



Giving Back

KPMG Foundation
2008 Annual Report



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KPMG Foundation actively embraces the concept of corporate social responsibility—not just giving but giving back. It makes sense to replenish the community on which your very existence depends.

Our community extends beyond our profession to the broader marketplace and even to society at large. With a community so vast, how can we make a difference? The answer, as we've believed since our inception in 1968, is to channel our resources to business education—the lifeblood of our profession.

We're not only funding alma maters, professorships, and academic research. We're also funding diversity, corporate volunteerism, and community outreach. That's because it takes more than traditional academics to educate our future leaders. We're supporting the notion that they will give back, too.

KPMG Foundation. Giving Back.




In fiscal year 2008, KPMG Foundation gave \$8.1 million back to our community through academic grants and scholarships and support of academic research and conferences, diversity programs, students-as-citizen programs, and volunteerism. By promoting diverse role models, helping working professionals earn doctoral degrees, funding professorships in our areas of interest, and championing volunteerism at the corporate level, we're laying the groundwork for quality leadership and thereby promoting sustainability of the best in our community.

For example, our co-sponsorship of the new Accounting Doctoral Scholars program will help reverse the shortage of Ph.D. accounting faculty in U.S. colleges and universities. Our continuing role as lead sponsor of The PhD Project Association directly increases the diversity and strength of our community by expanding the number of underrepresented minority professors and, by extension, the number of underrepresented minority business students. Our Matching Gift Program continues to focus on and enrich the academic experiences of the community of business students. KPMG's National Audit Case Competition, sponsored by the Foundation and KPMG International's Global Services Centre, has given students the opportunity to compete on simulated audit teams and receive feedback from audit partners and mentors.

As described in the following pages, these and other programs are enhancing the skills, experience, and values of members of our professional community and indirectly affecting broader spheres through the development of leadership and opportunity.

Kapila K. Anand
Chair, KPMG Foundation

Bernard J. Milano
President, KPMG Foundation



“ Years before they choose their professions, our future leaders depend on the process of self-discovery and learning that academic programs provide. ”

THE GIFT OF ACADEMIC

Knowledge

In our profession, strong leaders need to know not just about numbers but also about people; not just about winning but also about values. Their technical skills must go hand-in-hand with critical thinking and sound judgment about world affairs.

That's why KPMG Foundation supports undergraduate and graduate business programs. Years before they choose their professions, our future leaders depend on the process of self-discovery and learning that academic programs provide. In these intense and supportive environments, they can test their talents, gain skills, practice teamwork, build relationships, and begin to chart their careers.

Matching Gift Program

KPMG Foundation matches donations from KPMG LLP's active and retired partners and active employees to their alma maters and other colleges or universities with strong business programs. These funds help support faculty research, attendance at academic conferences, and many other needs of faculty, business schools, and universities at large. This year's donations combined with the KPMG Foundation match totaled \$5.6 million.

The Internal Auditing Academic Advancement Fund, Inc.

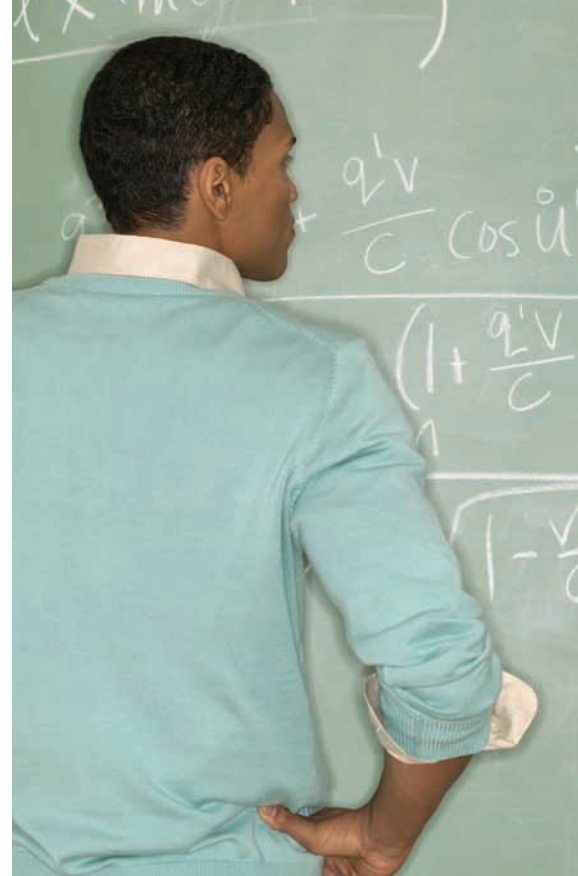
The Internal Auditing Academic Advancement Fund (IAAAF) carries out the educational and charitable purposes of The Institute of Internal Auditors by collecting and distributing funds to support instruction in internal auditing in post-secondary educational institutions worldwide. To qualify, a school must demonstrate its commitment to teaching internal auditing. Funding can support scholarships, curriculum and educator development, teaching assistantships, professorships, resource materials, and educational events. Recipients are encouraged to mentor and share best practices with other schools. In 2008, KPMG Foundation and KPMG LLP each provided \$50,000 to support the IAAAF. Michael J. Nolan, past chairman of KPMG Foundation, is a member of the IAAAF Board of Directors.

