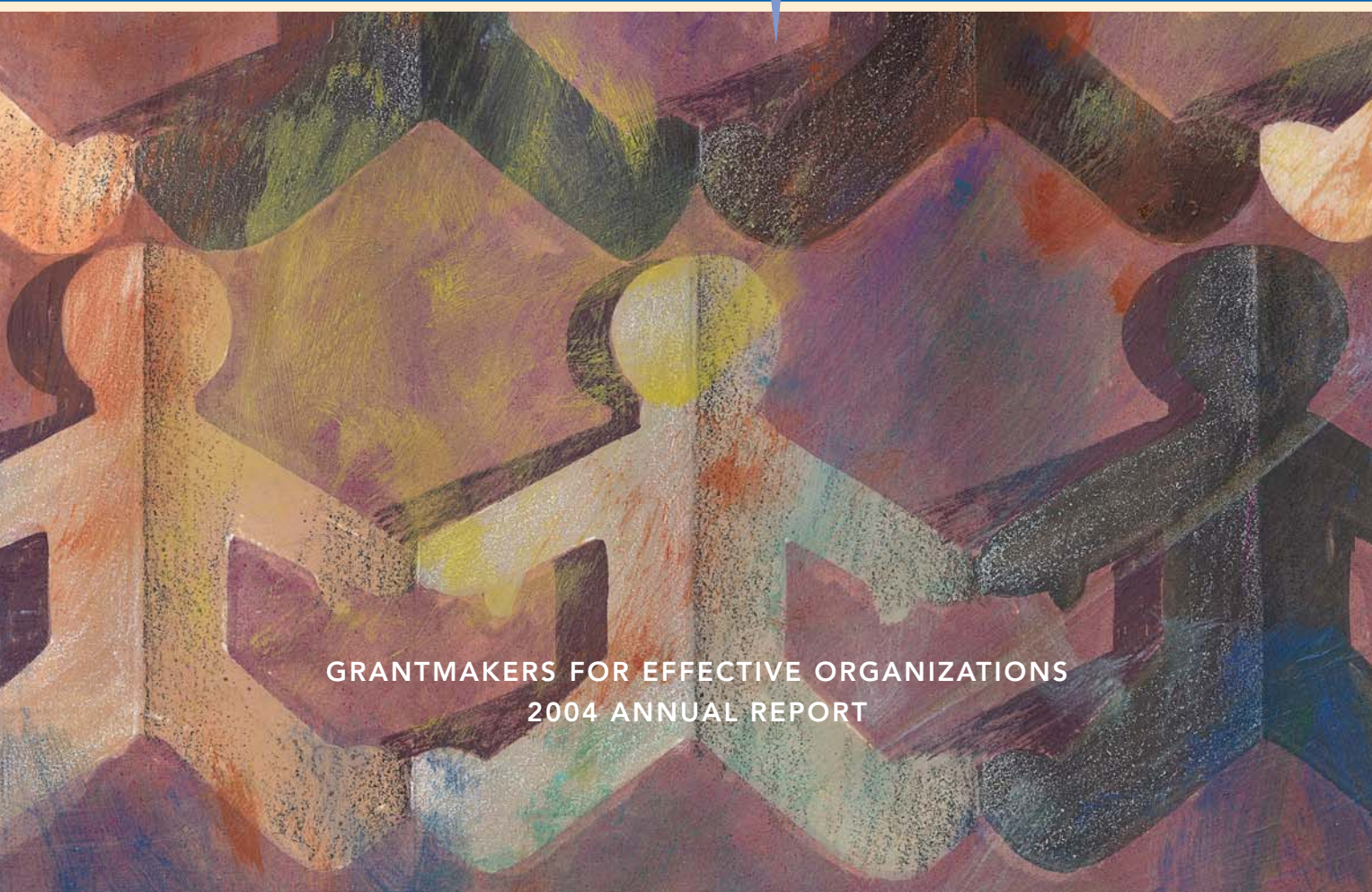




MANY VOICES ONE VISION



GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS
2004 ANNUAL REPORT

MAXIMIZING PHILANTHROPY'S IMPACT
BY ADVANCING THE EFFECTIVENESS
OF GRANTMAKERS AND THEIR GRANTEES



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LETTER FROM THE EXECUTIVE DIRECTOR AND THE BOARD CHAIR

*W*e believe the greatest asset of Grantmakers for Effective Organizations is its membership — a community of grantmakers dedicated to improving their own practices in order to increase grantee performance. GEO's more than 600 member organizations come in all types and sizes. While independent foundations make up the largest portion, our membership includes community foundations, corporate funders, government agencies and United Ways. Member organizations work to advance a variety of causes from advocacy to the arts, and their focus ranges from identifying community solutions to attacking global crises.

