

Grantmakers
are only successful
to the extent that
their grantees achieve
meaningful results



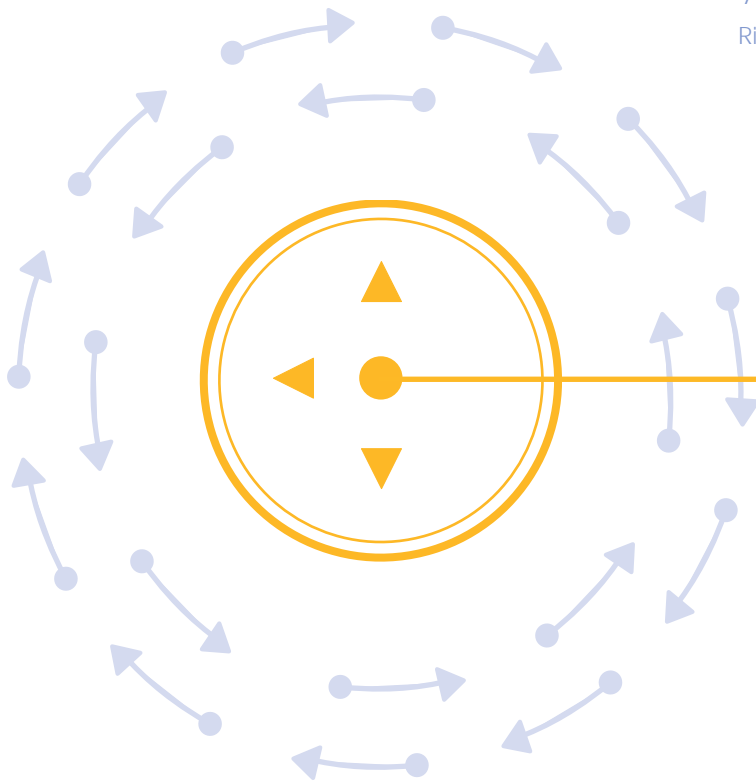
LEADING CHANGE

GRANTMAKERS FOR
EFFECTIVE ORGANIZATIONS

2005 ANNUAL REPORT

Members of the GEO community have something in common. We want philanthropy to be more effective, and we are willing to lead change to make that happen.

GEO Premium Members: Alaska Conservation Foundation • Alberta Real Grant Makers, Inc. • The Association of Baltimore Area Grantmakers • America, Philanthropic Management • Barr Foundation • Bernadine Ridge Foundation, New York • Blue Shield of California Foundation • The California Endowment • The California Wellness Foundation •



A quiet revolution

Grantmakers continue to explore innovative approaches to strengthening nonprofits. The goal, as it always has been, is to achieve better results on the ground — for people and the communities in which they live. The strategies and the thinking behind this goal are evolving, both for nonprofits and for foundations.

We know that meaningful improvements in grantmakers' work take many forms, but one thing is clear: Grantmakers are only successful to the extent that the nonprofits they support achieve meaningful results. This requires that grantmakers partner with, listen to and learn from nonprofits, community leaders and peers.

Innovators in philanthropy are those who have successfully found tangible ways to overcome barriers

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Estate Foundation • The Annie E. Casey Foundation • The Arthur M. Blank Family Foundation • The Aspen Institute • Associated Association of Small Foundations • Atlantic Philanthropies • The Ball Foundation • Baltimore Community Foundation • Bank of Franciscan Sisters Foundation, Inc. • Bill & Melinda Gates Foundation • Blue Cross and Blue Shield of Minnesota Foundation • Blue The Boston Foundation • Breneman Jaech Foundation • The Bruner Foundation, Inc. • Burroughs Wellcome Fund • Capital One • The Center for Effective Philanthropy • Charles and Helen Schwab Foundation . . .

is under way in philanthropy.

to nonprofit performance. We call these innovators *change agents*. We're committed to learning from them and inspiring and equipping others to do the same. Ultimately, it is the only way that we in philanthropy can succeed.

GEO is delighted to be a partner in this quiet revolution. We are inspired by the work of our members and by their commitment to

make philanthropy more effective.

In this annual report, we highlight our efforts in 2005 to advance our mission: to maximize philanthropy's impact by advancing the effectiveness of grantmakers and their grantees. We also preview GEO's efforts to speed the pace of innovation in philanthropy and bring isolated successes more quickly into mainstream practice.

As this quiet revolution continues, we welcome your comments and encourage you to get involved. It takes deep and ongoing participation from committed leaders to bridge the gap between knowing what needs to be done and bringing about the necessary changes in our own institutions. We thank you, as always, for your commitment and support.