For more information, visit www.theiia.org/guidance/academic-relations/iaaaf.

Academic Conferences

Academic conferences provide doctoral students and professors with opportunities to meet new people and exchange ideas. KPMG Foundation was the sole sponsor of the following prestigious academic conferences during the 2007–2008 academic year:

American Accounting Association (AAA)	New York University Journal of Accounting Audit and Finance Conference
– Auditing Section Midyear Meeting and Doctoral Consortium	University of Chicago Journal of Accounting Research Conference
– Information Systems Section Midyear Meeting and Doctoral Consortium	University of North Carolina/Duke "Accounting Camp"
– International Section Midyear Meeting and Doctoral Consortium	University of North Carolina Tax Policy Symposium
– American Tax Association Midyear Meeting and Doctoral Consortium	



KPMG Professorships

KPMG Foundation established and continues to fund, mainly through the Matching Gift Program, professorships at nationally recognized business schools, beginning with four in 1974 and growing to fifty in 2008.

Stephen K. Asare University of Florida <i>(Effective October 2007)</i>	James R. Hamill University of New Mexico	Theodore Sougiannis University of Illinois at Urbana-Champaign
Stanley F. Biggs University of Connecticut	Barron H. Harvey Howard University	Kevin T. Stevens DePaul University
James R. Boatsman Arizona State University <i>(Term ended June 2008)</i>	Steven Huddart Pennsylvania State University	Kevin D. Stocks Brigham Young University <i>(Effective August 2008)</i>
Frank A. Buckless North Carolina State University	Larry N. Killough Virginia Polytechnic Institute and State University	Jerry R. Strawser Texas A&M University
Donald R. Chambers Lafayette College	Wayne R. Landsman University of North Carolina at Chapel Hill	K.R.Subramanyam University of Southern California <i>(Effective July 2008)</i>
Hsihui Chang Drexel University	Robert C. Lipe University of Oklahoma	Steve F. Sutton University of Central Florida <i>(Effective January 2008)</i>
Paul A. Copley James Madison University	Laureen A. Maines Indiana University <i>(Effective July 2008)</i>	Michael G. Tearney University of Kentucky
D. Larry Crumbley Louisiana State University	M. Herschel Mann Texas Tech University	C. William Thomas Baylor University
Dan S. Deines Kansas State University	Robert G. May University of Texas at Austin	Senyo Tse Texas A&M University
Samir El-Gazzar Pace University	Thomas J. Phillips Jr. Louisiana Tech University	Miklos Vasarhelyi Rutgers, The State University of New Jersey
N. Allen Ford University of Kansas	James H. Pratt Indiana University <i>(Term ended June 2008)</i>	Susan Perry Williams University of Virginia
Arthur J. Francia University of Houston	Lee H. Radebaugh Brigham Young University <i>(Term ended June 2008)</i>	
Jere R. Francis University of Missouri-Columbia	Thomas F. Schaefer University of Notre Dame	
Alexander L. Gabbin James Madison University	Pamela A. Smith Northern Illinois University	
John C. Gardner University of New Orleans		