Despite these differences, grantmakers in the GEO community are united by a common mission — to maximize philanthropy's impact by advancing the effectiveness of grantmakers and their grantees. GEO provides a forum for members to share knowledge and experience relevant to effectiveness issues.

In 2004 our work focused on bringing together the variety of voices within the GEO community to learn from one another and to work together. As the pages of this report will show, activities in 2004 included convening members to share best practices, better understanding the complexity of the field through research on foundation effectiveness and funder networks, and articulating our values and the values of our members through creating new content and showcasing the work of member organizations.

As we continue to work to reform the field of philanthropy, we are proud of and grateful for the leadership exhibited by our member organizations. Working individually, GEO members are influential in their communities and are helping to solve a variety of social problems. Working together, the GEO community can expand philanthropy's impact by advancing effective practices among grantmakers and grantees.

~
Kathleen P. Enright
Executive Director



~
Janine E. Lee
Board Chair
Vice President, Community and
Philanthropic Initiatives
Ewing Marion Kauffman
Foundation





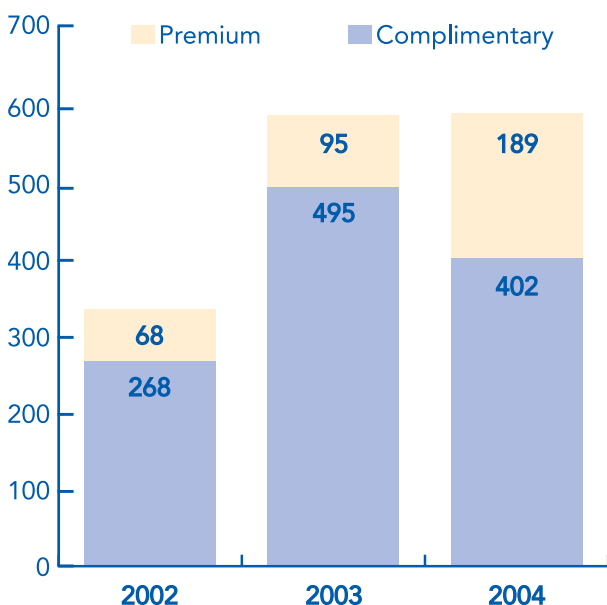
HEARING FROM ONE ANOTHER

Grantmakers are drawn to GEO for opportunities to network with other colleagues dedicated to strengthening the sector through effective grantmaking practices. As the GEO community grows, so do the knowledge and resources available to members.

In 2004, we provided members opportunities to hear from one another at gatherings including our national conference and a conference on knowledge management in philanthropy, and through the GEO e-mail list and Web site. In addition, GEO gathered feedback from members through a variety of measures to help improve our own effectiveness.

Engaging Members. GEO's success depends on the size and level of engagement of its membership. In 2003, we implemented a formal dues structure for membership, with expanded benefits for paying — premium — members. In 2004 we focused on bringing more grantmakers committed to improving effectiveness into the GEO community. As a result of our efforts, our premium member base nearly doubled in 2004, up to 189 organizations (see graph below).

2004 MEMBER GROWTH



Convening Grantmakers. GEO hosted its fourth national conference, “Aligning for Results,” in Seattle in March. About 500 grantmakers attended the conference to receive cutting-edge content and network with colleagues. Plenary speakers included Paul Brainerd of the Brainerd Foundation, Social Venture Partners and Aldus Corporation; Katherine Fulton of Global Business Network and Monitor Institute; and William P. Ryan from Hauser Center for Nonprofits at Harvard University. According to the conference evaluation, 91 percent of attendees said the conference made them feel like part of a community of practice that supports organizational effectiveness work.



GEO also hosted its first conference on knowledge management in philanthropy in March in Seattle. The conference, “Leveraging What You Know: Knowledge Management Strategies for Funders,” was convened in partnership with The Communications Network, the Consortium of Foundation Libraries and Technology Affinity Group. More than 100 grantmakers attended the conference to discuss ways to effectively capture and share knowledge to improve grantmaker performance. The conference was a great success; according to a post-conference evaluation, 100 percent of respondents said the conference increased their understanding of issues related to knowledge management.