Kathleen P. Enright
Executive Director



Edward Pauly
Board Chair
Director of Evaluation
The Wallace Foundation

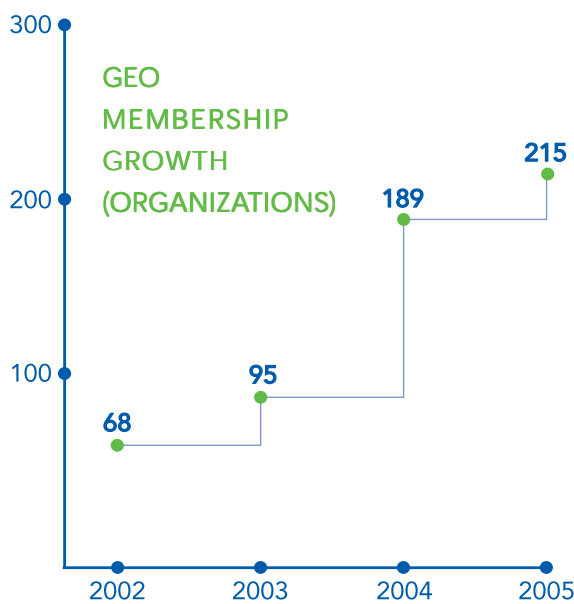
GEO Premium Members, continued Charles and Lynn Schusterman Family Foundation • Charles Stewart Mott Foundation • The Columbus Foundation • Common Good Ventures • Community Clinics Initiative • The Community Foundation for Greater Greater Birmingham • Community Foundation of Greater Chattanooga • Community Foundation of Greater Memphis • Community County • Community Foundations of America • Community Memorial Foundation • Community Technology Foundation of California & George A. Davis Foundation • Deaconess Community Foundation • Deaconess Foundation • Delaware Valley Grantmakers •

Change is all around.

These are turbulent times for grantmakers and the organizations they support.

In Washington, the nation's elected leaders are calling for increased accountability in the sector — more transparency. At the same time, nonprofits around the country face increased demand for services as governments at all levels cut back on everything from health care to community and family support.

Instead of trying to ride out the changes as a passing phase, many grantmakers are exploring new ways of thinking about and practicing philanthropy. Their aim: to strengthen the capacity of nonprofit organizations to make a measurable difference in their communities.



That said, many foundations still are not engaging in grantmaking practices that by their own standards are important to effectiveness. General operating and multi-year grants are still the exception. Even grantmakers that claim to value responding to social needs identified by grant applicants tend not to solicit grantee feedback on foundation activities.

Distressing, yes. But there is hope. In increasing numbers, grantmakers are showing how practices such as increased capacity-building support can make a positive difference for nonprofits and the communities they serve. GEO's *2005 Member Survey* showed nearly universal support for capacity-building activities among this core group of committed funders. And while the funding landscape seemed rather bleak for nonprofit infrastructure organizations, GEO members' funding of capacity-building intermediaries rose 14 percent between 2003 and 2005.

The Chasdrew Fund • The Cleveland Foundation • Colorado Foundation for Families and Children • The Colorado Trust • Atlanta, Inc. • Community Foundation for Southern Arizona • Community Foundation for Monterey County • The Community Foundation of Foundation of Santa Cruz County • The Community Foundation Serving Richmond and Central Virginia • Community Foundation Sonoma • Connecticut Health Foundation • Council of Michigan Foundations • Daniels Fund • The David and Lucile Packard Foundation • Irene E. Donors Forum of Chicago • Doris Duke Charitable Foundation • Draper Richards Foundation • The Drescher Foundation, Inc. . . .

“This was my first time using GEO’s listserv and it was a great experience! I was amazed at how quickly people responded and went out of their way to provide answers, thoughts and actual language in a couple of cases. This saved me tons of time on this research project. What a wonderful resource!”

~ Lori Roming, The Unity Foundation

These are philanthropy’s change agents. What unites this growing community of grantmakers more than anything else is their frustration with the status quo. They share GEO’s belief that traditional approaches to philanthropy are not enough to achieve the results we want to see.

The challenges confronting our communities, our sector and our society demand more of grantmakers. They also demand more of GEO and other organizations established to magnify the impact of the grantmaking community.

It is not enough to publish checklists on how grantmakers should behave and do their work. It is not enough to adopt a lowest-common-denominator approach to accountability in philanthropy. It is not enough to issue “best practice” information from on high that does not translate in context.

Empowering grantmakers to help their grantees succeed requires a different approach. It requires an understanding that change happens when innovative people have a place where they can come together and share ideas. A place where they can gain the knowledge and the inspiration they need to pursue changes in their own organizations. A place like GEO.

