

ANNUAL REPORT

2013



THE CENTER
FOR EFFECTIVE
PHILANTHROPY

Improving Foundation Performance Through Data + Insight.

MISSION

To provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

VISION

We seek a world in which pressing social needs are more effectively addressed. We believe improved performance of philanthropic funders can have a profoundly positive impact on nonprofit organizations and the people and communities they serve.

CEP seeks to contribute to the achievement of this vision through the data—primarily comparative data—we develop and draw on in our research, assessment tools, and programming and communications. This data helps funders understand how they can improve their performance and provides insight on key elements of foundation effectiveness.

Although our work is about measuring results, providing useful data, and improving performance, our ultimate goal is improving lives. We believe this can only be achieved through a powerful combination of dispassionate analysis and passionate commitment to creating a better society.

ABOUT THIS ANNUAL REPORT

This annual report contains numbers pulled from many efforts to understand how we are doing—and how we can improve. Third-party assessments that CEP commissions, along with additional financial information, can be found on our website: www.effectivephilanthropy.org.

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At the heart of CEP's approach has been collecting data to learn more about the practices that may contribute to effectiveness. Through various research reports and survey instruments, CEP has helped many foundations...

*Jim Canales
President
The Barr Foundation*

INTRODUCTION LETTER

May 21, 2014

Dear Colleague,

Foundations are working to achieve ambitious goals in an increasingly complicated and rapidly changing environment.

The Center for Effective Philanthropy (CEP) exists to help you do your work better—through our research insights that highlight effective practice, our assessment tools that allow you to gauge performance in the eyes of key constituencies, and our programming that brings colleagues together to learn from one another.

In 2013, we looked hard at how we work and how we can work better to help foundations to be more effective. The data we gathered, including through a large-scale third-party survey and interviews, affirmed CEP's value. We were pleased to see that our research and assessment tools continue to drive change and improvement. But we also uncovered opportunities to do more to help foundations. We decided, for example, to offer customized advising services to foundations in addition to assessment tools such as our Grantee Perception Report (GPR) and Staff Perception Report (SPR). We also decided to increase the amount of programming we offer, recognizing that—in addition to the CEOs and senior leaders who typically attend our conferences, events, and webinars—we need to better serve program staff and board members.

As we seek to implement these new directions in 2014, we also pause to reflect on what we accomplished in 2013. We hope you will peruse this Annual Report to review the research we released, the innovations we made in our delivery of assessment tools, the progress of our YouthTruth initiative, and the success of our biennial national conference in Detroit.

We are grateful for your support and engagement.

Sincerely,



Kathryn Merchant

Kathryn E. Merchant
Chair, Board of Directors



Phil Buchanan

Phil Buchanan
President

RESEARCH



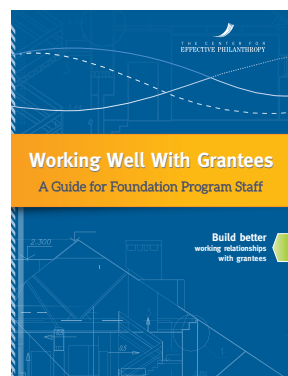
Our **rigorous and cutting-edge** research utilizes comparative data to highlight effective practices. In 2013, we completed research initiatives that resulted in **four new reports**.

Our research reports were downloaded 53,000 times from effectivephilanthropy.org, and we presented research findings at eight national and regional speaking engagements. We unveiled new research at our national conference and published a guide for program officers, drawing on more than a decade of research and insight. We also continued to gather data from our survey panel of several hundred nonprofit leaders. Forthcoming reports from the panel will focus on issues such as beneficiary feedback and nonprofit performance assessment. In addition, we are examining how the perceptions of a foundation's staff and its grantees are related. We are also planning a new research initiative in which we will gather, analyze, and disseminate comparative data on foundation operational practices.



The first of two reports in 2013 to draw on data from nonprofit leaders in the *Grantee Voice* panel, [Foundation Transparency: What Nonprofits Want](#), found that well-intentioned talk about foundation transparency is a good start, but nonprofit leaders want more. Fifty-one percent of the nonprofit leaders we surveyed want “a lot more”

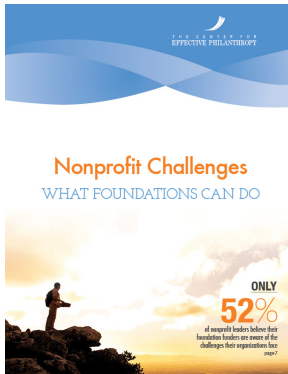
transparency about what foundations are learning, and more than 75 percent say they want more transparency about the impact that foundations themselves are having. What can foundations learn from these findings? Clear and open communication is important to nonprofits and can ultimately make a big difference in the funder-grantee relationship.