In July, about 50 grantmakers convened in San Francisco to attend an evaluation case study teaching, “Evaluation of the Fighting Back Initiative,” which examined lessons learned from an evaluation at the Robert Wood Johnson Foundation. The workshop was held in partnership with Northern California Grantmakers.

CONFERENCE COMMITTEES

GEO is grateful for the contributions of committee members who led conference planning efforts in 2004.

2004 National Conference Planning Committee

Barbara D. Kibbe, Skoll Foundation (chair)

Jim Abernathy, Environmental Support Center

Lucille DiDomenico, Conference of Southwest Foundations

Deborah Fugenschuh, Donors Forum of Wisconsin

Susan Herr, Community Foundations of America

Kym Mulhern, Nokomis Foundation

Edward Pauly, The Wallace Foundation

Jane Roxbury, Forum of Regional Associations of Grantmakers

Tim Walter, Association of Small Foundations

Seattle Host Committee

Peter Berliner, Paul G. Allen Foundations (co-chair)

Jane Meseck, Microsoft Corporation (co-chair)

Tom David, formerly of Marguerite Casey Foundation

Erin Hemmings, Social Venture Partners Seattle

Aaron Jacobs, Social Venture Partners Seattle

Marie Kurose, Paul G. Allen Foundations

David Landers, Philanthropy Northwest

Valisa Smith, Bill and Melinda Gates Foundation

Huong Vu, Paul G. Allen Foundations

2004 Knowledge Management Conference Planning Committee

Gale Berkowitz, David and Lucile Packard Foundation

Ann Christen, formerly of Charles and Helen Schwab Foundation

Suzanne Cole, Consortium of Foundation Libraries

Roberto Cremonini, Barr Foundation

Sidney Hargro, The Columbus Foundation

Tom Kern, The Annie E. Casey Foundation

Amber Khan, The Communications Network

Kristin Lindsey, Intersector Consulting (formerly of the Donors Forum of Chicago)

Lisa Pool, Technology Affinity Group

When GEO members can't get together in person, they can use the e-mail list and tools on the our Web site to share knowledge and resources. GEO's Web site, www.geofunders.org, contains thousands of resources for grantmakers interested in effectiveness issues (see below). In 2004, we expanded the features for our premium members to include additional access to content and a content-rating system so members can share their reactions to resources.

Gathering Member Feedback. GEO's programs and services are designed with the input and preferences of our members in mind. In our organizational evaluation plan, we gather data from a variety of measures to assess our own effectiveness. We share this data with the board and interested colleagues through monthly dashboards and evaluation reports. In 2004 we also conducted a survey of members to assess satisfaction with GEO programs.

MOST REQUESTED CONTENT FROM WEB SITE IN 2004

GEO's monthly dashboards track a variety of measures on GEO programs. The following graph shows members' interest in GEO content, based on downloads from our Web site.

Attitudes and Practices Concerning Effective Philanthropy Executive Summary (Urban Institute)

410

Tool for Assessing Startup Nonprofits

349

2004 National Conference Program

342

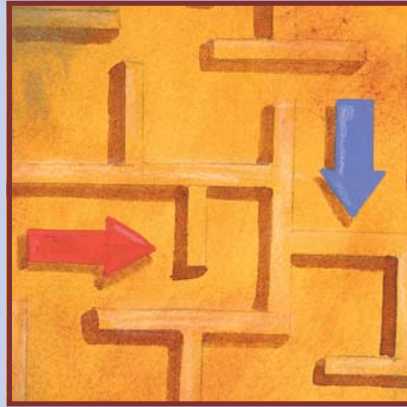
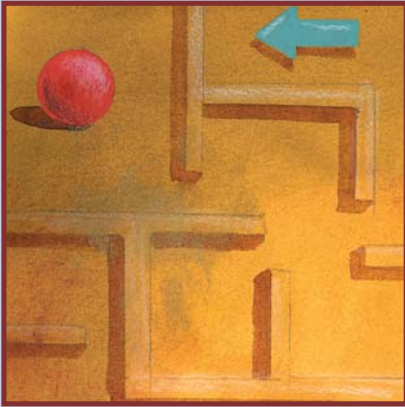
Leveraging What You Know: Knowledge Management Report

263

Aligning for Results: National Conference Report

252

SEEING THE COMPLEXITY OF THE FIELD



To best understand effective grantmaking practices, GEO must comprehend and take into account the diversity and complexity of the philanthropic sector. GEO partnered on research to gain a deeper understanding of the various forms, methods and motivations existing in the diverse field of philanthropy.

