 | 150,868 | |
| Travel/meetings | 296,984 | 70,847 | 13,772 | 146,979 | 528,582 | |
| Occupancy | 51,735 | 92,270 | 20,364 | 92,671 | 257,040 | |
| Office supplies/expenses | 19,559 | 28,120 | 3,500 | 15,616 | 66,795 | |
| Postage/delivery | 18,618 | 44,429 | 4,376 | 13,392 | 80,815 | |
| Annual conference | - | - | - | - | - | |
| Training/subscriptions | 4,402 | 44,584 | 987 | 4,369 | 54,342 | |
| Grants and contributions | 10,000 | 453,472 | - | 3,000 | 466,472 | |
| Depreciation and amortization | 21,547 | 28,290 | 6,734 | 19,442 | 76,013 | |
| Telephone | 16,909 | 21,668 | 4,421 | 13,169 | 56,167 | |
| Other | 7,253 | 3,260 | 2,850 | 5,539 | 18,902 | |
| Total expense | <u>\$1,407,215</u> | <u>\$2,524,625</u> | <u>\$242,250</u> | <u>\$1,850,175</u> | <u>\$6,024,265</u> | |
| Percentage of Total Expenses 2001 | | | | | <u>80.99%</u> | |
| Percentage of Total Expenses 2000 | | | | | <u>83.56%</u> | |

| Supporting Services | | | | TOTAL | |
|-------------------------------|---------------------------|------------------|--------------------|--------------------|--------------------|
| General and Administrative | Membership Development | Fundraising | Subtotal | 2001 | 2000 |
| \$ 399,467 | \$ 296,989 | \$ 226,486 | \$ 922,942 | \$ 3,044,334 | \$ 3,478,961 |
| 46,907 | 45,359 | 54,895 | 147,161 | 2,294,038 | 1,473,092 |
| 3,726 | 9,702 | 1,099 | 14,527 | 165,395 | 248,506 |
| 26,117 | 33,361 | 6,857 | 66,335 | 594,917 | 474,202 |
| 53,384 | 39,074 | 16,932 | 109,390 | 366,430 | 367,671 |
| 13,528 | 7,205 | 4,256 | 24,989 | 91,784 | 138,857 |
| 11,431 | 9,288 | 4,863 | 25,582 | 106,397 | 122,898 |
| - | - | - | - | - | 442,568 |
| 7,815 | 7,263 | - | 15,078 | 69,420 | - |
| 2,000 | - | - | 2,000 | 468,472 | 588,137 |
| 14,791 | 10,960 | 8,446 | 34,197 | 110,210 | 105,253 |
| 9,659 | 7,219 | 5,475 | 22,353 | 78,520 | 85,246 |
| 27,400 | 1,493 | 560 | 29,453 | 48,355 | 79,053 |
| <u>\$616,225</u> | <u>\$467,913</u> | <u>\$329,869</u> | <u>\$1,414,007</u> | <u>\$7,438,272</u> | <u>\$7,604,444</u> |
| | | | <u>19.01%</u> | <u>100%</u> | |
| | | | <u>16.44%</u> | <u>100%</u> | |

