

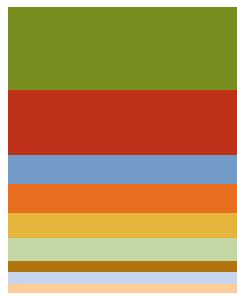
2011

ANNUAL REPORT



INSIDE: HIGHLIGHTS | 2011 GRANTMAKING | BOARD AND LEADERSHIP

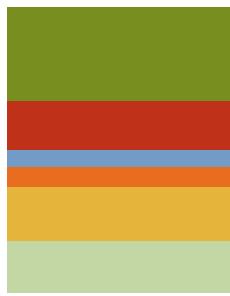
FUNDING BY PROGRAM AREA



Environment	29%
Region & Communities....	23%
Arts	10%
International	10%
Minnesota Initiative Foundations & Related	9%
Children & Families*.....	8%
Education & Learning.....	4%
Neuroscience.....	4%
Other	3%

**Program discontinued.*

FUNDING BY GEOGRAPHIC AREA



Twin Cities Metro	33%
Greater Minnesota.....	17%
Minnesota, Statewide	6%
Mississippi River Corridor...	7%
U.S., Outside Minnesota...	19%
Global	18%

THE MCKNIGHT FOUNDATION, a Minnesota-based family foundation, seeks to improve the quality of life for present and future generations. Through grantmaking, collaboration, and encouragement of strategic policy reform, we use our resources to attend, unite, and empower those we serve.

The Foundation was created in 1953 by William L. McKnight and Maude L. McKnight. Their daughter, Virginia McKnight Binger, established our formal grantmaking and community-based approach. Today, we invest in efforts to strengthen and sustain communities through support for the arts, education and learning, the environment, the region and communities, and scientific research in selected fields. Our primary geographic focus is the state of Minnesota, with significant support also directed to strategies throughout the U.S. and in Africa, Southeast Asia, and Latin America.

INTERNATIONAL

Jane Maland Cady, program director

We use our resources to promote strong rural livelihoods and food security for people with limited opportunities. If built, a cascade of dams planned for the Lower Mekong River would threaten the health of the entire river ecosystem and block the fish migrations that provide sustenance and income to millions of people. Through education, research, and convening, the Save the Mekong coalition — spearheaded by McKnight grantee International Rivers and including several other grantee organizations — delayed the development of several dam projects and is working to achieve compensation and livelihood restoration measures for communities affected by existing dams.



HUMAN SERVICE AWARDS

The 27th annual Virginia McKnight Binger Awards in Human Service, celebrating the compassion, humility, and generosity of the Foundation's former board chair, honored six Minnesotans who give selflessly of their time and energy to improve the lives of others. Each of our 2011 awardees, a group which includes community organizers, mentors, advocates, and champions of the underserved, received a \$10,000 award.

2011 SNAPSHOT: NON-GRANT SUPPORT

To help advance program objectives, McKnight hosted nearly **4,000** people at **161** guest meetings, with an estimated value to partners of more than **\$200,000**.

HIGHLIGHTS



ATTEND

NEUROSCIENCE

Eileen Maler, program manager

The McKnight Endowment Fund for Neuroscience works to bring science closer to the day when diseases of the brain and behavior can be accurately diagnosed, prevented, and treated. 2011 saw two noteworthy milestones in our Neuroscience program: the first round of recipients of the Memory and Cognitive Disorders awards, a recently launched program with the goal to support innovation in the treatment of neurological and psychiatric diseases, especially those affecting memory and cognition; and an uptick in the number of women awardees across all three awards programs, the impact of an intentional strategic effort by the Endowment Fund board to increase gender equity.

ARTS

Vickie Benson, program director

We support an environment in which artists are valued leaders in our community, with access to the resources and opportunities they need to succeed. Set in motion by a recent program evaluation, a strategic adjustment to the Foundation's partnership with Minnesota's regional arts councils became manifest this year. With a refined vision and goal — placing Minnesota's leading artists at the center of the program — now firmly in place, 2011 marked the first year in which all of McKnight's funding through the 11 regional arts councils was directed to Minnesota's working artists.

BOARD AND STAFF CHANGES

In 2011, the Foundation welcomed a new chair and three new members to its board of directors. Ted Staryk was elected chair, and Robert Bruininks, David Crosby, and Debby Landesman joined as new members. Two directors also completed their service: John Natoli, after four years, and Cynthia Binger Boynton, after 38 years. Boynton, the granddaughter of founders William and Maude McKnight, will remain connected to the Foundation's work as a director emeritus. McKnight also hired two new staff members, international program administrator My Lo and grants administration associate Shaina Briscoe; and international program administrator Becky Monnens was promoted to program officer.



