The Duke Endowment in Charlotte, North Carolina, is a private foundation established in 1924 by industrialist and philanthropist James B. Duke.

We seek to fulfill his dream for the Carolinas by enriching lives and communities through children’s services, health care, higher education and rural churches.

Mr. Duke’s legacy endures today in every life touched, every institution advanced, every innovation discovered.
OUR FOUNDER, JAMES B. DUKE, was thinking strategically in 1924 when he created The Duke Endowment to “make provision in some measure for the needs of mankind along physical, mental and spiritual lines.” He could have extended the aid to other charities and beyond the Carolinas, he wrote, “but my opinion is that so doing probably would be productive of less good.”

When we talk about “productive” grantmaking today, we are thinking about results. Sometimes, philanthropy leads to immediate results that are highly visible. A state-of-the-art facility rises on a college campus – and students have a new place to learn. A nurse provides counsel – and a pregnant woman stops smoking. A congregation builds affordable housing – and a family finally has a home.

With some grants, however, results unfold over time. On the following pages, you’ll read about a thriving initiative that’s entering a “2.0” phase. You’ll learn about a successful effort that is being replicated elsewhere. You’ll see how years of research demonstrated a project’s effectiveness and attracted other funding sources.

Mr. Duke established the Endowment to be perpetual, and we believe that encourages longer-term strategic thinking.

At the Endowment, one of our guiding principles is to direct resources where they will produce the best results – and we hold ourselves and our grantees accountable for achieving them. Solutions to today’s social challenges are always complex. But as we work together to find the best approaches, we can celebrate our commitment to working strategically to make a true difference in the Carolinas.

As we continue the work that Mr. Duke began, we mourn the recent passing of four Trustees who shaped The Duke Endowment and made it stronger. Mary Duke Biddle Trent Semans was a member of the Endowment’s Board for 55 years and served as our first female Chairman from 1982-2001. John G. Medlin Jr. served from 1996 to 2006. William B. McGuire served from 1965 to 1988. L. Neil Williams Jr. joined our Board in 1997 and served as Chairman since January 2011.

As we grieve their loss, we draw inspiration from their lasting legacy.
On the Move

After years of leasing office space in downtown Charlotte, The Duke Endowment has announced plans to build on a site a few miles away at 800 East Morehead Street. Architectural designs are still preliminary, but the three-story building will be LEED certified and feature meeting space for Endowment grantees and other stakeholders. President Gene Cochrane said it was important to remain in a central area of the Carolinas to be accessible to grantees. The Endowment hopes to break ground in 2012 and move in 2014.

Profiles of Service

Our founder, James B. Duke, surrounded himself with hard-working men and women, believing that through working together, bigger and better things were possible. In 2011, the Endowment launched a new series that spotlights a few of the “behind-the-scenes” workers at grantee organizations who share Mr. Duke’s commitment to making a difference. “Profiles of Service” honors people who dedicate their time, talents and hearts to making community efforts successful.

Child Care

When we surveyed our constituents about social media, 82.5 percent said they used social media and nearly 50 percent used it at least once a day. Those results – along with the arrival of our new Information Technology Director, Matt Sharp – led us to establish a presence on Facebook. The goal: increase awareness of our grantees’ work, share what we’ve learned in the field, and join conversations about important issues.

Major Grants

In 2011, our Trustees approved nearly $130 million in new grants to strengthen organizations, replicate successful programs, and test innovative approaches. The total included several major multi-year awards, including $35 million to Johnson C. Smith University to support science programs, scholarships and capital improvements, and $11.25 million to Health Sciences South Carolina to advance leading-edge programs. In March, the Trustees also announced an $80 million gift to Duke University to transform the student union and renovate two other landmark facilities.

Legacy of Hope


Watch Video

Through DukeEngage, David Liu spent his summer making a difference in the lives of children.

Like Us on Facebook

When we surveyed our constituents about social media, 82.5 percent said they used social media and nearly 50 percent used it at least once a day. Those results – along with the arrival of our new Information Technology Director, Matt Sharp – led us to establish a presence on Facebook. The goal: increase awareness of our grantees’ work, share what we’ve learned in the field, and join conversations about important issues.

