

ANNUAL REPORT

for the fiscal year ended December 31

2009

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 2009 Annual Report. In addition to listing and describing 2009 grant payments, the report explains the application process and details financial information about the Foundation. The mission of the Gates Family Foundation remains unchanged. We 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's funding priorities and goals for each follow in this report.

In 2009, the Foundation made payments totaling \$10,252,903 to 113 Colorado nonprofits. Forty-three percent of the grants were designated to organizations in rural communities while the rest were directed to larger cities throughout the state. Additionally, three "Family Funds" held by the Foundation distributed \$9,087,839 to 59 nonprofits within and outside of the state of Colorado. Each of these Funds has its own mission and focus; grants are initiated by the Gates families that created the Funds.

As reported last year, the stock market collapse in 2008 significantly impacted the Foundation's grant capacity. Because the required payout of grants is based on the previous year's endowment market values, the impact of the downturn will stretch out through 2010 and 2011. Challenge grant awards made last year declined about 30% from the previous year. Since the Foundation does not establish a dollar limit for each funding priority, the total awarded in each category fluctuates according to the number of requests received. Last year, about 38% of Gates' payments and awards were directed to human services, a reflection of the recession's impact on Colorado citizens.

In response to the challenges confronting nonprofits, Foundation staff have dedicated more time to consultation with grantees, working to identify strategies to help complete their fundraising objectives. Most Gates' grants are made in the form of challenges, which require the nonprofit to complete its capital campaign before the grant is paid. Gates has extended challenge deadlines to help its grantees finish campaigns and maintain fundraising momentum. For some organizations, the Foundation has offered an alternative matching program, whereby Gates will match \$1 for \$1 up to a specific amount to help stimulate campaigns for nonprofits that have limited fundraising capacity.

On the brighter side, the Foundation's endowment rose in value 31.8% in 2009, which, while not making up for the 2008 losses, should have a positive effect on the Foundation's grant capacity in future years. Gates has also found Colorado nonprofits to be exceptionally resilient and disciplined in their efforts to raise funds and reduce costs. Campaigns have been temporarily suspended during the panic of 2008 and then restarted successfully in the summer of 2009. Projects have been phased and reduced in scope. Many nonprofits have reduced staff and operating costs by finding ways to collaborate and share back-office expenses with other organizations. In most cases, Gates' grantees have been able to reach their capital improvement goals.

Finally, we want to report on a change in Foundation leadership that will occur in mid-2010. Tom Kaesemeyer informed the board in 2009 that he would retire in July 2010, after 13 years of service to the Foundation. Last fall, the Gates trustees initiated a search for Tom's successor, which was concluded early in 2010. The Foundation is very pleased to announce the appointment of Thomas A. Gougeon as President of the Gates Family Foundation, effective August 2010.

Tom comes with broad experience in business, philanthropy, government service and civic engagement. For the last 10 years, he served as Principal for Continuum Partners in Denver with major responsibility for the redevelopment of Belmar and Union Station. Previous to that role, Tom served as executive director of the Berger Foundation and CEO of the Stapleton Redevelopment Foundation. From 1983 to 1990, he worked in the Office of the Mayor in Denver with responsibilities in planning, construction, transportation, and budget.

Among his current civic activities, he is a Commissioner with the Denver Water Board, and a trustee of the Urban Land Conservancy, the Stapleton Foundation for Sustainable Urban Communities, and A+ Denver. In the past, he has served as trustee and chair of The Nature Conservancy (CO) and of Volunteers for Outdoor Colorado. Tom earned his BS in Economics at the University of Denver and his MA in City and Regional Planning at Harvard University.

On behalf of the board and staff, we welcome Tom Gougeon and look forward to him continuing the strong leadership tradition at the Gates Family Foundation.

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 almost \$199 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**, which are typically building purchase, construction, expansion, renovation and/or land acquisition.
- 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 and the organization's board of directors.
- 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:

- Normally does not make direct grants to district K-12 public schools, except through Foundation initiatives. An exception to this general rule are schools, usually in rural areas, that have planned capital improvements that are heavily used by the community, e.g. theaters, recreational facilities, etc.
- Supports charter schools that serve a substantial proportion of low-income students in areas where there is little or no school choice available. Other criteria include the quality of the school (high academic achievement), a sustainable financial model, and at least 3-5 years of operation.

