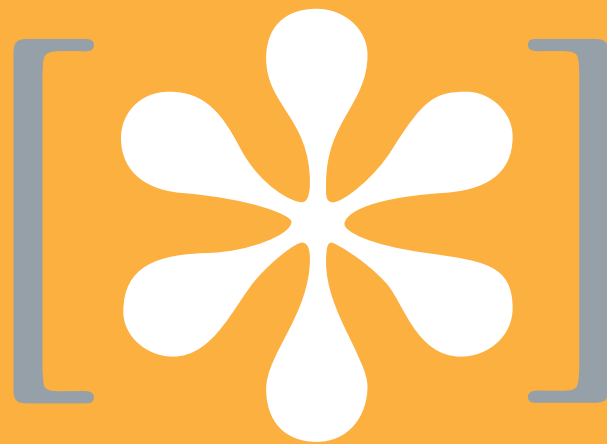


GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS
2007 Annual Report



HARNESSING INNOVATION

mission



Understanding that grantmakers are successful only to the extent that their grantees achieve meaningful results, GEO promotes strategies and practices that contribute to grantee success.

VISION

GEO envisions a future in which:

- Grantmakers embrace strategies and practices that are supportive of nonprofit performance and abandon those that detract from nonprofit success.
- In common trust, grantmakers and grantees communicate promptly and candidly to define and assess success, share learning and accelerate progress.
- Grantmakers and grantees exchange financial resources and knowledge efficiently and effectively.
- Nonprofits have the leadership, systems and working capital they need to be potent agents of social change and public benefit.
- United by a common purpose, grantmakers and nonprofits are mutually supportive and accountable partners in creating social change and public benefit.

ASSUMPTIONS AND CORE BELIEFS

- The status quo in philanthropy is unacceptable; change is imperative.
- Change is driven by both individual and collective action:
 - *all individuals in philanthropy can play powerful roles in bringing about significant changes in grantmaker practice and*
 - *collective action can speed the pace of innovation into mainstream practice.*
- Successful change efforts require more than just knowledge and awareness — they require a high degree of motivation and support, backed by the right incentives.
- Effective philanthropy requires engaging a broad range of historically disenfranchised people meaningfully in both developing and executing strategy.
- Incorporating feedback from grantees and other stakeholders is crucial to grantmakers' effectiveness.

MESSAGE FROM THE BOARD CHAIR AND EXECUTIVE DIRECTOR

True innovation lies in looking for creative answers to existing, unfulfilled needs, and not in doing something “new” only for the sake of its newness. It lies in looking for ways to improve upon existing practices, exploring uncharted territory, and not simply in rejecting conventional wisdom. But most important perhaps, innovation is as much about *action* as it is about *ideas*. After all, good intentions alone never got anyone anywhere.

In 2007, we refined our thinking about what innovation implies for GEO, and for our members. A central question for our work is this: *How can we help harness innovation in philanthropy to be more action-able, more effective?*

We explored and confirmed ideas about how change happens and the role GEO is best positioned to play. This process brought us back to some basic ideas, the most fundamental of which is that grantmakers’ success depends on the organizations we support.

One way grantmakers are harnessing innovation is by constructing a new standard of engagement with grantees. Complex social problems can be addressed only when affected parties — including grantmakers, nonprofits and the people they serve — come together to identify the problem, discover the causes and set about to solve the challenge together. Recognizing engagement as key to their success, many in the GEO community are proactively involving stakeholders to shape their ideas and actions.

Equally important is a fresh look at the way grantmakers use money to achieve social progress. We’ve heard pleas from nonprofits for more flexible dollars over longer periods of time. Overwhelming evidence suggests a need to look for better ways to think about the role money plays in creating social change. This shift requires that we question long-held beliefs and begin to act differently.

As members of our community embrace changes in their own strategies and practices so that nonprofits can achieve more, GEO continues to look for ways to learn from pioneers and translate productive innovation into mainstream practice.

The progress detailed in this annual report reflects an evolution in our ideas and actions and serves as the foundation of our commitment to smarter grantmaking, stronger nonprofits and better results (which also happens to be our new tagline).

