

REFLECTIONS:

Looking Back at Lessons Learned

The President's Message

REFLECTIONS: LOOKING BACK AT LESSONS LEARNED

On entering my last year as president of The Robert Wood Johnson Foundation (RWJF), much on my mind are the lessons I've learned about doing the work of philanthropy. Any attempt at distillation is, of course, tempered by my previous experiences working in health care in the United States and overseas, as well as by the knowledge I have gathered over the past 12 years from wise colleagues and counselors. Other observers—including my philanthropic partners here at RWJF—may well see things differently. That lack of a standard metric is one of the features that makes our work so challenging, as well as so exhilarating.

I offer the seven lessons that follow—with some advice built around each—in the hope that they will stimulate others to take up the challenge of helping philanthropy achieve its full potential. >>>



Steven A. Schroeder, M.D.
PRESIDENT and CEO

Lesson One

Mission Matters

The founding trustees of The Robert Wood Johnson Foundation established a clear and simple mission: *“To improve the health and health care of all Americans.”* That mission flowed naturally from the original source of our endowment—a fortune derived from a large medical supply and pharmaceutical company—yet allowed a wide choice of philanthropic activity. Over time, the mission has proved both a powerful motivator and a recruiting magnet for staff and trustees. The clarity of our mission often has directed us to the institutionally correct decision.

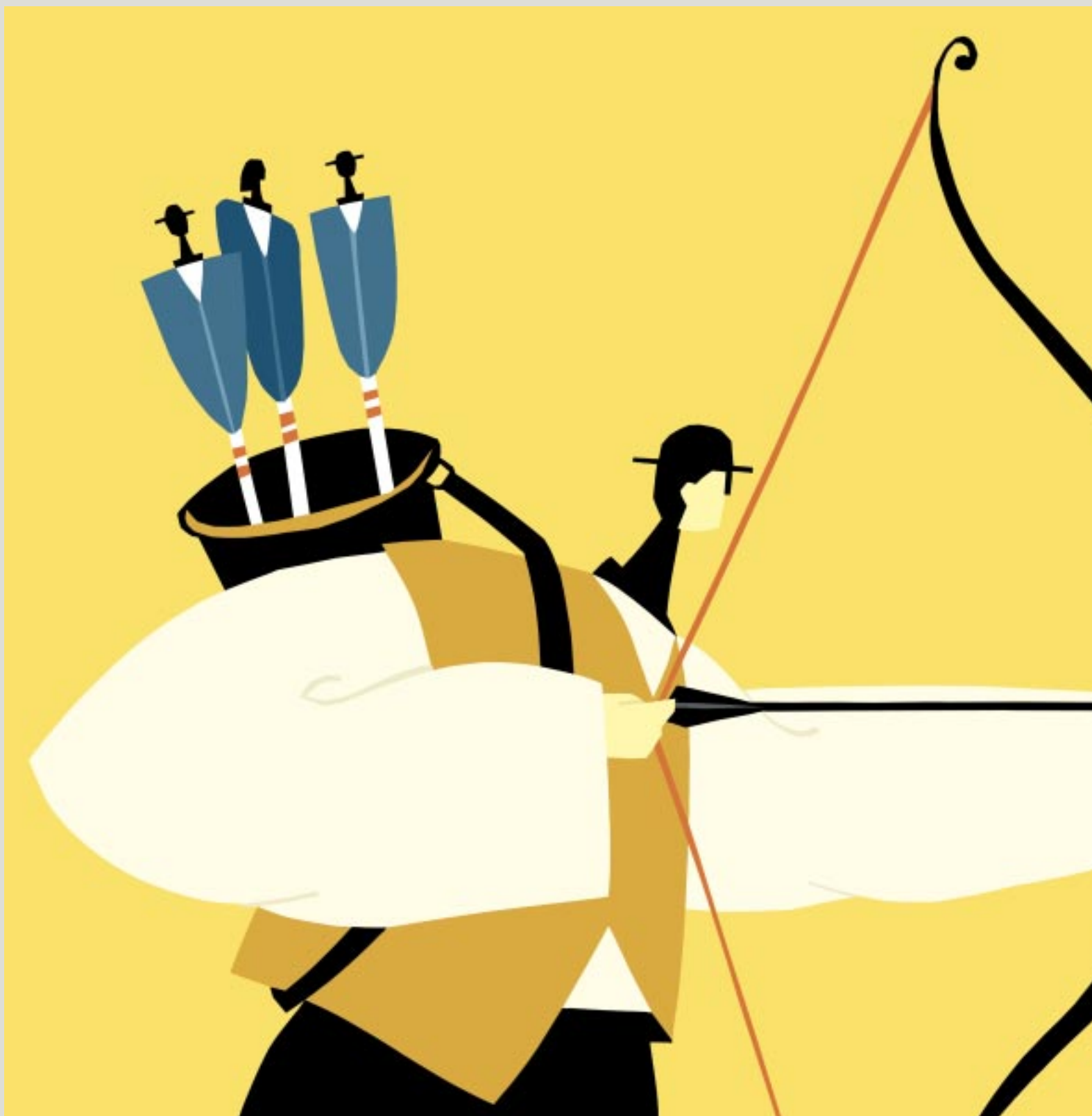
In 1999, for example, RWJF embarked on a significant programming redirection, one that reflected our concern that the “health” part of our mission was getting short shrift. Our decade’s worth of work on the societal impact of tobacco, alcohol and illicit drugs had amply demonstrated that nonmedical factors were responsible for much suffering and that such factors cause tremendous unnecessary costs to the health care system. Although it was a dramatic shift for us, this change was easy to make because it fit so well with our mission.

Our mission defines who we are, motivates us in our work, directs and informs our expansion efforts, and even influences how we decorate our headquarters, where pictures of grantees and those they serve predominate. It achieves the right balance between providing focus and giving room for creative interpretation. I have seen other foundations pursue first one, then another program and goal, failing to achieve what they intended because they have not defined clearly where they are headed.

If your organization has a powerful mission, exploit it to the fullest extent possible, use it to energize your organization, and keep coming back to it. If your organization does *not* have a powerful mission, then consider changing it to something you can truly use. >>>



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because they have not **defined clearly** where they are headed.*



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that progress is seldom possible without **concentrated efforts**.*

Lesson Two

Focus Is Critical

Grantmakers face an almost irresistible temptation to strike out beyond the boundaries of current grantmaking priorities and explore new territory. It is, in part, a natural reaction to the frustration of working with intractable, chronic issues. In part, it reflects the allure of the new. And, in part, it comes from the understandable impulse of program officers to carve out their own special niches. Yet most experts, and I agree with them, advise having a well-defined focus, to avoid being spread too thin—a rifle, not a shotgun, our first president, David Rogers, used to say.

One way we stay focused is to think specifically about what we won't fund—Robert Frost's "roads not taken." The Foundation's general guidelines include some *types* of grants we do not make: funding ongoing general operating expenses, basic biomedical research, international programs. Many *topics*, though important, fall outside the work

of our program teams: women's health and occupational health, for example. When staff members are developing specific programs and strategies, we again discuss the kinds of projects that would *not* be funded under a particular initiative, which helps clarify the logic that our staff have employed in their planning.

The problems most foundations are trying to alleviate are so large that progress will seldom be possible without concentrated efforts. The Robert Wood Johnson Foundation's focus is probably narrower than that of most other large philanthropies, because of the specificity of our mission. Nevertheless, our staff regularly debate whether we have become too diffuse, with our four program goals and 10 program teams. I believe such discussions are essential—here and elsewhere—if grantmakers are to resist the relentless centrifugal forces to which they are subject. >>>

