

2008



GATES FAMILY FOUNDATION

ANNUAL REPORT

for the fiscal year ended December 31

2008

**Gates Family Foundation
3575 Cherry Creek North Drive, Suite 100
Denver, Colorado 80209**

MISSION

The Gates Family Foundation invests in Colorado-based projects and organizations primarily through capital grants which have meaningful impact and enhance the quality of life for those visiting, working and living in the state. The Foundation seeks to promote self-sufficiency, excellence and innovation in education, healthy lifestyles, community enrichment, connection to nature and stewardship of the state's natural inheritance. The Foundation's actions will remain consistent with the founders' intentions and the principles of citizenship, entrepreneurship and free enterprise.

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REPORT FROM THE BOARD CHAIR AND EXECUTIVE DIRECTOR

We are pleased to share the Gates Family Foundation's 2008 Annual Report. This report provides specific information on the application process, lists all 2008 grant payments, and details financial information about the Foundation.

In 2008, the Gates Family Foundation awarded \$11,289,250 in grants to 97 Colorado nonprofits. More than half of these grants were designated to organizations in Colorado communities outside the Denver metro region. Additionally, the Foundation distributed 58 awards totaling \$10,697,792 from three donor-designated "Family Funds." Grants from these funds are initiated by individual Gates families, each one with its own mission and focus.

The mission of the Gates Family Foundation remains the same: *to invest in Colorado-based projects and organizations primarily through capital grants which have meaningful impact and enhance the quality of life for those visiting, working and living in the state.* Grants are distributed in six focus areas: Arts and Culture; Education; Well-being of Children, Youth and Families; Parks, Conservation and Recreation; Community Development and Revitalization; and Foundation Initiatives. The funding priorities and goals for each follow in this report.

The Foundation engages in initiatives when the trustees are convinced that Gates can add value to a promising idea or local project. In 2008, the Gates Family Foundation participated in the public launching of the Colorado Conservation Partnership's (CCP) "Keep it Colorado" campaign, a collaborative in which the five leading Colorado conservation organizations worked together to achieve a focused, strategic and collaborative land and water conservation vision for all of Colorado. The lead partners of CCP are: the Colorado Conservation Trust, Colorado Open Lands, The Conservation Fund, The Nature Conservancy and The Trust for Public Land.

In order to identify which Colorado landscapes are most critical to the health of the citizenry, ecosystems, economy, and way of life, the five Colorado Conservation Partners and other local land trusts engaged in an extensive, multi-year, statewide information gathering process. The result of their comprehensive evaluation is a priority list of 23 landscapes that possess key values, including biodiversity, prime ranch and agricultural land, open and recreational space, community separators, wildlife corridors, and viewsheds. Gates has supported this effort for over five years, investing over \$1.9 million in land protection projects within the priority landscapes. Thanks to the CCP, Colorado now has a roadmap that enables funders, in-state and out-of-state, to become more strategic in their investments in land conservation.

Continuing the theme of environmental conservation and protection, the Gates trustees received a comprehensive presentation, at the annual board retreat, on the science behind climate disruption and its impact on the Rocky Mountain Region. As a result of the presentation and the Foundation's growing awareness and shared responsibility for mitigating current environmental impacts, the Gates trustees and staff are placing a larger emphasis on building green. The Foundation encourages nonprofits engaged in the capital planning process to consider strategies that will minimize the environmental impact and maximize the efficiency

of new or renovated building projects. The Foundation website lists some suggestions and links that can help organizations begin their planning process. For more information please visit: www.gatesfamilyfoundation.org.

Finally, the recession and market decline of 2008 significantly impacted the value of the Foundation's portfolio. In this environment, the Foundation is well aware that nonprofits throughout the state are challenged with decreased sources of revenue and an increased demand for services. While market conditions will sharply reduce the availability of grants in 2009 and 2010, the Gates Family Foundation will not narrow its funding focus. The Foundation will continue to support projects that fall within its grant guidelines and partner in projects that strengthen nonprofits' ability to meet the needs of Colorado communities.

