



CITIZENS' SCHOLARSHIP FOUNDATION of AMERICA

Dollars for Scholars® • Scholarship Management Services™ • ScholarShop®

About Citizens' Scholarship Foundation® of America (CSFA)

- Founded in 1958, CSFA is the nation's largest private sector scholarship and educational support organization.
- CSFA has distributed over \$776.2 million to more than 748,300 students through its scholarship and student support programs.
- In FY2001 alone, CSFA programs reported or committed over \$114.4 million in assistance to more than 91,300 students.
- Headquartered in St. Peter and Minneapolis, Minnesota, CSFA has regional offices across the nation.

CSFA Programs

Dollars for Scholars®

- Nationwide network of nearly 1,000 grassroots scholarship foundations in 39 states and DC that raise funds and provide financial and academic support to local students.
- In 2000, Dollars for Scholars chapters raised nearly \$37.6 million and distributed \$16.8 million in financial assistance to 24,200 students.*
- Dollars for Scholars recipients have access to more than 440 Collegiate Partners that pledge to maximize the benefits of Dollars for Scholars awards. Approximately one-third of these schools will match the awards.

Scholarship Management Services™

- Largest designer/manager of scholarship and educational assistance for corporations, foundations, associations and individuals.
- Most programs provide scholarships to children of employees or members of the sponsoring business or association.
- Other programs encourage recruitment initiatives, transitional programs, award tracking, diversity, school/business partnerships, tuition reimbursement, and promotions/community relations.
- In FY2001, Scholarship Management Services distributed more than \$97.1 million through 880 sponsored programs to more than 66,250 students.

ScholarShop®

- A curriculum and resource center designed to motivate and prepare students for postsecondary education.
- Based in schools, Boys & Girls Clubs, YMCA's, housing communities, churches and other community agencies.
- ParentShop – a parent component – helps parents support their children through this process.
- Serves over 4,000 youth in 150 urban, rural and suburban locations in 24 states and DC.

No unrestricted scholarships or loans are available directly from CSFA.

** Dollars for Scholars figures are for the year ending December 31, 2000, with 784 chapters reporting. Most of the difference was placed in permanent endowments by chapters to help fund future scholarships.*

IRS Status

CSFA and its affiliate chapters are 501(c)(3) nonprofit organizations; 170(b)(1)(A)(vi) publicly supported organizations; and are not private foundations, as defined in Section 509(a) of the Internal Revenue Code.

9/28/01

7703 Normandale Road, Suite 110, Minneapolis, MN 55435-5314
Development: 800/279-2083 • Communications: 800/642-7207 • Fax: 952/830-1929



CITIZENS' SCHOLARSHIP FOUNDATION of AMERICA

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Dr. William C. Nelsen

President,

Citizens' Scholarship Foundation® of America, Inc. (CSFA)

Under Dr. Nelsen's leadership, CSFA has grown five-fold in size and program outreach. Fourteen regional offices have been opened. Major new programs have been initiated especially focusing on diverse communities and low-income urban areas. And, a national campaign was conducted to spread the work, service and support of CSFA. For the past four years, CSFA has been ranked as one of America's most efficient nonprofit organizations by *Smart Money*, the *Wall Street Journal's* magazine of Personal Business.

CSFA is the nation's largest private sector scholarship and educational support organization. Since its founding in 1958, CSFA has distributed over \$661.8 million to more than 657,000 students. Its mission is to expand access to educational opportunities by involving and assisting communities, corporations, foundations, organization and individuals in support of students and in the encouragement of educational achievement.



This mission is carried out through three programs:

- **Scholarship Management Services™**

CSFA currently manages more than 860 scholarship programs for corporations, foundations, organizations and individuals. In FY2000, Scholarship Management Services distributed \$85.5 million to 62,700 students.

- **Dollars for Scholars®**

CSFA has created and currently sustains 900 grassroots scholarship foundations in 39 states and the District of Columbia that raise funds and provide financial and academic support to students in their local communities.

- **ScholarShop®**

CSFA serves more than 3,000 youth in more than 120 urban, rural and suburban locations in 24 states and the District of Columbia, providing guidance and motivation for young people to pursue post-secondary education.