Lesson Three

Execution Trumps Strategy

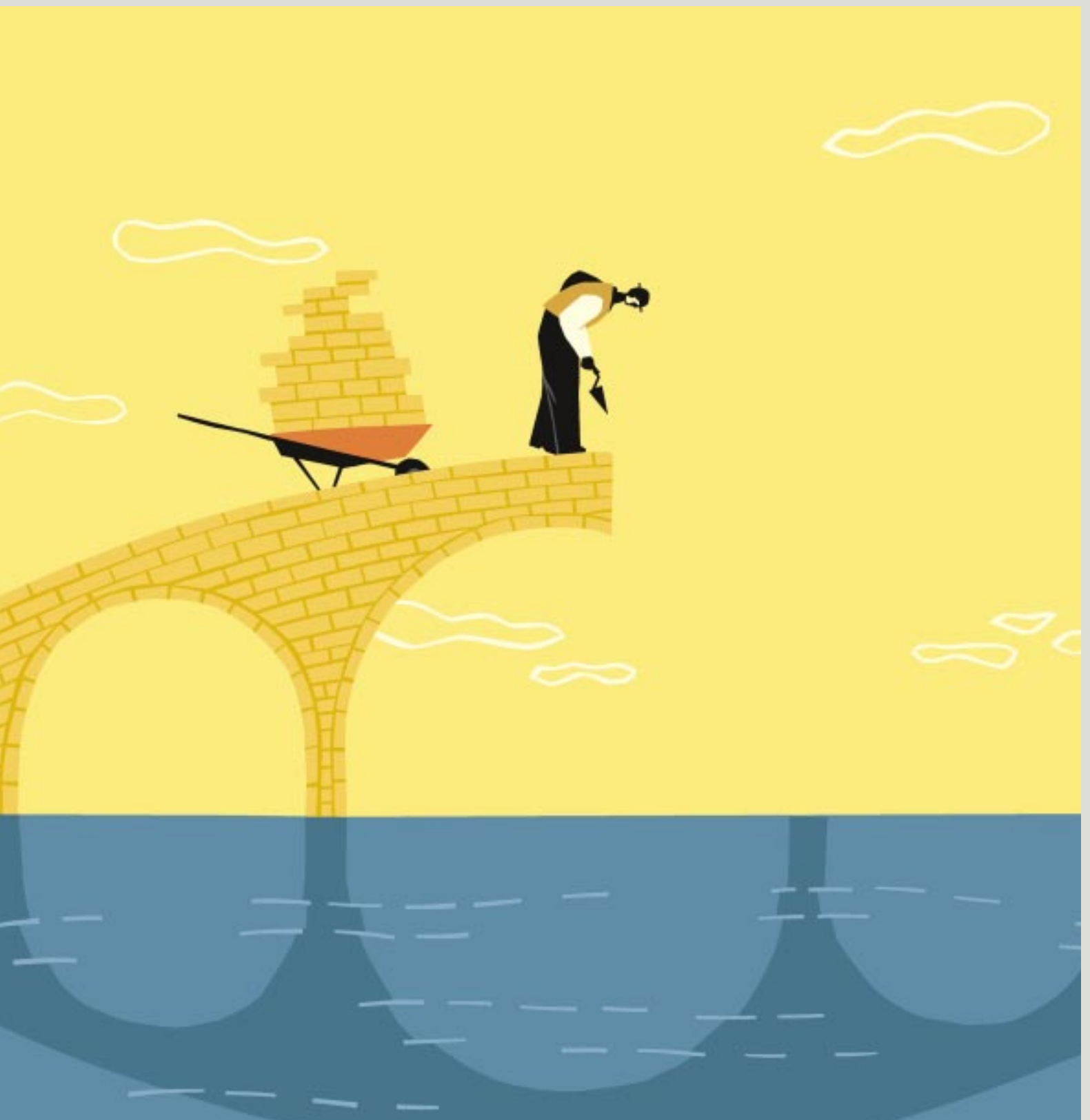
Foundation staff spend a great deal of time pondering how to approach complex social problems. If they do their homework, they will understand at a minimum what has been tried before, what the evidence shows, what confluence of forces affects the problem and the current thinking of experts, as well as the attitudes of the general public or more targeted constituencies. In the best of worlds, they will then develop a well-designed grantmaking strategy that aligns with the Foundation's mission, culture and resources. But the critical next step is planning that strategy's execution. In my experience, our preoccupation with strategy all too often causes us to gloss over the equally important decisions about the way a goal—or an individual program—will be implemented.

When I first arrived at RWJF, I wanted to harness the Foundation's reputation and moral and financial capital to promote specific change strategies. In the years since, I have come to appreciate that leadership and tactics are every bit as important as strategy. Identifying and cultivating individual leaders can be frustrating, because the result isn't, and can't be, totally within our control. The very human qualities of creativity, personality, unpredictability and variability in performance come into play, sometimes for good, sometimes not. Developing effective tactics requires a solid sense of how the world actually works, again a messy science at best, as conditions

on the ground change, as progress is made (or not), as midcourse corrections are needed. Sometimes totally extrinsic events—like the September 11th terrorist attacks and their aftermath—can destabilize efforts that were previously on course.

Foundations, including RWJF, tend to overemphasize strategy at the expense of execution because of internal reward structures, because of our relative isolation from the front lines, and because we typically recruit staff whose backgrounds are stronger in conceptualization than in operations. Common mistakes in planning for the implementation of a program include selecting the wrong leader, permitting lines of authority between foundation staff and the program director to become tangled, missing opportunities to communicate about the program, and having unrealistic expectations that set grantees up to fail.

Achieving a proper balance between strategic design and implementation requires that we address each of these factors by shifting internal reward structures, staying more in tune with what is happening in the broad environment, and looking for staff who are strong in both strategy and execution. All of these are easier said than done, but at the end of the day, what matters is the strength and usefulness of what has been built, not how elegant was the blueprint. >>>



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*Foundations must ask whether they can give themselves both the nourishment of **optimism** and a dose of **realism** when facing agonizingly slow progress.*

Lesson Four

Social Change Comes Hard

The kinds of social problems that RWJF and many other foundations tackle are the “big, hairy, audacious” ones. Typically, they are problems with significant consequences and multiple causes and contributors. If they were easy, they would have been solved already. The example that comes immediately to mind is poverty, a problem many foundations address with energy and creativity, even though its intractability was recognized 2,000 years ago (*For ye have the poor always with you, Matthew 26:11*).

Increasing health insurance coverage, reducing smoking rates and improving end-of-life care are three areas where RWJF has worked extensively in the past decade, and in which we believe we have contributed to notable progress. Nevertheless, in each of these fields the problems have deep roots in many social, psychological, policy and practice domains and are far from being solved in any comprehensive or permanent way.

Recognizing that it will be difficult to achieve the scale of social change that would completely solve problems such as these, foundations still want to

know whether their efforts are relevant and successful in moving us partway. How do we know how much we have accomplished? Sometimes the choice seems to be between picking easy targets to measure and finding proxy measures for social change, neither of which may give a satisfactory status report. And, sometimes, we must decide that an avenue is worth pursuing even though our progress measures are not sensitive enough to guide us.

Even without adequate guideposts, foundations addressing these kinds of complex problems must be prepared to take the long view. They must ask whether they can give themselves both the nourishment of optimism and a dose of realism when facing agonizingly slow progress, and whether they can sustain themselves in the face of persistent obstacles.

My bottom line for foundations that choose to tackle problems that require social change is that we must recognize the significance of the extra burden such problems place on our staff and institution. Still, I believe that in making the attempt we fulfill one of philanthropy's essential roles in society. >>>

Lesson Five

Know When to Hold 'em, Know When to Fold 'em

Knowing how long to stay with a particular goal, strategy, grantee or program leader is part of the art of philanthropy. My colleague Terrance Keenan advises that the willingness to stick with a set of issues over a prolonged period is a distinguishing quality of foundations that “really make a difference.”

We have a natural suspicion of staying too long in a particular field, pouring good money after bad, becoming unduly enamored of a favored set of grantees, pushing lost causes or creating undue grantee dependence. At the same time, we recognize the risks of getting out of an area too early, perhaps just short of the tipping point, as well as the symbolic import of exiting a field, particularly for a large foundation like ours. The trick is in the timing. In my tenure we've made both errors—staying too long in some arenas and getting out too early in others.

Here's an example of where we avoided those pitfalls. Among RWJF's strongest programs, we believe, is the *Local Initiative Funding Partners Program*. This program works in partnership with local grantmakers

to provide matching grants to innovative community-based projects for underserved and at-risk people. It didn't start out as such a success—in fact, it had some serious problems—but rather than abandoning it, we made some necessary changes. Now it has made almost 200 grants totaling \$63 million and has helped establish good relationships with funders nationwide as well as numerous grassroots organizations.

No one can recommend specifically when a foundation should fold its hand and get up from the table. What I can offer are two bits of wisdom gleaned from the past 12 years:

1. Leave the table carefully—foundations generally exit too soon rather than too late.
2. Keep questioning and debating, internally and externally. It is the only way to know for sure when it is time to move on. >>>



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We must *recruit* the best possible people
and *establish* working conditions that allow them to flourish.

Lesson Six

Establish a Strong Internal Culture

When I came to the Foundation in 1990, I told our staff that my aspirations were simple: “Best possible programs, best possible place to work.” Implicit in that formulation was the hope that these two goals would reinforce each other.

In a small philanthropy it may be possible for a single leader to drive program development, leaving to the staff the back-end functions of execution and monitoring. A foundation of our size, however, relies on the creativity and passion of its staff to design programs and oversee their implementation. We must recruit and retain the best possible people for this complex job and establish working conditions that allow them to flourish. Because it is almost as hard to assess individual accomplishment as it is to measure foundation performance overall, subtle incentives and institutional rewards take on heightened importance.

The combination of ambitious goals and ambiguous performance measures can create a permanent undertow of anxiety among a foundation's staff, who worry that they are not “doing enough.” Staff also may feel a bit guilty when they compare their own relative economic security with the turbulence faced by friends and colleagues working in industry, government and nonprofit organizations.

