Progress Report

OUR MISSION: To enhance democracy by revealing abuses of power, corruption and betrayal of trust by powerful public and private institutions, using the tools of investigative journalism.
LETTER FROM THE EXECUTIVE DIRECTOR

The year 2011 saw us stretch our imaginations and our resources as we experimented with a new business model in response to the evolving media landscape. We produced more investigations (1,100), with greater impact than ever before. We brokered new partnerships with more major media organizations than ever before—from The Washington Post to the BBC, and from the Huffington Post to NPR, along with many dozens of others. We enlarged our digital presence worldwide, too—including partnerships with The Guardian, Le Monde and The International Herald Tribune.

We had an ambitious vision going into 2011: transform the Center for Public Integrity from an organization publishing a handful of excellent major investigative reports each year into a daily news source for short-form and long-form investigative journalism. We achieved much of what we set out to do, publishing more frequently on more issues, expanding our audience into the millions and diversifying our revenue sources. We were entrepreneurial and we took risks. Many foundations and our business consultants affirmed and supported our vision. In fact, we could not have accelerated our investigative efforts or invested in new digital opportunities without the support of so many generous supporters—individuals, foundations and partners: Thank you!

In the end, not everything we tried worked exactly as planned in this fast-moving digital age. But, the trajectory we established in 2011—from a new website to scaling our social networking—has moved the Center beyond where we were in 2010, and fundamentally changed our metabolism to more of a daily digital operation, still producing great journalism and well served by highly disciplined financial and fundraising teams.

As every business knows, there are no opportunities without risk. We moved boldly and, with the lessons of 2011 in hand, we will continue to innovate. For me, the key lesson is to grow carefully in tandem with resources, while staying focused on publishing the best journalism anywhere. In partnership with a superb Board of Directors and what I believe is the best executive team in our history, the Center for Public Integrity is on target for a solid 2012 and beyond.

The heart of our work is outstanding investigative journalism. That has not changed, and never will.

W.E. Buzenberg
Dirty Devices

The last thing on most hospital patients’ minds is how clean the equipment used for their procedures will be. However, the rising risk of infection caused by filthy surgical instruments is a hidden threat in America’s operating rooms. In partnership with *The Today Show* and *NBC Nightly News*, we uncovered the failures of hospital oversight of “central sterile processing” units and of U.S. Food and Drug Administration regulation of device manufacturers’ cleaning and sterilization protocols. Our reporters used the social media tool LinkedIn to connect with potential sources who were once involved in the central sterile industry. The initial “spotlight” story provided momentum for bills requiring certification of workers in these special units to be proposed in New York, Ohio and Pennsylvania.

ICIJ: Looting the Seas

Illegal fishing is a thriving global black market that fuels organized crime and the disappearance of the seas’ most valuable species. In the final installment of an award-winning, three-part series, the International Consortium of Investigative Journalists investigated how Asian, European and Latin American fleets managed to devastate what was once one of the world’s great fish stocks—jack mackerel. Our reporters built a new Twitter following in Spanish to connect with communities and disseminate findings. A recent meeting of the regional fisheries organization governing the South Pacific noted the findings. The report also prompted a parliamentary debate in the Netherlands on the effect of the overfishing by the Dutch fleet in the area. The worldwide coverage, including a documentary on BBC World News TV, also put serious pressure on fishing nations to sign the agreement convention that will make quotas legally binding, which is expected to happen by the end of 2012.
FEATURED INVESTIGATION

Consider the Source

Consider the Source investigates the repercussions of the Supreme Court’s Citizens United and other court rulings by providing a mix of coverage to unmask the individuals, corporations, unions and other groups that are driving dollars—and ideas—during the 2012 election cycle. In anticipation of what is likely to be the most expensive presidential election in history, we have moved rapidly from concept in the fall of 2011 to high-profile national coverage of money in politics by thus far releasing more than 80 stories and publishing 29 detailed profiles of super donors and outside spending groups.