[Working Well With Grantees: A Guide for Foundation Program Staff](#) offers program staff important guidelines for building better relationships with grantees. The findings and suggestions in the guide are based on data from tens of thousands of surveys of nonprofits conducted by CEP during the past decade, as well as advice from highly rated program officers.

Our research showed that program officers can be the distinguishing factor between a foundation that makes a difference to those it funds—and one that simply makes grants. We updated, summarized, and expanded upon findings from six of our existing publications that focus on how foundations and grantees can best work together. The Guide also featured new data and analyses about what foundations might want to consider when declining funding to nonprofits, based on our surveys of declined applicants.

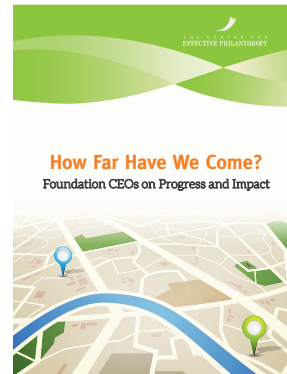
RESEARCH, CONTINUED...



Our most recent research from surveying nonprofit leaders in our *Grantee Voice* panel showed that only 52 percent of nonprofit leaders believe that their foundation funders are aware of the challenges their organizations are facing. *Nonprofit Challenges: What Foundations Can Do* also revealed that only 36 percent think funders share

the knowledge they have about what other nonprofits are doing to address similar challenges and less than one-third believe foundation funders use their various resources to help nonprofits with their challenges. These findings are not about nonprofits asking for bigger grants—they are about nonprofits wanting foundations to think more holistically about the resources at their disposal.

We also sought to uncover grantees' perspectives, using our *Grantee Voice* panel, on what foundations most needed to understand about the issue of nonprofit sustainability. As we reported on our blog, nonprofit leaders want support for their indirect costs and more unrestricted and consistent or multi-year funding. The research also revealed grantees' perceptions of the consequences of not receiving such support, including an inability to plan for the future, inadequate capacity or infrastructure, and diversion from focusing on their mission and impact.



Few foundation CEOs believe that a lot of progress has been made overall toward the goal receiving the greatest proportion of their organization's resources. However, *How Far Have We Come? Foundation CEOs on Progress and Impact* revealed that CEOs are more positive when it comes to gauging their own organizations' contributions

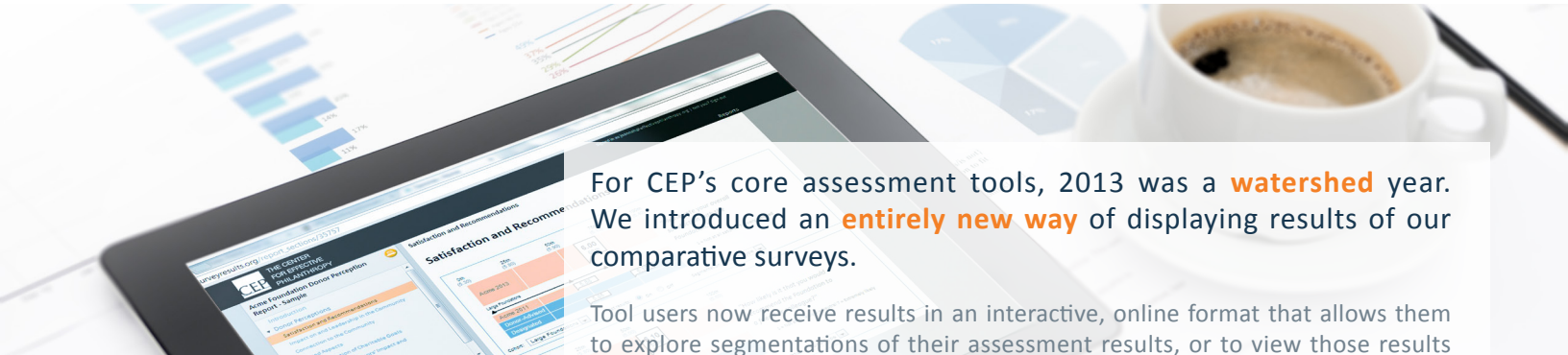
to progress—and most believe the greatest barriers to their foundations' ability to make more progress are issues external to foundations. The research also showed that most foundation CEOs say their foundation is already engaging in the practices they believe have the most potential to increase a foundation's impact, but they do see opportunities for changes in practice among foundations in general. The report raises important questions about the accuracy of foundation CEOs' perceptions.