The key is to build a culture that will reinforce mission, stimulate and reward performance, and help with recruitment and retention. It remains

important, as well, to give staff opportunities to help make the foundation a better place to work. At RWJF, we have instituted a multidirectional performance feedback system for managers, who are now assessed by people above, below and alongside themselves on the organizational chart. We encourage formal and informal staff development through mentoring, leadership development and individual coaching. And we are preparing for our second survey, in which staff can anonymously assess the foundation's culture and management. The previous survey revealed some significant opportunities for management improvement that we moved quickly to address.

To accomplish all of this requires holding certain principles dear: treating staff with respect and dignity and making sure they know they are expected to treat grantees and applicants the same way; maintaining integrity of purpose and conduct; avoiding ostentation; undertaking a relentless internal quality improvement program for staff and for organizational processes; and instituting regular feedback about organizational and individual performance and goals, involving both internal colleagues and external constituencies. I would also recommend sprinkling in a little humor; philanthropy sometimes takes itself too seriously, and its ambassadors can appear self-important. >>>

Lesson Seven

Pursue Accountability

Accountability, we believe, requires letting the world know the results of our grantmaking in depth, in ways that can be acted upon. As with any enterprise, foundations need to know if they are making a difference. The question is rarely whether to measure success; it is more often what to measure and how. Foundations lack the usual yardsticks of success used in business, government or academia. No financial bottom line, periodic election returns or *U.S. News & World Report* rankings exist against which to calibrate our performance.

Collectively, foundations vary greatly in missions, goals and strategies; the scope, scale and nature of the grants we make; the time frames of our grantmaking; and the degree to which our contributions are even identifiable. Though I have enjoyed reading the occasional reports on the large foundations that are written by professional foundation-watchers (and they have generally been kind to RWJF), they are highly subjective and their methods are not reproducible.

At RWJF, we have spent a great deal of time and energy developing and pursuing three interrelated approaches to assessing how we are doing: evaluations, performance measurements and public disclosure. Independent, external evaluations of RWJF national programs and some major grants, conducted by some of the health care field's leading researchers, have long been a hallmark of this organization. In recent years we have developed a variety of internal performance measures—including

development and assessment of strategic objectives within our program interest areas and periodic formal and informal assessment of how we are doing as judged by important audiences—with the intent of integrating the results and feeding them back into future grantmaking. We spend an increasingly large proportion of our quarterly Board of Trustees meetings wrestling with how to measure the impact of our proposed and existing programs.

Some of our pioneering efforts, in my view, lie in the realm of public disclosure—for example, our reports on grant results and the essays in the annual RWJF anthology, *To Improve Health and Health Care*. Our growing library of 600 Grant Results Reports (available online at <www.rwjf.org>) looks carefully at what was accomplished by the scores of grants made each year. The anthology—available online and in paperback—attempts to provide a critical, in-depth review of individual Foundation programs, grantmaking approaches and impacts on specific fields. In terms of traditional evaluation, we have committed almost \$20 million to new program evaluation in 2001, and we have some \$56 million in evaluations ongoing from this and prior years.

Despite these efforts, our quest for performance measurement remains incomplete. In part this is because it is so difficult to establish causality when we are working on complex social issues, often alongside many others. For example, during >>>



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the past decade we have invested heavily in programs to reduce the number of Americans who lack health insurance. Despite our efforts, the number of uninsured has resumed its upward climb. Should we accept some blame for that lack of progress? Did our efforts prevent worse outcomes? How can we know?

We also sometimes make our job harder by not specifying up front exactly what we hope to achieve with a particular grant, program or grantmaking strategy. Sometimes we oversell what we hope to accomplish, because we believe in it and because we want the support of our colleagues. Sometimes we are tempted to tackle trivial problems where we know we can measure our results. I like to think that's a temptation we usually resist.

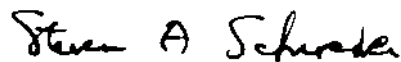
The widely disparate strategies we employ defy ready comparison. For example, seeing the results of our efforts in leadership development takes years, if not decades, as compared to the next-day results we can obtain from a poll on a topical issue. While the latter may help us or others shape a short-term action, design a program or make a policy decision, the former contributes in some way to the development of people who will assume important leadership positions some 20 years hence.

Despite these difficulties, we in philanthropy owe it to ourselves, our constituencies and the fields in which we work to try as hard as possible to judge the worth of what we do. We must not abandon attempts at assessment because the tools are crude. I have watched RWJF get better and better at evaluation over the past decade, and I know this essential struggle will continue.

Conclusion

Serving as president of The Robert Wood Johnson Foundation for the past dozen years has been a privilege, I recognize, and a rare one. The combination of abundant resources, a supportive Board of Trustees, a talented and dedicated staff, and creative, hardworking grantees has made it a pleasure to come to work each morning. To be sure, the problems we have tried to address are daunting. We often feel more like Sisyphus than Sir Edmund Hillary. Still, we remain enthusiastic and committed, because of our mission, our focus, our realism and our culture. So it is that, when reviewing one of our program areas, I often find myself rephrasing Robert Browning, "Ah, but a foundation's reach should exceed its grasp, Or what's a heaven for?"

Even better, I like to think that our arms are getting just a little longer, day by day.



Steven A. Schroeder, M.D.

President and CEO

2001 Goals Update

- > *Access*—to assure that all Americans have access to basic health care at reasonable cost;
- > *Chronic Health Conditions*—to improve care and support for people with chronic health conditions;
- > *Health & Well-Being*—to promote healthy communities and lifestyles;
- > *Substance Abuse*—to reduce the personal, social and economic harm caused by substance abuse—tobacco, alcohol and illicit drugs.

In 2001 the Foundation added a fourth goal, Health & Well-Being, in an effort to widen our net to include those factors outside medical care that are such important influences on health. Under this new goal, RWJF will target projects that promote healthy communities and lifestyles. The Foundation initially plans to focus on preventing disease, enhancing health in our communities and helping people sustain their vitality and productivity as they grow older.

Access *The number of uninsured Americans grew in 2001, as many people lost their jobs because of the economic slowdown, which was exacerbated by the terrorist attacks of September 11th. In response, the Foundation bolstered its efforts to increase the number of Americans with health coverage through three key strategies:*

- > building support for expanding both public and private health coverage options;*
- > making enrollment easier for uninsured individuals currently eligible for existing public health coverage programs;*
- > supporting efforts by individual states to develop and test new programs.*

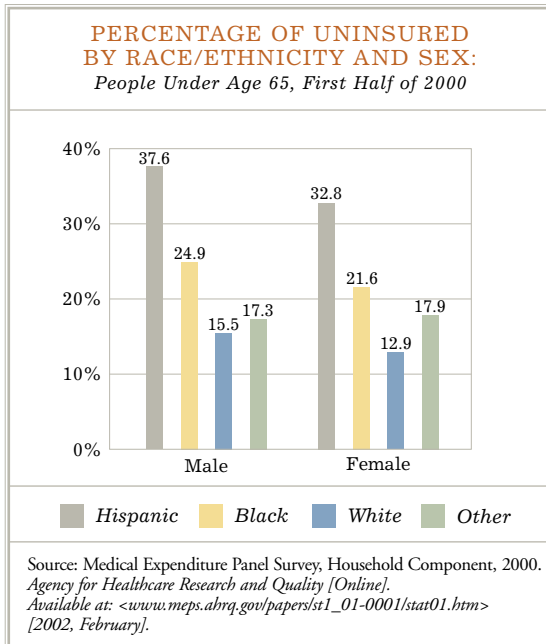
To build support among the public and opinion leaders for expanding coverage options, the Foundation either led or funded several complementary efforts. These included a \$750,000 educational advertising campaign in major newspapers and magazines to communicate the fact that eight out of 10 uninsured Americans are in working families and that their health often suffers because they delay or forgo necessary medical care. This campaign is co-sponsored by the U.S. Chamber of Commerce, the AFL-CIO, the Business Roundtable, the Service Employees International Union, the American Medical Association, the American Nurses Association, the Health Insurance Association of America, Families USA, the American Hospital Association, the Federation of American Hospitals, AARP and the Catholic Health Association of the United States. Based on the educational campaign's initial impact, the Foundation has dedicated an additional \$10 million to advertise on television and in print. The campaign directs viewers and readers to a newly developed Web site <www.coveringtheuninsured.org> for more information on both the problem of the uninsured and proposed solutions.

Related educational and research efforts by the Foundation included placing columns by RWJF grantees in newspapers; supporting briefings by the bipartisan Alliance for Health Reform for reporters,

editorial board writers and congressional staff; developing and disseminating new policy options through "Covering America," a project led by the Economic and Social Research Institute; developing and releasing the first of six Institute of Medicine reports on the uninsured; and providing \$11 million for the Urban Institute's National Survey of American Families, which yields valuable information about the participation of low-income families and children in health coverage programs.

The Foundation is committed to easing the enrollment of every uninsured individual who is currently eligible for public health coverage programs. To reduce barriers to enrollment, the Foundation increased its support of efforts to enroll eligible individuals in the State Children's Health Insurance Program (SCHIP), Medicaid and other programs.