To read more Endowment news, visit dukeendowment.org
When children are in foster care, they often lose connections to relatives who may be willing to provide a permanent home or emotional support—and finding that extended family can be difficult. A national program approaches the challenge with techniques inspired by the International Committee of the Red Cross and the United Nations to reunite families separated by war or natural disasters. Called Family Finding, the program works to build secure, ongoing networks for youth.

Family Finding has had significant results elsewhere. To determine if the model could improve outcomes for foster care children in North Carolina, The Duke Endowment awarded a grant to support implementation and evaluation in nine counties. The N.C. Department of Social Services administered the project in six of those counties; Children’s Home Society of North Carolina administered it in three.

In 2011, the N.C. pilot’s rigorous evaluation helped Children’s Home Society win $6 million in funding from the New York-based Edna McConnell Clark Foundation and the federal government’s Social Innovation Fund. The grant, which will also include matching money from The Duke Endowment, will allow Family Finding to expand statewide and help more children form lifelong ties to caring adults.

In 2007, Davidson College became the country’s first liberal arts institution to eliminate loans from its financial aid packages. Through The Davidson Trust, the college pledged to meet 100 percent of an admitted student’s demonstrated financial need through a combination of grants and employment. The Duke Endowment supported the effort with a $15 million grant.

Although it is too early to measure the long-term impact, campus officials say The Davidson Trust is helping the college expand the reach of a quality education. Davidson has seen a 29 percent increase in applications from domestic students of color and a 37.5 percent boost in applications from first-generation college students. The college is also attracting students from a wider range of high schools and enrolling 25 percent more students with need-based aid.

When Davidson President Carol Quillen spoke recently at a Congressional hearing on “Innovations in College Affordability,” she admitted the effort involves a large financial commitment—but the college believes it’s an important step in “bridging the privilege gap.” “We are changing the face of society’s leadership,” she said, “and striving to make equal opportunity real.”

Making Education Affordable for More Students

In 2007, Davidson College became the country’s first liberal arts institution to eliminate loans from its financial aid packages. Through The Davidson Trust, the college pledged to meet 100 percent of an admitted student’s demonstrated financial need through a combination of grants and employment. The Duke Endowment supported the effort with a $15 million grant.

Although it is too early to measure the long-term impact, campus officials say The Davidson Trust is helping the college expand the reach of a quality education. Davidson has seen a 29 percent increase in applications from domestic students of color and a 37.5 percent boost in applications from first-generation college students. The college is also attracting students from a wider range of high schools and enrolling 25 percent more students with need-based aid.

When Davidson President Carol Quillen spoke recently at a Congressional hearing on “Innovations in College Affordability,” she admitted the effort involves a large financial commitment—but the college believes it’s an important step in “bridging the privilege gap.” “We are changing the face of society’s leadership,” she said, “and striving to make equal opportunity real.”

When children are in foster care, they often lose connections to relatives who may be willing to provide a permanent home or emotional support—and finding that extended family can be difficult. A national program approaches the challenge with techniques inspired by the International Committee of the Red Cross and the United Nations to reunite families separated by war or natural disasters. Called Family Finding, the program works to build secure, ongoing networks for youth.

Family Finding has had significant results elsewhere. To determine if the model could improve outcomes for foster care children in North Carolina, The Duke Endowment awarded a grant to support implementation and evaluation in nine counties. The N.C. Department of Social Services administered the project in six of those counties; Children’s Home Society of North Carolina administered it in three.

In 2011, the N.C. pilot’s rigorous evaluation helped Children’s Home Society win $6 million in funding from the New York-based Edna McConnell Clark Foundation and the federal government’s Social Innovation Fund. The grant, which will also include matching money from The Duke Endowment, will allow Family Finding to expand statewide and help more children form lifelong ties to caring adults.