- 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. Support is limited to health clinics that do not receive federal reimbursement/ funding apart from Medicaid and Medicare; these are typically free-standing clinics and are not located next to or in the same city as a hospital.
- Supports nonprofit dental clinics, including the purchase of major equipment such as operatories and x-ray machines.

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:

- grant funds for general operating or program expenses unless initiated by the Foundation
- 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 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 Capital 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 Capital Common Grant Application. If the information in the narrative appears to dovetail with the Funding Priorities of the Foundation, staff will request a completed Capital 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.

LIST OF GRANTS

ARTS AND CULTURE 20.1%

<p>Ah Haa School for the Arts Telluride, CO</p> <p><i>First payment of a \$150,000 commitment toward purchase and renovation of the historic depot</i></p>	<p>\$100,000</p>	<p>Durango Discovery Museum Durango, CO</p> <p><i>Toward the new museum</i></p>	<p>\$100,000</p>
<p>Archaeological Conservancy Dove Creek, CO</p> <p><i>Toward purchase and preservation of the Johnson Archaeological Site in Dolores County</i></p>	<p>15,000</p>	<p>East Morgan County Library District Brush, CO</p> <p><i>Toward library expansion</i></p>	<p>35,000</p>
<p>Bas Bleu Theatre Company Fort Collins, CO</p> <p><i>Final payment of a \$150,000 commitment toward purchase and Phase 1 renovation of the Giddings Building</i></p>	<p>30,000</p>	<p>El Centro Su Teatro Denver, CO</p> <p><i>Toward the purchase and renovation of new performance space</i></p>	<p>200,000</p>
<p>Central City Opera House Association Denver, CO</p> <p><i>To support the 2009 season</i></p>	<p>20,000</p>	<p>Lake City Arts Council Lake City, CO</p> <p><i>Toward purchasing and remodeling the Hough Building for use as a community arts center</i></p>	<p>100,000</p>
<p>Colorado Ballet Denver, CO</p> <p><i>To support the 2009 season</i></p>	<p>40,000</p>	<p>Museum of Contemporary Art Denver, CO</p> <p><i>Toward construction of the new building</i></p>	<p>100,000</p>
<p>Colorado Mountain Club Golden, CO</p> <p><i>Toward completion of the Bradford Washburn Mountaineering Museum</i></p>	<p>75,000</p>	<p>Nucla Public Library Nucla, CO</p> <p><i>Toward expansion and renovation</i></p>	<p>19,000</p>
<p>Colorado Symphony Association Denver, CO</p> <p><i>To support the 2009 season</i></p>	<p>100,000</p>	<p>Opera Colorado Denver, CO</p> <p><i>To support the 2009 season</i></p>	<p>20,000</p>
<p>Creede Repertory Theatre Creede, CO</p> <p><i>Toward purchase and renovation of a building to house the black box theater</i></p>	<p>50,000</p>	<p>Pueblo Weisbrod Aircraft Museum Pueblo, CO</p> <p><i>Toward construction of a second hangar to house exhibits</i></p>	<p>50,000</p>
<p>Denver Museum of Nature and Science Denver, CO</p> <p><i>Final payment of a \$1.5 million commitment to support development of a new health science exhibit</i></p>	<p>250,000</p>	<p>Rico Center Rico, CO</p> <p><i>Toward purchase of the Engel house for education and heritage tourism</i></p>	<p>40,000</p>
<p>Discovery Science Center Fort Collins, CO</p> <p><i>First payment of a \$1 million commitment toward construction of the new science and cultural museum</i></p>	<p>500,000</p>	<p>Roundhouse Preservation, Inc. Hugo, CO</p> <p><i>First payment of a \$60,000 commitment toward exterior rehabilitation of the 1909 roundhouse</i></p>	<p>25,000</p>
<p>Dominguez Archaeological Research Group Grand Junction, CO</p> <p><i>To complete exterior and interior restoration of the historic Glade Guard Station and outbuildings</i></p>	<p>11,100</p>	<p>San Juan County Historical Society Silverton, CO</p> <p><i>Toward reconstruction of the historic Silverton Northern railroad track to connect it with the Durango and Silverton track</i></p>	<p>30,000</p>

ARTS AND CULTURE (continued)