RWJF has allocated \$55 million over the next four years to *Covering Kids and Families* (CKF), a new national program that will build on and supersede the Foundation's *Covering Kids*[™] initiative (CKI), which has been active in all 50 states and the District of Columbia since 1997. Like CKI, *Covering Kids and Families* intends to make it simpler to enroll children in health coverage programs as well as supporting efforts to enroll eligible adults in Medicaid and other health coverage programs. CKF coalitions will work with



the states to simplify eligibility criteria, produce applications that are easier to complete, and make it possible for individuals who are enrolled in programs to remain in them without having to reapply as frequently.

The national communications campaign of the *Covering Kids* initiative played a major role in 2001. Its “Back-to-School” campaign ran paid television and radio advertising in English and Spanish, organized at least 1,000 local enrollment events in every state and the District of Columbia, and generated news stories that reached an audience of 80 million. More than 100,000 families called national and state toll-free phone lines to obtain applications and information about available programs. Dozens of national organizations and business associations joined in this Foundation-led effort. RWJF also supported the creation of new coverage opportunities through its *State Coverage Initiatives*,

which funded four large demonstration grants to expand coverage in Arkansas, New Mexico, Oregon and Rhode Island.

The need to simplify enrollment in public health coverage programs became acute in New York state after the terrorist attacks caused thousands of families to lose both their jobs and their employer-based health insurance. In response to this urgent situation, the Foundation provided \$750,000 to the United Hospital Fund of New York to support its joint campaign with the state to make it as simple as possible for all those eligible to enroll in one of New York’s health coverage programs. This entailed a radically simplified application and an aggressive outreach program in multiple ethnic communities.

The Foundation intends to continue its efforts in 2002. It will launch the educational ad campaign about the uninsured, maintain the <www.coveringtheuninsured.org> Web site, support efforts to enroll children and adults in public health coverage programs, assist states in establishing new coverage projects, and aid researchers and policy experts in developing solutions to this major American problem.

Chronic Health Conditions *Since September 11th, national attention has been focused on the key societal issues of security, tolerance, war and peace, and—closer to the Foundation’s mission—fault lines in the public health infrastructure. Though unquestionably worthy of attention, these issues have diverted us from other problems that are long-term, not easily solved, yet ultimately will affect millions of Americans. Of particular concern to the Foundation’s agenda is the challenge of chronic care.*

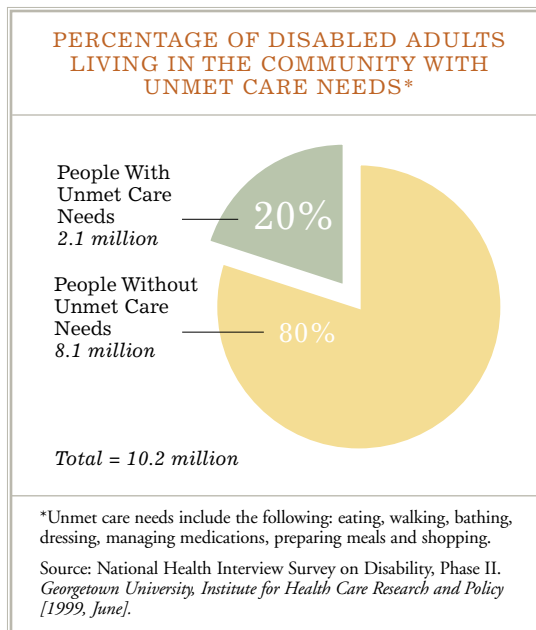
After a survey taken early in 2001 showed scant interest in chronic care—only 6 percent of respondents gave “elder care issues” as their top health care concern—the Foundation funded a \$3.4-million project at Georgetown University to promote long-term care policy development and debate. The project will identify and elucidate service delivery and financing problems, then develop and disseminate solutions. A separate grant will generate data on the impact of chronic conditions, and contracts have been put in place to design a national public engagement campaign on chronic illness.

When people have a long-term condition, the responsibilities for caregiving usually fall to the family. A \$232,000 grant to the Family Caregiver Alliance in San Francisco will enable the group to work with state policymakers on concrete steps to help family caregivers.

Frail at-risk individuals may need assistance to remain living at home. The Foundation’s *Faith in Action*[®] programs have supported more than 1,300 local interfaith coalitions, which deploy volunteers to provide a wide range of in-home services. The program moved its National Program Office to Wake Forest University School of Medicine, under the direction of Burton Reifler, M.D. In another 2001 milestone for RWJF’s community-level grantmaking, the *Coming Home*[®] program awarded grants to nine sites to develop affordable assisted living projects for low-income seniors, particularly those in small towns and rural areas.

One of the most promising models for providing a continuum of services to people needing chronic care is PACE (Program of All-Inclusive Care for the Elderly), which grew out of a number of innovative projects the Foundation has funded over the past decade. Although in 1997 it became an optional benefit under Medicaid, the PACE model unfortunately has not been widely replicated. RWJF provided \$748,000 in funding to the National PACE Association to work on wider adoption. Another RWJF-funded service delivery program, *Improving Chronic Illness Care*, which works with health plans and provider groups, awarded 14 grants nationwide.

Building on two previous RWJF national programs, several 2001 grants work toward giving the frail elderly or the disabled more control over the services they need. Some examples: a \$1.5-million grant to the National Association of State Units on Aging (Washington, D.C.) will promote consumer direction in home and community services; a \$586,000 grant to the Center for Health and Long-Term Care Research (Waltham, Mass.) will examine how disabled elderly individuals make decisions regarding care covered by long-term care insurance; a \$5-million grant to Families USA Foundation (Washington, D.C.) will enable the creation of an ombudsman program support center; and a \$398,000 grant to the Foundation for Accountability (FACCT) in Portland, Ore., will help health care leaders understand developments in consumer-oriented health services.



People with chronic illnesses have constant encounters with the health care system. When something goes wrong, their already compromised health status can trigger catastrophe. The Foundation funded several efforts to promote patient safety in 2001. A project with the Academy for Health Services Research and Health Policy (Washington, D.C.) will assess major health purchasers' efforts to encourage specific safety improvements. Grants under the *Pursuing Perfection* program aim to help hospitals and physician organizations improve patient outcomes dramatically. RWJF also funded a \$399,000 project with the National Committee for Quality Assurance to develop actionable measures of the quality of chronic illness care, and projects to improve home health care and hospice services.

Interactive technologies such as the Internet, interactive television or handheld devices hold great promise for reaching large numbers of people wherever they may reside, improving the quality of services and access, and optimizing the use of health care and public

health systems. Much needs to be learned about the feasibility, acceptability and appropriate use of these modalities and the Board of Trustees has authorized a five-year, multifaceted assessment program to be undertaken by RWJF staff.

In the end-of-life arena, the Foundation in 2001 renewed support for the landmark Education for Physicians on End-of-Life Care (EPEC) project, now housed at Northwestern University; continued funding to help hospitals and health systems establish palliative care programs through the Center to Advance Palliative Care at New York University's Mount Sinai School of Medicine; and launched an initiative within the *Last Acts*[®] campaign to provide technical assistance to the more than 300 community coalitions that responded to the previous year's PBS series "On Our Own Terms: Moyers on Dying."

Finally, several Foundation grants went to projects concerned with specific disorders—Alzheimer's disease, depression, HIV/AIDS, attention deficit hyperactivity disorder, diabetes, and pediatric asthma—all of which try to manage these diseases better and to work with patients and families to improve their quality of life.

Some of the initiatives anticipated for 2002 include efforts to improve the quality of chronic care, focus attention on the paraprofessional workforce, and raise the profile of chronic care and end-of-life issues.

Health & Well-Being *In 2001 the Foundation established a fourth goal, under which RWJF plans to tackle opportunities to prevent disease, enhance health in our communities and help people sustain their vitality and productivity as they grow older.*

The anthrax terrorism that followed the tragic events of September 11th heightened all Americans' concerns about public safety and public health. In response, the Foundation established a Bioterrorism Working Group to consider what RWJF's role should be in helping our country prepare for potential future incidents of biochemical terrorism.

There also remain the ever-growing threats to national health and well-being posed by obesity, physical inactivity, diet and environmental hazards, along with tobacco, alcohol and illegal drug use. Following RWJF's decade-long effort against substance abuse, the Foundation is bolstering its commitment to improving public health through targeted efforts to promote physical activity, enhance social interactions and help strengthen leadership in scholarly fields that are critical to achieving our mission.