The following professorships are currently unfilled; in certain cases endowment earnings have been temporarily designated, with KPMG Foundation approval, for other purposes:

- College of William and Mary
- Florida State University
- Georgia State University
- University of Iowa
- John Carroll University
- University of Maryland
- University of Michigan
- University of Nebraska
- St. Peter's College
- University of Utah

Accounting Doctoral Scholars Program

Accounting Doctoral Scholars is the first program with the single goal of boosting the number of Ph.D.'s in accounting faculty positions. KPMG Foundation, KPMG LLP and many other accounting firms, along with state CPA societies have committed \$18 million to the program, which is expected to provide funding for up to 30 individuals each year for four years.

THE GIFT OF BUSINESS

Experience

There's no substitute for the business experience students gain when they move from theory into practice. KPMG Foundation provides students with the gift of business experience to help them take one step further into the business world before actually beginning their careers. Our support of Beta Alpha Psi (BAΨ) and KPMG's National Audit Case Competition helps them establish new professional relationships and gain insights from business-inspired colleagues. Our support of case development and case competitions enables students to hone their analytical skills in real-world simulations.

Beta Alpha Psi Superior Chapter Recognition Program

Beta Alpha Psi is a national honors fraternity for students who major in accounting, finance, or information systems. BAΨ provides its pledges and members with a chance to experience the satisfaction and personal growth that come from involvement with business practitioners and community service activities.

KPMG Foundation, which provides financial, in-kind, and leadership support, is by far the largest contributor to BAΨ and has been for decades. For the 2007–2008 academic year, the Foundation awarded \$50,000 to be shared by “superior” chapters. It also provided a \$10,000 grant to offset expenses for BAΨ's annual Student Community Service Day. KPMG LLP provides local- and national-office personnel to assist with the coordination of this volunteer event as well as additional monetary contributions.

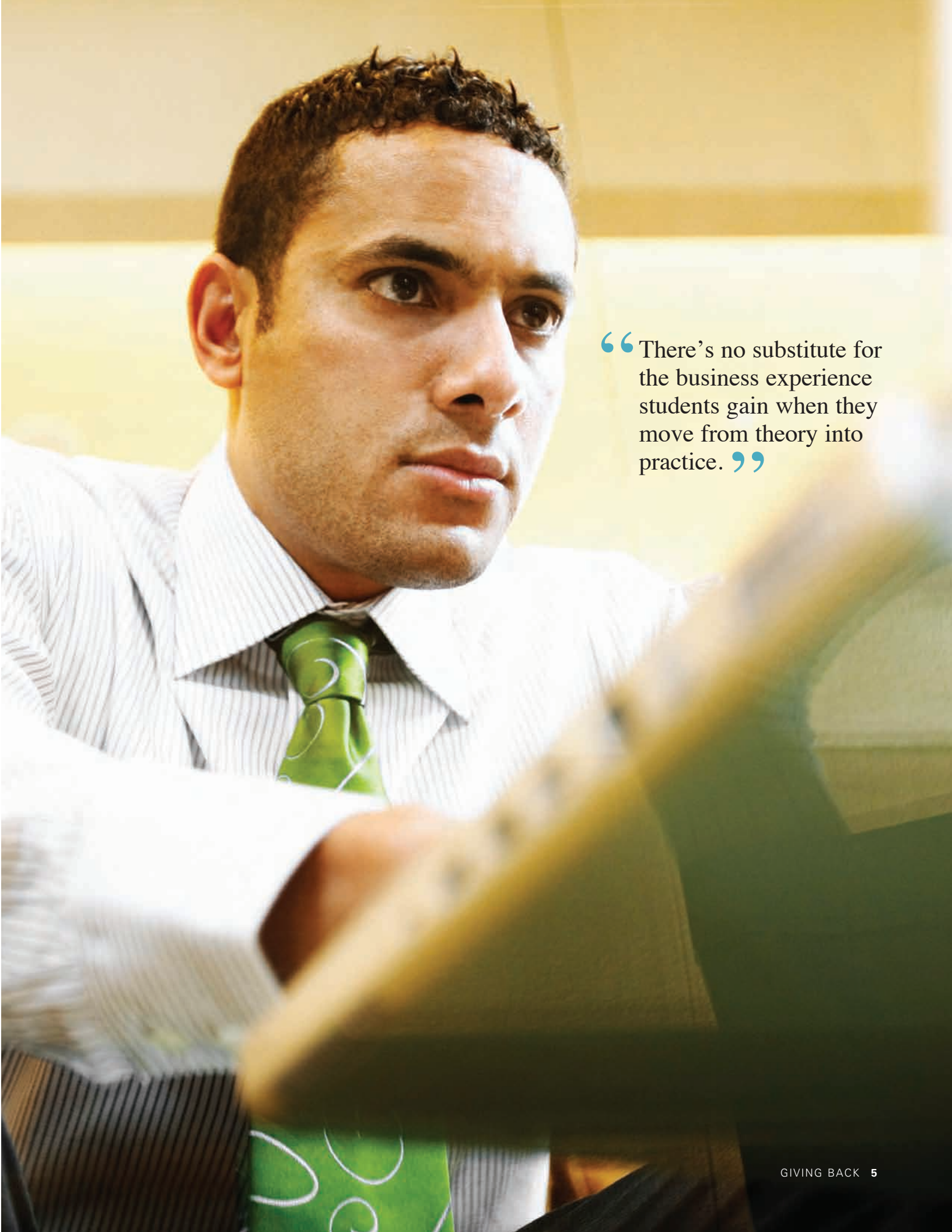
For the 2008–2009 academic year, KPMG Foundation will enhance its level of financial support to BAΨ through the addition of a new program, the KPMG Gold Chapter Award, which will provide funds to the top 15 performing chapters, based on a set of defined criteria. Each Gold Chapter will receive a contribution from the Foundation of \$2,500. In addition, the Foundation continues to fund Superior Chapter awards. Combined, these program-funding awards will amount to \$87,500.