CEP has been a steady producer of insightful research, and *How Far Have We Come? Foundation CEOs on Progress and Impact* is no exception. The report, which shares results of a survey of how well foundation CEOs think they are doing in achieving their programmatic goals, includes a number of interesting findings.

Larry Kramer
President
The William and Flora Hewlett Foundation

ASSESSMENT TOOLS



For CEP’s core assessment tools, 2013 was a **watershed** year. We introduced an **entirely new way** of displaying results of our comparative surveys.

Tool users now receive results in an interactive, online format that allows them to explore segmentations of their assessment results, or to view those results dynamically against different comparative peer benchmarking groups. In 2013, CEP provided 50 foundations with 63 assessment tools. Six of these funders also sought feedback from declined applicants through an Applicant Perception Report.

GRANTEE PERCEPTION REPORT® (GPR)

The GPR provides funders with comparative, actionable feedback based on responses to a customizable online grantee survey. Through a mix of quantitative and qualitative data, the GPR answers crucial questions about foundation performance. In 2013, we produced 30 GPRs for foundations that ranged in asset size and focus from The Whitman Institute to the Bill & Melinda Gates Foundation.

In 2013, we also created a streamlined, lower-cost version of the GPR to expand its accessibility to funders with less than \$5M in annual giving.

DONOR PERCEPTION REPORT (DPR)

The DPR helps community foundation leaders understand their donors’ perceptions of their organizations’ strengths and areas for improvement. The survey is customizable and explores donors’ perceptions of the community foundations to which they contribute.

Since we launched the DPR in 2009, we continue to see substantial growth in the use of this tool—ending the year with 49 users.

STAFF PERCEPTION REPORT (SPR)

The SPR gathers feedback from foundation staff members about their job satisfaction, experiences in the workplace, and views of the foundation’s impact. The report contains a mix of quantitative and qualitative feedback—giving leadership the opportunity to assess their work environment and culture, to compare their ratings with peer institutions, and to use SPR feedback as a benchmark for internal changes and improvement efforts. By the end of 2013, more than 47 funders had used the Staff Perception Report.

“The Staff Perception Survey has had a huge impact on our foundation, providing a safe context for our staff to talk about the foundation’s culture and to better understand how the culture impacts our overall effectiveness. Over the past year, we’ve made a number of specific improvements that are directly attributable to the survey process. More surprisingly the process seems to have changed the way we think about ourselves as a staff and has helped build the trust needed to work together even more effectively.

*Ann B. Stern
President and CEO
Houston Endowment*

YOUTH TRUTH



YouthTruth, which CEP and the Bill & Melinda Gates Foundation created to prove the concept that grantees and funders could benefit from rigorously collected and analyzed beneficiary perceptions, is implementing an **ambitious business plan**.

YouthTruth harnesses student perceptions to help educators accelerate improvements in their K–12 schools and classrooms. Through validated survey instruments and tailored advisory services, YouthTruth partners with schools, districts, states, and educational organizations to enhance learning for all students.



By the end of 2013, YouthTruth had surveyed approximately 215,000 students from more than 300 schools. YouthTruth also secured a partnership with the Minnesota Department of Education to pilot a student engagement survey to 22,000 students of nearly 700 teachers across 36 schools, with the results being incorporated into teacher evaluations.

YOUTHTRUTH FUNDERS

- Bill & Melinda Gates Foundation
- Stuart Foundation
- The William and Flora Hewlett Foundation
- Houston Endowment
- W. Clement & Jessie V. Stone Foundation
- The Whitman Institute
- The Children's Trust
- The California Endowment
- Foundation for the Mid South
- The San Francisco Foundation
- Stupski Foundation

PROGRAMMING



In May, we welcomed **nearly 300 foundation executives** and other staff to Detroit for our 2013 conference, “Pursuing Effective Results: Effective Foundation Practice.”

Attendees heard from a variety of notable speakers, including Peter Sims and Grant Oliphant discussing how philanthropy can find breakthrough ideas by making little bets; Roland Fryer calling for the honest use of rigorous data analysis to drive decision-making; Majora Carter urging foundations to do more to cultivate leadership among their grantees and in their communities; Mario Morino and Dan Cardinali warning about the failure to adequately support nonprofit performance assessment efforts; and Fay Twersky sharing new research on what it takes to effectively lead a foundation.

Elsewhere, CEP presented our research and insight at events sponsored by the Council on Foundations, Independent Sector, and Emerging Practitioners in Philanthropy. The release of our research reports are often accompanied by webinars, which typically attract more than 250 participants and viewers.

AUDIENCE

We continued to grow our audience for our research and ideas, ending the year with 4,500 followers on Twitter and 65,000 unique visitors to our website. On the CEP blog, our most popular posts are read and shared thousands of times.