The Foundation's trustees and staff join us in applauding the work of all those who lead and serve in Colorado's nonprofit community. We invite you to contact the Foundation if you would like more information.

Sincerely,



Charles G. Cannon
Chair



C. Thomas Kaesemeyer
Executive Director

HISTORY

Charles C. Gates Sr. was a recent honors graduate of the Michigan College of Mining and Technology when he arrived in Tincup, Colorado in 1904 to work in the gold mines. In 1910, at the age of 32, he used his life savings of \$1,000 and borrowed \$2,500 more, to purchase the Colorado Tire and Leather Company. His brother John joined him in 1912. In the beginning, the company consisted of a small inventory of leather and rivets, a few rented machines, and a mail order office used to distribute leather tire covers. The company gradually replaced leather in its products with a new material - rubber. Rubber's corrosion resistance and its flexibility, adhesion, temperature stability, and resilience made it ideal for tires, belts, hoses, and many other products. The company was renamed The Gates Rubber Company in 1919.

Charles Gates, Sr., his wife Hazel, and brother John incorporated the Gates Foundation in the state of Colorado on November 6, 1946.

By the time Charles Gates Sr. transferred the presidency of the company to his son, Charles C. Gates, in 1961, the Gates Corporation had annual sales totaling \$137 million. In August 1996, the Gates family merged the Gates Corporation into Tomkins, PLC, a British firm. The merger was accomplished through an exchange of stock, valued at \$1.16 billion, thus ending 85 years of 100% family ownership. At the time of the sale, the Gates Corporation employed over 14,000 people and served customers from a total of 170 locations worldwide, including 40 manufacturing facilities in 13 countries. After the merger, the name of the Foundation was changed to the Gates Family Foundation. High ethical standards and a strong entrepreneurial spirit continue to characterize the Gates family's approach to business and their personal lives.

Colorado offered Charles Gates, Sr. a place to establish a business and raise his family. In return, the Gates Family Foundation has been the vehicle through which the family has given back to the state. Since its inception, the Foundation has awarded grants totaling more than \$188.5 million.

OVERVIEW AND FUNDING PHILOSOPHY

The founders of the Gates Family Foundation envisioned an outstanding quality of life for all the citizens of Colorado, that encompassed their well-being, security, education, economic capacity and community spirit. The Gates Family Foundation seeks to invest in Colorado-based projects and organizations primarily through capital grants which have meaningful impact and enhance the quality of life for those visiting, working, and living in the state. The Foundation is an advocate for self-sufficiency, productive work and the entrepreneurial spirit, which are important cornerstones of a healthy society.

GENERAL ELIGIBILITY REQUIREMENTS:

- Applicants must be classified as a 501(c)(3), or equivalent, by the Internal Revenue Service, and be able to provide proper tax-exempt documentation **issued within the last five years.**
- The Foundation **generally confines its support to capital projects that are part of a comprehensive capital campaign** supported by the organization's board of directors and the community it serves.
- Grant support is generally confined to organizations that provide services benefiting the state of Colorado and its citizens.
- Wherever possible, the Foundation seeks to invest its funds in organizations that address root problems with substantive solutions.
- The Foundation places importance on the sound management of an applying organization, including effective leadership of the organization's board that fully supports the project in question.
- The Foundation expects strong support for the project from the community.
- Applicant organizations are encouraged to include green design.

FUNDING PRIORITIES AND GOALS

Funding goals generally fall within six distinct areas and are outlined as follows:

Arts and Culture - the Gates Family Foundation:

- Invests in the facilities of cultural organizations throughout the state to enhance the quality of community life while also strengthening the economy.
- Provides support for the state's major performing arts organizations whose programs and activities embody excellence and serve a broad audience.
- Supports the preservation of significant symbols of the built environment that link a community with its heritage and contribute to usable community infrastructure.
- Enhances community infrastructure by supporting libraries that serve as an educational resource for children, youth and adults.