Distinguishing Attitudes Concerning Effective Philanthropy

GEO partnered with The Urban Institute to conduct a national assessment of philanthropic practice and effectiveness. The study, which was funded by the David and Lucile Packard Foundation, included a national survey of foundations, interviews with foundation staff leaders and case studies. Among the findings was that grantmakers' attitudes toward effectiveness are not always aligned with their practices. For example, most survey respondents said their grantee relations were

good or excellent, but among those who said that they were excellent, only 29 percent had solicited grantee feedback. The study also found that attitudes and practices relating to effective philanthropy vary greatly by foundation size and type (see graph on page 8). Full results are available on www.geofunders.org.

Mapping the Field of Funder Networks

GEO received funding from the David and Lucile Packard Foundation to conduct research to map the landscape of funder networks in philanthropy. GEO partnered with the Council on Foundations, the

Forum of Regional Associations of Grantmakers and the Funders' Network for Smart Growth and Livable Communities. The research consisted of a survey of 325 funder networks, including affinity groups, regional associations, collaborative funds and less formal networks. Products of the research include a series of reports with survey findings and case examples from a variety of funder networks and a searchable online database of more than 300 funder networks identified so far. All these resources are available on www.geofunders.org.

Funder Networks Research Advisory Group

GEO's funder networks research was conducted with guidance from the following colleagues:

- Elan Garonzik, Charles Stewart Mott Foundation

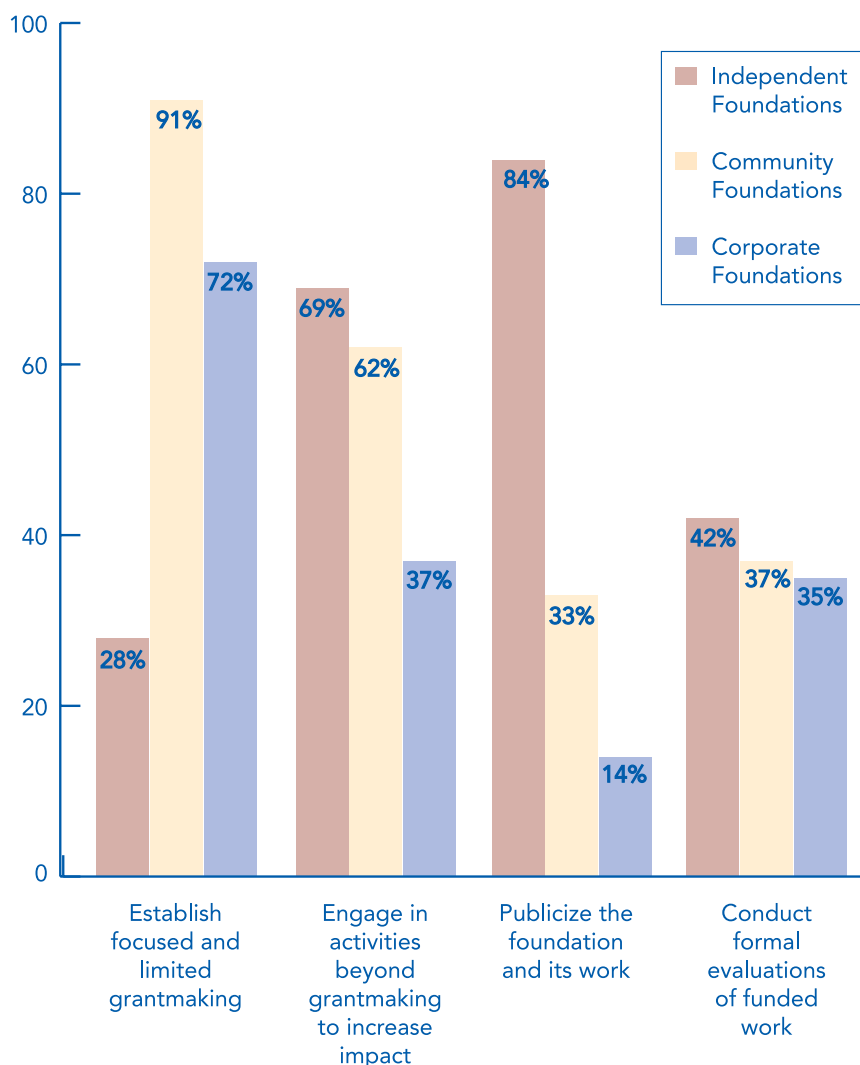
- Valerie Lies, Donors Forum of Chicago
- Steve Parsons, Council on Foundations
- Jane Roxbury, Forum of Regional Associations of Grantmakers