As we enter our 10th year, we welcome your insights about and involvement in GEO’s work. Your support and feedback are critical for GEO at this juncture; as we endeavor to help you more effectively fulfill your own commitments to the greater common good with every passing year.



A handwritten signature in black ink that reads "Beth Bruner".

BETH BRUNER (Top)
Board Chair

Director of Effectiveness Initiatives,
Bruner Foundation

A handwritten signature in black ink that reads "Kathleen P. Enright".

KATHLEEN P. ENRIGHT (Bottom)
Executive Director

innovation.



Some might suggest that philanthropy is too enamored with innovation. It's a valid critique, especially when the quest for innovation leads to fickleness or the abandonment of proven ideas. But when innovation relies on deep engagement, boosts learning and ultimately results in actions that improve performance, who can argue with that?

That's GEO's brand of innovation — we identify grantmaker practices that improve nonprofit performance and then facilitate *change* so that these practices become mainstream in philanthropy.

The GEO Change Agent Project, which ran from 2004 to 2006, embodied our commitment to engagement and learning as a precursor to action. Through this national engagement process we asked: What does it take to make the changes we know will help nonprofits achieve more? Where can changed practice make the greatest difference? From surveys and interviews with more than 200 nonprofits and grantmakers, we identified the most promising opportunities for grantmakers to make changes that will contribute to nonprofit results.

What we learned shaped GEO's change agenda and, in 2007, we began converting this learning into practice. By engaging our community in collaborative problem-solving and collective action and translating the hard-won lessons of the innovators, we're attempting to help ground-breaking ideas gain traction and translate into field-wide change.

This annual report chronicles our efforts to harness innovation through learning, through engagement and through meaningful action. In everything we do, our focus is on building a field-wide movement that embraces the notion that *grantmakers are successful only to the extent that their grantees achieve meaningful results.*

OUR INDICATORS OF PROGRESS

Format of financial support improves.

There are increased levels of operating support, multi-year support and other appropriate types of capacity-building support as well as larger average grants.

Stakeholder engagement improves.

Grantmakers more broadly adopt mechanisms that appropriately engage stakeholders by, among other things: ensuring that the make-up of foundation staff and boards better reflect the experience and knowledge of those they serve; conducting needs assessments; and soliciting anonymous feedback from grantees.

Learning practice increases.

There is an increase in the number of grantmakers that have adopted and strengthened learning practices.

Leadership support increases.

Grantmaker support of nonprofit leadership development as a capacity-building strategy is more prevalent and increasingly sophisticated.

More members.

GEO's membership grows significantly to 500 by 2011.

engage.



Meaningful engagement can take many forms — it can be as simple as asking a probing question and listening carefully to the answer or as complex as sharing power and relying on others to shape your own agenda.

From its inception, GEO has embodied a core commitment to engagement by relying on our members and other key stakeholders to shape our own agenda and understanding of critical issues in nonprofit effectiveness. We're not the first (nor, hopefully, will we be the last) to draw distinct links between inclusiveness and philanthropic effectiveness. Our work in 2007 confirmed and amplified the links between engagement and effectiveness, suggesting that a true commitment to inclusiveness is essential to a foundation's success in achieving its mission.

COMMUNITY CHANGE PROJECT IN PITTSBURGH

In a peer learning pilot, we convened a group of foundation leaders in Pittsburgh. These leaders asked themselves a brave question: To what extent do grantmakers lack the courage, humility and capacity to partner productively with nonprofits to serve people in need? In their search for an answer, the foundation leaders discovered something important. In order to be better poised to solve difficult social issues facing Pittsburgh, foundations would need to dispel the notion that foundations alone know what's best for the community. Each participating organization designed and implemented individual action plans to help their organizations become more productive partners with their grantees. Just as exciting, the group collectively developed a rubric for effective collaborative partnerships. Participating Pittsburgh funders intend to use this rubric as a framework to guide future collaborations among funders, nonprofits and other community partners.

LISTSERV

GEO's members-only listserv acts as a critical resource for our members when they require support and guidance from peers on subjects of shared relevance. In 2007, members participated in several dynamic conversations on topics ranging from building online communities for grantmakers to evaluation metrics to ensuring racial equity in funding practices. One topic garnered such overwhelming attention that it became the basis for the *General Operating Support Action Guide*, released in July 2007.