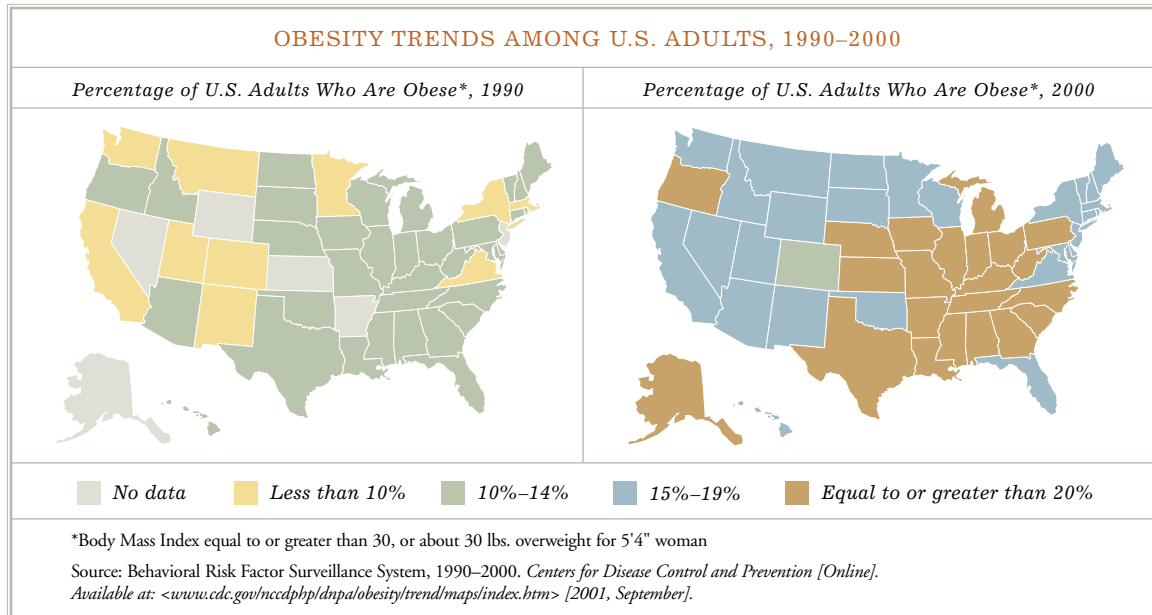
Given the dramatic changes in levels of physical activity and obesity over the past 20 years—60 percent of U.S. adults are overweight—getting America active was a priority in 2001. Authorization for up to \$17 million led to the development of *Active for Life*, a national program established at Texas A&M University that includes \$8.7 million in grants to increase physical activity in adults age 50 and older. A related \$4.3-million grant to AARP will use media and social marketing approaches in selected areas to help motivate adults over 50 to get moving and remain active.

But regular physical activity can be difficult if the places in which we live, work and play are not designed for safe and easy walking and biking.

In response to this challenge, *Active Living by Design*, a five-year, \$16.5-million comprehensive initiative, was authorized to place physical activity at the heart of community design. Strategies include creating partnerships between public health, transportation, parks departments, urban planners, architects, policymakers and others; building leadership and awareness; and developing model programs in diverse communities.

From physical activity and weight control to healthy eating and quitting smoking, health care providers are important educators and motivators in helping people make healthy behavior changes. "Prescription for Health," a two-year, \$400,000 grant to Church Health Center of Memphis Inc., will train primary care providers to incorporate health behavior changes into routine medical care.

Ensuring that our children get the support and nurturing they need for a healthy start in life was central to two major initiatives in 2001. A \$30-million renewal of our *Urban Health Initiative* was aimed at improving the health prospects for children living in the most distressed areas of Baltimore; Detroit; Oakland, Calif.; Philadelphia; and Richmond, Va. Strategies are developed and implemented by corporate and community partners in each city and range from injury and asthma prevention to driving down violence and substance abuse. *Children's Futures*, a \$20-million, 12-year planned initiative in Trenton, N.J., is aimed at improving conditions for children and families so that all children from birth through their early years receive the services and support they need to enter school healthy and ready to learn.



Studies show that adult mentoring of youth is also a prescription for healthy development for both young and old. Americans are living longer, and the number of people over age 65 has doubled in the past 30 years. The time, talent and wisdom of older Americans are being put into action through a \$6.8-million grant to Civic Ventures to expand the Experience Corps Senior Volunteer Program. The program expects to add another 1,600 senior volunteers, who will provide more than 15,000 hours of school-based services to young people.

Americans' ability to respond to the current opportunities to improve health requires training today's leaders and building a cadre of leaders for the future. The Foundation has authorized \$1.3 million to plan for a *Health and Society Scholars* program. The program will foster interdisciplinary training to increase understanding of the influences that determine the general health conditions of our society and how to intervene to affect and improve them.

Looking to the future, an \$8.5-million grant to the College Entrance Examination Board will develop a national awards program for high school students and teachers to attract talented and creative young scholars who will be dedicated to problem-solving using epidemiology, the science that investigates the course diseases and other health conditions take across a population.

Additionally, a \$5.5-million grant made to Research!America will be used to garner national attention and increased funding for research on preventing disease and promoting health.

In the coming year, the Foundation will continue to build on this exciting new direction, marshaling our resources and energy to enhance leadership, fostering innovation and expanding our knowledge, and heightening awareness of the possibilities for all Americans to enjoy healthier lives.

Substance Abuse *The Foundation continues its commitment to the prevention and treatment of substance abuse. We recognize the need to work on multiple fronts—from improving the availability and delivery of treatment for individuals and addressing family and other social support systems, to using research and marketing tools, media and policy education to achieve our goals.*

In 2001 states continued to debate how to allot funds from the three-year-old, \$246-billion settlement with the tobacco industry. Washington state, Maine and Rhode Island passed significant tobacco price increases, which studies show drives down smoking rates. In Washington state citizens voted to have revenues used for both tobacco prevention programs and increased health care services. Comprehensive tobacco control initiatives already under way in Massachusetts, California, Florida, Arizona, Oregon and Mississippi have continued to bring about substantial decreases in smoking beyond the national average. Using interventions developed and tested through earlier research, our *SmokeLess States*[®] grantees, as well as the Foundation-supported Campaign for Tobacco-Free Kids, have been powerful voices informing the debate over tobacco control at the state level and educating the public and policymakers about tobacco control issues. To further support those efforts, a *National Tobacco Control Technical Assistance Consortium*, co-funded with the American Cancer Society and the American Legacy Foundation, was formed this year to highlight best practices and serve as a resource to public health and tobacco control organizations.

As we grow more diverse as a nation, we face new challenges specific to various ethnic and racial groups who continue to bear a disproportionate burden from tobacco-related disease. RWJF's "Voices in the Debate," newly authorized in 2001,

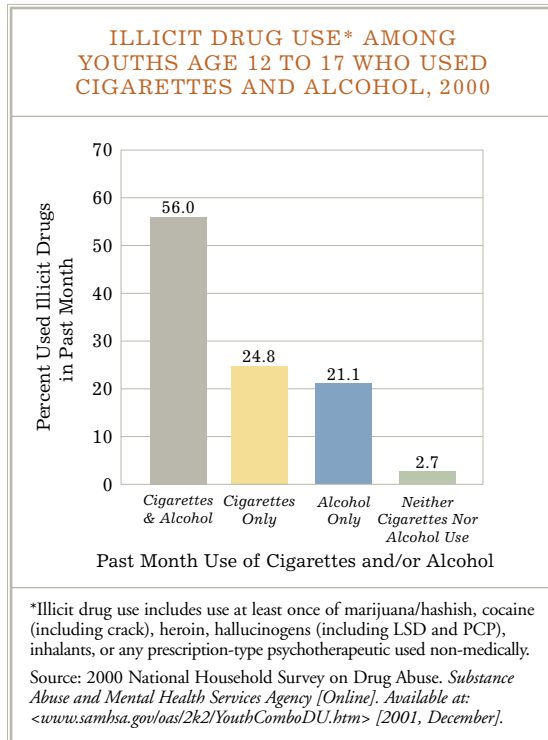
is intended to engage leaders and organizations representing racial and ethnic minorities to expand their role as partners in tobacco control.

Building bridges and developing new partnerships are central elements in a \$679,000 grant made to the University of California, San Francisco, for a program that reaches out to restaurant owners. It uses advertising and public relations efforts to highlight the facts about second-hand smoke and proven ways to achieve effective clean indoor air and smoke-free dining to protect both patrons and employees.

In response to the paucity of evidence on treating young smokers, *Helping Young Smokers Quit* allots \$8 million to develop an understanding of what works to help young smokers break their addiction.

Up to 20 percent of pregnant women continue to smoke during pregnancy, increasing the risk of fetal illness. To address this problem, the Foundation's *Smoke-Free Families* program has joined with more than 40 organizations to form a National Partnership to Help Pregnant Smokers Quit. The partnership was announced in an advertisement and series of articles in a *New York Times* special supplement on smoking published in November.

Two complementary programs continue to bring media attention to the problem of binge drinking and alcohol abuse on college campuses. *A Matter of Degree: Reducing High-Risk Drinking Among College Students*, reauthorized at \$7 million, has 10 partner colleges and universities working on



campuses and with local community partners to influence policies and perceptions about drinking and its consequences. A \$5-million renewal grant to the Education Development Center continues to help convene students, faculty and college presidents for training and education about the problem of campus alcohol abuse.