MOST REQUESTED WEB CONTENT IN 2005

<i>The Due Diligence Tool</i>	1,090 downloads
<i>Leveraging What You Know</i>	
Knowledge Management Report	742 downloads
<i>Investing in Leadership, Volume 1:</i>	
<i>A Grantmaker’s Framework for</i>	
<i>Understanding Nonprofit Leadership</i>	
<i>Development</i>	362 downloads
2005 Knowledge Management	
Conference Program	342 downloads
<i>Tool for Assessing Startup</i>	
<i>Organizations</i>	254 downloads



“I’ve really enjoyed your site ... very thorough and informative. You should know that your site is inspiring to me and full of helpful ideas for our work.”

~ Stacy Caldwell, National Rural Funders Collaborative

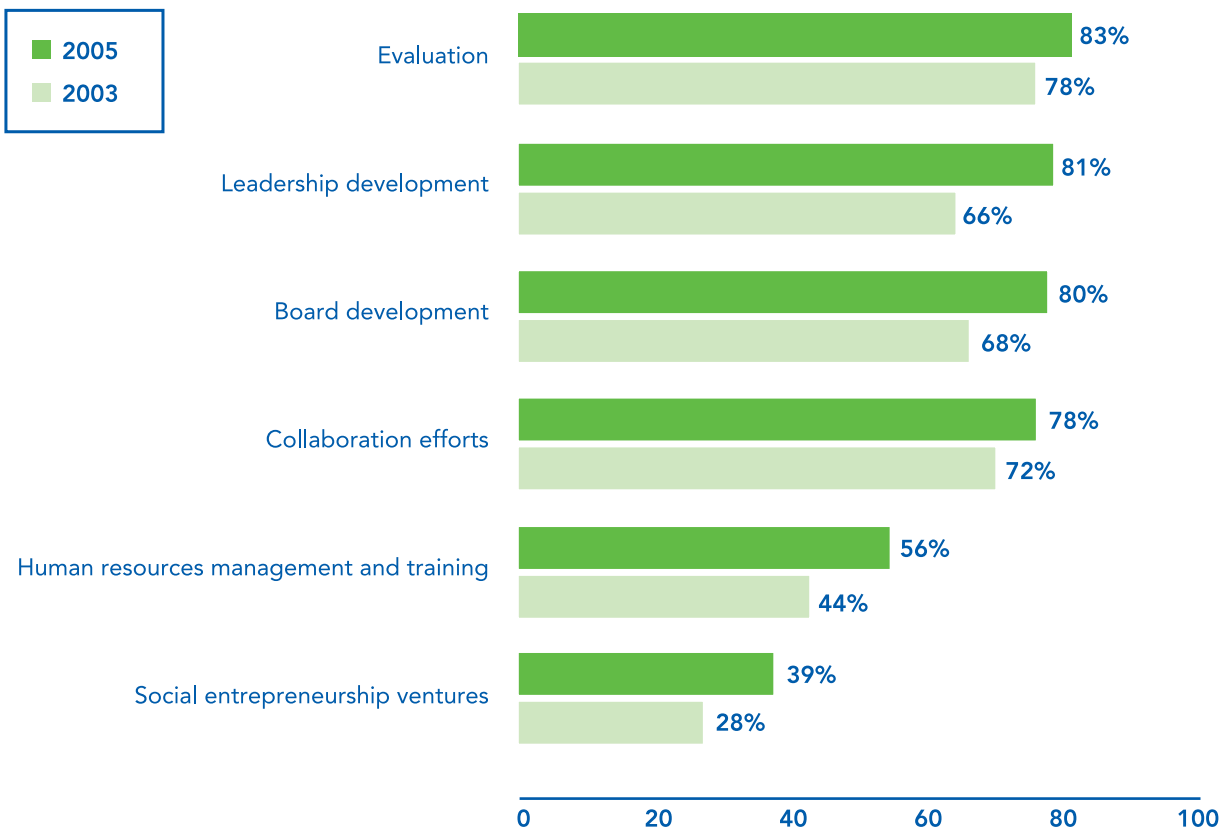
GEO Premium Members, continued The Duke Endowment • The Dyson Foundation • East Bay Community Foundation • The Edna Support Center • The Eugene and Agnes E. Meyer Foundation • The Eurasia Foundation • Evelyn and Walter Haas, Jr. Fund • Ewing The Forbes Funds • Ford Foundation • Foundation Center • Fund for Nonviolence • The George Gund Foundation • George Cedric Rapids Community Foundation • Grand Victoria Foundation • Grantmakers for Education • Grantmakers in Health • The Grantmaking Foundation • Harbinger Partners • Hartford Foundation for Public Giving • The Hawai'i Community Foundation • The HealthCare

THE 2005 GEO MEMBER SURVEY

In 2005, GEO conducted its second member survey on the capacity-building and organizational effectiveness efforts of its members. The results show both the diversity and the similarities that characterize the GEO community, as well as changes in members' activities since GEO's inaugural member survey in 2003.