PARTICIPANTS: PITTSBURGH CHANGE AGENT PROJECT

- The Forbes Funds
- The Grable Foundation
- Grantmakers of Western Pennsylvania
- The Heinz Endowments
- Jewish Healthcare Foundation
- Richard King Mellon Foundation
- The Pittsburgh Foundation
- Women and Girls' Foundation of Southwest Pennsylvania

learn.



Given the complexity of the problems grantmakers endeavor to solve, learning is a key ingredient of effective philanthropy. Yet we know that lessons are never fully learned until they are applied.

ACTION LEARNING

GEO is providing opportunities for grantmakers to learn with and from peers in formats that help them solve real-time challenges and quickly apply what they learn. In 2007, we experimented with several approaches to peer learning that give grantmakers at the leading edge of an effectiveness strategy an opportunity to learn from one another to strengthen both their practice and their commitment to change. One of the approaches we piloted was inspired by Emergent Learning. EL Maps™, created by Signet Research & Consulting, is a tool that helps groups work together to build shared knowledge from past and current experiences. By harnessing these insights, participants are able to create theories of success that they translate into action in their own organization.

GEO's Action Learning groups form on issues of urgency to our members. In 2007, this included the following questions:

- What will it take to sustain seasoned nonprofit leaders?
- How can we best structure general operating support in a way that helps grantees and grantmakers demonstrate success?
- How can we strengthen synergies between investments in leadership development and organizational capacity building initiatives?

Participants made key changes based on the convenings including:

- The Barr Foundation incorporated into its formal evaluation process the assessment of secondary benefits of sabbatical programs.
- The Endowment for Health increased its general operating support from three-year to five-year grants.
- The Evelyn & Walter Haas, Jr. Fund board accepted a proposal to expand their program for investing in the leadership of grantee organizations.

“There is a sense of intimacy when you deal with GEO that is conducive to this type of learning. On average, we learn more from our mistakes than from our accomplishments. So when we learn with others, we have to be ready to talk about failure. We can all be comfortable and proud when we talk about our victories, but we don't win all the time. True learning comes from sharing our burning questions — about what didn't go well? Why? You have to be humble to start with, but then it's the trust, the feeling of being comfortable with each other and the size of the group that creates an intimate environment conducive to learning. And GEO provides that.”

— Roberto Cremonini,
Chief Knowledge & Learning Officer,
Barr Foundation

ORGANIZATIONS THAT PARTICIPATED IN GEO ACTION LEARNING GROUPS IN 2007

- The Annie E. Casey Foundation
- Barr Foundation
- Blue Shield of California Foundation
- The California Wellness Foundation
- The Durfee Foundation
- The David and Lucile Packard Foundation
- Endowment for Health
- Evelyn & Walter Haas, Jr. Fund
- The Forbes Funds
- Hartford Foundation for Public Giving
- Sierra Health Foundation
- The Philadelphia Foundation
- Social Venture Partners Seattle
- UJA-Federation of New York
- The Whitman Institute

LEARNING FOR RESULTS CONFERENCE, NEW ORLEANS

In New Orleans in May 2007, more than 175 grantmakers came together to explore how learning can lead to improved results — both for grantmakers and the grantees they support. Organized in partnership with The Communications Network, the Consortium of Foundation Libraries, the Council on Foundations, Grants Managers Network and Technology Affinity Group, GEO's Learning for Results conference covered ways to facilitate learning at three levels: within grantmaking organizations; across foundations and with grantees. In a post conference survey, the vast majority of the respondents (92%) agreed that the conference exhibited how organizational learning practices can better support nonprofit results. Eighty-three percent (83%) suggested that they were inspired to reassess their practices as a result of the conference.