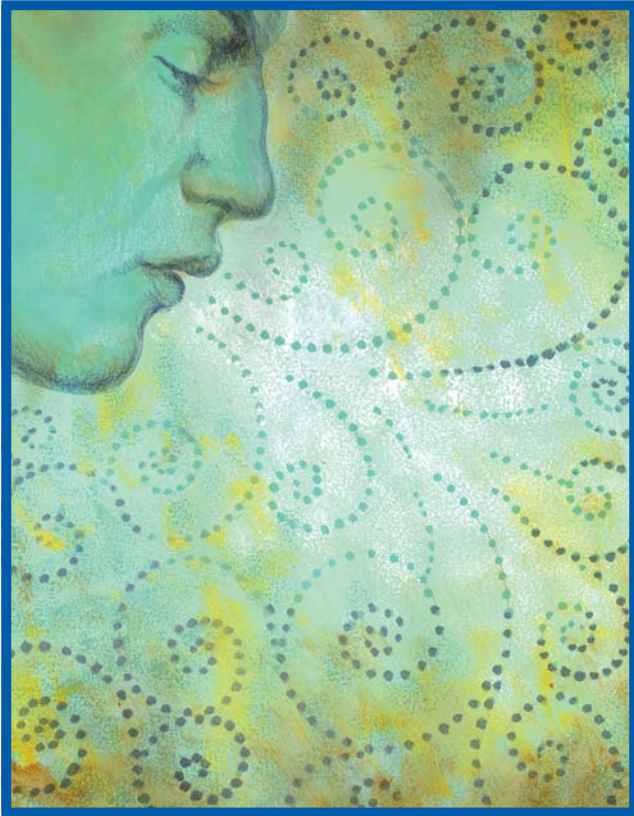
- Ben Starrett, the Funders' Network for Smart Growth and Livable Communities



ACTIVITIES “VERY IMPORTANT TO ACHIEVING EFFECTIVENESS,” BY FOUNDATION TYPE

One of the main findings of The Urban Institute's "Attitudes and Practices Concerning Effective Philanthropy" study was that views of effective philanthropy vary according to foundation type. The graph at right illustrates how foundation types differ in their attitudes about what is important to achieving foundation effectiveness.





Speaking OUR VALUES

Although the field is complex, and grantmakers adopt a variety of practices in their work, GEO members share many common values; we are bound together by a desire to maximize the impact of our interactions with grantees. In 2004, GEO spent time reflecting on the values of the organization, its members and the field.

Articulating Organizational Values

In pursuit of our goal to model effective practices, GEO undertook a few initiatives aimed at strengthening our own infrastructure. Working with an outside consultant, we undertook a communications planning process that helped us better articulate our own value. In this work we clarified GEO's position as *defining grantmaker practices that improve grantee performance*. GEO's board of directors articulated its own values for leading the organization through work with a governance consultant. In efforts to improve our financial sustainability, we articulated our priorities to help us balance mission and money, assessed current and potential revenue streams, and developed a screening process to help us assess future earned income opportunities.

Showcasing the Values of Members

GEO highlights the values and accomplishments of member organizations and leaders in the field through publications and our three e-newsletters, IMPACT, RESULTS and KNOWLEDGE. In 2004, GEO published

- *Aligning for Results*, a report on the proceedings of the 2004 national conference;
- *Leveraging What You Know: Knowledge Management Strategies for Funders*, a report on the state of knowledge management in philanthropy informed by the proceedings of the 2004 knowledge management conference; and
- *The Due Diligence Tool: For Use in Pre-Grant Assessment*, written by La Piana Associates.

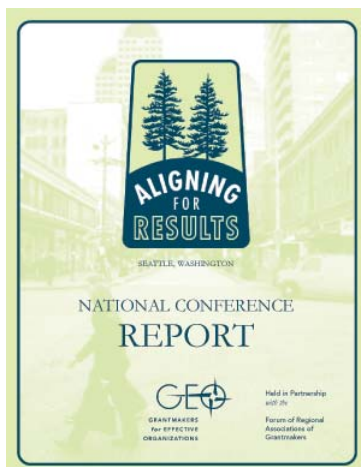
2004 GEO
PUBLICATIONS



Representing values to the field.