Education - the Gates Family Foundation:

- Encourages K-12 public education projects, models and leadership that significantly raise student performance so that schools graduate effective, productive citizens. (The Foundation does not make direct grants to individual public schools or public school districts, unless they are Foundation-initiated).

- Supports licensed early childhood education centers with particular, but not exclusive interest in rural areas of the state to assure readiness for elementary school and to strengthen rural economies.
- Supports independent school and public and private college capital campaigns on a highly selective basis.
- Supports organizations that provide life-long learning and experiential learning to a broad audience.

Well-being of Children, Youth & Families - the Gates Family Foundation:

- Strengthens and supports organizations that encourage individuals to maintain good health and well-being rather than cure disease.
- Supports projects that encourage individuals to develop greater self-sufficiency, including the well-being and independence of disadvantaged families and the elderly.
- Supports organizations that increase access for more people to health, life skills and leadership education and services.
- Supports programs that provide indoor and outdoor recreational opportunities and physical challenge for youth and adults, address obesity issues, and have a strong impact on those populations.
- Supports certified rural health clinics, especially when they bring a variety of health services together in one facility and enhance the economic health in the community or region. Also, supports nonprofit dental clinic facilities.

Parks, Conservation & Recreation - the Gates Family Foundation:

- Supports projects that protect natural areas from overdevelopment, including a special interest in the preservation of ranch/agricultural lands through easements.
- Supports projects that construct and improve urban and mountain parks and open space for public recreation and access.
- Supports the state's urban and mountain trail system.
- Supports programs for young people that provide recreation, environmental education and leadership opportunities.
- Supports projects that encourage the spirit of scientific inquiry as well as the preservation of natural habitat.

Community Development and Revitalization - the Gates Family Foundation:

- Invests in organizations that have the potential to reinforce and enhance the economic vitality of a community.
- Supports organizations that further the broad education of the population in the maintenance of the free enterprise system.
- Supports educational programs that effectively teach the principles of entrepreneurship and business ethics.
- Supports projects that involve partnerships between public and private sector organizations that seek to improve the economic and cultural health of communities.

Gates Family Foundation Initiatives

The trustees may also pursue initiatives when they are convinced that Gates can add value to a promising idea or a local project. By applying Foundation resources, often working in partnerships or as a catalyst, the Foundation believes it can have a larger or quicker impact. From time to time, the Foundation will take the initiative on its own to pursue a specific goal or project.

The Gates Family Foundation may:

- Take the initiative on providing needed facilities, projects, etc. when there is no alternative sponsor or formal campaign.
- Assist with public policy initiatives that are consistent with the Foundation's mission.
- Strengthen the capacity of nonprofits by initiating a specific program or project.
- Educate state or local leadership through conferences and conversations by focusing on selected, critical issues when the timing seems right.
- Take the initiative when there is broad support for a promising program or project and the likelihood of partnerships exists.
- Convene or join a group of nonprofits who share common goals to jumpstart a project that has broad support.
- Convene or join other foundations to discuss or take action on a specific issue or project.

GENERAL RESTRICTIONS

Although the Gates Family Foundation reviews each proposal separately, it generally does not:

- provide loans, grants, scholarships, or camperships to individuals
- grant funds for projects that have been substantially completed prior to the next trustees' meeting
- grant funds for conferences, meetings, research, or studies that are not initiated by the trustees
- consider more than one proposal from an organization in a calendar year, and does not reconsider previously denied proposals
- grant funds to other private foundations or organizations engaged in grant making
- grant funds for general operating expenses unless initiated by the Foundation
- grant funds to retire operating or construction debt
- grant funds for the purchase of vehicles
- grant funds to purchase office or computer equipment unless they are part of a comprehensive capital campaign
- grant funds directly to individual public schools or public school districts unless initiated by the Foundation
- grant funds for medical research or grant funds for the construction of major medical facilities
- purchase tickets for fundraising dinners, parties, benefits, balls, or other social fundraising events
- support religious organizations or activities
- schedule interviews with the Foundation trustees unless the trustees initiate the meeting