GEO member organizations represent large and small grantmakers and continue to employ a broad range of organizational effectiveness and capacity-building techniques. The changes from 2003 to 2005 indicate a growing belief in the notion that increased capacity leads to increased effectiveness.

TYPE OF CAPACITY BUILDING GEO MEMBERS PROVIDE

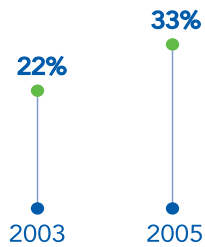


McConnell Clark Foundation • Edyth Bush Charitable Foundation • Endowment for Health • Enterprise Foundation • Environmental Marion Kauffman Foundation • Fannie Mae Foundation • The F.B. Heron Foundation • Fleishhacker Foundation • Foelinger Foundation • Metcalf Charitable Foundation • Girl's Best Friend Foundation • Global Fund for Women • Gordon and Betty Moore Foundation • Grand School • Grants Management Associates • Greater Worcester Community Foundation • Greenlee Family Foundation • Guttman Foundation for Orange County • Healthcare Georgia Foundation • The Health Foundation of Central Massachusetts . . .

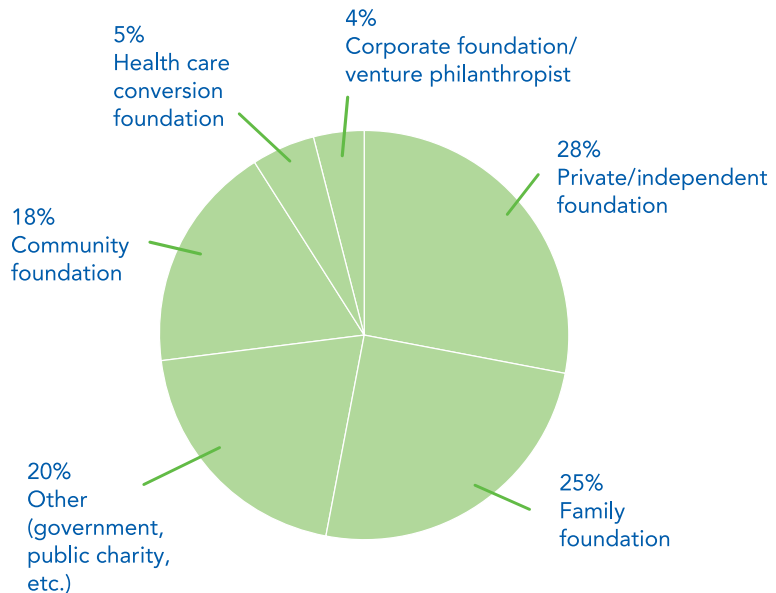
“Having started working in the area of nonprofit capacity building about 13 years ago before there were so many people concerned about it, I am thankful for the existence of GEO and its work every day.”

~ Lisa Smith, The Robin Hood Foundation

SURVEYED ORGANIZATIONS WITH FREESTANDING EFFECTIVENESS PROGRAM OR DEPARTMENT



TYPE OF GRANTMAKING ORGANIZATION



“GEO’s resources and networks have made a huge difference for us — a leg up, really — so thanks again.”

~ Pearl Eliadis, J.W. McConnell Family Foundation

GEO Premium Members, continued • Health Foundation of South Florida • The Heinz Endowments • The William and Flora Jacob and Hilda Blaustein Foundation • The James Irvine Foundation • Jessie Ball duPont Fund • Jessie Smith Noyes Foundation • KnowledgeWorks Foundation • Milton A. and Charlotte R. Kramer Charitable Foundation • Kronkosky Charitable Foundation • Children's Health • Lumina Foundation for Education • The Lumpkin Family Foundation • Maddox Foundation • Maine Community Mary Black Foundation • Mary Reynolds Babcock Foundation • Massachusetts Cultural Council • Massachusetts Service Alliance

Effectiveness is the endgame.

GEO continues to be a place where grantmakers explore some of the most critical topics in effectiveness today, including organizational learning and leadership development.

Organizational learning. In May, 175 grantmakers came together in Boston to learn more about, well, learning. The question at the heart of their discussions: how do we make the most of what we know about solving the problems confronting our communities?

The “Building Learning Organizations” conference was convened by GEO in partnership with The Communications Network, the Consortium of Foundation Libraries, Grants Managers Network and Technology Affinity Group.