2002 Staff

Tim Abercrombie

Chief Financial Officer

tim@IndependentSector.org

Ben Anawalt

Database Administrator

ben@IndependentSector.org

Anissa Arnett

General Ledger Accountant

anissa@IndependentSector.org

Alice (Rose) Brown

*Executive Assistant, Administration/Finance
and Programs*

rose@IndependentSector.org

Carla Bundy

Assistant Director, Communications/Media Relations

carla@IndependentSector.org

Maria Teresa Aspinwall Conners

Assistant Director, Programs

teresa@IndependentSector.org

Mary Coogan

Assistant Director, Government Relations

maryc@IndependentSector.org

Colleen A. Darling

Director, Office of the President

colleen@IndependentSector.org

Mandy Dramstad

Assistant Director, Communications/Print and Web

mandy@IndependentSector.org

Tracy Fleming

Executive Assistant, Office of the President

tracy@IndependentSector.org

Keith Greenidge

Assistant Director, Human Resources and Administration

keith@IndependentSector.org

Mary Grimm, CFRE

Assistant Director, Membership and Development

maryg@IndependentSector.org

Adrienne Hahn

Director, Government Relations

adrienne@IndependentSector.org

Chanda Ijames

Executive Assistant, Public Affairs

chanda@IndependentSector.org

Janice Jackson, CAE

Associate Director, Membership

janice@IndependentSector.org

Nadine Jalandoni

Director, Nonprofit Almanac Project, Research

nadine@IndependentSector.org

Jerneene Mabry

Receptionist

jerneene@IndependentSector.org

Michael McCormack

Director, Technology

mike@IndependentSector.org

Sara E. Meléndez

President and CEO

sara@IndependentSector.org

Jocabel Michel*Research Assistant*jocabel@IndependentSector.org**Patricia Nash***Director, Communications and Marketing*patricia@IndependentSector.org**Melissa Ramirez***Policy Analyst, Public Affairs*melissa@IndependentSector.org**Patricia Read***Vice President, Public Affairs*pat@IndependentSector.org**Brigitte Savage, CFRE***Vice President, Membership and Development*brigitte@IndependentSector.org**Peter Shiras***Senior Vice President for Programs*peter@IndependentSector.org**Bob Shoe***Program Associate, Special Events*bobs@IndependentSector.org**John Thomas***Vice President, Strategic Outreach*jt@IndependentSector.org**Chris Toppe***Senior Analyst, Research*chris@IndependentSector.org**Monique Brown Ware***Data Manager*monique@IndependentSector.org**Michelle Weber***Assistant to the President*michelle@IndependentSector.org**Susan Wiener***Managing Director, Research*susanw@IndependentSector.org**Eric Williams***Office Assistant, Administration*ericw@IndependentSector.org**Roy Wu***Communications and Marketing Associate*roy@IndependentSector.org**Consultants****Joanne Hayes***Development Consultant***Arthur D. Kirsch***Senior Research Consultant***Murray S. Weitzman***Senior Research Consultant***Interns***Administration and Finance***Tram N. Ly***Membership and Development***Madeleine Bayard***Corporate-Nonprofit Partnership Initiative***Amy Gleason**



In Memoriam:

Darryl L. Barnes

On January 24, 2002, INDEPENDENT SECTOR lost both a cornerstone of its work and an inspiration to its staff: Darryl L. Barnes, Sr., IS director of Human Resources and Administration, passed away after a long battle with cancer.

A 22-year veteran of INDEPENDENT SECTOR, Darryl worked his way up through the ranks of the organization, always exhibiting an exemplary sense of fairness and equality. As director of Human Resources and Administration, Darryl was charged with staff recruitment, training, employee communications, and employee relations activities. He was also responsible for employee performance evaluations, providing support to supervisors and managers, and serving as an employee relations representative. From 1979 to 1994, Darryl was an executive assistant in various program areas. From 1994 to 1998 he was assistant director of Administration/Annual Meeting. In 1998 he took on the duties of director of Human Resources and Administration.

We are grateful for the opportunity to have known Darryl as a colleague and as a friend. In recognition of his many contributions to INDEPENDENT SECTOR, we have named both our staff room and the annual staff volunteer day in his honor.

Credits

Design: Janin/Cliff Design, Inc., Washington, DC

Photography: Day Walters Photographic Illustration,

Dennis Drenner (page 5), Michael Temchine (page 27),

and The White House/David Scull (pages 26, 27)

Printing: Whitmore Print & Imaging



INDEPENDENT
SECTOR

1200 Eighteenth Street, NW
Suite 200
Washington, DC 20036

phone 202-467-6100

fax 202-467-6101

publications 888-860-8118

info@IndependentSector.org

www.IndependentSector.org