San Luis Valley Museum Alamosa, CO <i>Final payment of a \$30,000 commitment toward Phase I renovation of the new building</i>	\$10,000	Spanish Peaks Library District Walsenburg, CO <i>Toward purchase and renovation of the library</i>	\$150,000
TOTAL ARTS AND CULTURE			<u>\$2,070,100</u>

EDUCATION 12.4%

AXL Academy Aurora, CO <i>Gates-initiated grant from the Tough School Partnership</i>	\$6,667	ECHO and Family Center Council Canon City, CO <i>Toward renovation of the old Harrison School building for occupancy by the ECHO and Family Center Early Childhood Council and Network programs</i>	\$47,000
Beach Court Elementary School Denver, CO <i>Gates-initiated grant from the Tough School Partnership</i>	10,000	Emily Griffith Foundation Denver, CO <i>Toward capital improvements at the school</i>	30,000
Colorado Public Radio/KCFR Centennial, CO <i>Final payment of a \$120,000 commitment designated to Colorado Matters, part of the KCFR News Initiative</i>	40,000	Gore Range Natural Science School Avon, CO <i>First payment of a \$500,000 commitment toward construction of the new campus</i>	250,000
Denver Academy Denver, CO <i>Final payment of a \$136,000 commitment toward building renovations</i>	36,000	Harvard University, John F. Kennedy School of Government Cambridge, MA <i>Leadership training fellowships for 5 senior elected, appointed, and career government officials from Colorado</i>	52,000
Denver School of Science and Technology Denver, CO <i>To establish the "Wilfley Endowment Fund" to support the 1:1 Laptop Program</i>	125,000	Hayden School District RE-1 Hayden, CO <i>Toward construction of the new Career and Technical Education Center for students and adults in Routt County</i>	75,000
Denver Venture School Denver, CO <i>Gates-initiated grant from the Tough School Partnership</i>	16,667	High Mountain Institute Leadville, CO <i>Toward construction of new buildings on the campus</i>	75,000
Durango 4-C Council, Inc. Durango, CO <i>Toward renovation of the new Early Childhood Education building</i>	6,666	Housing Authority of the County of Montezuma Cortez, CO <i>Toward reconfiguration of the current building which houses the Adult Education Program</i>	46,000
Durango Early Learning Center Durango, CO <i>Final payment of an \$88,000 commitment toward building purchase and renovation</i>	23,000	Keystone Center Keystone, CO <i>To expand and upgrade campus facilities</i>	86,600

EDUCATION (continued)

KIPP: Sunshine Peak Academy Denver, CO <i>Gates-initiated grant from the Tough School Partnership</i>	\$10,000	Teach For America Denver, CO <i>First payment of a \$225,000 three-year commitment toward support of TFA in Denver Public Schools</i>	\$75,000
Manual High School Denver, CO <i>Gates-initiated grant from the Tough School Partnership</i>	20,000	Town of Mountain Village Mountain Village, CO <i>Toward renovation and expansion of Mountain Munchkins Early Childhood Education Center</i>	20,000
Mountain Park Environmental Center Beulah, CO <i>Second payment of a \$135,000 commitment toward renovation of Horseshoe Lodge</i>	41,000	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
Rocky Mountain Biological Laboratory Crested Butte, CO <i>Toward construction of one new cabin, installation of a septic system, and renovation of the Barclay Cabin</i>	30,000	West Denver Preparatory Charter School Denver, CO <i>Gates-initiated grant from the Tough School Partnership</i>	30,001
Rocky Mountain Public Broadcasting Network/Channel 6 Denver, CO <i>To support the 2009-2010 season of "The NewsHour with Jim Lehrer"</i>	70,000	TOTAL EDUCATION	<u>\$1,271,601</u>