At this event, grantmakers demonstrated a

growing recognition that they have to move away from seeing knowledge as proprietary and closely held to an understanding that sharing knowledge improves their ability to achieve their missions.

“Innovation is everywhere. The problem is learning from it.”

~ Anne Thomas, Stupski Foundation

Turnout at the 2005 event marked a 63 percent jump over GEO’s knowledge management conference the year before. To broaden the learning from the conference, GEO issued a Web-based publication featuring highlights from the two-day discussion and offering additional resources.

2005 GEO PUBLICATIONS

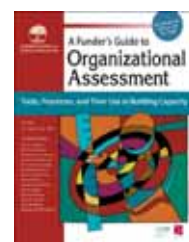


2005 GEO Member Survey



A Funder's Guide to Evaluation: Leveraging Evaluation to Improve Nonprofit Effectiveness

By Peter York, Co-Published with the Fieldstone Alliance



A Funder's Guide to Organizational Assessment: Tools, Processes and Their Use in Building Capacity

Edited by Lori Bartczak, Co-Published with the Fieldstone Alliance

Hewlett Foundation • Icicle Fund • The INNW Fund • Institute of Mental Hygiene • International Center on Collaboration, Inc. • John S. and James L. Knight Foundation • JVA Consulting, LLC • The J.W. McConnell Family Foundation • Kansas Health Foundation • Laidlaw Foundation • Laird Norton Foundation • The Leighty Foundation • The Lodestar Foundation • Lucile Packard Foundation for Foundation • Maine Health Access Foundation • Marguerite Casey Foundation • The Marion I. and Henry J. Knott Foundation • Mathile Family Foundation • Mattie H. Marshall Foundation • The McKnight Foundation • Medina Foundation . . .

The conference also marked a transition in how grantmakers perceive evaluation. Traditionally, evaluation has been a way to prove cause and effect to show that a grantee is delivering a promised result. Today, however, evaluation increasingly is viewed by grantmakers as a tool for making their philanthropy smarter and more effective.

The 2005 GEO report, *Evaluation As A Pathway to Learning*, shows how evaluation enhances the capacity of grantmakers and grantees to achieve their missions. The report was informed by the work of the Evaluation Roundtable, a group that includes evaluation directors from some of the nation's largest foundations. In addition to exploring the connection between evaluation and grantmaker effectiveness, the report includes detailed profiles of the evaluation efforts of a diverse group of funders.

“Foundations need to do a better job of understanding their work — the failures as well as the successes. Our job is to support the best work ... and that is too important to be left to chance.”

~ Hodding Carter
former president and CEO
John S. & James L. Knight
Foundation

KNOWLEDGE MANAGEMENT ADVISORY COMMITTEE

Gale Berkowitz, The David and Lucile Packard Foundation

Michele Butler,
The David and Lucile Packard Foundation,
Consortium of Foundation Libraries



Robert Cremonini,
Barr Foundation

Catherine Downs, Grants Managers Network

Hinda Greenberg, Robert Wood Johnson Foundation, Consortium of Foundation Libraries

Sidney Hargro, The Columbus Foundation

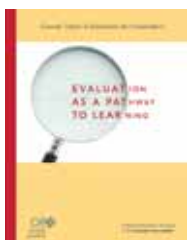
Tom Kern, The Annie E. Casey Foundation

Amber Khan, The Communications Network

Kristen Lindsey, Intersector Consulting

Rebecca Martin, The California Endowment and Grants Managers Network

Lisa Pool, Technology Affinity Group



Evaluation As A Pathway to Learning — 2005 Evaluation Roundtable Report



Investing in Leadership: A Grantmaker's Framework for Understanding Nonprofit Leadership Development (Volume 1)

GEO Premium Members, continued Metcalf Foundation • Metropolitan Association for Philanthropy • MetroWest Community Nellie Mae Education Foundation • New Hampshire Charitable Foundation • New Profit, Inc. • Nokomis Foundation • Nonprofit Collaborative Learning • The Ontario Trillium Foundation • Open Society Institute • Pact • Partnership for Excellence in Jewish Initiative • Kenneth A. Picerne Foundation • Power of Attorney • The Prudential Foundation • QuantumFoundation • Quixote Foundation • Richard M. Fairbanks Foundation, Inc. • Robert Wood Johnson Foundation • Robin Hood Foundation •

Leadership development. Supporting leadership development is a primary means that grantmakers can use to help build high-performing organizations. In fact,

“As we collectively take a hard look at how to strengthen the nonprofit sector, GEO’s members represent part of the solution. It is important to have this forum for confronting tough questions.”

~ Tom Tierney, The Bridgespan Group

GEO’s member survey reported an increase of more than 14 percent in leadership development support between 2003 and 2005.