Prior to joining CSFA, Dr. Nelsen was President of Augustana College in Sioux Falls, South Dakota for six years. From 1974 to 1980, he was Vice President, Dean of the College at St. Olaf College in Northfield, Minnesota. Previously, he was Program Executive of the Danforth Foundation from 1970 to 1973.

Dr. Nelsen serves on the following boards:

- National Advisory Board of Advisors for the Council for Aid to Education,
- the Connect America National Council of Points of Light Foundation,
- the National Scholarship Providers Association (charter board member),
- U.S. Dream Academy (chairman of the board) and
- the National Assembly of Health and Human Services Organization (executive board). Academy, Inc.

The National Association of Partners in Education (NAPE) selected Dr. Nelsen for the prestigious "McKee Award for Partnership Leaders". He was recognized for his leadership in the formation and expansion of educational partnerships at the national level. In addition, he was acknowledged for his extraordinary contributions to supporting postsecondary educational opportunities for youth from all walks of life.

The author of two books concerning faculty development and various articles in the fields of ethics, government, higher education, private sector responsibilities and student aid, Dr. Nelsen holds three degrees: BA, Midland Lutheran College; MA in religion and ethics from Columbia University (joint program with Union Theological Seminary); and Ph.D. in political science from the University of Pennsylvania.

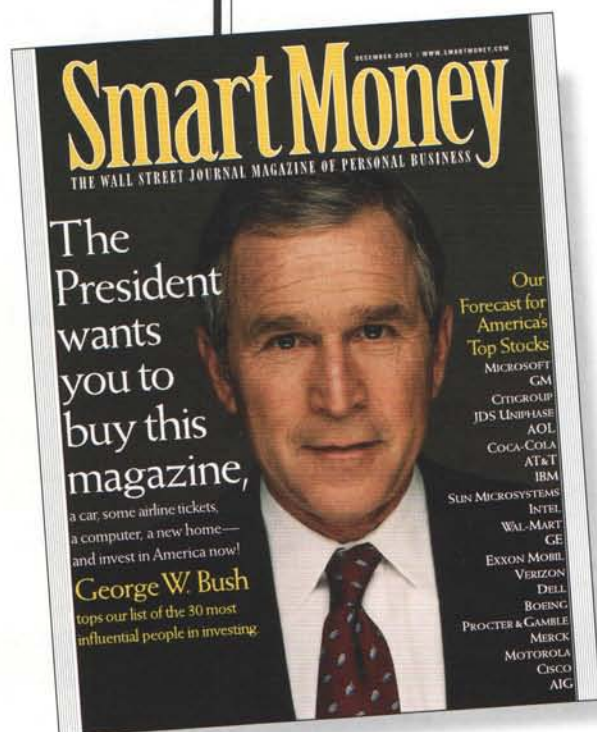
SmartMoney

**CITIZENS'
SCHOLARSHIP
FOUNDATION
OF AMERICA**

DECEMBER 2001

www.smartmoney.com

CHARITABLE GIVING SPECIAL



GET THE MOST OUT OF A CHARITY

Not all nonprofits will spend your money wisely. Rather than going directly to programs, some funds are diverted to fundraising, administrative costs and other bureaucratic backwaters. To help you pick a charity that will really put your money to work, we've updated our ranking of the nation's 100 largest charities, based on operating efficiency. Following are the winners and losers; the full ranking appears on our Web site.

Our methodology: First, we get data on each charity's public donations, program spending, fundraising expenses, savings rate and budget. We then calculate how much a charity spends on programs. This "program ratio" accounts for 65 percent of the score. Next, we figure out what portion of each dollar is applied to fundraising. This "fundraising ratio" is worth 25 percent of the score. Then we look at how much cash a charity saves. Again, the lower, the better—you want your charity to use your money for programs, not sock it away. The "savings ratio" accounts for 10 percent of the total. Charities are ranked within their categories, since their work can affect how they save and spend.