WELL-BEING OF CHILDREN, YOUTH & FAMILIES 37.8%

Arvada Community Food Bank Arvada, CO <i>Toward renovation of the new building</i>	\$50,000	Care and Share Colorado Springs, CO <i>Toward construction of a food bank distribution center</i>	\$625,500
Bayaud Industries, Inc. Denver, CO <i>Toward building upgrades</i>	50,000	Church in the City Denver, CO <i>Toward the purchase and renovation of the BMH Synagogue and school buildings for social service programs</i>	50,000
Boy Scouts of America/Pikes Peak Council Colorado Springs, CO <i>Toward renovation of a new headquarters facility in Colorado Springs and expansion/renovation of Camp Alexander</i>	250,000	Dental Aid Louisville, CO <i>Final payment of a \$75,000 Gates-initiated Small Operating Grant restricted to the "Bright Smiles for Bright Futures" program</i>	25,000
Boy Scouts of America/Longs Peak Council Greeley, CO <i>Toward construction of the wastewater treatment system</i>	30,000	Denver Santa Claus Shop, Inc. Denver, CO <i>To purchase toys for needy children in Denver</i>	5,000
Boys and Girls Clubs of Metropolitan Denver Denver, CO <i>To support the summer camp in 2009</i>	50,000	Filling Station Wellington, CO <i>Toward expansion of the building for after-school programs</i>	30,000

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

<p>Florence Senior Center Council on Aging Florence, CO</p> <p style="padding-left: 20px;"><i>Toward purchase and renovation of the building</i></p>	<p>\$35,000</p>	<p>Northwest Colorado Visiting Nurse Association Steamboat Springs, CO</p> <p style="padding-left: 20px;"><i>Toward completion of the community center and congregate meal site at The Haven in Hayden</i></p>	<p>\$100,000</p>
<p>Focus Points Family Resource Center Denver, CO</p> <p style="padding-left: 20px;"><i>Final payment of a \$75,000 Gates-initiated Small Operating Grant</i></p>	<p>25,000</p>	<p>Phillips County Holyoke, CO</p> <p style="padding-left: 20px;"><i>Final payment of a \$307,000 commitment toward construction of a new community center building</i></p>	<p>9,000</p>
<p>Food Bank of the Rockies Denver, CO</p> <p style="padding-left: 20px;"><i>Toward construction of a new facility</i></p>	<p>400,000</p>	<p>Pinon Project Cortez, CO</p> <p style="padding-left: 20px;"><i>First payment of a \$75,000 Gates-initiated Small Operating Grant</i></p>	<p>25,000</p>
<p>Frenchman RE-3 School District Fleming, CO</p> <p style="padding-left: 20px;"><i>Toward renovation of the school and community auditorium</i></p>	<p>20,000</p>	<p>Planned Parenthood of the Rocky Mountains, Inc. Denver, CO</p> <p style="padding-left: 20px;"><i>Final payment of a \$1 million commitment toward the hard costs of the new regional facility in Denver</i></p>	<p>500,000</p>
<p>High Valley Community Center Del Norte, CO</p> <p style="padding-left: 20px;"><i>Toward purchase and renovation of the new building</i></p>	<p>11,000</p>	<p>Safehouse Progressive Alliance for Nonviolence Boulder, CO</p> <p style="padding-left: 20px;"><i>Toward construction of a new emergency shelter for abused women and children</i></p>	<p>208,000</p>
<p>Housing Services Day Center Fort Collins, CO</p> <p style="padding-left: 20px;"><i>Toward construction of a new building to expand services for homeless families and individuals</i></p>	<p>145,000</p>	<p>Special Transit Boulder, CO</p> <p style="padding-left: 20px;"><i>Toward land purchase and construction of a larger facility</i></p>	<p>200,000</p>
<p>Inner City Health Center Denver, CO</p> <p style="padding-left: 20px;"><i>Toward expansion and renovation of the dental clinic</i></p>	<p>175,000</p>	<p>Thrift Shop of Aspen Aspen, CO</p> <p style="padding-left: 20px;"><i>Toward renovation of the building</i></p>	<p>200,000</p>
<p>Kempe Foundation for the Prevention and Treatment of Child Abuse and Neglect Aurora, CO</p> <p style="padding-left: 20px;"><i>Toward the costs of relocation to The Children's Hospital at Fitzsimmons</i></p>	<p>400,000</p>	<p>Voyager Youth Program Ridgway, CO</p> <p style="padding-left: 20px;"><i>To complete construction of the climbing wall in the Ridgway School gymnasium</i></p>	<p>10,702</p>
<p>Metro Community Provider Network Englewood, CO</p> <p style="padding-left: 20px;"><i>Toward build-out of the dental clinic at the MCPN - Arvada Community Health Center</i></p>	<p>50,000</p>	<p>Women's Crisis Family Outreach Center Castle Rock, CO</p> <p style="padding-left: 20px;"><i>First payment of a \$75,000 commitment toward the construction of a new emergency shelter building</i></p>	<p>60,000</p>
<p>Mile High United Way Denver, CO</p> <p style="padding-left: 20px;"><i>Operating support for 2009</i></p>	<p>130,000</p>	<p>TOTAL WELL-BEING OF CHILDREN, YOUTH & FAMILIES</p>	<p><u>\$3,884,202</u></p>
<p>Neighbor to Neighbor Volunteers/ The Chaffee Shuttle Salida, CO</p> <p style="padding-left: 20px;"><i>Toward purchase of the new office building</i></p>	<p>15,000</p>		