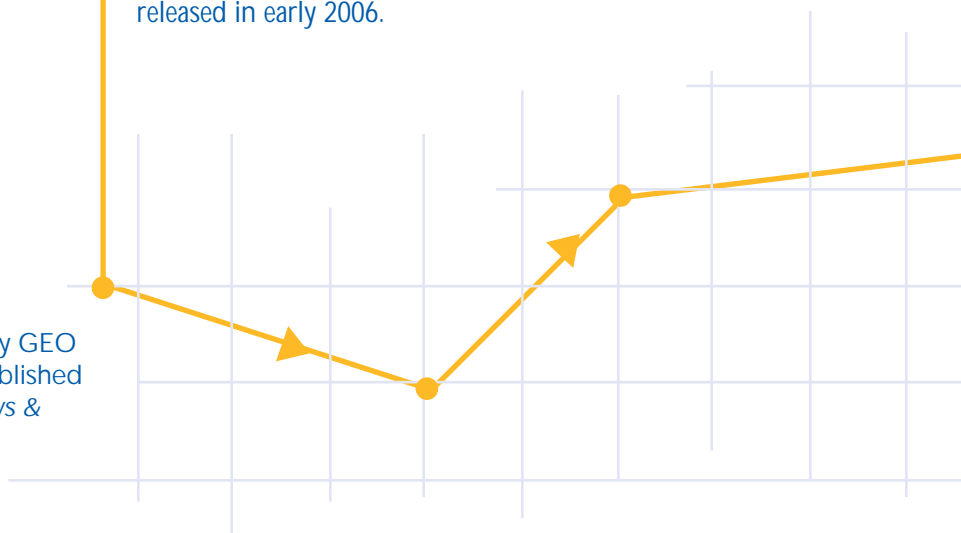
The belief in leadership development underlies GEO’s continuing Investing in Leadership initiative, which is supported by The Eugene and Agnes E. Meyer Foundation and the Evelyn and Walter Haas, Jr. Fund. Together, GEO and its partners are working to advance learning about how grantmakers can support leadership development that ultimately strengthens nonprofit success.

In 2005, GEO published the first volume to complement that initiative. *Investing in Leadership: A Grantmaker’s Framework for Understanding Nonprofit Leadership Development* reviews the current literature on the role of leadership development in philanthropy and provides a framework for focusing on leadership as an organizational development strategy.

The second volume of the series, *Investing in Leadership: Inspiration and Ideas from Philanthropy’s Latest Frontier*, includes specific case studies of how different grantmakers support leadership development, it was released in early 2006.



The editorial, “Philanthropy’s New Clothes,” by GEO Executive Director Kathleen P. Enright, was published in the May/June 2005 issue of *Foundation News & Commentary*, www.foundationnews.org.



Health Care Foundation • Meyer Memorial Trust • Ms. Foundation for Women • The Muttart Foundation • National Arts Strategies • Finance Fund • Nonprofit Management Fund • Northwest Area Foundation • Northwest Health Foundation • OMG Center for Education • Peninsula Community Foundation • The Peter and Elizabeth C. Tower Foundation • Philadelphia Cultural Management Foundation • The Rapides Foundation • Rappahannock United Way • REDF • RGK Foundation • Richard & Susan Smith Family Rockefeller Brothers Fund • The Rockefeller Foundation • Rockefeller Philanthropy Advisors • Rockwood Fund . . .

This work has served as the basis for a number of in-person dialogues with grantmakers during 2005. At the Council on Foundations' Community Foundations Conference and other meetings, GEO led discussions about proven strategies that connect leadership development and nonprofit performance. Based on GEO's research, leadership development approaches holding the most promise to improve organizational performance are those that nurture collective leadership, are contextual to day-to-day realities and create opportunities for continuous learning.

In related work, GEO partnered with BTW Consultants and Leadership That Works to explore philanthropy's understanding and support of coaching as a tool for leadership development and organizational effectiveness. A report on the effort was published in early 2006.

"Evidence suggests that grants to support leadership development can improve organizational performance. And thanks to our colleagues at many foundations — including Kellogg, Ford, and Annie E. Casey — we know a great deal about effective leadership development strategies."