When Davidson President Carol Quillen spoke recently at a Congressional hearing on “Innovations in College Affordability,” she admitted the effort involves a large financial commitment—but the college believes it’s an important step in “bridging the privilege gap.” “We are changing the face of society’s leadership,” she said, “and striving to make equal opportunity real.”
In 2011, The Duke Endowment approved $129.8 million in new grants, some of which will be paid in future years. Nearly $112.7 million was distributed through 286 grants, some of which were approved in previous years.

Please visit dukeendowment.org for more information about our grantees and their work, along with a full list of our grants.

**New Grants by Funding Strategy**

- **Advancing Innovation**: Discouraging and testing promising approaches: $10,271,864 (8%)
- **Replicating Success**: Implementing proven programs and effective practices: $24,440,625 (19%)
- **Strengthening Organizations**: Creating lasting resources: $95,067,900 (73%)

**Program Areas**

- **Health Care**: The Duke Endowment works through hospitals and health care providers to expand preventive and early intervention programs, to improve the quality and safety of services and to increase access to care.
  - New Grants: $47,537,778
  - Distributions in 2011*: $31,661,657
- **Child Care**: The Duke Endowment works through accredited organizations and other select nonprofit groups to help children, who are at risk of losing such support, reach developmental milestones and prepare for successful transitions to adulthood.
  - New Grants: $9,648,034
  - Distributions in 2011*: $8,516,342
- **Higher Education**: The Duke Endowment works through select colleges and universities to advance the pursuit of educational excellence, make education more affordable for qualified students, and develop initiatives and programs to benefit local communities.
  - New Grants: $54,456,714
  - Distributions in 2011*: $43,512,714
- **Health Care**: The Duke Endowment works through hospitals and health care providers to expand preventive and early intervention programs, to improve the quality and safety of services and to increase access to care.
  - New Grants: $47,537,778
  - Distributions in 2011*: $31,661,657
- **Rural Church**: The Duke Endowment works in collaboration with the North Carolina and Western North Carolina conferences of the United Methodist Church and Duke Divinity School to help rural churches serve their communities.
  - New Grants: $7,867,283
  - Distributions in 2011*: $11,350,635
- **Cross Program & Special Opportunity**: The Duke Endowment’s Cross Program grants tap the resources and expertise of two or more of the Endowment’s program areas. Special Opportunity grants are made to organizations to further the Endowment’s core program priorities.
  - New Grants: $10,270,600
  - Distributions in 2011*: $17,648,165

**New Grants by Program Area**

- **Health Care**: $47,537,778
- **Child Care**: $9,648,034
- **Higher Education**: $54,456,714

**Total 2011**

New Grants: $129,780,409
Promoting Healthy Choices in Hospitals

Raw veggies, hummus and grilled-to-order specialties. In South Carolina, that’s beginning to be the new normal when it comes to hospital dining.

Thanks to the Working Well campaign, launched with a grant from The Duke Endowment, hospitals across the state are taking a leading role in promoting healthy food choices, creating tobacco-free places and providing access to physical activity.

Technical assistance is coming from NC Prevention Partners, which coordinated a similar initiative for hospitals in North Carolina. Grants from the Endowment supported that effort, too, and now leaders are sharing what they learned across the border.

The South Carolina campaign has had a robust start. More than 50 facilities have committed, and the impact is already evident.

“Working Well is proving to be a key strategy in our efforts to improve population health in South Carolina,” says Jim Head, vice president for Policy and Education at the South Carolina Hospital Association. “Not only will participating hospitals realize cost savings and productivity gains from a healthier workforce, but they will also model best practices for other businesses and organizations in their local community.”

In rural North Carolina, most United Methodist congregations are found in rural areas, where churches serve as the center of weekly worship and as a home for important outreach programs. With rural communities facing multiple challenges, the role these congregations play is greater than ever.

Since 2006, a collaborative effort between The Duke Endowment, Duke Divinity School and North Carolina’s two United Methodist conferences has focused on supporting rural churches. Called the Thriving Rural Communities Initiative, the multi-layered program helps develop leaders for service, increase congregational strength and inspire innovation.

An ongoing evaluation shows that participating churches are outperforming other United Methodist churches in North Carolina in six important categories, including worship attendance, number of baptisms, and number of children and youth in Sunday school.