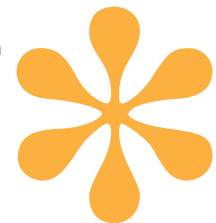


LEARNING FOR RESULTS CONFERENCE PLANNING COMMITTEE

- Teresa Behrens, W.K. Kellogg Foundation
- Gale Berkowitz, The David and Lucile Packard Foundation
- Brenda Burk, Consortium of Foundation Libraries and IUPUI Library (Indiana University – Purdue University Indianapolis)
- Roberto Cremonini, Barr Foundation
- Catherine Downs, Grants Managers Network
- Sidney Hargro, The Columbus Foundation
- Tom Kern, formerly with The Annie E. Casey Foundation
- Lisa Pool, Technology Affinity Group
- Kyle Reis, Ford Foundation
- Bruce Trachtenberg, The Communications Network
- Lesley Williams, Girl Scouts of the USA

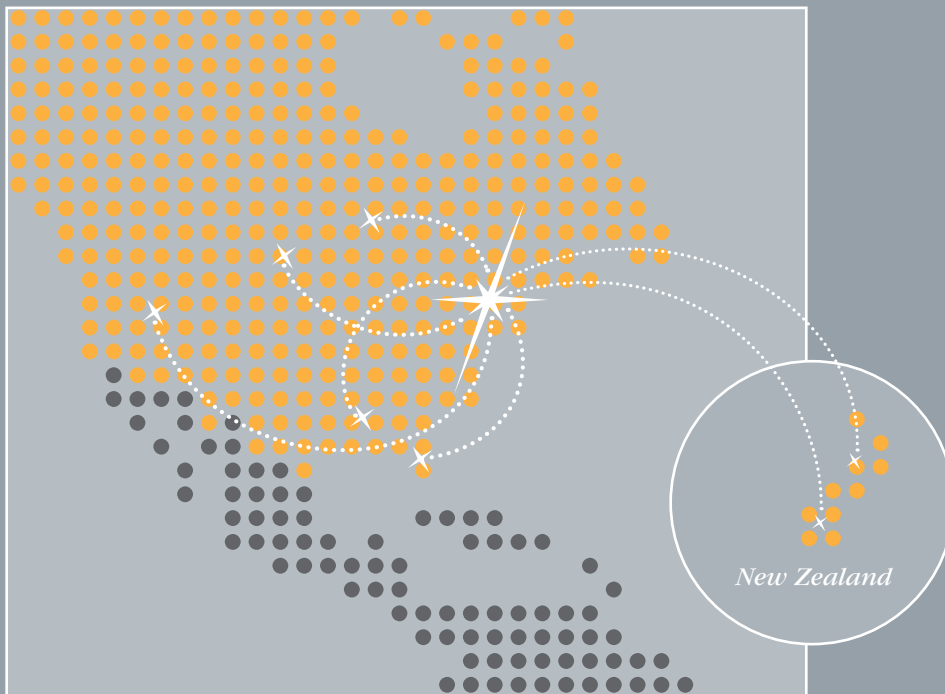
ORGANIZATIONAL LEARNING ADVISORY COMMITTEE

- Teresa Behrens, W.K. Kellogg Foundation
- Gale Berkowitz, The David and Lucile Packard Foundation
- Roberto Cremonini, Barr Foundation
- Tom David, Community Clinics Initiative
- Astrid Hendricks-Smith, The California Endowment
- Tom Kern, formerly with The Annie E. Casey Foundation
- Katharine Pearson, formerly with The J.W. McConnell Family Foundation
- Mary Williams, Lumina Foundation for Education



Connecting with other communities.

In 2007, GEO was pleased to learn and share with grantmaker communities from Dearborn, Michigan to Sheridan, Wyoming to Wellington, New Zealand. We were increasingly called upon to give speeches, lead discussions and facilitate workshops on our key issues.