We often reach outside our membership community to advocate for grantmaking practices that could improve grantee performance in the broader field of philanthropy through press appearances and speaking engagements at philanthropic conferences. In 2004, GEO's work was featured in 38 press appearances in a variety of publications, including *Stanford Social Innovation Review* and *The Chronicle of Philanthropy*. Additionally, GEO staff reached hundreds of grantmakers through speaking engagements at a variety of conferences and meetings, including the Council on Foundations annual meeting, the Forum of Regional Associations of Grantmakers national conference and a capacity-building seminar hosted by the Donors Forum of South Florida.

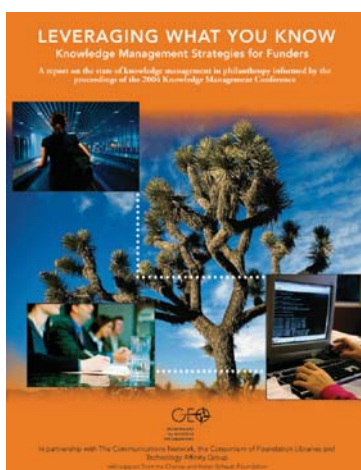
GEO's board of directors endorsed a set of guidelines for the funding of nonprofit organizations, created by a committee of grantmakers and nonprofit leaders chaired by Paul Brest of the William and Flora Hewlett Foundation. The guidelines, which are posted on GEO's Web site, identify a range of ways in which grantmakers can contribute to the health and vitality of the organizations they support, such as providing general operating support and multiyear grants.



GEO Members Speak Out

"It is vital that people at the highest levels of grantmaking organizations acknowledge the value of information sharing. If they don't openly support and nurture knowledge markets, then knowledge management initiatives are bound to fail."

— **Michelle Butler**, manager of reference services, David and Lucile Packard Foundation, at the 2004 knowledge management conference



"We all want to maximize our performance as grantmakers and improve our relations with grantees. However, there are still some of us who behave as if money confers wisdom, and as if we have the golden rules."

— **Janine E. Lee**, vice president, community and philanthropic initiatives, Ewing Marion Kauffman Foundation and GEO board chair, at the 2004 national conference



Looking ahead, GEO's work will continue to advance our vision.

Membership Vision: As a funder network working to reform philanthropy, GEO will model effective practice and attract an active and enduring membership committed to continual improvement.

Vision for Grantmaking Organizations: GEO will encourage and assist grantmakers as they adopt and maintain practices that increase their organizational effectiveness and enhance their ability to achieve their goals and mission.

Vision for Philanthropy as a System: GEO will be a leader in moving the field of philanthropy toward greater strategic cooperation among grantmaking organizations and a more deliberate system of funder networks and collaboratives to achieve the greatest social good.

Our priorities for 2005 include enhancing the quality and offerings of our membership program, convening a second conference on knowledge management in philanthropy, and conducting research to better define grantmaker practices that improve grantee performance.

As we make progress to advance our vision, we will continue to rely on the many voices that comprise the GEO community. We are proud of the accomplishments this field has made so far, and we are excited by the possibilities that lie ahead.



OUR SUPPORTERS

Financial Sponsors

The following organizations were financial sponsors in 2004.

\$50,000 or More

David and Lucile Packard Foundation
Evelyn and Walter Haas Jr. Fund
Ewing Marion Kauffman Foundation
Ford Foundation
The UPS 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
Microsoft Corp.
The Wallace Foundation

Up to \$19,999

The Annie E. Casey Foundation
Barr Foundation
Bill and Melinda Gates Foundation
Consortium of Foundation Libraries
Denali Commission
Edyth Bush Charitable Foundation
Hawai'i Community Foundation
The James Irvine Foundation
John S. and James L. Knight Foundation
Marguerite Casey Foundation
Marion I. and Henry J. Knott Foundation
Medina Foundation
Nokomis Foundation
Paul G. Allen Foundations
S.D. Bechtel Jr. Foundation
Social Venture Partners Seattle
Wilburforce Foundation

2004 Premium Members

The following organizations made membership contributions in 2004.