~ Julie Rogers, The Eugene and Agnes E. Meyer Foundation

2005 LEADERSHIP DEVELOPMENT ADVISORY COMMITTEE

Barbara Kibbe, The Monitor Institute

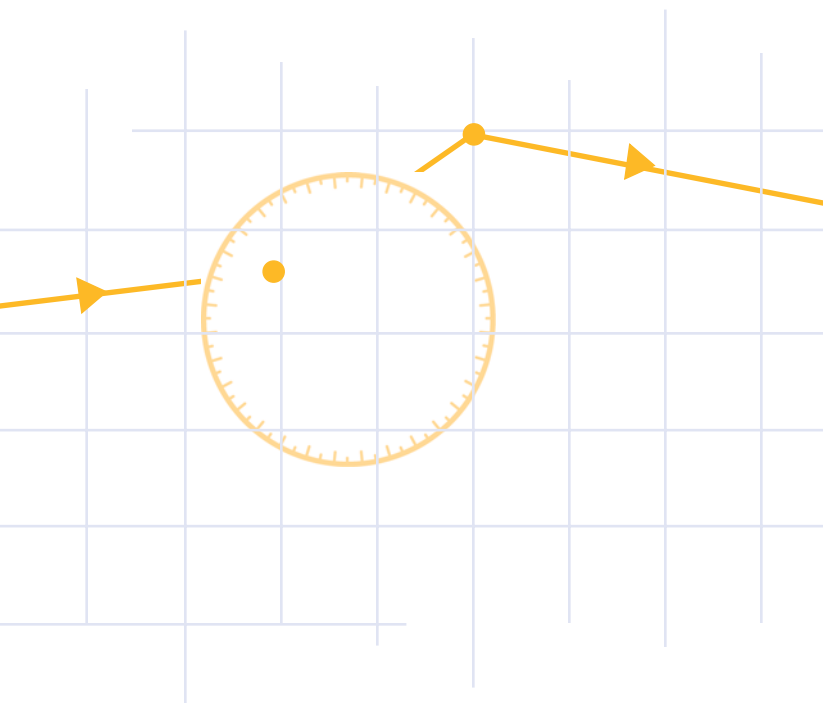
Richard Moyers, The Eugene and Agnes E. Meyer Foundation

Annemarie Riemer, Hartford Foundation for Public Giving

Donna Stark, The Annie E. Casey Foundation

Gayle Williams, Mark Reynolds Babcock Foundation

Linda Wood, Evelyn and Walter Haas, Jr. Fund



GEO Premium Members, continued Saint Luke's Foundation of Cleveland, Ohio • S.D. Bechtel, Jr. Foundation • The Schimel Lode Sisters of Mercy • The Skillman Foundation • Skoll Foundation • Sobrato Foundation • Social Venture Partners International • Social The Summit Foundation • Sunflower Foundation • Surdna Foundation • Tides Foundation • Twin City Education Foundation • United Way Winnipeg • Unity Foundation • The UPS Foundation • The Vermont Community Foundation • Vision Vashon • Foundation • The William Caspar Graustein Memorial Fund • The William J. and Dorothy K. O'Neill Foundation • William Penn Woods Charitable Fund, Inc. • Woods Fund of Chicago

This community has the answers.

GEO intends to build on our 2005 accomplishments by focusing on a new area of work. Recognizing that our members are philanthropy's current and future change agents, we are intent on learning more from them about how they are helping their grantees succeed.

This is the goal of GEO's Change Agent Project. We are determined to engage this innovative group of people in more intentional ways.

We want to capture and share what they're learning about overcoming barriers, resolving core issues and redefining the grantmaker-grantee relationship.

We want to know how they are leading change within their organizations, and how they are making change that sticks.

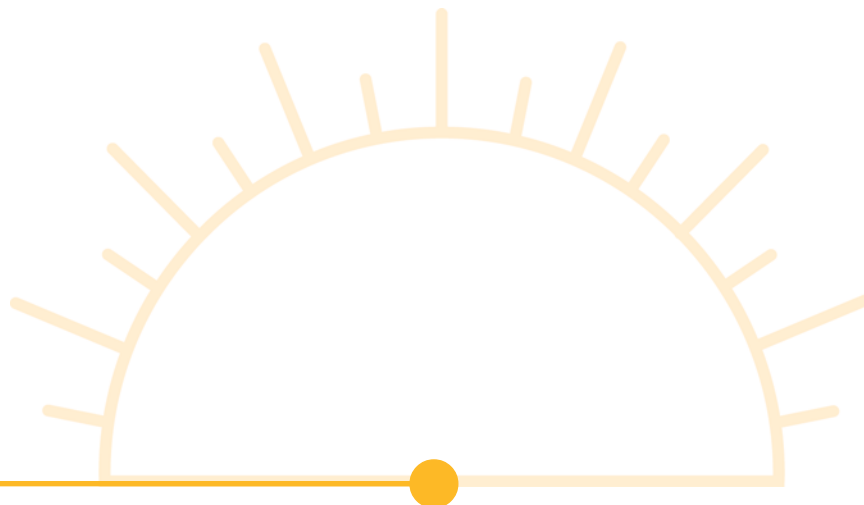
We intend to work with philanthropy's change agents to find out what they are doing that's different and how the lessons they're learning can be transferred to other organizations and other work.