This year's results are quite different from last year's. Notably, four of the seven laggards in our December 2000 ranking—Ducks Unlimited, the Museum of Fine Arts in Boston, the American Cancer Society and Save the Children—have improved. But some of 2000's leaders, including the Cystic Fibrosis Foundation and U.S. Fund for Unicef, have fallen behind. The most efficient charities tell us that they've been keeping costs low in this tight economy by limiting staff size and taking advantage of free advertising to raise funds.

As for this year's laggards, it seems that the usual suspect—fundraising costs—is siphoning off program dollars. "Direct-mail fundraising does tend to be less efficient," admits Disabled American Veterans controller Anita Blum. "But historically, that's what has worked the best for DAV."

—Eleanor Laise

The Leaders

CATEGORY	ORGANIZATION	PROGRAM RATIO	FUNDRAISING RATIO	SAVINGS RATIO	TOTAL SCORE
Conservation	The Trust for Public Land 415-495-4014	92%	2%	18%	81.7
	National Wildlife Federation 800-822-9919	86	18	1	64.4
Culture	Public Broadcasting Service 703-739-5000	96	0	-4	93.8
	Metropolitan Opera Association 212-799-3100	88	11	16	68.7
Education	SIL International 972-708-7400	97	0	0	95.1
	Citizens' Scholarship Fdn. of Amer. 800-279-2083	94	2	14	85.2
Health	National Mental Health Association 800-969-6642	88	8	2	75.4
	Fred Hutchinson Cancer Research Ctr. 206-667-4902	86	3	3	74.8
	City of Hope 626-359-8111	88	10	3	73.1
Human Services	Neighborhood Centers 713-667-9400	96	3	6	90.4
	Lutheran Services in America 800-664-3848	90	3	5	81.5
	Catholic Charities USA 800-919-9338	89	6	2	78.1
	Goodwill Industries 800-664-6577	87	3	3	77.4
Relief	Mercy Corps 800-292-3355	94	7	0	85.9
	International Rescue Committee 877-733-8433	93	3	11	83.8
Religion	Samaritan's Purse 800-528-1980	90	3	8	79.5
	Focus on the Family 800-232-6459	85	6	7	70.5

The Laggards

CATEGORY	ORGANIZATION	PROGRAM RATIO	FUNDRAISING RATIO	SAVINGS RATIO	TOTAL SCORE
Conservation	The Nature Conservancy	79%	10%	49%	43.6
Culture	Woodruff Arts Center	58	13	38	12.7
Education	Junior Achievement	73	15	7	43.8
Health	Nat'l. Jewish Med. and Research Ctr.	69	15	14	36.4
Human Services	Disabled American Veterans	63	30	23	11.2
Relief	Habitat for Humanity International	80	11	21	53.8
Religion	American Bible Society	72	30	18	27.7

Note: All calculations based on data from 1999 and 2000.

SOURCE FOR RAW DATA: NonProfit Times

The Future of Stocks by Martin Mayer

Worth

DECEMBER 2001

FINANCIAL INTELLIGENCE

America's

100

Best

Charities

(Plus 12 to Avoid)

How Women CEOs Are Faring
Order Now: Private Jets for Under \$1 Mil

Article reprint courtesy of
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A GIFT FOR GIVING

■ BY RESHMA MEMON YAQUB

It's a big world of charity out there awaiting your year-end, tax-deductible contributions—perhaps too big. The IRS recognizes more than 819,000 charities, with 45,000 new ones added in just the past year alone. How to choose? Which of the noble-seeming goals are indeed worthwhile, and which charities work toward them with the skill, innovation, effectiveness, and strategic insight that you'd expect from a for-profit company you would consider investing in or working for? Which charities, in short, are deserving of your support?

Worth has addressed this question for the past six months, investigating hundreds of charities and calling on the expertise of dozens of philanthropy experts, to come up with a list of the nation's 100 best. How did we choose them? It is easier to say what we did not do. We did not simply go by the numbers. Those scorecards that rate charities based on the flow-through of funds to their charitable programs and on other empirical formulas are a good starting point, but as a sole measurement, the hard numbers, in our opinion, do not tell the whole story. Few of these best-charity lists ever get around to saying what the charities actually do and whether or not they are making a real impact.