HOW TO APPLY

Applicants should use the Common Grant Application to submit requests to the Foundation. Prior to submitting a proposal, many applicants find it useful to call a program officer of the Foundation to review the substance of the proposed project. Alternatively, applicants may submit an initial inquiry by completing the narrative in Section III of the Common Grant Application. If the information in the narrative appears to dovetail with the Funding Priorities of the Foundation, staff will request a completed Common Grant Application.

Grant applications are accepted at any time throughout the year; however, funding decisions are made quarterly when the Gates Family Foundation board of trustees meets. Please do not use binders or notebooks. Only one copy of the proposal is requested.

It should be noted that the Gates Family Foundation receives far more proposals each year than it is able to fund.

PROPOSAL DEADLINES

- January 15 (trustee review in early-April)
- April 1 (trustee review in mid-June)
- July 1 (trustee review in mid-September)
- October 1 (trustee review in mid-December)

NOTIFICATION

The Gates Family Foundation will send letters outlining all trustee decisions within two weeks following each quarterly meeting.

In the case of organizations which have had grants approved, the Foundation respectfully requests that all proposed press releases be cleared with the Foundation. It also requests that no statues, plaques, or framed certificates be presented to the Foundation for its support of projects or organizations.

REPORTS

One year following each grant, the Foundation requires that the responsible officer in each recipient organization submit a written report, using the Common Grant Report Form, on what has been accomplished with the funds granted. The funds granted may only be expended for the purposes indicated; funds not so spent must be returned to the Foundation unless other arrangements have been approved by the Foundation. A full and final accounting must be made on the occasion of the completion of the project.

EVALUATIONS

From time to time, the Foundation will conduct a post-grant evaluation of completed projects. The purpose of such evaluations is to help the Foundation examine its effectiveness. The Foundation will greatly appreciate the grantee's cooperation in this effort.

ARTS AND CULTURE 24%

Central City Opera House Association Denver, CO <i>To support the 2008 season</i>	\$10,000	Limon Heritage Museum & Railroad Park Limon, CO <i>Toward renovation of the 1910 Limon Depot</i>	\$20,000
Chimney Rock Interpretive Association Pagosa Springs, CO <i>Toward stabilization and preservation of the historic Chimney Rock Great House and its associated sites</i>	50,000	Mancos Public Library Mancos, CO <i>Toward the construction of a new Mancos Library</i>	150,000
Colorado Ballet Denver, CO <i>To support the 2008 season</i>	40,000	Montrose Regional Library District Montrose, CO <i>Toward the construction of the new Naturita library and to purchase books and materials</i>	120,000
Colorado Symphony Association Denver, CO <i>To support the 2008 season</i>	100,000	Opera Colorado Denver, CO <i>To support the 2008 season</i>	20,000
Crowley County School District Ordway, CO <i>Toward the renovation of the high school auditorium</i>	30,925	Paonia Public Library Paonia, CO <i>Toward the construction of the new library in Paonia and the purchase of furniture for the children's and teens' areas</i>	225,000
Denver Museum of Nature and Science Denver, CO <i>Second payment of a \$1.5 million commitment toward the development of a new health sciences exhibit</i>	1,000,000	Penrose Community Library Penrose, CO <i>Toward the construction of the new Penrose Community Library</i>	90,000
<i>In recognition of Mike Wilfley's service as a trustee of the Foundation from 1986 to 2007: \$125,000 toward the "Down to Earth" exhibition in the Space Odyssey gallery; and \$150,000 for an endowment that will provide support for museum programs, including "Down to Earth"</i>	275,000	Pikes Peak Library District Colorado Springs, CO <i>Toward the expansion and renovation of the Old Colorado City Library and to purchase equipment and furniture</i>	90,000
Durango Public Library Durango, CO <i>Toward the construction of the new library</i>	75,000	Town of Pitkin Pitkin, CO <i>Toward restoration of the historic Town Hall building for community use</i>	18,000
Grand County Library District Granby, CO <i>Toward the construction of the Grand Lake (Juniper Branch) Library and the Granby Library</i>	200,000	Victor Lowell Thomas Museum Victor, CO <i>Toward the stabilization and restoration of the Victor Lowell Thomas Museum</i>	80,000
Hippodrome Arts Centre Julesburg, CO <i>Toward the purchase and renovation of buildings associated with the Hippodrome Arts Centre</i>	132,000		
		TOTAL ARTS AND CULTURE	<u>\$2,725,925</u>