The Foundation's substance abuse prevention strategies rely on reaching youth well before the college years. Drug Abuse Resistance Education (D.A.R.E.) has been one of America's most widely recognized and used school-based programs, although several past evaluations have questioned its effectiveness. In 2001 the Foundation convened D.A.R.E. leadership and national substance abuse prevention experts to revamp D.A.R.E. to embrace

the best of our knowledge of school and community-based programs. A multisite evaluation of this enhanced D.A.R.E. program, combined with a strategy to communicate results, is part of a \$13.7-million RWJF initiative coordinated through a grant to the University of Akron's Center for Health and Social Policy.

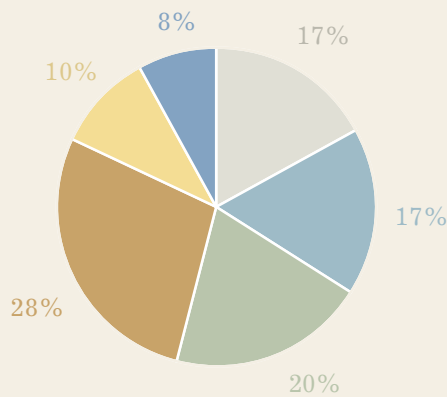
The Foundation also has been working to ensure that those who suffer from addiction get the treatment they need. An authorization in 2001 for \$9.5 million seeks to better prepare the national alcohol and drug treatment system to improve the quality and timeliness of services. This initiative will look for innovations to improve the response system for getting people into treatment and to enhance individual case management so that patients stay in treatment longer.

In the year ahead, the Foundation will continue to invest in multiple approaches—from improving the availability and delivery of treatment for individuals and addressing family and other social support systems to using research and marketing tools, media and policy change. Our grantmaking will employ a mix of social change strategies to prevent substance abuse and provide treatment to help Americans lead healthier, more productive lives.

Distribution of 2001 Funds

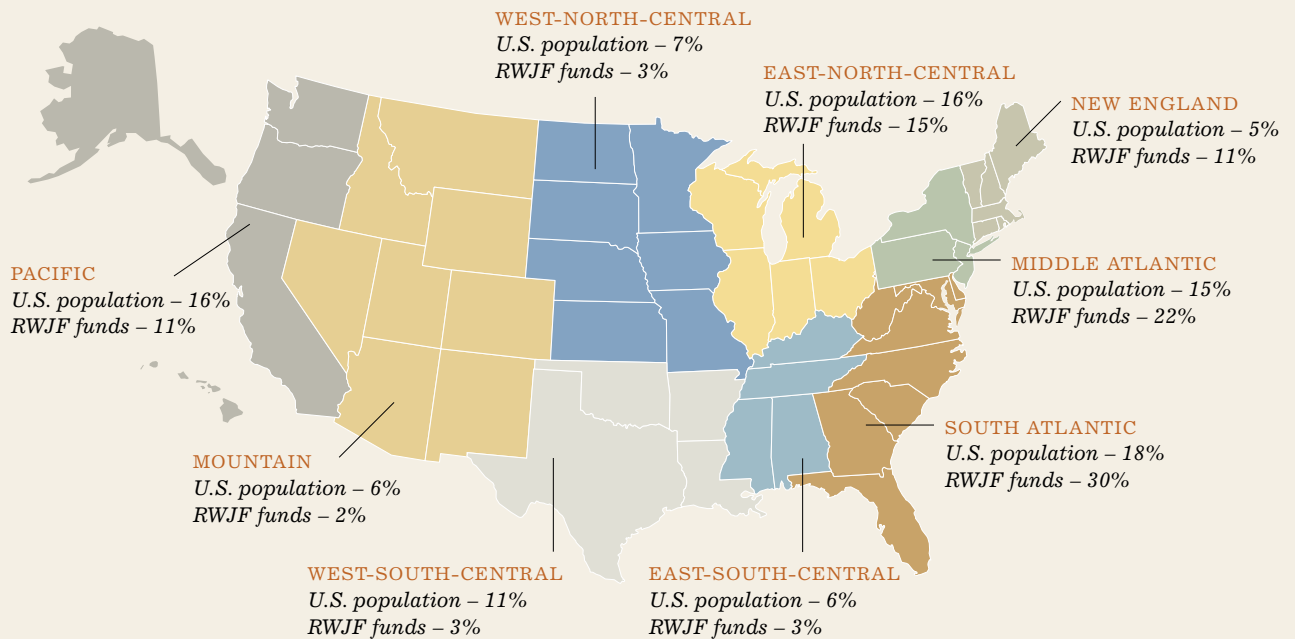
During 2001, the Foundation made 1,023 grants and 115 contracts totaling \$561.23 million in support of programs and projects to improve health and health care in the United States. These grant funds, viewed in terms of the Foundation's principal objectives, were distributed as follows:

DISTRIBUTION OF AWARDS BY AREAS OF INTEREST (\$561.23 MILLION)



- 17% \$93.17 million for programs that assure that all Americans have access to basic health care at reasonable cost.
- 17% \$98.02 million for programs that improve care and support for people with chronic health conditions.
- 20% \$112.42 million for programs that promote healthy communities and lifestyles.
- 28% \$156.13 million for programs that reduce the personal, social and economic harm caused by substance abuse—tobacco, alcohol and illicit drugs.
- 10% \$54.12 million for other health and health care programs, including our workforce training programs and grants that are consistent with our Program Management Teams.
- 8% \$47.37 million for general philanthropy purposes, primarily projects addressing the Foundation's mission in New Brunswick, New Jersey where the Foundation originated.

DISTRIBUTION BY GEOGRAPHICAL REGION (\$561.23 MILLION)



U.S. population taken from 2000 Census of Populations, U.S. Department of Commerce, Bureau of Census, March, 2001.

Financial Statements

The annual financial statements for the Foundation for 2001 appear on pages 81 through 88. A listing of awards in 2001 begins on page 29.

In 2001 the net assets of the Foundation decreased 1.3 percent. Overall, our total fund return for the year was 6.32 percent (net). However, in 2001 we awarded grants and contracts totaling \$561.2 million, the largest single year amount in our history. This large increase in our Liabilities resulted in the negative net growth of 1.3 percent. Program development, evaluation and general administration for the year were \$47.2 million or 8.4 percent of total awards. This represents a \$5.3 million increase over last year, due to the growth in our staff size and associated benefits, as well as the costs of operating our new headquarters building.

Investment expenses totaled \$25.7 million reflecting our continued investment in limited partnership interests. Federal and state taxes amounted to \$8.9 million.

The Internal Revenue Code requires private foundations to make qualifying distributions of 5 percent of the fair market value of assets not used in carrying out the charitable purpose of the Foundation. These distributions are to be made within a 24-month period. The Foundation has fulfilled its 2000 requirement (\$397.5 million). The 2001 requirement (\$407.9 million) will be met in mid-2002.



Peter Goodwin
Vice President and Treasurer

Report of Independent Accountants

To the Trustees of
The Robert Wood Johnson Foundation:

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of The Robert Wood Johnson Foundation (“the Foundation”) at December 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

*New York, New York
February 22, 2002*

STATEMENTS OF FINANCIAL POSITION

| <i>At December 31, 2001 and 2000 (in thousands)</i> | 2001 | 2000 |
|---|--------------------|--------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 359,413 | \$ 273,918 |
| Receivable on pending securities transactions | 124,611 | 90,367 |
| Interest and dividends receivable | 13,358 | 14,703 |
| Contribution receivable | 14,364 | 15,681 |
| Investments at fair value: | | |
| Johnson & Johnson common stock | 5,461,869 | 5,312,133 |
| Other equity investments | 2,233,721 | 2,343,899 |
| Fixed income investments | 760,126 | 757,573 |
| Program-related investments | 12,860 | 13,811 |
| Other assets | 64,189 | 41,854 |
| Total assets | \$9,044,511 | \$8,863,939 |
| Liabilities and Net Assets: | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 8,720 | \$ 11,611 |
| Payable on pending securities transactions | 179,586 | 115,723 |
| Unpaid grants | 580,531 | 355,599 |
| Deferred federal excise tax | 108,675 | 108,266 |
| Accumulated postretirement benefit obligation | 10,050 | 8,287 |
| Total liabilities | 887,562 | 599,486 |
| Net assets—unrestricted | 8,156,949 | 8,264,453 |
| Total liabilities and net assets | \$9,044,511 | \$8,863,939 |

See notes to financial statements.