2011 SNAPSHOT: TOTAL PAYOUT

McKnight paid a total of **\$91,328,087** in grants to **641** different organizations.

ENVIRONMENT

Ron Kroese, program director

We use our resources to restore the water quality and resilience of the Mississippi River; and to avoid catastrophic climate change and help the Upper Midwest provide a significant portion of the nation's renewable energy supply.

McKnight provided more than \$6 million in low-interest bridge financing to grantee The Conservation Fund in the form of a program-related investment. The funds, which will be repaid to McKnight over time, will allow the organization to acquire and (with the help of local government agencies) permanently protect forest wetland properties adjoining the Mississippi River. Program-related investments are tools to support philanthropic activities that, unlike grants, offer a potential modest return of capital within an established time frame.

UNITE

EDUCATION & LEARNING

Neal Cuthbert, vice president of program

Within the cradle-to-career continuum, we focus on increasing the percentage of students reading at grade level by the end of third grade; and increasing access to high-quality learning beyond the classroom so that all Minnesota's youth thrive. After a rigorous application process, select Twin Cities school districts received \$150,000 in McKnight's newest program area to develop comprehensive early literacy strategies focused on the developmental span from pre-kindergarten through third grade. McKnight and our partners now look forward to the next stage of this exciting process: funding to put plans into action in classrooms, including research and evaluation for eventual replication. In 2011, McKnight also helped establish Youthprise, a funding partner working to increase the quality, quantity, and sustainability of beyond-the-classroom opportunities for young people in Minnesota.



REGION & COMMUNITIES

Lee Sheehy, program director

We work to increase efficient and sustainable regional metropolitan development that creates livable communities and expands opportunities for all to thrive.

The shared vision of the federally funded Corridors of Opportunity effort is a 21st-century transit system that maximizes benefits “beyond the rails” — affordable housing, community asset-building, economic competitiveness, employment, and sustainable, interconnected communities. McKnight supports the enterprise in an advisory capacity, through the Central Corridor Funders Collaborative; and directly, through grants to organizations like the Alliance for Metropolitan Stability, the District Councils Collaborative, Local Initiatives Support Corporation, Minnesota Center for Neighborhood Organizing, and Nexus Community Partners.

2011 SNAPSHOT: INVESTMENTS

McKnight provided **\$11 MILLION** in program-related investments, a financial tool to support philanthropic efforts, to grantees The Conservation Fund and Northland Foundation.



2011 SNAPSHOT: GRANT TYPES

49% of total funding included support for grantees’ general operations, and **85%** was tied to multiyear commitments.

MINNESOTA INITIATIVE FOUNDATIONS

Neal Cuthbert, vice president of program

Through our support of the six Minnesota Initiative Foundations, we work to make Greater Minnesota stronger and more prosperous. Begun as a philanthropic experiment after the late-1980s declines of the farming, logging, and mining industries, the six Minnesota Initiative Foundations celebrated 25 years of helping Greater Minnesota communities thrive. The anniversary was commemorated by a book, website, and photography exhibition that together proved the experiment — based on the simple idea of independent “funds” directed by local leaders deploying a unique combination of grants, loans, and other assistance to stimulate the struggling rural economy — has been a resounding success.

EMPOWER



THE MCKNIGHT FOUNDATION

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Compliance*

The McKnight Foundation is committed to the protection of our environment, a philosophy that underlies our practice of using paper with post-consumer waste content and environmentally friendly inks. This annual report was printed on paper containing 100% post-consumer fibers. Additionally, we partner with printers and use paper that are Forest Stewardship Council (FSC) certified. The FSC standards represent the world's strongest social and environmental systems for guiding forest management and the use of paper resources toward sustainable outcomes.

The numbers in this report are pre-audit. To download the Foundation's most recent financial statements, view a full staff listing, or submit anonymous feedback about our work, please visit our website at www.mcknight.org.

Concept and Design: 5 by 5 Design, **Printing:** Reflections, **Photos:** Arts photo by Jeff Frey & Associates, courtesy of the Minnesota Ballet; Education & Learning photo by Joe Rossi; Environment photo by Robert Hurt, courtesy of The Nature Conservancy; Neuroscience images courtesy J. David Sweatt; Region & Communities photo courtesy of The Metropolitan Council