EDUCATION 24%

Adams State College Alamosa, CO <i>Toward renovation of the Adams State College Community Outreach Center</i>	\$70,000	Environmental Learning for Kids Denver, CO <i>Final payment of a \$75,000 Gates-initiated Small Operating Grant</i>	\$25,000
Arrupe Jesuit High School Denver, CO <i>Toward building repairs and upgrades</i>	100,000	Harvard University, John F. Kennedy School of Government Cambridge, MA <i>Leadership training fellowships for 6 senior elected, appointed, and career government officials from Colorado</i>	62,000
Blue Lake Preschool Carbondale, CO <i>Toward construction of the third playground</i>	25,000	Manual High School Denver, CO <i>Gates-initiated grant from the Tough School Partnership</i>	20,000
Clayton Foundation Denver, CO <i>Final payment of a \$1 million commitment toward the construction of a building to house the Clayton Educare Program</i>	500,000	Mesa State College Grand Junction, CO <i>Toward the renovation and expansion of Saunders Field House</i>	250,000
Colorado Minority Engineering Association Denver, CO <i>Final payment of a \$75,000 Gates-initiated Small Operating Grant</i>	25,000	Montessori School of Evergreen Evergreen, CO <i>Toward the construction of a gym, theater and music building</i>	70,000
Colorado Mountain College Foundation Glenwood Springs, CO <i>Toward the construction of the Campus/Community Auditorium on the new Rifle campus</i>	90,000	Morgan Community College Fort Morgan, CO <i>Toward the construction of the new Adult Basic Education building on the campus of Morgan Community College</i>	75,000
Colorado Public Radio/KCFR Centennial, CO <i>Second payment of a \$120,000 commitment designated to Colorado Matters, part of the KCFR News Initiative</i>	40,000	Mountain Park Environmental Center Beulah, CO <i>First payment of a \$135,000 commitment toward the renovation of Horseshoe Lodge</i>	55,000
Denver Academy Denver, CO <i>A \$2-for-\$1 challenge for endowment</i>	100,000	Reach Out and Read Denver, CO <i>Final payment of a \$75,000 Gates-initiated Small Operating Grant</i>	25,000
Denver School of Science and Technology Denver, CO <i>Final payment of a \$1.2 million commitment toward the construction of a new middle school addition</i>	300,000	Rocky Mountain Public Broadcasting Network/Channel 6 Denver, CO <i>To support the 2007-2008 season of "The NewsHour with Jim Lehrer"</i>	60,000
<i>Gates-initiated grant from the Tough School Partnership</i>	16,500	Sierra Grande School District R-30 Blanca, CO <i>Toward constructing a new early childhood education building</i>	50,000

EDUCATION (continued)

University of Colorado at Colorado Springs Colorado Springs, CO <i>Final payment of a \$1 million commitment toward the new science and engineering building</i>	\$450,000	West Denver Preparatory Charter School Denver, CO <i>Toward the current renovation and expansion project</i> <i>Gates-initiated grant from the Tough School Partnership</i>	\$250,000 25,000
University of Colorado at Denver Denver, CO <i>Fellowships for public sector leaders from Colorado to attend the Rocky Mountain Senior Executive Program</i>	30,000	TOTAL EDUCATION	<u>\$2,713,500</u>