During our decades of involvement with BAΨ, we have seen tremendous growth in the number of chapters, the number of chapters awarded superior status, and organization membership. Founded in 1919, BAΨ will have 279 chapters on college and university campuses by 2009 and more than 300,000 members. In 1979, when the Foundation began funding BAΨ, 23 chapters achieved “superior status.” Today there are 128.

For more information about Beta Alpha Psi, visit www.bap.org.

Business Measurement Case Development and Research Program

From 1997 to 2006, KPMG Foundation, KPMG International's Audit & Advisory Services Center (now the Global Services Centre), and the University of Illinois at Urbana-Champaign established the Business Measurement Case Development and Research Program. This joint effort supported development of educational materials grounded in current accounting and auditing concepts and methods and set in real-world business contexts. Seventeen cases were developed under the program by research teams comprising both academic researchers and leading business and accounting professionals. These cases and teaching notes are available for download from the program's Web site, www.business.uiuc.edu/kpmg-uiuc.

A young man with short dark hair, wearing a white striped dress shirt and a green tie with white swirl patterns, is looking intently at a laptop screen. The background is a blurred office setting with warm lighting. The quote is positioned to the right of the man's face.

“There’s no substitute for the business experience students gain when they move from theory into practice.”



During the most recent academic year, 2007–2008, more than 50,000 copies of cases were downloaded from the program’s Web site. Since the program’s inception, the Web site has received in excess of 2.6 million hits, and more than 350,000 copies of the cases have been downloaded.


In addition, three companion publications were developed between 1997 and 2005 and distributed in hard copy and electronic formats: *Auditing Organizations Through a Strategic-Systems Lens* (T. Bell, F. Marrs, H. Thomas, and I. Solomon, KPMG LLP, 1997), *Cases in Strategic-Systems Auditing* (T. Bell and I. Solomon, KPMG LLP, 2002), and *The 21st Century Public-Company Audit* (T. Bell, M. Peecher, and I. Solomon, KPMG International, 2005).