In the first half of 2012, the team focused largely on the Republican race for the nomination. Among the investigations was a detailed analysis of financial industry donations to the super PAC supporting Mitt Romney and the outsized influence of the three Texas tycoons who have given more than half the funds collected by conservative super PAC American Crossroads. We were the first to report when the pro-Romney super PAC went negative using an operative who created the infamous Willie Horton ad campaign, which sunk Michael Dukakis in the 1988 presidential race. On the other side of the aisle, we continue to track hundreds of President Obama’s fundraising “bundlers,” supporters who collect checks from friends and often receive special treatment in return. We were the first to write about a bundler who received an ambassadorship from the administration.

We created social stories with Storify.com to bring audiences the latest in campaign finance news, and, in cooperation with the Center for Responsive Politics, developed a Tumblr.com blog to provide key coverage of activity by major donors to super PACS. Outlets across the country—including NPR, PBS Newshour, McClatchy Newswire, the Financial Times, MSNBC, Marketplace and dozens, if not hundreds, of others—rely upon our investigative reports that identify the suppliers of the money behind the messages.

Throughout this year and into 2013 and 2014, we will focus increasingly on key congressional races. In a major expansion, we plan to move into state judicial and gubernatorial races in the coming months.
National Security

Spending on defense represents nearly half of the United States’ discretionary budget and 45 percent of the world’s total defense spending. Yet few major media outlets pay any attention to where these funds go. Our national security investigations, in contrast, uncover and describe instances of waste, fraud and abuse and explain why these failings are so prevalent in defense contracting. Our major stories about the defense spending debate have included reporting on plans to build a proposed new strategic bomber and the waste of $18 billion in a futile search for the perfect battlefield radio. In a recent collaboration with the University of Maryland and the Stimson Center, we produced a nationwide survey of public attitudes about defense spending, which found a broad consensus in favor of a much smaller defense budget than politicians in Washington have considered. Our information reached two million readers thanks to a publishing partnership with McClatchy newspapers.

Hard Labor

Each year, nearly 5,000 American workers die of traumatic injuries on the job and 50,000 perish from work-related illnesses. Millions are hurt and sickened at workplaces, and many others are cheated of wages and mistreated—often with no consequences for the company involved. The first multi-media piece in our Hard Labor series told the story of a 32-year-old contract laborer killed in an explosion at U.S. Steel’s Clairton Plant near Pittsburgh. His death and events that followed revealed the limitations of federal law meant to protect workers. The report tracked his wife’s fight to find answers. Eight months after her husband’s death, the Clairton Plant exploded again. We will continue to focus on holding public institutions accountable for acting in the public interest and exploring threats to American workers.

In U.S. Steel town, a fatal gas explosion goes unpunished and highlights the failings of the Occupational Safety and Health Administration.

On September 3, 2009, an explosion rocked the U.S. Steel coke plant in Clairton, Pa.

Thirty-two-year-old contract laborer Nick Revetta was killed.
State Integrity Investigation

The State Integrity Investigation is a collaboration designed to expose practices that undermine the public’s trust in state government—and spotlight the states that are doing things right. The joint partnership with Global Integrity and Public Radio International is an unprecedented, data-driven analysis of each state’s laws and practices that deter corruption and promote accountability and openness.

Seasoned journalists graded each state government with a corruption “risk” index using 330 specific measures. Each state received a nationwide ranking and report card with letter grades in 14 categories, including campaign finance, ethics laws, lobbying regulations and management of state pension funds.

Not a single state—not one—earned an A grade from the months-long probe. Only five states earned a B grade. Nineteen states got C’s and 18 received D’s. Eight states earned failing grades.

The www.stateintegrity.org website keeps findings relevant with news about the project and frequent blog posts on state ethics activities. It also helps the team push findings out via multiple online and social channels, harnessing Twitter and Facebook, along with an email feature for concerned citizens to send their corruption risk report card to state officials.