STATEMENTS OF ACTIVITIES

| <i>For the years ended December 31, 2001 and 2000 (in thousands)</i> | 2001 | 2000 |
|---|--------------|--------------|
| Investment income: | \$ 148,356 | \$ 152,047 |
| Less: Federal and state tax | 1,244 | 1,893 |
| Investment expense | 25,719 | 27,626 |
| | 121,393 | 122,528 |
| Contribution income | 1,133 | 2,310 |
| | 122,526 | 124,838 |
| Program costs and administrative expenses: | | |
| Grants, net | 487,692 | 298,978 |
| Program contracts and related activities | 54,771 | 42,494 |
| Program development and evaluation | 24,709 | 22,543 |
| General administration | 22,491 | 19,332 |
| | 589,663 | 383,347 |
| Excess of program costs and expenses over income | (467,137) | (258,509) |
| Other changes to net assets, net of related federal and state tax: | | |
| Realized gains on sale of securities | 345,279 | 804,746 |
| Unrealized appreciation (depreciation) on investments | 14,354 | (331,058) |
| | 359,633 | 473,688 |
| Change in net assets—unrestricted | (107,504) | 215,179 |
| Net assets, beginning of year—unrestricted | 8,264,453 | 8,049,274 |
| Net assets, end of year—unrestricted | \$ 8,156,949 | \$ 8,264,453 |

See notes to financial statements.

STATEMENTS OF CASH FLOWS

| <i>For the years ended December 31, 2001 and 2000 (in thousands)</i> | 2001 | 2000 |
|--|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (107,504) | \$ 215,179 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 7,129 | 8,845 |
| Decrease (increase) in interest and dividends receivable | 1,345 | (495) |
| Decrease in contribution receivable | 1,317 | 1,690 |
| Net realized and unrealized gains on investments | (359,633) | (473,688) |
| Decrease in program related investments | 951 | 1,926 |
| (Decrease) increase in accounts payable and accrued expenses | (2,891) | 2,664 |
| Increase (decrease) in unpaid grants | 224,932 | (44,381) |
| Increase (decrease) in accumulated postretirement benefit obligation | 1,763 | (330) |
| Other | 4,327 | (6,867) |
| Net cash used in operating activities | (228,264) | (295,457) |
| Cash flows from investing activities: | | |
| Proceeds from sales of investments | 2,598,799 | 3,243,393 |
| Cost of investments sold | (2,251,249) | (2,777,492) |
| Acquisition of property and equipment | (33,791) | (21,040) |
| Net cash provided by investing activities | 313,759 | 444,861 |
| Net increase in cash and cash equivalents | 85,495 | 149,404 |
| Cash and cash equivalents at beginning of year | 273,918 | 124,514 |
| Cash and cash equivalents at end of year | \$ 359,413 | \$ 273,918 |
| Supplemental data: | | |
| Federal and state taxes paid | \$ 8,574 | \$ 9,659 |

See notes to financial statements.

Notes to Financial Statements

NOTE 1: ORGANIZATION:

The Foundation is an organization exempt from Federal income taxation under Section 501(c)(3), and is a private foundation as described in Section 509(a) of the Internal Revenue Code.

The Foundation's mission is to improve the health and health care of all Americans. The Foundation concentrates its grantmaking in four goal areas:

- to assure that all Americans have access to basic health care at reasonable cost;
- to improve care and support for people with chronic health conditions;
- to promote healthy communities and lifestyles; and
- to reduce the personal, social and economic harm caused by substance abuse—tobacco, alcohol and illicit drugs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash and cash equivalents represent cash and short term investments purchased with an original maturity of three months or less. The carrying value approximates fair value.

Marketable securities are reported on the basis of quoted market value as reported on the last business day of the year on securities exchanges throughout the world. Realized gains and losses on investments in securities are calculated based on the first-in, first-out method.

Investments in limited partnership interests are stated at fair value based on financial statements and other information received from the partnerships. Fair value is the estimated net realizable value of holdings priced at quoted market value (where market quotations are available), historical cost or other estimates including appraisals. Because of the uncertainty of valuations for certain of the underlying investments which do not have quoted market values, the values for those investments could differ had a ready market existed. The realization of the Foundation's investment in these partnership interests is dependent upon the general partners' distributions during the life of each partnership.

Property and equipment are capitalized and carried at cost. Maintenance and repairs are charged to expense as incurred. Depreciation of \$7,129,001 in 2001 and \$8,844,870 in 2000 is calculated using the straight-line method over the estimated useful lives of the depreciable assets.

The Internal Revenue Service provides that each year the Foundation must distribute within 12 months of the end of such year, approximately 5% of the average fair value of its assets not used in carrying out the charitable purpose of the Foundation. The distribution requirement for 2000 has been met and the 2001 requirement is expected to be met during 2002.

Deferred federal excise taxes are the result of unrealized appreciation on investments being reported for financial statement purposes in different periods than for tax purposes.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Foundation makes significant estimates regarding the value of limited partnership investments, discounts for contributions receivable and unpaid grants, and useful lives of property and equipment. Actual results could differ from these estimates.

The Financial Accounting Standards Board has issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). This statement requires the Foundation to recognize all derivatives as either assets or liabilities in the statement of financial position at fair value. In addition, FAS 133 specifies the accounting for changes in the fair value of a derivative based on the intended use of the derivative and the resulting designation. The Foundation adopted FAS 133 on January 1, 2001. The adoption has not had a significant impact on its statements of financial position or statements of activities.

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 3: FEDERAL TAXES:

The Internal Revenue Code imposes an excise tax on private foundations equal to 2 percent of net investment income (principally interest, dividends, and net realized capital gains, less expenses incurred in the production of investment income). This tax is reduced to 1 percent for foundations that meet certain distribution requirements. In 2001 and 2000, the Foundation satisfied these requirements and is, therefore, eligible for the reduced rate.

In 2000, the Foundation became liable for federal and state unrelated business income tax in connection with its limited partnership interests. The amount paid in 2001 was \$4,173,771 and 2000 was \$649,464.

The provision for federal excise tax consists of a current provision on realized net investment income and a deferred provision on net unrealized appreciation of investments. The current provision for 2001 on net investment income at 1 percent was \$4,713,453. The current provision for 2000 at 1 percent was \$9,284,135. The change in unrealized appreciation reflected on the Statements of Activities includes a provision for deferred taxes based on net unrealized appreciation of investments at 2 percent. The increase in unrealized appreciation in 2001 and decrease in 2000 resulted in a change of the deferred federal excise tax liability of \$408,492 and (\$6,578,557), respectively.

NOTE 4: CONTRIBUTION RECEIVABLE:

The contribution receivable at December 31, 2001 represents the present value of the estimated future benefit to be received as a remainderman in a trust. The interest rates used to discount the trust receivable to present value ranges from 5.5% to 6.5%.

NOTE 5: INVESTMENTS:

At December 31, 2001 and 2000, the cost and fair values of the investments are summarized as follows (in thousands):

| | 2001 | | 2000 | |
|---|-------------|-------------|-------------|-------------|
| | Cost | Fair Value | Cost | Fair Value |
| Johnson & Johnson Common Stock 92,417,408 and 101,125,708 shares in 2001 and 2000, respectively | \$ 55,194 | \$5,461,869 | \$ 60,395 | \$5,312,133 |
| Other equity investments: | | | | |
| Domestic equities | 569,490 | 676,011 | 629,796 | 717,750 |
| International equities | 427,654 | 407,630 | 489,638 | 507,621 |
| Limited partnership interests | 1,128,105 | 1,150,080 | 962,030 | 1,118,528 |
| Fixed income investments | 782,601 | 760,126 | 789,248 | 757,573 |
| | \$2,963,044 | \$8,455,716 | \$2,931,107 | \$8,413,605 |

Johnson & Johnson common stock held at December 31, 2000 has been adjusted to reflect the two for one split on May 22, 2001.

Included in Domestic equities and International equities above are approximately \$14 million of securities on loan pursuant to a securities lending agreement.

Pursuant to its limited partnership agreements, as of December 31, 2001, the Foundation had commitments of approximately \$814 million which are expected to be funded over the next three to five years.

The Foundation purchases and sells forward foreign currency contracts whereby the Foundation agrees to exchange one currency for another on an agreed-upon date at an agreed-upon exchange rate to minimize the exposure of certain of its investments to adverse fluctuations in currency markets. At December 31, 2001, the Foundation had open forward foreign currency contracts with notional amounts totaling \$79.6 million. Included in the statement of financial position at fair value are pending receivables of \$79,519,547 and pending payables of \$78,256,987, resulting in an unrealized gain of \$1,262,560 at December 31, 2001. Such contracts involve, to varying degrees, the possible inability of counterparties to meet the terms of their contracts. Changes in the value of forward foreign currency contracts are recognized as unrealized gain or losses until such contracts are closed.