KPMG’s National Audit Case Competition Program

KPMG Foundation and KPMG International’s Global Services Centre introduced an exciting new program in fiscal year 2007—KPMG’s National Audit Case Competition (KNACC). The program required students to serve on a simulated audit team and receive feedback from an audit partner and mentor in a Web-based environment. Students integrated knowledge and skills across topics and disciplines to address multifaceted, complex issues typical of a professional engagement.

In the spring of 2008, teams of accounting students from 26 colleges and universities competed in the second round of the KNACC program. Each of the 103 participating students received a stipend of \$500 upon completion of case modules. An independent panel of KPMG LLP professionals and college professors selected five finalist teams, and each student on the teams received an additional \$2,500 and an all-expense-paid trip to New York City to compete in the finals.

During the finals, each team made a presentation of audit findings and handled questions and answers during a simulated audit committee meeting presided over by a panel of judges, including scholars, KPMG partners, and audit committee members from some of America’s top companies. The University of Virginia took the KNACC gold for a second time, with silver and bronze going to new finalists at the University of California–Santa Barbara and Bentley College. Awards were \$25,000, \$15,000, and \$10,000, respectively. Other finalist schools were the University of Georgia and the University of Illinois at Urbana-Champaign.



“ Our support of case development and case competitions enables students to hone their analytical skills in real-world simulations. ”

THE GIFT OF CITIZENSHIP AND

Community

The concept of corporate social responsibility is based on the notion that an organization is incomplete without its community—the soil from which it grows. “Giving back” enriches that soil. KPMG Foundation’s gift of community consists of support for programs that help students experience, understand, and value this symbiotic relationship.



Students in Free Enterprise

Founded in 1975, Students in Free Enterprise (SIFE) is a global nonprofit organization active on more than 1,400 college and university campuses in more than 45 countries. Working in partnership with business and higher education, SIFE establishes student teams on university campuses. Led by faculty advisers, these teams develop community outreach projects relating to market economics, entrepreneurship, personal success skills, financial literacy, and business ethics.

SIFE team members draw on their personal educational experiences, the expertise of their faculty advisers, the support of their local business advisory boards, and the resources of their institutions to implement programs that create real economic opportunities for members of their communities.

Each SIFE organization conducts a national competition in its home country. The SIFE teams present the results of their educational outreach projects in competitions judged by corporate leaders to determine which team was most successful at creating economic opportunity for others in their respective countries. SIFE National Champion Teams then advance to the top level of competition, the SIFE World Cup.

KPMG Foundation began supporting SIFE in 1997 because we wanted to invest in a program that broadened students’ horizons beyond the classroom. Subsequently, the number of SIFE university teams in the United States has grown from 500 to 800 and the number of countries participating globally grew from 4 to 48.

KPMG Foundation has a multiyear investment in SIFE in the United States, including \$50,000 for fiscal year 2008. KPMG’s network of member firms worldwide provides more than \$250,000 annually. In addition, partners and employees of KPMG LLP, as well as Foundation leadership, engage with SIFE in many roles:

- KPMG partners and principals as well as employees actively participate as judges at SIFE regional, national, and World Cup competitions.
- KPMG LLP (U.S.) partner Shaun Kelly, Vice Chair—Tax, and KPMG Foundation President Bernie Milano serve on SIFE’s executive committee and board of directors.
- KPMG International member-firm partners are involved in more than 30 countries, with several serving as SIFE chairpersons and board members in their respective countries.

For more information, contact SIFE World Headquarters at 1-800-677-SIFE or visit www.sife.org.



“ An organization is incomplete without its community—the soil from which it grows. ”



Campus Compact

Campus Compact, an organization comprising more than 1,000 college and university presidents, promotes civic development of students and the concept of “campus as citizen.” KPMG Foundation’s \$50,000 grant enables this organization to improve its programs and reach the members’ institutions and their students. KPMG LLP partner Terry Iannaconi served on the Campus Compact Board of Directors during 2007–2008.

For more information, visit www.compact.org.

Points of Light Institute

The Points of Light Institute, a new organization formed when the Points of Light Foundation joined with Hands On Network in August 2007, embraces a new vision for transformation: One day every person will discover his or her power to make a difference, creating healthy communities in vibrant democracies around the world.