The State Integrity Investigation has sparked or accelerated reform efforts from elected officials in several states, including Delaware, Maine, Michigan, Ohio and South Carolina. In Iowa, Governor Terry Branstad recently signed a bill that would create the Iowa Public Information Board, a nine-member commission that will oversee and enforce the state’s open records laws. “Hopefully this will move us up...to a better grade,” Branstad said. Iowa earned an overall grade of C+.

In the coming months, we will publish a series of thematic investigative pieces inspired by the project, including shenanigans in pension management, public records laws riddled with loopholes, toothless state ethics panels and budget processes lacking transparency.

Manipulating Medicare

Our Manipulating Medicare series brings extensive attention to the ways private interests, rather than medical science, economics or public health initiatives, influence the spending of Medicare dollars. This series has spurred potential congressional reforms to make public the Medicare billing data we used in our investigation and reduce the American Medical Association’s influence on Medicare payment rates. Upcoming installments will demonstrate how doctors and hospitals have adjusted their billing practices to charge more and more in recent years for the same treatments—common practices that are costing the system literally billions of dollars.
By applying our no-stone-unturned approach to issues of economic, social and environmental justice, we amplify the voices of everyday people.

The “Raw Deal”

Even before the worldwide crash of the Great Recession, actions taken by Wall Street and Washington took a cruel toll on American workers by shipping jobs overseas, eroding paychecks and raising the costs of education and health care. We are telling these stories. In one case, we examined how much the tax plans of presidential candidates would cost a middle-class family. In another, we showed how homeowners are still fighting to fix mortgage servicer mistakes that triggered foreclosures or defaults more than four years after reports of systemic problems that led to these errors began bubbling to the surface.

Juvenile Justice

Our coverage investigates current juvenile justice policies—many of them controversial—and closely examines the debate over how the justice system handles young people at risk. One report, An Epidemic of Expulsions, examined two years’ worth of data that revealed schools in Kern County, California expelled more students than anywhere else in the state. We analyzed all 34 types of infractions that led to student expulsions in 2010-2011 in every county in the state and found most students were expelled for “defiance” and “disruption” rather than for drug dealing or possession of dangerous objects. Our findings inspired local conversations and a nationwide discussion of school disciplinary systems, along with protest rallies and calls for reform—and the exoneration of an 11-year-old Latino boy accused of sexual battery for a minor transgression.

ICIJ: Island of the Widows

Thousands of men working in the Pacific Coast sugarcane fields of El Salvador, Nicaragua, Costa Rica and neighboring countries have been dying of mysterious chronic kidney disease, an ailment that in most parts of the developed world is a manageable condition. The disease has so decimated one community in Nicaragua, called La Isla, that it is now known to locals as La Isla de las Viudas—The Island of the Widows. The International Consortium of Investigative Journalists report, published in partnership with the BBC, PRI/The World and leading news outlets in Central America, was the first to connect the deaths overwhelming villages across the region as a single regional phenomenon. Days after our report launched, the Costa Rican government agreed to conduct a study of the epidemic’s causes. In the same week, a major sugar plantation in Costa Rica began purchasing hydrating solutions to protect its field workers.

Reporters completed a successful Kickstarter.com campaign to raise funds for continued investigation into this international threat of disease.
Toxic air pollution continues to afflict communities 21 years after Congress amended the Clean Air Act in a push to curb the most hazardous of releases. Yet until our Poisoned Places investigative report, published in partnership with NPR and the Investigative News Network, the full extent of that harm was a closely guarded secret within the Environmental Protection Agency.

Our reporting for the first time publicly revealed the EPA’s internal “watch list” of the nation’s most troublesome air polluters—some 400 facilities from Texas to Iowa, New York, Arizona, Oklahoma and Louisiana. These refineries, steel mills, incinerators, cement kilns and pharmaceutical plants polluted communities with toxic solvents and metals that cause cancer and brain damage.