PARKS, CONSERVATION & RECREATION 26.9%

Black Canyon Land Trust Montrose, CO <i>Toward acquisition and preservation of the Potter Ranch</i>	\$70,000	Huerfano School District RE-1 Walsenburg, CO <i>First payment of a \$250,000 commitment toward construction of a sports complex</i>	\$150,000
City of Boulder Boulder, CO <i>Toward construction of a 25-acre bike park in Valmont City Park</i>	25,000	Kim Equestrian Pavilion and Event Center Kim, CO <i>Final payment of a \$60,000 commitment toward Phase I construction</i>	30,000
City of Gunnison Gunnison, CO <i>Toward construction of the new aquatics center</i>	208,000	Montezuma Land Conservancy Cortez, CO <i>First payment of a \$60,000 commitment toward the purchase of development rights for the Crescent and Truelson II/CE ranches</i>	10,000
Colorado Conservation Trust Denver, CO <i>First payment of an \$80,000 commitment for continued support of the priority landscape project</i>	40,000	Nature Conservancy Boulder, CO <i>Toward the conservation easement on Apishapa Ranch</i>	150,000
Colorado Open Lands Lakewood, CO <i>Toward the purchase of the conservation easement on the Frost Ranch</i>	60,000	Palmer Land Trust Colorado Springs, CO <i>Toward the purchase of the conservation easement on the 153-acre Larsen property</i>	65,000
Denver Bike Sharing Denver, CO <i>Toward purchase of two bike stations</i>	68,000	Partnership for Lake County Recreation Leadville, CO <i>Toward construction of a community park</i>	150,000
Denver Botanic Gardens Denver, CO <i>First payment of a \$1 million commitment toward the "Flourish" capital campaign</i>	550,000	Rio Grande Headwaters Land Trust Del Norte, CO <i>Toward the purchase of a conservation easement for the Staley and Hayes properties</i>	250,000
Denver Urban Gardens Denver, CO <i>Final payment of a \$30,000 commitment toward the capital needs of new community gardens</i>	15,000	Swing High Project Colorado Springs, CO <i>Toward construction of the universally-accessible playground in Colorado Springs' Memorial Park</i>	25,000
Denver Zoological Foundation Denver, CO <i>Fifth payment of a \$1 million commitment toward the Zoo's Phase One \$125 million campaign</i>	200,000	Town of Holly Holly, CO <i>Toward an Early Childhood Education playground and trees in Gateway Park</i>	30,000
Fraser Valley Recreation Foundation Winter Park, CO <i>Toward construction of an elevated two-lane walking track and a four-lane lap pool in the new community center</i>	50,000	Western Colorado Botanical Society Grand Junction, CO <i>Final payment of a \$65,000 commitment toward garden construction</i>	20,000
Friends of Red Rock Canyon Colorado Springs, CO <i>To purchase the first 15 acres of the White Acres property</i>	10,000		

PARKS, CONSERVATION & RECREATION (CONTINUED)

Western Slope Environmental Resource Council Paonia, CO <i>Second payment of a \$75,000 Gates-initiated Small Operating Grant</i>	\$25,000	YMCA of the Pikes Peak Region Colorado Springs, CO <i>Final payment of a \$350,000 commitment toward construction of the Tri-Lakes YMCA</i>	\$225,000
YMCA of Boulder Valley Lafayette, CO <i>Toward capital renovations to the Mapleton and Arapahoe centers</i>	333,000	TOTAL PARKS-CONSERVATION-RECREATION	<u>\$2,759,000</u>

