

President's 2007 Report

Introduction:

As the cover to this year's Annual Report illustrates, we honored our longest serving Trustee in 2007, Beatrice "Buddy" Mayer. "Buddy" is the daughter of Nathan Cummings and one of the Foundation's founding Board members. Her wisdom has long informed our work. Her absolutely crucial and inspiring contributions to the Nathan Cummings Foundation, in its formulation, its growth, and its impact in making virtually millions of lives better over her tenure, have created an example to which the rest of us can only aspire. Our deepest gratitude goes out to Buddy for her leadership, mentorship, and many years of exceptional and distinguished service to NCF and the communities it supports. Buddy was unanimously elected our first Trustee Emeritus.

2007 was also a year where we thoroughly reviewed our programmatic guidelines. As a result of this yearlong process, we have revised all of our guidelines, honing and refocusing our programmatic approaches to make them both clearer and even more effective by building on gains, accomplishments and impacts over the past six years. As a result of this effort and in order to reflect the revisions made, our Environment Program will be renamed the Ecological Innovation Program; the Interprogram for Social and Economic Justice will be named Collaborative Initiatives for Social and Economic Justice; and the Contemplative Practice Program will be refocused to emphasize the facilitation of creativity and innovation. These revisions will be finalized in 2008 for implementation as of January 1, 2009. They are currently posted on our website (www.nathancummings.org).

2007 has brought a wealth of exciting developments in all of the Foundation's program areas. The tide seems to be turning in all our areas of focus. Long-fought struggles in both the environmental area and in health-care reform are beginning to have real impact. The Jewish Life and Values program is witnessing a major expansion of the field of Jewish social justice, which is well documented in its recently published and widely distributed report: *Visioning Justice and the American Jewish Community*. The Arts and Cultures Program has done excellent work in bringing together peer funders, community activists, university students and faculties, media makers, and private citizens at diverse conferences and gatherings throughout the year in an effort build coalitions that will help expand the field of art and social justice. The Foundation's Shareholder Activities Program had an extremely successful 2007 proxy season, moving several companies to increase their disclosure practices. Our success in this area continues to garner much media attention: articles mentioning our work in shareholder activism were published this year in *Business Week*, the *Financial Times*, the *Los Angeles Times*, and the *Harvard Corporate Governance Blog*, among other places.

Health:

This year we have supported a number of grantees that were instrumental in thwarting proposed federal budget and tax policies that would have adversely affected access to health care. For instance, when the Administration proposed creating a standard tax deduction for health insurance while eliminating existing tax preferences for employer-based coverage, analyses by the Center on Budget and Policy Priorities demonstrated that this approach, which was quickly rejected by Congressional leadership, actually risks increasing the number of uninsured. The Foundation also supported advocates working on promising state-based and/or regional health reform experiments to expand access to health coverage. These efforts in Maine, Massachusetts, Vermont, Rhode Island, Florida, Wisconsin, Minnesota, Illinois, New Mexico, New York, Ohio, Pennsylvania, California and Maryland, not only provided on the ground examples of policies that do – and sometimes don't – work, they also provided coverage to hundreds of thousands of previously uninsured people. For example, between July and December 2007, Massachusetts' new subsidized health insurance program provided coverage to almost 160,000 previously uninsured low-income enrollees, resulting in a 15% reduction in costs associated with the state's free care pool.

A number of our grantees working on access to pharmaceuticals and other biotechnologies saw extraordinary successes in 2007. A Prescription Access Litigation Project lawsuit resulted in double damages against two drug companies for grossly inflating drug prices for, among others, public programs serving the sick and elderly. Penalties against these companies could exceed \$200 million and will provide an important warning against such abuses. The Foundation for Taxpayer and Consumer Rights also scored a major victory by convincing the U.S. Patent and Trademark Office to impose important limitations on the scope of three patents on human embryonic stem cells, which many scientists argued were inhibiting and raising the costs of biomedical research.

We also supported state efforts and advocates working toward national health reform with a grant to the Herndon Alliance, a national coalition of more than 100 minority, faith, labor, advocacy, business, and healthcare provider organizations. The Alliance uses social values research to develop effective policy and communications strategies for expanding and improving health care in the U.S.

NCF's environmental health grantees made an important contribution to ensuring that government actions affecting health and environmental sustainability are free from improper influence and that public and private institutions are held accountable for the environmental and health impacts of their activities. One important example of this strategy was the 2007 work of the Los Angeles Alliance for a New Economy, whose coalition building and advocacy led to a decision by the LA Board of Airport Commissioners to fund the largest study in U.S. history examining sources of toxic pollution from airport operations and evaluating the impacts on neighboring communities. In addition, in 2007 the House Committee on Oversight and Government Reform held hearings on a report by the Government Accountability project that found that 60% of government climate scientists had experienced political pressure to eliminate

references to climate change in their work, had their work changed to misrepresent their findings, or had seen climate-related materials disappear from government Web sites.