Our journalists told this story through the eyes of people in pollution hot spots across the country, traveling to 10 states and visiting more than a dozen communities battling big industry and, often, ineffective state and federal regulators.

The award-winning, multi-media series was reported in written word, video and still images and included a link to the EPA watch list. It also featured an interactive map allowing readers to check pollution, risk levels and enforcement histories for 17,000 facilities nationwide by simply entering a zip code.

Coverage of our findings touched millions of readers, bringing unprecedented attention to Clean Air Act issues. The extensive series triggered immediate enforcement actions in Arizona and Iowa, and the EPA began posting monthly online updates of its watch list publicly.

The true scope of the nation’s battle with air toxics is no longer a secret.
YEAR ENDING DECEMBER 31, 2011

Figures are taken from 2011 audited financial statements. A copy of the full audited statements is available upon request.

Change in Net Assets  ($4,783,883)

Net assets beginning of year  $9,020,458
Net assets end of year  $4,236,575

Total Revenue  $5,292,437

- Grants and Contributions - $5,128,583
- Consulting Fees and Royalties - $42,160
- Investments - $55,787
- Other - $65,907
Total Expense
$10,076,320

- Program Services - $8,661,767
- Management and General - $208,791
- Fundraising and Development - $1,205,762

**PROGRAM SERVICES**
- Communications - $183,857
- Environmental - $1,044,751
- Intl. Consortium of Investigative Journalists - $1,549,050
- Money and Politics - $996,930
- Defense and Security - $65,041
- Financial Sector - $697,415
- Fiscal Sponsorship - $860,050
- Editorial Management - $1,361,340
- Health Care - $727,069
- State Integrity - $849,655
- Social Issues - $326,609
FUNDATIONS

Foundations and organizations that made contributions in 2011.

Annenberg Foundation
Atlantic Philanthropies of New York
BelleJar Foundation
Berkshire Taconic Community Foundation
The California Endowment
Hercules Fund of the Community Foundation of Louisville
Deer Creek Foundation
Isadore Sadie Dorin Foundation
Richard Driehaus Foundation
John F. Eisberg and Susan Kline Charitable Fund of the Minneapolis Foundation
Ethics and Excellence in Journalism Foundation
Joseph & Bessie Feinberg Foundation
Fidelity Charitable
Finzen-Clark Family Foundation
GE Foundation
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Grantham Foundation for the Protection of the Environment
Greater New Orleans Foundation
Honeybee Foundation
Jewish Community Federation and Endowment Fund
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The McCormick Foundation
MGG Foundation
The Nara Fund, Inc.
New York Community Trust
Omidyar Network
Open Society Foundations
Overbrook Foundation
The David and Lucille Packard Foundation
Park Foundation
Pender Educational Trust Fund of the El Dorado Community Foundation
Piedmont Financial Trust
Ploughshares Fund
Popplestone Foundation
Lynn R. & Karl E. Prickett Fund
Public Welfare Foundation
Grace Jones Richardson Trust
Rita Allen Foundation
Rockefeller Brothers Fund
Rockefeller Philanthropy Advisors
RosaMary Foundation
Rotberg Komens Bray Foundation
Scripps Howard Foundation
Stewart R. Mott Foundation
Sunrise Foundation
The Seattle Foundation
The Tides Foundation
Troy Foundation
Vanguard Charitable Endowment Program
Waterloo Foundation
Wichita Falls Area Community Foundation
Wyncote Foundation
Zeitoun Foundation

ORGANIZATIONS

Georgetown University
Grantham, Mayo, Van Otterloo & Co.
Palantir
Politico
Princeton University
INDIVIDUALS

Individuals who made contributions of $250 or more in 2011.