Agua Fund Inc.
Alaska Conservation Foundation
Albert A. List Foundation
Amherst H. Wilder Foundation
The Annie E. Casey Foundation
Arthur M. Blank Family Foundation
The Association of Baltimore Area Grantmakers
Association of Small Foundations
Ball Foundation
Barr Foundation
Bill and Melinda Gates Foundation
Blue Ridge Foundation New York
Bruner Foundation
The California Endowment
The California Wellness Foundation
Carnegie Corporation of New York
Charles and Helen Schwab Foundation
Charles and Lynn Schusterman Family Foundation
Charles Stewart Mott Foundation
The Chasdrew Fund
The Cleveland Foundation
Colorado Foundation for Families and Children
Colorado Trust
The Columbus Foundation
Common Good Ventures
Community Foundation for Greater Atlanta
Community Foundation for Monterey County
Community Foundation of Collier County
Community Foundation of Greater Birmingham
Community Foundation of Santa Cruz County

Community Foundation Serving Richmond and Central Virginia
Community Foundations of America
Community Foundation Sonoma County
Community Memorial Foundation
Community Technology Foundation of California
Community Toolbox for Children's Environmental Health
Connecticut Health Foundation
Daniels Fund
David and Lucile Packard Foundation
Deaconess Community Foundation
Deaconess Foundation
Delaware Valley Grantmakers
Donors Forum of Chicago
Doris Duke Charitable Foundation
The Dresher Foundation Inc.
The Duke Endowment
The Dyson Foundation
Edna McConnell Clark Foundation
Edyth Bush Charitable Foundation
Endowment for Health
Enterprise Foundation
Environmental Support Center
The Eugene and Agnes E. Meyer Foundation
Evelyn and Walter Haas, Jr. Fund
Ewing Marion Kauffman Foundation
Fannie Mae Foundation
Fetzer Institute
First Alaskans Institute
Foellinger Foundation Inc.
The Forbes Funds
Ford Foundation
The Foundation Incubator
Fund for Nonviolence
The George Gund Foundation
Girl's Best Friend Foundation
The Global Fund for Women
Gordon and Betty Moore Foundation
Grameen Foundation USA

Grand Victoria Foundation
Grantmakers of Oregon and
Southwest Washington
Greater Worcester Community
Foundation
Greenlee Family Foundation
Harbinger Partners
Hartford Foundation for Public
Giving
Hawai'i Community Foundation
Health Foundation of South Florida
The HealthCare Foundation of
Orange County
Heinz Endowments
Hogg Foundation for Mental Health
Icicle Fund
Impact Capital
The INNW Fund
Institute of Mental Hygiene
International Center on
Collaboration Inc.
Irene E. and George A. Davis
Foundation
Jacob and Hilda Blaustein
Foundation
The James Irvine Foundation
John S. and James L. Knight
Foundation
JVA Consulting LLC
The J.W. McConnell Family
Foundation
Kansas Health Foundation
Kronkosky Charitable Foundation
The Laidlaw Foundation
Laird Norton Endowment
Foundation
The Leighty Foundation
Lucile Packard Foundation for
Children's Health
Lumina Foundation for Education
Lumpkin Family Foundation
Maine Community Foundation
Maine Health Access Foundation
Marguerite Casey Foundation
Marion I. and Henry J. Knott
Foundation
Mary Black Foundation
Mary Reynolds Babcock Foundation
Massachusetts Cultural Council
Massachusetts Service Alliance

Mathile Family Foundation
McKnight Foundation
Medina Foundation
Metropolitan Association for
Philanthropy
Meyer Memorial Trust
Milton A. and Charlotte R. Kramer
Charitable Foundation
Ms. Foundation for Women
Muttart Foundation
National Arts Strategies
Nellie Mae Education Foundation
New Hampshire Charitable
Foundation
New Morning Foundation
New Profit Inc.
Nokomis Foundation
Nonprofit Finance Fund
Nonprofit Management Fund
Northwest Area Foundation
OMG Center for Collaborative
Learning
The Ontario Trillium Foundation
Open Society Institute
Partnership for Excellence in Jewish
Education
Peninsula Community Foundation
Philadelphia Cultural Management
Initiative
Philanthropy Northwest
Picerne Family Foundation
Power of Attorney
The Prudential Foundation
Quantum Foundation
Quixote Foundation
The Rapides Foundation
Rappahannock United Way Inc.
Rappaport Family Foundation
REDF
Richard and Susan Smith Family
Foundation
The Richard Ivey Foundation
The Richard M. Fairbanks
Foundation
Robert Wood Johnson Foundation
Robin Hood Foundation
Robins Foundation
Rockefeller Brothers Fund
The Rockwood Fund