We focused our attention on five areas that are critical to the United States and to the world: health, human services, relief and development, the environment, and education. You will notice that this leaves out at least one significant portion of the charitable world—the arts—but our goal was to do the hard work of due diligence for our readers, and donors are often already intimately familiar with the cultural institutions they decide to fund, based on personal taste. The result: If you had six months to research the best charities to give your money and your trust to, we're confident you'd come up with the same list.

Allocating spaces within each category was, frankly, a challenge. On the health front, for example, we could have produced a top-100 list for health charities alone. Each disease draws the helpful attention of multiple organizations, and we had to decide which groups were making strides either in curing a disease or in serving its victims, and which charities seemed to be along just for the ride. It was no less difficult to

choose the best groups in human services, a field in which charity is at its most urgent, most direct, and most elemental: people helping people in need. Yet the effort to meet basic needs only seems simple. Where do you start when attempting to restore an unbalanced life to equilibrium? Those living in poverty don't just lack money. They need education, economic opportunities, role models, safe environments, and good health. We feel that the charities on our list are essential for maintaining a caring society.

And as September 11 made clear, while many Americans enjoy relative luxuries, vast numbers of people around the world live lives that are too short and afflicted with poverty, disease, civil strife, and open warfare. Relief and development charities all provide desperately needed assistance overseas. Surveys, such as the one conducted in February by the Program on International Policy Attitudes, have shown that Americans are under the impression that as much as 20 percent of the federal budget goes to foreign aid. In truth, the figure is less than 1 percent.

In choosing the 100 best charities (and a list of 12 to avoid), *Worth* approached this as if our own money were at stake. We started by poring over three years' worth of tax returns, annual reports, and statements of individual charities to determine which charities are putting donors' money to work efficiently. We required that all of the charities under consideration be national in scope, as well as substantially secular, nonpolitical, and well established. Inevitably, that eliminated a large number of charities—such as schools, churches, and political organizations—because they appeal only to particular segments of the population and because, as with the arts, donors already know their particular turf. We also believe it is better to donate directly to an actual charity than to a middleman like the United Way that decides for itself which charities are worth supporting.


After narrowing the candidates down to 100 finalists, we consulted philanthropy experts on which charities they thought were effective in carrying out their missions. We spoke to the heads of the charities to learn about their own operations—and, more tellingly, about those of their peers. We

gave a great deal of weight to the opinions of the experts. We took note if they hesitated or sounded nervous about recommending a charity. Others fell by the wayside simply because they failed to inspire anyone to say anything particularly good about them. In some cases, news reports helped to single out charities that were making a big impact. But publicity is far more important in some causes than others. Not surprisingly, some of the charities that the experts especially admired were ones that had received little public attention. In the end, with only 100 spaces, we reluctantly had to leave many excellent charities off the list.

This list could not be more timely. As challenging as life has become for our nation this fall, it has become even harder for our nation's charities, which are threatened with revenue shortfalls just when the demand for their services, in many cases, is reaching its height. The timing is right for donors as well. Because the top tax brackets will dip by half a percent starting in January, donations made this year will have a greater deductible impact than the same donations would next year.

EDUCATION

HOW THEY SPEND YOUR MONEY

 \$50 FOR EACH \$100 DONATED, HERE'S WHAT THE CHARITY DIRECTS TO PROGRAMS (EXAMPLE AT LEFT), FUND-RAISING (FNDR), ADMINISTRATION (ADMIN), AND FUTURE RESERVES (RES). AN ASTERISK (*) DENOTES FIGURES FOR HEADQUARTERS ONLY.