Integrity Circle ($10,000 +)

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Nancy L. Shepherd
Mark S. Thompson
Michael Tiemann
Mary B. Williams
We have made every effort to provide an accurate listing of our funders. If your listing requires correction, please contact us at (202) 481-1102.
AN EVOLUTION

The Center’s digital presence continues to evolve, adapting to new technologies and editorial practices to find, grow and engage audiences.

We recently made a number of design changes to iwatchnews.org. Early results are quite promising: Average time spent on the site (a measure of engagement) almost doubled. The number of people signing up for our newsletter jumped from an average of 90 sign-ups per week to 200. These same design changes have greatly improved usability on mobile and tablet platforms.

Social media continues to be our best tool for connecting with readers and potential donors. We are excited to see both our Facebook “likes” and Twitter followers grow 40 percent each month since October 2011. We are now reaching more than 30,000 people a day with our content and messaging through these channels.

Editorially, we are adapting our investigative work into more frequent updates in different formats. Our interactive graphics are distinctive and easily shared. More and more of our reporters are taking the lead in building communities for their work through online outreach.

A comprehensive user survey completed last fall has provided insight into our most loyal users – 94 percent said they are satisfied with the quality of our work, and that our role as a government watchdog is personally important to them.

Looking to the future, we will be redesigning our website to better fit our organizational goals, and returning our URL to www.publicintegrity.org. We learned a lot in the year since launching iwatchnews.org – about how the more news we produce, the more we can grow our audience; and about how challenging it is to develop an entirely new destination website for our work. This significant branding refinement reclaims the attributes that best define the Center for Public Integrity: public trust, outstanding journalism.

Social Media Engagement

Jan. 2012:

<table>
<thead>
<tr>
<th>Platform</th>
<th>January 2012</th>
<th>June 2012</th>
<th>Growth</th>
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<tbody>
<tr>
<td>Twitter</td>
<td>34,430</td>
<td>39,730</td>
<td>15 percent</td>
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</tbody>
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June 2012:
Recognition & Collaboration

AWARDS

The Aronson Award

New York Press Club Journalism Awards
Winner: Feature Reporting - Internet. Military Children Left Behind: Decrepit Schools, Broken Promises. Center for Public Integrity.

New York State Society of Certified Public Accountants

Society of American Business Editors and Writers

Society of Professional Journalists Sigma Delta Chi Awards

Society of Professional Journalists Sigma Delta Chi Awards
Winner: Non-Deadline Reporting (Independent). Fueling Fears. Center for Public Integrity.

Society of Professional Journalists Sigma Delta Chi Awards

HONORS

Association of Health Care Journalists

columbia Journalism School

Data Journalism Awards
“The reporting is incredibly deep and Michael Hudson has done a marvelous job of storytelling. The role of GE in the subprime meltdown has not been described in such detail.”

-Judges’ comments for Society of American Business Editors and Writers Award to The Great Mortgage Cover-Up in the Investigative-Digital Category

Harvard Kennedy School Joan Shorenstein Center on the Press, Politics and Public Policy

Investigative Reporters and Editors
Finalist: Tom Renner Award. Looting the Seas II. International Consortium of Investigative Journalists.

Investigative Reporters and Editors

Livingston Award for Young Journalists
Finalist: Chris Hamby. The Center for Public Integrity

Overseas Press Club
Citation: Whitman Bassow Award. Looting the Seas II. International Consortium of Investigative Journalists.

Scripps Howard Foundation National Journalism Awards

MEDIA AND PUBLISHING PARTNERS

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The Age
AOL Patch
BBC
CBS News
CIPER Chile: Centro de Investigación e Información Periodística
CNN
The Economist
El Pais
El Mundo
FRONTLINE
Global Integrity
The Huffington Post
International Herald Tribune
The Guardian
IDL-Reporteros - Peru
Investigative News Network
Le Monde
McClatchy Newspapers
Mother Jones
MSNBC.com
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I am a firm believer in the people. If given the truth, they can be depended upon to meet any national crisis. The great point is to bring them the real facts.

-Abraham Lincoln