



December 21, 2011

Dear Friends and Community Partners,

We want to share with you some exciting developments at the Gates Family Foundation. The Foundation was established more than 65 years ago. Its purpose is to make philanthropic investments statewide that contribute to the quality of life in Colorado, create opportunities for youth and support stewardship of this extraordinary place, particularly the state's natural inheritance. Since its establishment, the Foundation has made \$215 million of investments across Colorado toward these ends.

During 2011, the Gates Family Foundation undertook a comprehensive update of its [Strategic Plan](#). The Foundation generally updates its strategic plan every five to six years. These updates provide an opportunity to revisit priority interests, assess circumstances and emerging trends statewide, review strategies and tactics and consider the effectiveness of the Foundation's grant making program.

What has emerged from this strategic planning process is a new approach that combines capital grant making with Foundation-initiated activity in a limited number of priority areas. The trustees want the Foundation to be both a resource for important capital investments by nonprofit and community organizations and an investor in and agent for progress and constructive change in areas that will shape the long-term future of the state.

Consistent with the core values and historic interests of the Foundation, the trustees have committed to increase its efforts in responding to four long-term challenges facing the state:

1) The challenge of educating all of our children – A significant proportion of Colorado children are not achieving the minimum level of academic proficiency necessary for success in later life. A growing population of children faces limited prospects and dramatically reduced opportunities to participate in the economic and social life of Colorado communities, let alone function as global citizens.

2) The challenge of providing responsible stewardship of our natural resources – Colorado's natural resources face challenges due to climate change, substantial declines in forest health, increased potential for catastrophic wildfires, invasive species and significant impacts due to energy development and growth of the recreational economy. Population growth increases pressures on natural systems and drives the conversion of more land and water to urban use.

3) The challenge of accommodating more people – Colorado's population is anticipated to double within the next 40-50 years. The kinds of communities we create to accommodate the

needs of this much larger population will have profound implications for many aspects of life in urban and rural communities throughout the state.

4) The uncertain future of rural communities – Rural communities and rural culture are an essential part of the identity and character of Colorado. But the future facing rural communities is full of challenges. Many face unprecedented growth pressures, while others are struggling to survive.

In order to address these challenges in a more strategic manner, starting in 2012 the Foundation will be moving to a hybrid grant making model that combines traditional responsive capital grant making with a new set of Foundation-initiated activities focused on specific outcomes. The Foundation will also begin using Program Related Investments (PRIs) as a vehicle for increasing its near term impact. PRIs include various forms of mission-related low interest loans and recyclable investments. Within priority areas, the Foundation hopes to move beyond the traditional funder/applicant relationship to a more collaborative and proactive grant making approach. The Foundation will focus more on outcomes and seek out local and national partners that can contribute to progress toward those outcomes.

Significant resources will remain committed to the responsive capital grant making program that exists today. But that capital grant making program will become more competitive. A portion of the Foundation's resources will be shifted to addressing the long-term challenges described above. In these priority areas, the Foundation will initiate activity and invite proposals and will use a broader set of tools and strategies.

The Foundation's primary areas of focus will include:

- **P-12 Education** - getting more children in Colorado to a universal level of academic proficiency
- **Natural Resources** – promoting long-term stewardship of land, water and other natural resources

Secondary areas of focus will include:

- **Rural Communities** – seeking opportunities to support the long-term viability of rural communities and culture
- **Urbanism** – supporting smarter, greener, healthier urban solutions

We encourage you to review our complete [Strategic Plan](#) update. You can also review eligibility requirements for our capital grant program and find staff contact information. We plan to continue to improve the website over the coming months as an information resource for grantees, partners and other interested parties.

The Foundation is extremely grateful for the assistance of the many organizations and individuals who took the time to share their experience, data and ideas during the course of

this process. We look forward to working with many of you as we implement this new approach and seek to increase our impact on the long-term quality of life within the state.

Sincerely,

Rich G. Kiely, D.V.M.

Chair, Board of Trustees
Gates Family Foundation

Thomas A. Gougeon

President
Gates Family Foundation