Rose Community Foundation
Saint Luke's Foundation of
Cleveland, Ohio
San Francisco Foundation
S.D. Bechtel Jr. Foundation
S.H. Cowell Foundation
Sierra Health Foundation
Sisters of Mercy
The Skillman Foundation
Skoll Foundation
Sobrato Foundation
Social Venture Partners International
Social Venture Partners Seattle
The Sudbury Foundation
Sunflower Foundation
Surdna Foundation Inc.
Team-Up for Youth
Third Sector New England
Three Guineas Fund
Tides Foundation
Twin City Education Foundation
UN Foundation
United Methodist Health Ministry
Fund
United Way Greater Toronto
United Way Winnipeg
Unity Foundation
The UPS Foundation
Vermont Community Foundation
Vision Vashon
Wachovia Regional Foundation
The Wallace Foundation
Wardle Family Foundation
The Warner Foundation
Wilburforce Foundation
William and Jane Schloss Family
Foundation
William Caspar Graustein Memorial
Fund
William Penn Foundation
Williamsburg Community Health
Foundation
W.K. Kellogg Foundation
The Women's Foundation
Woods Charitable Fund
Woods Fund of Chicago
Zellerbach Family Foundation

2004 *F*INANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

December 31, 2004, and 2003

Assets	2004	2003
Cash and cash equivalents	\$790,316	\$661,099
Contributions receivable	92,000	351,950
Membership dues receivable	-	37,000
Prepaid expenses ¹	184,707	7,162
Deposits	4,775	31,275
Other assets	693	-
Property and equipment, net	22,306	15,442
Total assets	\$1,094,797	\$1,103,928
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$9,887	\$58,727
Accrued leave	10,040	8,596
Deferred membership dues	24,500	47,550
Deferred conference registration	-	16,044
Total liabilities	\$44,427	\$130,917
Net assets		
<i>Unrestricted</i>		
Undesignated	\$251,858	\$322,178
Board designated reserve	250,000	150,000
Total unrestricted	501,858	472,178
Temporarily restricted ²	548,512	500,833
Total net assets	1,050,370	973,011
Total liabilities and net assets	\$1,094,797	\$1,103,928

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2004, and December 31, 2003

<u>Revenue and Support</u>	2004	2003
Grants and contributions	\$614,797	\$516,000
Membership fees	363,600	223,200
Conference registrations	209,202	-
Conference sponsorship	66,000	75,000
Contributed services	22,075	170,700
Investment income	6,503	-
Other income	1,021	15,937
	<hr/>	<hr/>
Total revenue and support	\$1,283,198	\$1,000,837
	<hr/> <hr/>	<hr/> <hr/>
<u>Expenses</u>		
Program and membership services	\$1,004,878	\$594,974
Management and general	172,550	280,402
Fundraising	<u>28,411</u>	<u>28,035</u>
Total expenses	<u>1,205,839</u>	<u>903,411</u>
Changes in net assets	77,359	97,426
Net assets, beginning of year	<hr/> 973,011	<hr/> 875,585
Net assets, end of year	<hr/> <hr/> \$1,050,370	<hr/> <hr/> \$973,011

1. GEO prepaid vendors for work in 2005 on a leadership development project.
2. Includes temporarily restricted assets for program and operating support for 2005.

BOARD OF DIRECTORS

As of December 31, 2004

Janine E. Lee (Chair)

Vice President, Community and Philanthropic Initiatives
Ewing Marion Kauffman Foundation

Edward Pauly (Vice Chair)

Director of Evaluation
The Wallace Foundation

Paul Shoemaker (Treasurer)

Executive Director
Social Venture Partners

Annemarie Riemer (Governance Committee Chair)

Director, Nonprofit Support Program
Hartford Foundation for Public Giving

Jim Abernathy

Executive Director
Environmental Support Center

John Bare

Vice President for Strategic Planning and Evaluation
The Arthur M. Blank Family Foundation

Imani Constance Burnett

Vice President
Southeastern Council of Foundations

David Hunter

Director of Evaluation and Knowledge Development
Edna McConnell Clark Foundation

Barbara Kibbe

Vice President for Program and Effectiveness
Skoll Foundation

Ricardo Millett

President and CEO
Woods Fund of Chicago

Thomas K. Reis

Program Director
W.K. Kellogg Foundation

Mary Walachy

Executive Director
Irene E. and George A. Davis Foundation

Gayle Williams

Executive Director
Mary Reynolds Babcock Foundation

STAFF

Lori Bartczak

Program Manager

Tamar Cloyd

Development Specialist

Rahman Culver

Communications Specialist

Kathleen P. Enright

Executive Director

J McCray

Operations Manager

Idalia Ramos

Program Specialist

Jason Twiss

Operations Assistant



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