COMMUNITY DEVELOPMENT & REVITALIZATION 2.5%

Carousel of Happiness Nederland, CO <i>First payment of a \$50,000 commitment toward construction of a building to house the donated, hand-carved carousel</i>	\$25,000	Kiowa County Economic Development Foundation Eads, CO <i>Second payment of a \$40,000 commitment toward restoration and interpretation of the Kiowa Creek Natural Area</i>	\$20,000
Civic Canopy Denver, CO <i>First payment of a \$75,000 Gates-initiated Small Operating Grant</i>	25,000	Pueblo Railway Foundation Pueblo, CO <i>Final payment of a \$63,000 commitment toward laying track to provide storage and display of historic railroad equipment</i>	23,000
Colorado Preservation Inc. Denver, CO <i>To complete the stabilization of Hayden Ranch buildings for education and heritage tourism</i>	50,000	Town of Crestone Crestone, CO <i>Toward purchase and renovation of the historic building in Crestone to house town offices and nonprofit organizations</i>	50,000
Community Resource Center Denver, CO <i>To support Colorado Nonprofit Rural Philanthropy Days in 2009</i>	10,000	Yampa Valley Partners Craig, CO <i>Final payment of a \$75,000 Gates-initiated Small Operating Grant</i>	25,000
To support the Colorado Summit in March 2009	5,000		
iCAST Lakewood, CO <i>Second payment of a \$75,000 Gates-initiated Small Operating Grant</i>	25,000		
		TOTAL COMMUNITY DEVELOPMENT & REVITALIZATION	<u>\$258,000</u>

OTHER

Colorado Association of Funders Denver, CO <i>To support the CAF Philanthropy Project</i>	\$10,000	TOTAL OTHER	<u>\$10,000</u>
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GATES FAMILY FOUNDATION	\$10,252,903
HOWE FUND	\$103,000
BERENICE GATES HOPPER FAMILY FUND	\$145,820
ROBERT E. HOPPER FAMILY FUND	\$93,375
GATES FRONTIER FUND	\$8,848,644
GRAND TOTAL	<u>\$19,443,742</u>

REPORT OF THE TREASURER

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

BALANCE SHEET DECEMBER 31, 2009

ASSETS

Cash and cash equivalents	\$ 4,043,002
Short-term investments	12,788,776
Investments, at market value (unaudited):	
Domestic equity	128,274,344
International equity	120,560,452
Hedge fund	65,181,109
Private equity partnerships	24,827,872
Total investments	<u>338,843,777</u>
Total assets	\$ <u>355,675,555</u>

LIABILITIES AND NET ASSETS

Accrued expenses	\$ 35
Net assets	
Designated to meet federal tax distribution requirements	15,354,281
Berenice Gates Hopper Family Fund	2,497,313
Gates Frontiers Fund	155,552,212
Robert E. Hopper Family Fund	1,587,059
Undesignated	180,684,655
Total net assets	<u>355,675,520</u>
Total liabilities and net assets	\$ <u>355,675,555</u>

REVENUE AND EXPENSES YEAR ENDED DECEMBER 31, 2009 (INCOME TAX BASIS)

REVENUE COLLECTED

Interest and dividends	\$ 3,443,260
Net realized loss on sale of investments	(31,794,915)
Contributions	303,991
Miscellaneous income	64,271
Total revenue collected	\$ <u>(27,983,393)</u>

EXPENSES PAID

Grants,	\$ 19,443,742
less refunds	<u>(429,200)</u>
Net grants paid	19,014,542
Investment expenses	633,574
Administrative expenses	1,005,267
Excise taxes	<u>34,451</u>
Total expenses paid	<u>20,687,834</u>

Changes in net assets \$ (48,671,227)

Changes in net assets not reported under the income tax basis method of accounting:
 Increase in unrealized appreciation of investments \$ 117,152,834

BOARD OF TRUSTEES - 2010

GEORGE B. BEARDSLEY
DORIS J. BIESTER
CHARLES G. CANNON
DONALD M. ELLIMAN, JR.
RICHARD G. KIELY
THOMAS C. STOKES
DIANE G. WALLACH

OFFICERS

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DIANE G. WALLACH, *Vice Chair*
C. THOMAS KAESEMEYER, *Secretary*
THOMAS C. STOKES, *Treasurer*

STAFF

C. THOMAS KAESEMEYER, *Executive Director*
THOMAS A. GOUGEON, *President-Elect*
LISA C. FLORES, *Senior Program Officer*
KAREN WHITE MATHER, *Program Officer/Grants Manager*
CAROL A. MENARD, *Office and Database Manager*
CHRISTINA H. TURISSINI, *Comptroller*

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