The Points of Light Institute has three main goals: citizen action, civic infrastructure, and campaigns for impact. Points of Light Institute supports these efforts through incubation, back-office support services, sector thought leadership, and public policy development. Our multiyear grant (\$50,000 to the former Points of Light Foundation) will help the Institute support emerging new business units and entrepreneurial ventures through partnership, collaboration, and incubation to advance a variety of forms of civic engagement through the Points of Light Institute’s innovative civic change strategies.

KPMG Foundation President Bernie Milano serves on the board of directors and executive committee of the Points of Light Institute.

For more information, visit www.pointsoflight.org.



“One day every person will discover his or her power to make a difference.”

THE GIFT OF CULTURAL AWARENESS AND

Diversity

When we say we give back to our community through our support of business education, we envision business education that is strongly influenced by a diversity of people, cultures, and ideas. A diverse educational environment can expose our future professionals to new ideas and points of view, challenge their communication skills, test their values, and go a long way toward preparing them for the cultural and intellectual complexity of the global marketplace. It can also lay the groundwork for a business community that more closely reflects society at large, thereby extending its influence to workplace culture and business strategy.

Minority Events and Organizations

KPMG Foundation supports and is involved in several minority events and organizations, including the National Association of Black Accountants, Historically Black Colleges and Universities (HBCU) Week, the President's Board of Advisors on HBCUs, and the HBCU Business Deans' Roundtable.

Minority Accounting Doctoral Scholarships

In 2008, for the 2008–2009 academic year, KPMG Foundation awarded 10 scholarships of \$10,000 each, renewable for a total of five years, to minority accounting doctoral students. Another 31 accounting doctoral students' scholarships were renewed for the 2008–2009 academic year, bringing the total number of scholarships awarded for the academic year to 41.

This scholarship program, in place since 1994, is helping to bring scholars' dreams to fruition. We are very proud of the recipients and the success of this program. (See Summary of Minority Doctoral Scholarships on page 13.)

The PhD Project Association

The PhD Project's mission is to increase the diversity of corporate America by increasing the diversity of business school faculty. The PhD Project attracts African-Americans, Hispanic-Americans, and Native Americans to business doctoral programs and provides a network of peer support on their journey to becoming professors.

As faculty members, these individuals serve as role models and mentors, attracting and developing minority students while improving the preparation of all students for our diverse workplace and society.

KPMG Foundation is the founder, lead sponsor, and administrator of The PhD Project Association, which was launched as a stand-alone 501(c)(3) public charity in July 2005. Since the inception of The PhD Project in 1994, the number of underrepresented minority professors has grown from 294 to 950, an increase of nearly 223 percent—though still a small number considering the roughly 26,000 business school professors in the United States.

Over the next five years, we expect that almost 90 percent of the current 400 minority doctoral students will become faculty members.