Environment:

Several of our Environment Program grantees achieved major impacts in 2007. In December, the President signed into law the Ella Baker Center's Green Jobs Act of 2007. It authorizes \$125 million per year from the federal government to create an Energy Efficiency and Renewable Energy Worker Training Program. It targets a broad range of populations for eligibility, but has a special focus on creating "green pathways out of poverty." The new policy was developed through EBC's "Reclaim the Future" project, of which NCF was the lead funder.

NCF has supported the case for public investment to facilitate the transition to a clean energy economy. Presidential candidates Obama, Clinton, Edwards and Richardson all embraced the Apollo vision of speeding the transition, and Obama (with Clinton soon following his lead) called for a \$150 billion federal investment in renewable energy. The Breakthrough Institute, with lead support from NCF, published a number of influential articles in publications ranging from *The Los Angeles Times*, to *Wired* magazine to *The National Review*, making the case for large-scale public investment in renewable energy.

Due to the work of the Blue/Green Alliance and the Apollo Alliance, Gamesa, the world's second biggest producer of wind turbines, opened two wind-turbine manufacturing plants in Pennsylvania, creating 1400 good-paying jobs. NCF has been the lead funder of both alliances. The Carbon Disclosure Project announced that its next survey of the world's largest corporations will be conducted on behalf of investors representing a combined \$57 trillion of assets under management. NCF has been CDP's lead funder for six years. Ceres, Inc. hosted the third Investor Summit on Global Warming and attracted participation by firms representing over \$21 trillion in investor assets. Encouraged by strong media coverage of the event and story, companies issue a set of "action steps" calling for swift passage of federal global warming legislation.

In 2007, NCF was credited with making significant substantive contributions to three books published: "Break Through – From the Death of Environmentalism to the Politics of Possibility;" "Apollo's Fire – Igniting America's Clean Energy Economy;" and "Blessed Unrest: How the Largest Movement in the World Came into Being and Why No One Saw It Coming" by Paul Hawken. All of these current efforts address the need for dramatic social change in order to meet our environmental and climate change challenges.

Contemplative Practice:

NCF is also breaking new ground in the world of contemplative practice, exploring the connections between contemplative practice and creativity, innovation and more effective collaboration. NCF grantees at MIT's "Presencing Institute" continued their work with Earth Justice, the nation's largest non-profit litigation firm, to use contemplative practices

to transform that institution and to assist other environmental groups to re-orient their work in the direction of building social capital for the work of ecological sustainability. This work paves the way for the adoption of revised Contemplative Practice grant guidelines in 2008.

Jewish Life and Values:

Having supported the field of Jewish social justice and invested in key organizations over the past several years, the Jewish Life and Values Program is witnessing the burgeoning of the Jewish social justice field. In an effort to leverage the significant growth of many of our grantees and help the field reach a new stage of development, the Jewish Life and Values Program has been leading several initiatives this year. With the final research for *Visioning Justice and the American Jewish Community* completed this year, the impact has already been felt, with greater collaborations emerging between organizations and with the launch of new pilot projects such as workforce development for the field.

Growing out of the first ever Jewish Service conference, we commissioned -- together with the Charles and Lynn Schusterman Family Foundation and the Jim Joseph Foundation -- a landscape analysis and identification of key strategies for building capacity in the field of Jewish Service. There has been a surge of interest in Jewish Service among funders and mainstream Jewish institutions, and we have facilitated the development of a blueprint for growth -- one that ensures the integrity and transformational nature of real service done in the context of Jewish community and broader social issues.

This year also marked the end of a series of highly successful pilots of the Selah Jewish Leadership Program, a program done in partnership with the *Jewish Funds for Justice* and in collaboration with the *Rockwood Leadership Program*. Since its inception, Selah has trained four Selah cohorts of 110 leaders, as well as nearly 150 leaders from AVODAH, American Jewish World Service, Progressive Jewish Alliance's Jeremiah Fellowship, and Reboot. In the context of these pilots, this year we undertook an evaluation and redesign of the program with an eye towards maximizing impact on the field. The result is an even stronger intergenerational program aimed to more directly translate personal leadership development back to the organizations that make up the field.

Congregation-based Community Organizing (CBCO) is taking hold in more and more synagogues across the country, engaging congregants in effective campaigns in partnership with other communities of faith. In addition to many of our CBCO grantees coming together to work collaboratively this year, *Just Congregations* has significantly shifted the culture of the Reform Movement, generating serious interest and engagement in this model of social change and community building. Finally, our newest strategy -- amplifying a progressive religious voice in America -- has already begun to bear fruit this year. The work of new grantees such as *Faith in Public Life* has been evident in the overt role and articulation of religious values in political

campaigns this year, on both sides of the aisle.