Citizens' Scholarship Foundation of America

 \$81

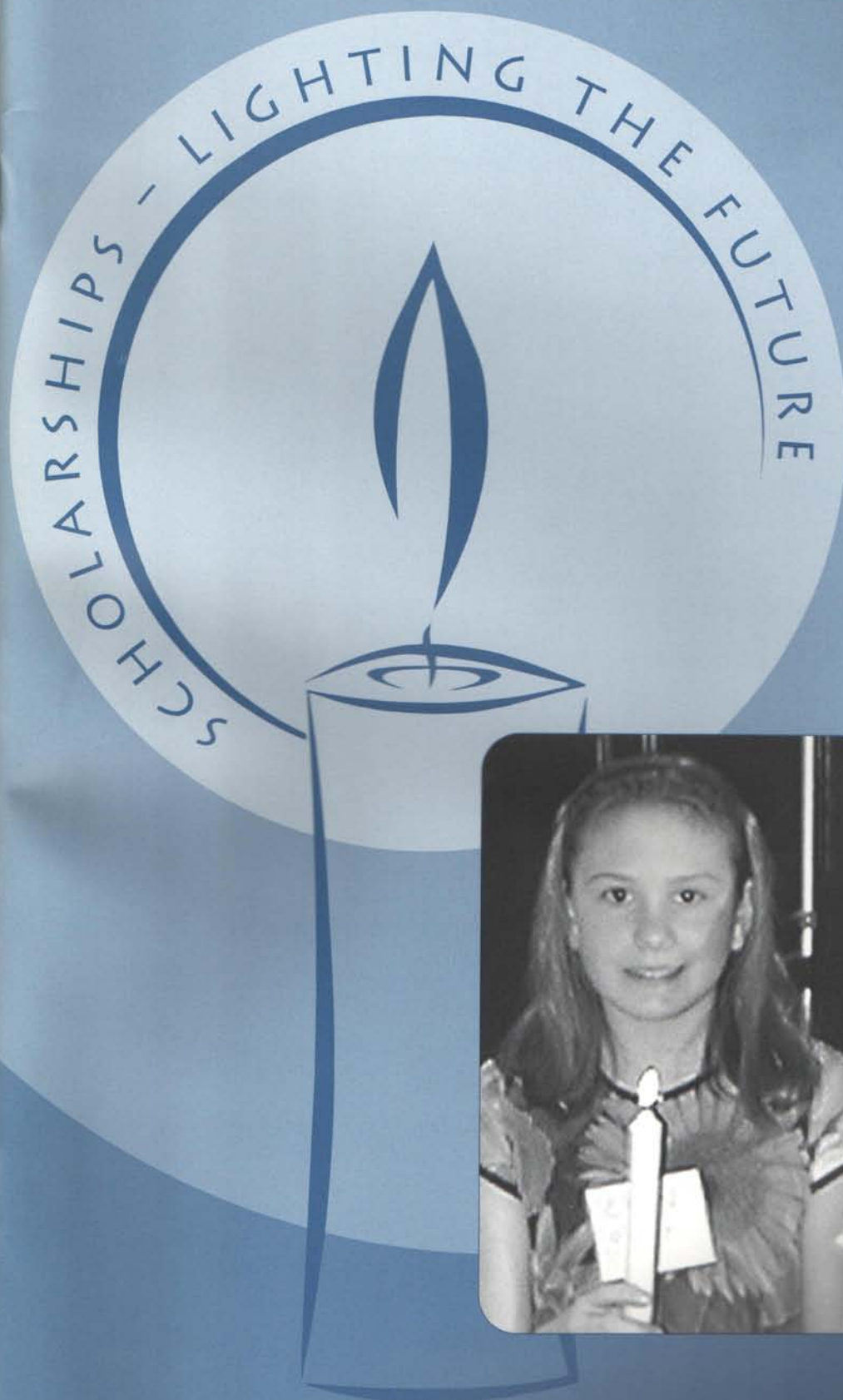
FNDR \$2 ADMIN \$3 RES \$14

Through CSFA's Dollars for Scholars, communities raise funds to send local kids to college or vocational school. In 2000, they raised \$37.6 million and gave out 24,200 scholarships. CSFA also manages corporate scholarship programs (for a 7 to 10 percent fee). Its ScholarShop program prepares kids for college.

ANNUAL REVENUE \$122.8 MIL

800-537-4180, www.csfa.org

2001 Annual Report



Citizens'
Scholarship
Foundation®
of America





CITIZENS' SCHOLARSHIP FOUNDATION *of* AMERICA

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EDUCATION: Building America's Future

2002
ANNUAL
REPORT

Including
a report
on:



Families of Freedom
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2003 Annual Report



now you can

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