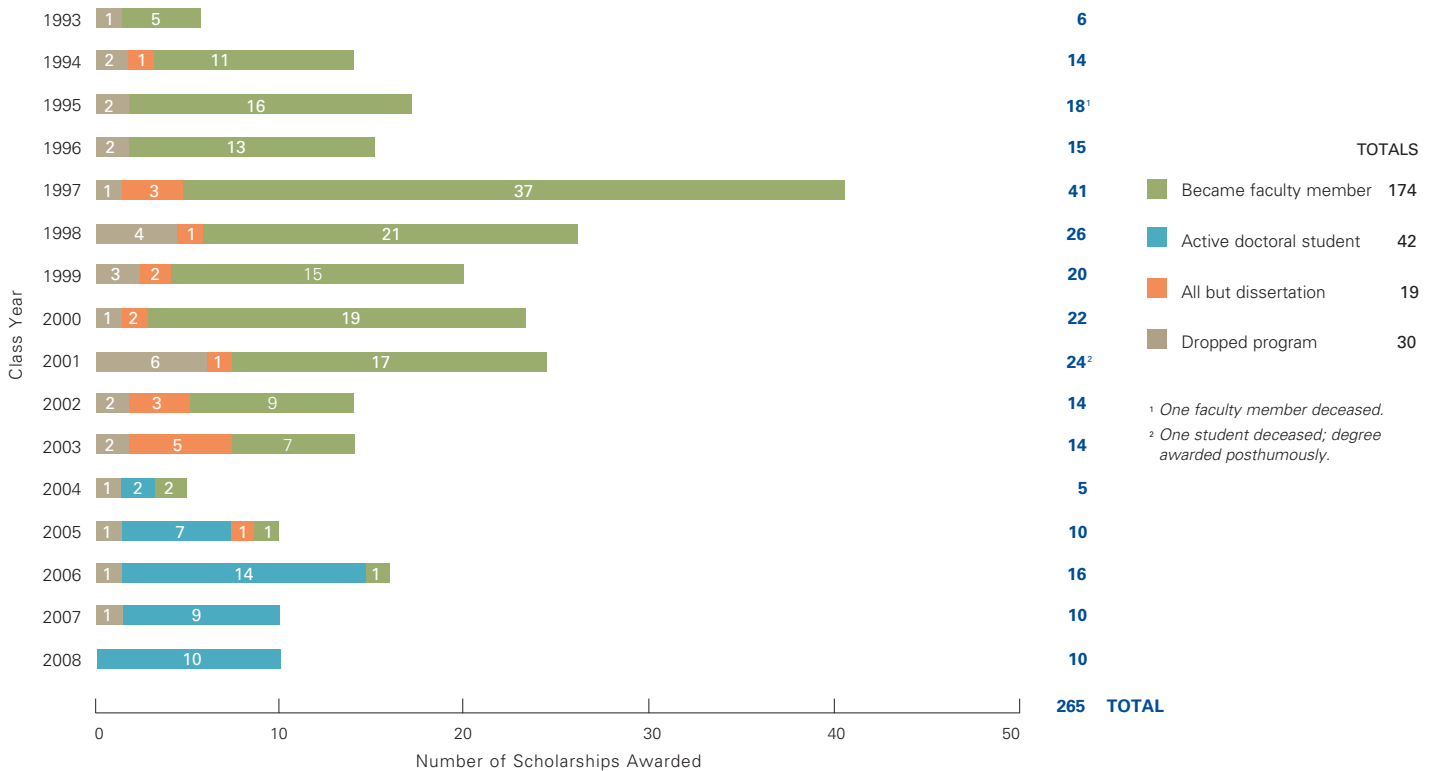
The PhD Project Doctoral Students Associations (DSAs)

The PhD Project Accounting Doctoral Students Association was created in 1994. Two years later a similar association was formed for Information Systems doctoral students, and a year after that, associations were launched for Finance, Management, and Marketing doctoral students. All five of these DSAs have helped sustain a high level of commitment and a sense of connection among minority doctoral students in business through networking, joint research opportunities, peer support, and mentoring.

The associations are affecting the lives of their members—more than 90 percent have completed or are continuing in their doctoral programs, compared with 70 percent among doctoral candidates generally. An astounding 99 percent of doctoral graduates who were assisted by The PhD Project occupy teaching positions, compared with approximately 60 percent of doctoral graduates generally.*

For more information about The PhD Project, visit www.phdproject.org.

Summary of Minority Accounting Doctoral Scholarships



* Source: AACSB International, the Association to Advance Collegiate Schools of Business

KPMG Foundation Trustees

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(Term ended July 2008)

Michiko Yano

KPMG LLP Partner—Tax

Fiscal Year 2008 Cash Basis Financial Highlights (rounded numbers)

Revenue Sources

KPMG LLP Contribution	\$6,645,000
Matching Gift Donations (from partners/employees/retirees)	2,854,000
Earnings and Other	423,000

Program Expenditures

Matching Gift Program	5,597,000
The PhD Project Association	1,300,000
Grants	
– KNACC	250,000
– Academic organizations	601,000
– Community organizations	80,000
– Universities	403,600
Minority Doctoral Scholarships	430,000
Administration	
– Salaries and Benefits	506,100
– The PhD Project in-kind administration	420,000
– Accounting, Professional Organization Dues, and Other	286,000

KPMG Foundation

For further information about the initiatives described in this annual report or to order additional copies, please contact us at:

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