WELL-BEING OF CHILDREN, YOUTH & FAMILIES 39%

The Adoption Exchange Aurora, CO <i>Toward the purchase of a building</i>	\$55,000	Catholic Charities of Colorado Springs Colorado Springs, CO <i>Toward the construction of the new building and renovation of the current structure for the Marian House program</i>	\$480,000
Aloha United Way Honolulu, HI <i>Final payment of a \$500,000 commitment for the Alexander and LeBurta Gates Atherton Family Endowment Fund</i>	250,000	Cerebral Palsy of Colorado, Inc. Denver, CO <i>First payment of a \$400,000 commitment toward the construction of the Administrative/Statewide Family Support Services/Employment Works portion of the new facility</i>	185,000
Boy Scouts of America, Rocky Mountain Council Pueblo, CO <i>To renovate the property purchased near Poncha Springs for use as a high adventure base</i>	38,000	Child and Migrant Services Palisade, CO <i>Toward renovating the administrative and program center building</i>	10,000
Boys and Girls Club of Larimer County Fort Collins, CO <i>Toward the construction of the new Boys and Girls Club building in Loveland</i>	300,000	Clear Creek Rock House Idaho Springs, CO <i>Final payment of a \$35,000 commitment toward the purchase and renovation of a new building</i>	10,000
Boys and Girls Clubs of the San Luis Valley Alamosa, CO <i>Toward the construction of a community park</i>	40,000	Colorado Homeless Families Arvada, CO <i>First payment of a \$140,000 commitment toward the purchase of land and construction of seven transitional housing units</i>	70,000
Boys and Girls Clubs of Metropolitan Denver Denver, CO <i>To support the summer camp in 2008</i>	50,000	COMPA Food Bank Ministry Denver, CO <i>Toward the purchase of the COMPA warehouse facility</i>	200,000
<i>To establish the Wilfley Family Fund at the Boys and Girls Clubs of Metro Denver in recognition of Mike Wilfley's service as a trustee of the Foundation from 1986 to 2007</i>	100,000		

WELL-BEING OF CHILDREN, YOUTH & FAMILIES (continued)

Dental Aid Louisville, CO <i>Second payment of a \$75,000 Gates-initiated Small Operating Grant restricted for support of the "Bright Smiles for Bright Futures" program</i>	\$25,000	North Park Medical Clinic Walden, CO <i>Toward the construction of the clinic and to purchase equipment</i>	\$200,000
Denver Santa Claus Shop, Inc. Denver, CO <i>To purchase toys for needy children in Denver</i>	4,000	Phillips County Holyoke, CO <i>First payment of a \$307,000 commitment toward the construction of a new community center building</i>	298,000
Dolores Community Center Association Dolores, CO <i>Toward the expansion and renovation of the community center</i>	60,000	Planned Parenthood of the Rocky Mountains, Inc. Denver, CO <i>First payment of a \$1 million commitment toward the construction of the new regional facility in Denver</i>	500,000
Estes Valley Victim Advocates Estes Park, CO <i>Toward the purchase of a building that will accommodate administrative offices, counseling space, and a safe shelter</i>	50,000	Safe Shelter of St. Vrain Valley Longmont, CO <i>Toward the construction of a new safehouse shelter in Longmont</i>	75,000
Focus Points Family Resource Center Denver, CO <i>Second payment of a \$75,000 Gates-initiated Small Operating Grant</i>	25,000	Savio House Denver, CO <i>Toward the purchase and tenant finish of a building for adolescent services and foster care program</i>	150,000
Griffith Centers for Children Golden, CO <i>To purchase and/or renovate three transitional group homes in Larkspur (1) and Colorado Springs (2)</i>	45,000	Seniors' Resource Center Denver, CO <i>First payment of a \$285,000 commitment restricted to the administrative and program portion of the capital campaign</i>	111,000
HomeAid Colorado Denver, CO <i>Toward the construction of a transitional housing duplex to be owned and operated by Interfaith Hospitality Network</i>	20,000	St. Francis Center Denver, CO <i>Toward the construction of new transitional housing and homeless program services center</i>	250,000
Mile High United Way Denver, CO <i>Operating support for 2008</i>	130,000	Third Way Center Denver, CO <i>Toward the construction of the four residential treatment homes at Lowry</i>	200,000
Mile High Youth Corps Denver, CO <i>First payment of a \$160,000 commitment toward the purchase and renovation of the current headquarters building</i>	96,000	Town of Bayfield Bayfield, CO <i>Toward the construction of a senior center in Bayfield</i>	85,000
Nederland Community Center Foundation Nederland, CO <i>Toward the renovation of the community center building</i>	173,000	Turnabout, Inc. Denver, CO <i>Toward the renovation of the basement at Warren Methodist Church to house an employment and counseling program for ex-offenders</i>	30,000