The net realized gains on sales of securities for 2001 and 2000 were as follows (in thousands):

| | 2001 | 2000 |
|--------------------------------|-----------|-----------|
| Johnson & Johnson Common Stock | \$441,712 | \$593,477 |
| Other securities, net | (88,755) | 219,310 |
| Less, Federal and state tax | (7,678) | (8,041) |
| | \$345,279 | \$804,746 |

NOTE 6: PROPERTY AND EQUIPMENT:

At December 31, 2001 and 2000, property and equipment, a component of other assets, was comprised of (dollars in thousands):

| | 2001 | 2000 | Depreciable Life in Yrs. |
|--------------------------------|----------|-----------|--------------------------|
| Land and land improvements | \$ 2,671 | \$ 2,902 | 15 |
| Buildings | 48,062 | 13,550 | 40 |
| Furniture and equipment | 10,605 | 21,975 | 3-5 |
| Construction in progress | — | 24,690 | |
| Total | 61,338 | 63,117 | |
| Less, Accumulated depreciation | (2,060) | (25,577) | |
| Property and equipment, net | \$59,278 | \$ 37,540 | |

NOTE 7: UNPAID GRANTS:

At December 31, 2001 the unpaid grant liability is expected to be paid in future years as follows (in thousands):

| | |
|-----------------------------------|-----------|
| 2002 | \$261,830 |
| 2003 | 202,368 |
| 2004 | 119,149 |
| 2005 | 42,497 |
| 2006 and thereafter | 14,612 |
| | 640,456 |
| Less, Discounted to present value | (59,925) |
| | \$580,531 |

Generally accepted accounting principles require contributions made (“unpaid grants”) to be recorded at the present value of estimated future cash flows. As of December 31, 2001, the Foundation has discounted the amount of unpaid grant liability by applying interest rate factors ranging from 5.5% to 6.5% and an estimated cancellation rate of 3%. At December 31, 2000, the unpaid grant liability was discounted to present value by \$39,725,704.

NOTE 8: BENEFIT PLANS:

Retirement Plan

Substantially all employees of the Foundation are covered by a retirement plan which provides for retirement benefits through a combination of the purchase of individually-owned annuities and cash payout. The Foundation's policy is to fund costs incurred. Pension expense was \$2,564,806 and \$2,006,143 in 2001 and 2000, respectively.

Postretirement Benefits

The Foundation provides postretirement medical and dental benefits to all employees who meet eligibility requirements. In addition, the Foundation has adopted supplemental benefit plans to provide additional benefits for certain key employees who meet certain requirements.

| | 2001 | 2000 |
|---|-------------|-------------|
| Benefit obligation at December 31 | \$ 11,760 | \$ 9,189 |
| Fair value of plan assets at December 31 | — | — |
| Funded status | \$(11,760) | \$(9,189) |
| (Accrued) benefit cost recognized in the statement of financial position | \$(10,050) | \$(8,287) |
| Weighted-average assumptions as of December 31 | | |
| Discount rate: | | |
| Medical and dental plans | 7.00% | 7.00% |
| Supplemental benefit plans | 5.50% | 6.00% |
| Expected return on plan assets | N/A | N/A |

For measurement purposes, a 10.0% annual rate of increase in per capita cost of covered health care benefits was assumed for 2002. The rate was assumed to decrease gradually to 5.0% for 2010 and remain at that level thereafter.

| | 2001 | 2000 |
|----------------------------------|-------------|-------------|
| Benefit cost | \$3,650 | \$1,547 |
| Employer contributions | 1,887 | 1,876 |
| Plan participants' contributions | — | — |
| Benefits paid | 1,887 | 1,876 |

The Secretary's Report

In January 2002, Marla E. Salmon, Sc.D., R.N., was elected to the Board of Trustees. Dr. Salmon is dean and professor of the Nell Hodgson Woodruff School of Nursing and professor of the Rollins School of Public Health at Emory University.

Also at the January 2002 meeting of the Board, Lawrence G. Foster, Rheba de Tornyay, Ed.D., and John H. Steele, Sc.D., trustees of the Foundation, were each elected to the office of trustee emeritus. Dr. de Tornyay served as trustee since January 1991, Mr. Foster served as trustee since December 1986 and Dr. Steele served as trustee since July 1990. At their election as trustees emeriti, Drs. de Tornyay and Steele and Mr. Foster were cited by the Board for their faithful, distinguished and valuable service to the Foundation.

The Honorable Nancy Kassebaum Baker departed the Board of Trustees in May 2001, to accompany her husband, Howard H. Baker, upon his appointment as U.S. Ambassador to Japan.

Staff Changes

In March 2001, Mary Ann Scheirer, Ph.D., joined the Foundation as senior program officer. Previously, Dr. Scheirer worked as an independent consultant evaluating health promotion programs, educational and human services programs, and development of performance measures. She was an adjunct faculty member in the Department of Public Administration, George Washington University. Dr. Scheirer earned her B.A. in sociology and history at the College of Wooster, master's of public and international affairs from the University of Pittsburgh, M.A. in sociology from the State University of New York at Binghamton and Ph.D. in sociology from Cornell University.

In April 2001, Risa J. Lavizzo-Mourey, M.D., M.B.A., joined the Foundation as senior vice president and director, Health Care Group. Prior to joining the Foundation, Dr. Lavizzo-Mourey was at the University of Pennsylvania School of Medicine where she was the Sylvan Eisman Professor of Medicine and Health Care Systems, director of the Institute on Aging and chief of the division of geriatric medicine. She is a former RWJ Clinical Scholar. Dr. Lavizzo-Mourey received her M.D.

from Harvard Medical School and M.B.A. in health care administration from the Wharton School of Business, University of Pennsylvania.

In May 2001, Larry Blumenthal, M.S., joined the Foundation as senior communications officer. Prior to coming to the Foundation, Mr. Blumenthal played a leading role in the development of several major health Web sites, including IntelliHealth.com and Discoveryhealth.com. Mr. Blumenthal received his B.A. from the University of Chicago in psychology and his M.S. from Northwestern University's Medill School of Journalism.

In July 2001, Kimberly A. Lochner, Sc.D., joined the Foundation as program officer. Prior to joining the Foundation, Dr. Lochner was a research fellow with the Harvard Center for Society and Health. She received her master's degree and doctorate from the Department of Health and Social Behavior, Harvard School of Public Health. Dr. Lochner is also a graduate of the University of Texas at Austin.

In September 2001, Mary E. Castria joined the Foundation as assistant controller. Previously, she was at the Juilliard School, New York, New York, where she was associate vice president for financial

affairs and controller. Ms. Castria received a B.A. from Cedarville College and an M.B.A. from the Stern School of Business, New York University.

Also in September 2001, Albert O. Shar, Ph.D., joined the Foundation as vice president, Information Technology. Prior to joining the Foundation, Dr. Shar was technical director for Global Information Solutions at the R.W. Johnson Pharmaceutical Research Institute, Raritan, New Jersey. Dr. Shar received a B.A. from Brandeis University, an M.A. from Fordham University and a Ph.D. from the University of Pennsylvania.

In November 2001, Jeane Ann Grisso, M.D., M.Sc., joined the Foundation as senior program officer. Dr. Grisso came to the Foundation from the University of Pennsylvania School of Medicine, where she was professor of medicine, Department of Medicine, and professor of epidemiology. She received a B.A. in sociology from the University of Oklahoma, an M.D. from the University of North Carolina at Chapel Hill, and an M.Sc. in clinical epidemiology from the London School of Hygiene and Tropical Medicine.

Also in November 2001, Kathryn A. Thomas, M.S., joined the Foundation as senior communications officer. Prior to joining the Foundation, Ms. Thomas was senior vice president and COO at Digital Ingenuity, Inc., Philadelphia, Pennsylvania. Ms. Thomas received her B.A. in radio-TV-film and a master's in journalism from Temple University.

In December 2001, David J. Morse, M.A., joined the Foundation as vice president, communications. Previously, Mr. Morse served as director of public affairs for the Pew Charitable Trusts, Philadelphia, Pennsylvania. Mr. Morse received his B.A. in history from Hamilton College and his M.A. in international relations from the Johns Hopkins University School of Advanced International Studies.

In January 2002, Jeffrey Meade joined the Foundation as managing Web editor. Prior to joining the

Foundation, Mr. Meade was news director and features editor for IntelliHealth.com, a consumer health care Web site in partnership with Harvard Medical School. Mr. Meade received his B.A. in journalism from Temple University.

Also in January 2002, Dwayne Proctor, Ph.D., joined the Foundation as senior communications officer. Previously, Dr. Proctor was at the University of Connecticut Health Center School of Medicine, where he was assistant professor, teaching health communication and urban health courses. Dr. Proctor received his B.A., M.A. and Ph.D. in communication processes and marketing communication from the University of Connecticut.

Those departing the Foundation since the last Annual Report were the following: Seth L. Emont, Ph.D., senior program officer; Gregory Hall, program officer; Ruby P. Hearn, Ph.D., senior vice president; Joan K. Hollendonner, senior communications officer; Frank Karel, M.P.A., vice president, communications; and Neil C. Pompan, director of administration.

Board Activities

The Board of Trustees met six times in 2001 to conduct business, review proposals, and appropriate funds. In addition, the Nominating, Human Resources, Finance, and Audit committees met as required to consider and prepare recommendations to the Board.



J. Warren Wood, III, J.D.
Vice President, General Counsel and Secretary

This report covers the period through January 31, 2002.