HISPANICS IN PHILANTHROPY, LOS ANGELES, CA * GRANTMAKERS IN HEALTH, MIAMI, FL
* U.S. GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, DC * PHILANTHROPIC
FOUNDATIONS OF CANADA, TORONTO, ONTARIO, CANADA * PHILANTHROPY NEW
ZEALAND, WELLINGTON, NEW ZEALAND * GEO 2007 ORGANIZATIONAL LEARNING
CONFERENCE, NEW ORLEANS, LA * ASSOCIATED GRANT MAKERS, WALTHAM, MA *
YOUNG NONPROFIT NETWORK, WASHINGTON, DC * CENTER ON PHILANTHROPY
AT INDIANA UNIVERSITY, INDIANAPOLIS, IN * SAN DIEGO GRANTMAKERS, SAN
DIEGO, CA * SHERIDAN COUNTY FOUNDATION ROUNDTABLE, SHERIDAN,
WY * GRANTMAKERS OF WESTERN PENNSYLVANIA, PITTSBURGH, PA *
NONPROFIT ACADEMIC CENTERS COUNCIL, CHICAGO, IL * COUNCIL OF MICHIGAN
FOUNDATIONS, DEARBORN, MI * VOICE AMERICA RADIO SHOW * THE ONTARIO
TRILLIUM FOUNDATION, TORONTO, ONTARIO, CANADA * THE MONTGOMERY
COUNTY COMMUNITY FOUNDATION, ROCKVILLE, MD * THE ASPEN INSTITUTE,
WASHINGTON, DC * YALE SCHOOL OF MANAGEMENT, NEW HAVEN, CT

act.



We've all heard the aphorism that actions speak louder than words. Nowhere is this more apt than in philanthropy. But it's difficult to move from understanding that a change is necessary to summoning the support and collective will to make it real in your organization.

ACTION GUIDES

GEO's commitment to innovation includes sharing knowledge in ways that are easy to implement; that are *action-able*. To that end, in 2007 we created a new format for our publications and launched Action Guides, or *how-to's* for grantmakers who are keen to integrate innovative practices in their own work. We released three Action Guides, which are available as free downloads at GEO's website. In addition, we published one white paper on the subject of nonprofit leadership, titled *The Departing: Exiting Nonprofit Leaders as a Resource for Social Change*.



General Operating Support

What is general operating support and how are grantmakers providing it? What difference does it make to nonprofits' ability to achieve results? Inspired by a spirited GEO listserv conversation, the *General Operating Support* Action Guide answers to these questions and more.



Imagine, Involve, Implement

Through our conversations with nonprofit and foundation leaders during the Change Agent project, we ended up with a list of more than 200 grantmakers — who were identified as exemplars in the field. For the *Imagine, Involve, Implement* Action Guide, we gathered detailed stories about what makes their practice so meaningful for their grantees, and how these serve to enhance their grantees' work.



Learning for Results

What does it take to be a learning organization? How does one make the case for a stepped-up commitment to learning to staff, board and grantees? This action guide explored strategies to help organizations embed learning in their day-to-day grantmaking work.

“From my perspective, unrestricted funding (especially multi-year) gives grantees the platform where they have the freedom to take risks, to innovate, to learn and adapt to what's happening around them. I think operating support also opens the space for having trusting relationships with grantees where we can really talk about what is and is not working.”

— *John Esterle, Executive Director, The Whitman Institute*

LEADERSHIP DEVELOPMENT ADVISORY COMMITTEE

- Rick Moyers, The Eugene and Agnes E. Meyer Foundation
- Annemarie Riemer, Hartford Foundation for Public Giving
- Donna Stark, The Annie E. Casey Foundation
- Gayle Williams, Mary Reynolds Babcock Foundation
- Linda Wood, Evelyn and Walter Haas, Jr. Fund



on the horizon

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Bruner Foundation

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Immediate Past Chair
The Wallace Foundation

Gregg Bebr, Vice Chair
The Grable Foundation

Paul Shoemaker,
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Social Venture Partners Seattle

Thomas K. Reis,
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The James Irvine Foundation

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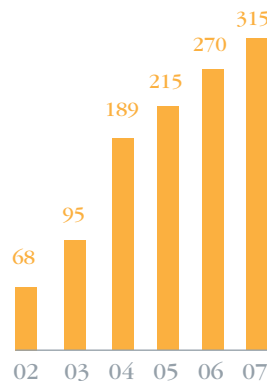
Our work in 2008 will take the implementation of our change agenda even further by continuing to feature learning and sharing around the money and stakeholder engagement along with our continued core commitments to leadership and learning.

In 2008, we will continue to bring innovations to mainstream practice through partnerships with regional associations of grantmakers and other networks of funders. Practices around investing in leadership and a collaborative approach to evaluation are not yet mainstream among funders, so we will continue to encourage these practices that we've advocated on since our founding.