In 2011, Trustees of The Duke Endowment approved sustaining—and enhancing—the initiative. Using findings from the evaluation, the effort will enter a “2.0” phase with funding for another five years.

“This is the fruit of all the learning we have done,” says the Rev. Jeremy Troxler, who heads the Thriving Rural Communities Initiative at Duke Divinity School. “The initial ideas have been tested and purified, and have become more focused. In the next phase, an already strong program will move forward.”

In North Carolina, most United Methodist congregations are found in rural areas, where churches serve as the center of weekly worship and as a home for important outreach programs. With rural communities facing multiple challenges, the role these congregations play is greater than ever.

Since 2006, a collaborative effort between The Duke Endowment, Duke Divinity School and North Carolina’s two United Methodist conferences has focused on supporting rural churches. Called the Thriving Rural Communities Initiative, the multi-layered program helps develop leaders for service, increase congregational strength and inspire innovation.

An ongoing evaluation shows that participating churches are outperforming other United Methodist churches in North Carolina in six important categories, including worship attendance, number of baptisms, and number of children and youth in Sunday school.

In 2011, Trustees of The Duke Endowment approved sustaining—and enhancing—the initiative. Using findings from the evaluation, the effort will enter a “2.0” phase with funding for another five years.

“This is the fruit of all the learning we have done,” says the Rev. Jeremy Troxler, who heads the Thriving Rural Communities Initiative at Duke Divinity School. “The initial ideas have been tested and purified, and have become more focused. In the next phase, an already strong program will move forward.”
Since James B. Duke’s death in 1925, the assets of The Duke Endowment have achieved significant growth. The corpus has increased from $107 million to $2.7 billion, a 25-fold increase.

Grants and Expenses
More than 84 percent of the Endowment’s total spending goes directly to grantmaking. This compares favorably to foundations of similar size. The figure below shows our grantmaking in the context of other spending. This grantmaking volume depends on our ability to invest assets wisely.

Investments
Assets of The Duke Endowment are managed by DUMAC, Inc., a professionally-staffed investment organization governed by Duke University. During 2011, the investment return on the Endowment’s portfolio was 4.5 percent. Investment performance benefited from increases in hedged strategies, private capital, real estate, natural resources, and fixed income. Impacted by investment returns, grants, and expenses, the Endowment’s assets remained relatively flat from December 31, 2010 to December 31, 2011 at $2.7 billion.

For the 10-year period ending December 31, 2011, the Endowment’s investment portfolio, net of all fees, averaged returns of 6.6 percent per annum. These returns outperformed the policy benchmark by 1.3 percentage points and a 70 percent Russell 3000 Index/30 percent Barclays Capital Aggregate Bond Index benchmark by 2.2 percentage points annually over the same period.

Please visit dukeendowment.org to find additional financial information and our audited financial statements.
Mary Semans, a Trustee of The Duke Endowment for 55 years, died on January 25, 2012, in Durham, North Carolina. She was 91.

Mrs. Semans took her great aunt’s place on the Endowment board in 1957 and served as our first female Chairman from 1982-2001. She continued serving as Chair Emerita after 2001. Throughout her life, she supported education, children’s services, health care and the arts, and her work shaped significant programs and institutions across the Carolinas and the nation.
In November 2011, Trustees of The Duke Endowment approved the following set of principles to guide and shape our work.

Follow James B. Duke’s philanthropic intent, using the discretion he gave us to address current circumstances and emerging issues.

Maintain a commitment to the Carolinas through grantmaking that strengthens organizations, replicates successful programs, and tests innovative approaches.

Direct resources where they will produce the best results and hold ourselves and our grantees accountable for achieving them.

Provide ethical leadership by seeking diverse opinions, fostering new ideas and strategies, and taking appropriate risks.

Build effective relationships with grantees by listening with respect and understanding, learning about their communities and challenges, and working together to identify potential solutions.

Create opportunities to share information about successes, failures, and lessons learned.

The illustrations for this year’s Annual Report were created by Davidson, North Carolina, artists David Wilgus and Mervil Paylor.