WELL-BEING OF CHILDREN, YOUTH & FAMILIES (continued)

Urban Peak Denver, CO <i>Toward the construction of an addition to the current shelter building for homeless youth</i>	\$16,000	Women's Bean Project Denver, CO <i>Toward the installation of an elevator and completion of a renovation project</i>	\$30,000
Volunteers of America Denver, CO <i>Toward the renovation and expansion of the homeless shelter and safehouse in Durango</i>	45,000	TOTAL WELL-BEING OF CHILDREN, YOUTH & FAMILIES	<u>\$4,406,000</u>

PARKS, CONSERVATION & RECREATION 12%

Bayfield Parks and Recreation Bayfield, CO <i>Toward the construction of a baseball field and restroom/concession facility</i>	\$30,000	Denver Zoological Foundation Denver, CO <i>Fourth payment of a \$1 million commitment toward the Zoo's Phase I \$125 million campaign</i>	\$100,000
Chaffee County United Soccer Club Buena Vista, CO <i>Toward the completion of field construction</i>	70,000	Georgetown Library Association Georgetown, CO <i>Toward the enhancements to the park adjacent to the John Tomay Memorial Library</i>	18,000
City of Walsenburg Walsenburg, CO <i>Final payment of a \$150,000 commitment toward the construction of a new swimming facility</i>	49,825	Kim Equestrian Pavilion and Event Center Kim, CO <i>First payment of a \$60,000 commitment toward Phase I</i>	30,000
Colorado Cattlemen's Agricultural Land Trust Arvada, CO <i>Toward the purchase of development rights of the Iva Mae Ranch near Walden</i>	100,000	Larimer County Parks and Open Lands Loveland, CO <i>First payment of a \$300,000 commitment toward the development of Hermit Park</i>	100,000
Colorado Conservation Trust Denver, CO <i>Final payment of a \$75,000 commitment to support the continued planning associated with the Colorado Conservation Partnership</i>	37,500	Nature Conservancy Boulder, CO <i>Toward the Dolores River Project in recognition of Valerie Gates' service as a trustee of the Foundation from 1997 to 2007</i>	250,000
<i>Toward the development and implementation of the CCT Public Awareness and Education Pilot Program, in recognition of Valerie Gates' service as a trustee of the Foundation from 1997 to 2007</i>	250,000	NEDSK8, Inc. Nederland, CO <i>Toward the construction of the skatepark in Nederland</i>	40,000
Denver Urban Gardens Denver, CO <i>First payment of a \$30,000 commitment toward the capital needs of new community gardens</i>	15,000	Rocky Mountain Field Institute Colorado Springs, CO <i>Toward the reconstruction and stabilization of the South Colony Lakes Basin and Broken Hand Pass</i>	45,000

PARKS, CONSERVATION & RECREATION (continued)