This will be a true community effort. The Change Agent Project can succeed only with the active support and involvement of GEO's members.

The future of effectiveness in philanthropy depends on you. This community has the answers. We hope you will join us in this work.

"Effectiveness is one of the great challenges facing the nonprofit sector today ... GEO is having a real impact in moving philanthropy towards new ways of thinking about and supporting organizational performance."

~ Joel Fleishman, Duke University



of the Community Foundation for the National Capital Region • S.H. Cowell Foundation • Sierra Health Foundation • Venture Partners Seattle • Southeastern Council of Foundations • Stella and Charles Guttman Foundation • The Sudbury Foundation • UJA-Federation of New York • United Nations Foundation • United Methodist Health Ministry Fund • United Way of Greater Toronto • Wachovia Regional Foundation • The Wallace Foundation • Walter & Elise Haas Fund • Wardle Family Foundation • Willburforce Foundation • Williamsburg Community Health Foundation • W.K. Kellogg Foundation • The Women's Foundation of California • Zellerbach Family Foundation • Z. Smith Reynolds Foundation

2005 Financial Sponsors Board & Staff List

\$50,000 or more

Bill & Melinda Gates Foundation
 Bruner Foundation
 David and Lucile Packard Foundation
 Evelyn and Walter Haas, Jr. Fund
 The UPS Foundation
 The Wallace Foundation
 W.K. Kellogg Foundation

\$20,000 to \$49,999

Charles and Helen Schwab Foundation
 Edna McConnell Clark Foundation
 The Eugene and Agnes E. Meyer Foundation
 Fannie Mae Foundation

\$5,000 to \$19,999

The Annie E. Casey Foundation
 Barr Foundation
 Lumina Foundation for Education
 S.D. Bechtel, Jr. Foundation

Up to \$4,999

The Communications Network
 Consortium of Foundation Libraries
 Grants Managers Network
 The James Irvine Foundation
 Kronkowsky Charitable Foundation

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 The Wallace Foundation
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 The Monitor Institute
 Ricardo Millett
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 Mary Walachy
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 Gayle Williams
 Mary Reynolds Babcock Foundation

Staff

Lori Bartczak, Manager of Special Projects
 Tamar Cloyd, Development Specialist
 Rahman Culver, Communications Specialist
 Kathleen P. Enright, Executive Director
 J McCray, Manager of Operations
 Chandni Sandhu, Program Assistant
 Jillaine Smith, Manager of Programs
 Jason Twiss, Operations Specialist

2005 Financial Statements

STATEMENTS OF FINANCIAL POSITION

December 31, 2005 and 2004

<u>Assets</u>	2005	2004
Cash and cash equivalents	\$951,537	\$790,316
Contributions receivable	154,000	92,000
Prepaid expenses	4,918	184,707
Deposits	4,775	4,775
Other assets	1,016	693
Property and equipment, net	11,682	22,306
Total assets	\$1,127,928	\$1,094,797
<u>Liabilities and Net Assets</u>		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$18,873	\$9,887
Accrued leave	8,457	10,040
Deferred membership dues	78,000	24,500
Deferred conference registration	84,450	—
Total liabilities	189,780	44,427
Net assets		
<i>Unrestricted</i>		
Undesignated	296,470	251,858
Board-designated reserve	350,000	250,000
Total unrestricted	646,470	501,858
Temporarily restricted ¹	291,678	548,512
Total net assets	938,148	1,050,370
Total liabilities and net assets	\$1,127,928	\$1,094,797

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2005, and December 31, 2004

<u>Revenue and Support</u>	2005	2004
Grants and contributions	\$ 448,875	\$ 614,797
Membership fees	425,133	363,600
Conference registrations ²	44,800	209,202
Conference sponsorship	64,783	66,000
Publications	4,076	—
Contributed services	2,711	22,075
Investment income	12,251	6,503
Other income	4,207	1,021
Total revenue and support	1,006,836	1,283,198
<u>Expenses</u>		
Program and membership services	844,086	1,004,878
Management and general	200,302	172,550
Fundraising	74,670	28,411
Total expenses	1,119,058	1,205,839
Changes in net assets	(112,222)	77,359
Net assets, beginning of year	1,050,370	973,011
Net assets, end of year	\$938,148	\$1,050,370

1. Includes temporarily restricted assets for program and operating support for 2006, 2007 and 2008.

2. GEO held a national conference in 2004 but not in 2005.



GRANTMAKERS
for EFFECTIVE
ORGANIZATIONS

GEO's mission is to maximize philanthropy's impact by advancing the effectiveness of grantmakers and their grantees.

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