NCF's funding in Israel has also continued with its partnerships through *Women and the Environment: Agents of Change in Israel*. Based on the completion of research to identify the unmet needs and new opportunities for field building in both the Orthodox and Arab-Israeli sectors working to advance women as agents of change, NCF and its partners are focusing their energy on building capacity in these two communities. The research in the Arab-Israeli women's sector highlighted the need for much greater collaboration, strategic thinking, and sharing of best practices among the diverse NGOs working in this field. The research in the Orthodox sector pointed towards the need for a fund to seed small new initiatives particularly in communities in the periphery. Both initiatives are currently underway. On the environmental front, NCF and its partners concentrated attention on shifting from working with the environmental movement narrowly defined, to working cross sector and with an eye toward influencing high-level decision makers.

Arts and Culture:

In 2007, approximately 2,500 artists, cultural workers and private citizens attended conferences and training institutes with support from the Foundation's Arts and Culture Program. The sessions included urban and rural constituents working with prisoners, immigrants, and faith-based communities. Artists and community partners have learned community organizing skills and they have created catalytic art that has educated their neighbors, policy makers and key decision makers in their communities.

Our university grantees served approximately 1,650 students who did residencies at community based organizations in Chicago, New York, New Orleans, and Northern California. They worked with more than 60 community partners and served approximately 2,690 students. We also supported media programs that served multigenerational audiences that included community leaders, young media makers and seasoned professionals who are documenting pressing social issues in their communities and in the world.

The Arts and Culture Program staff has been working with a team of our peers to organize the Art and Social Justice Funders Working Group. In 2007, this group held its first formal meeting at the Nathan Cummings Foundation in February. It also met in April in Seattle at the Council on Foundations meeting and in September our staff presented at the Environmental Grantmakers meeting on "Building Coalitions." At the Grantmakers in the Arts meeting in Albuquerque, NCF staff presented a session on case studies and held a planning session. In 2008, the structure of the Working Groups will be formalized and a strategic plan will be developed.

In the Mississippi Delta, we have focused our support on service organizations on the ground in New Orleans that existed or that were being planned prior to Hurricanes Katrina and Rita. Our goal is to stabilize organizations that have strong community ties and that are committed to long-term involvement through re-visioning and re-building.

Interprogram:

The Nathan Cummings Foundation seeks to promote collaboration and integrated innovative approaches among its programs (Arts and Culture, Contemplative Practice, Environment, Health, and Jewish Life and Values). Funds each year are set aside to facilitate the collaboration of our programs in supporting initiatives that foster socially just and sustainable communities through institutional accountability and alliance building. In 2007, Interprogram collaborated with the Foundation's other programs on 67 different grants. The Foundation has continued to dedicate Interprogram funds in particular for two important initiatives: the Gulf Coast rebuilding effort and domestic efforts to assist with the Mideast Peace Process.

Shareholder Activities:

2007 marked the fifth full year since the approval of the Foundation's Shareholder Activities Guidelines in 2002. Over the course of the 2007 proxy season, the Foundation filed 10 shareholder resolutions, which achieved votes ranging from a low of 12% support to a high of 37% support for a climate change resolution filed with the grocer Kroger Co. Despite encountering setbacks at the Securities & Exchange Commission (SEC), the 2007 season was an overall success. The Foundation's resolutions gained consistently high levels of investor support and sparked interest from both the press—coverage included pieces in *BusinessWeek*, the *Wall Street Journal* and the *Los Angeles Times*—and a broad array of organizations wishing to learn more about NCF's approach to active ownership.

The Foundation moved companies to increase disclosure in 2007. An NCF-led resolution requesting disclosure of political contributions and payments to trade associations filed with ConocoPhillips prompted the company to disclose information relating to its political contributions on its website. Resolutions were withdrawn from Smithfield Foods and D.R. Horton after both companies agreed to increase reporting of environmental issues. The agreement at D.R. Horton established new standards for energy efficiency reporting by a public company in the homebuilding industry. The Smithfield agreement also established a new precedent, marking the first time that the company agreed to report on environmental violations occurring on contract farms. The Foundation also saw its multi-year effort at Bed Bath and Beyond begin to yield results, with the company acknowledging shareholders' desire for reporting on energy efficiency, emissions reductions and climate change and assembling a team to gather information and consider ways to report on these important issues.

Over the course of 2007, the Foundation was also able to leverage its impact through coalition work. An NCF-authored resolution on health care was filed by a number of institutional investors at numerous companies. The health care filing at Ford was included in the influential *2007 AFL-CIO Key Votes List* and achieved the support of 7%

of shares voted, well above the 3% hurdle established by the SEC for resubmission eligibility. The Foundation also worked with a coalition of 21 other large institutional investors to petition the Securities & Exchange Commission to issue an interpretive release clarifying registrants' current legal obligations to disclose material information concerning climate change in their periodic filings with the SEC.

Conclusion:

As always, all these accomplishments would not be possible without the exceptional efforts of our Board and Associates, our dedicated and innovative staff and our many partners. I thank them for their consistent, high quality efforts and willingness to take real risks. Next year we will begin making the transition to the Foundation's revised guidelines, which will be effective for 2009. We hope that these new streamlined guidelines will help to facilitate future partnerships and carry us into another successful five years of work for social change.

Lance E. Lindblom
Trustee,
President and CEO