Western Colorado Botanical Society Grand Junction, CO <i>Second payment of a \$65,000 commitment toward the completion of capital projects at the gardens</i>	\$25,000	YMCA of the Pikes Peak Region Colorado Springs, CO <i>First payment of a \$350,000 commitment toward the construction of the Tri-Lakes YMCA</i>	\$125,000
Western Slope Environmental Resource Council Paonia, CO <i>First payment of a \$75,000 Gates- initiated Small Operating Grant</i>	25,000	TOTAL PARKS-CONSERVATION- RECREATION	<u>\$1,310,325</u>

COMMUNITY DEVELOPMENT & REVITALIZATION 1%

Brush Area Chamber of Commerce Brush, CO <i>To complete Phase I restoration of the historic power plant building for office and community space</i>	\$16,000	Pueblo Railway Foundation Pueblo, CO <i>First payment of a \$70,000 commitment toward laying track to the land owned by the PRF to provide storage for historic railroad equipment</i>	\$40,000
iCAST Lakewood, CO <i>First payment of a \$75,000 Gates- initiated Small Operating Grant</i>	25,000	Yampa Valley Partners Craig, CO <i>Second payment of a \$75,000 Gates- initiated Small Operating Grant</i>	25,000
Kiowa County Economic Development Foundation Eads, CO <i>First payment of a \$40,000 commitment toward the restoration and interpretation of the Kiowa Creek Natural Area</i>	20,000	TOTAL COMMUNITY DEVELOPMENT & REVITALIZATION	<u>\$126,000</u>

OTHER

Community Resource Center Denver, CO <i>To support the 2008 Colorado Rural Philanthropy Days</i>	\$7,500	TOTAL OTHER	<u>\$7,500</u>
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GRANTS FROM THE GATES FAMILY FOUNDATION	\$11,289,250
GRANTS FROM THE BERENICE GATES HOPPER FAMILY FUND	\$181,400
GRANTS FROM THE ROBERT E. HOPPER FAMILY FUND	\$117,000
GRANTS FROM THE GATES FRONTIERS FUND	<u>\$10,399,392</u>
TOTAL	<u>\$21,987,042</u>

REPORT OF THE TREASURER

The summarized financial information of the Gates Family Foundation is shown below:

BALANCE SHEET DECEMBER 31, 2008

ASSETS

Cash and cash equivalents	\$ 3,190,332
Short-term investments	4,631,267
Investments, at market value (unaudited):	
Domestic equity	126,992,895
International equity	79,260,856
Hedge fund	55,219,070
Other investments	<u>17,899,625</u>
Total investments	<u>279,372,446</u>
Total assets	\$ <u>287,194,045</u>

LIABILITIES AND NET ASSETS

Accrued expenses	\$ 132
Net assets	
Designated to meet federal tax distribution requirements	19,986,364
Berenice Gates Hopper Family Fund	2,016,348
Gates Frontiers Fund	124,975,198
Robert E. Hopper Family Fund	1,283,873
Undesignated	<u>138,932,130</u>
Total net assets	<u>287,193,913</u>
Total liabilities and net assets	\$ <u>287,194,045</u>

REVENUE AND EXPENSES YEAR ENDED DECEMBER 31, 2008 (INCOME TAX BASIS)

REVENUE COLLECTED

Interest and dividends	\$ 6,405,717
Net realized loss on sale of investments	(15,610,128)
Contributions	1,700,000
Miscellaneous income	<u>55,975</u>
Total revenue collected	\$ <u>(7,448,436)</u>

EXPENSES PAID

Grants, net of refunds of \$250,000	\$ 21,737,042
Investment expenses	907,627
Administrative expenses	985,462
Excise taxes	<u>385,120</u>
Total expenses paid	<u>24,015,251</u>

Changes in net assets

Changes in net assets not reported under the cash basis method of accounting:	\$ <u>(31,463,687)</u>
Decrease in unrealized appreciation of investments	<u>\$ (190,358,018)</u>

BOARD OF TRUSTEES - 2009

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