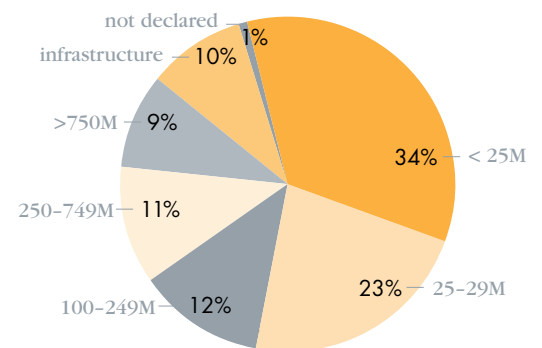
Also included in our plans is a national field survey of grantmakers that will help determine the extent to which grantmaking practices that support nonprofit success have changed over time; help GEO and other organizations working to foster effective philanthropy evaluate and target their efforts; and provide a benchmarking tool that different types of grantmakers may use to identify areas for improvement.

Given our mission to promote *smarter grantmaking* and *stronger nonprofits*, we remain committed to the cause of effective philanthropy that will generate *better results* not just for one sector but for the entire society.

MEMBERSHIP GROWTH
number of organizations



MEMBERSHIP BREAKDOWN
based on asset size (M=million)



Statement of Financial Position

DECEMBER 31, 2007 AND 2006



FINANCIAL
SPONSORS

\$150K or more

Bill & Melinda Gates Foundation

Omidyar Network

The William and Flora

Hewlett Foundation

W. K. Kellogg Foundation

\$50K - \$149

Bruner Foundation

The California Endowment

The David and Lucile

Packard Foundation

The Edna McConnell

Clark Foundation

Evelyn and Walter Haas, Jr. Fund

Ford Foundation

Richard King Mellon

Foundation

Robert Wood Johnson

Foundation

The Wallace Foundation

ASSETS	2007	2006
Cash and cash equivalents	\$1,806,084	\$1,075,456
Contributions receivable	75,165	211,000
Prepaid expenses	7,028	5,065
Deposits	4,775	4,775
Other assets	558	526
Property and equipment, net	37,221	3,748
Total assets	\$1,930,831	\$1,300,570
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accounts payable & accrued expenses	\$158,063	\$34,947
Accrued leave	29,286	14,087
Deferred membership dues	59,300	73,710
Deferred conference registration	155,600	14,000
Total liabilities	402,249	136,744
Net Assets		
<i>Unrestricted</i>		
Undesignated	670,662	341,438
Board designated reserve	550,000	450,000
Total unrestricted	1,220,662	791,438
Temporarily restricted ¹	307,920	372,388
Total net assets	1,528,582	1,163,826
Total liabilities and net assets	\$1,930,831	\$1,300,570

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

Statement of Activities

DECEMBER 31, 2007 AND 2006

	2007	2006
REVENUE AND SUPPORT		
Grants and contributions	\$971,087	\$846,215
Membership fees	588,963	507,590
Conference sponsorship	157,000	36,000
Conference registrations	79,200	203,255
Seminars	61,500	—
Consulting	6,618	—
Publications	3,910	6,670
Contributed services	9,024	5,823
Interest income	40,437	21,931
Other income	3,345	558
Total revenue and support	\$1,921,084	\$1,628,042
EXPENSES		
Program services:		
Member programs	659,669	379,553
Conferences	85,048	244,459
Research	304,667	409,028
Communications	216,313	85,970
Total program services	1,265,697	1,119,010
Supporting services:		
Management and general	214,661	209,400
Fund-raising	75,970	73,954
Total supporting services	290,631	283,354
Total expenses	1,556,328	1,402,364
Changes in Net Assets	364,756	225,678
Net Assets, beginning of year	1,163,826	938,145
Net Assets, end of year	\$1,528,582	\$1,163,826



FINANCIAL SPONSORS CONTINUED

\$20K - 49,999

The Annie E. Casey Foundation

Barr Foundation

The Grable Foundation

The James Irvine Foundation

Lumina Foundation for Education

Surdna Foundation

\$5K-19,999

The Eugene and Agnes E.

Meyer Foundation

The Nokomis Foundation

Up To \$4,999

Blue Shield of

California Foundation

Charles Stewart

Mott Foundation



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