PRESS COVERAGE

CEP benefited from significant positive media coverage in nearly 70 relevant outlets in 2013, further heightening our profile and generating interest in our work. CEP President Phil Buchanan is a columnist for *The Chronicle of Philanthropy* and writes regularly on issues related to foundation effectiveness.



CEP’s blog is one of the three or four that I consult on a regular basis. I particularly appreciate the variety of authors and voices.

*Survey Respondent
Director of Evaluation, Private Foundation*

FINANCIAL INFORMATION

Statement of **financial position** for the year ended December 31, 2013
dollars in thousands

	Unrestricted	Temporarily Restricted	Total
Total Assets	\$3,913	\$2,229	\$6,142
Selected Balances			
Cash	\$516	\$1,125	\$1,641
Investments	\$2,702	-	\$2,702
Pledges Receivable	-	\$1,104	\$1,104

Statement of **activities and changes in net assets** for the year ended December 31, 2013
dollars in thousands

	Unrestricted	Temporarily Restricted	Total
Operating Revenue and Support			
Grants and Contributions	\$4,505	(\$1,873)	\$2,632
Earned Revenue	\$2,322	-	\$2,322
Total Revenue	\$6,827	(\$1,873)	\$4,954
Salary and Benefits	\$4,548	-	\$4,548
Program Related	\$803	-	\$803
Professional Fees	\$334	-	\$334
Office Related	\$328	-	\$328
Travel and Meals	\$125	-	\$125
Occupancy	\$475	-	\$475
Other	\$14	-	\$14
Total Expenses	\$6,627	-	\$6,627
Investment Loss	\$5	-	\$5
Change in Net Assets	\$195	(\$1,873)	(\$1,678)
Net Assets at Beginning of Year	\$3,265	\$4,102	\$7,367
Net Assets at End of Year	\$3,460	\$2,229	\$5,689

At The Wallace Foundation, we use CEP's comparative performance data to help us work more effectively with our grantee organizations, and we use its studies of field practice to help maintain our focus on working strategically. No one else provides these resources.

*Edward Pauly
Director of Research and Evaluation
The Wallace Foundation*

2013 CEP FUNDERS

\$500,000 OR MORE

THE WILLIAM AND FLORA
HEWLETT
FOUNDATION



Robert Wood Johnson Foundation

\$200,000 TO \$499,999

- Ford Foundation
- The Rockefeller Foundation
- W.K. Kellogg Foundation

\$100,000 TO \$199,999

- Bill & Melinda Gates Foundation
- David and Lucile Packard Foundation
- James Irvine Foundation
- The Kresge Foundation
- Lumina Foundation for Education
- The Wallace Foundation

\$50,000 TO \$99,999

- Charles Stewart Mott Foundation
- Gordon and Betty Moore Foundation
- Stuart Foundation

\$20,000 TO \$49,999

- The Duke Endowment
- John S. and James L. Knight Foundation
- MacArthur Foundation
- Oak Foundation
- Realdania
- Rita Allen Foundation
- Rockefeller Brothers Fund
- Surdna Foundation

UP TO \$19,999

- The Assisi Foundation of Memphis
- Blandin Foundation
- California HealthCare Foundation
- The Colorado Health Foundation
- The Commonwealth Fund
- Conrad N. Hilton Foundation
- Doris Duke Charitable Foundation
- Evelyn & Walter Haas, Jr. Fund
- Houston Endowment
- The Jacob & Valeria Langeloth Foundation
- John A. Hartford Foundation
- Lawson Foundation
- Max M. & Marjorie S. Fisher Foundation
- McKnight Foundation
- New Hampshire Charitable Foundation
- The Patterson Foundation
- The Pittsburgh Foundation
- Richard M. Fairbanks Foundation
- S. D. Bechtel, Jr. Foundation
- Saint Luke's Foundation
- Skillman Foundation
- TIFF Charitable Foundation
- Toledo Community Foundation
- Vermont Community Foundation
- Wilburforce Foundation
- William Penn Foundation

INDIVIDUAL CONTRIBUTORS

- Michael Bailin
- Kevin Bolduc
- Phil Buchanan
- Alexa Cortes Culwell
- Alyse d'Amico
- Chris DeVita
- Bob Eckardt
- John Davidson
- Kathleen Enright
- Betsy Fader
- Phil Giudice
- Tiffany Cooper Gueye
- Paul Heggarty
- Bob Hughes
- Christine James-Brown
- Latia King
- Jim Knickman
- Patricia Kozu
- Kathryn E. Merchant
- Alex Ocasio
- Grant Oliphant
- Joel Orosz
- Christy Pichel
- Nadya K. Shmavonian
- Vince Stehle
- Nan Stone
- Anne Warhover

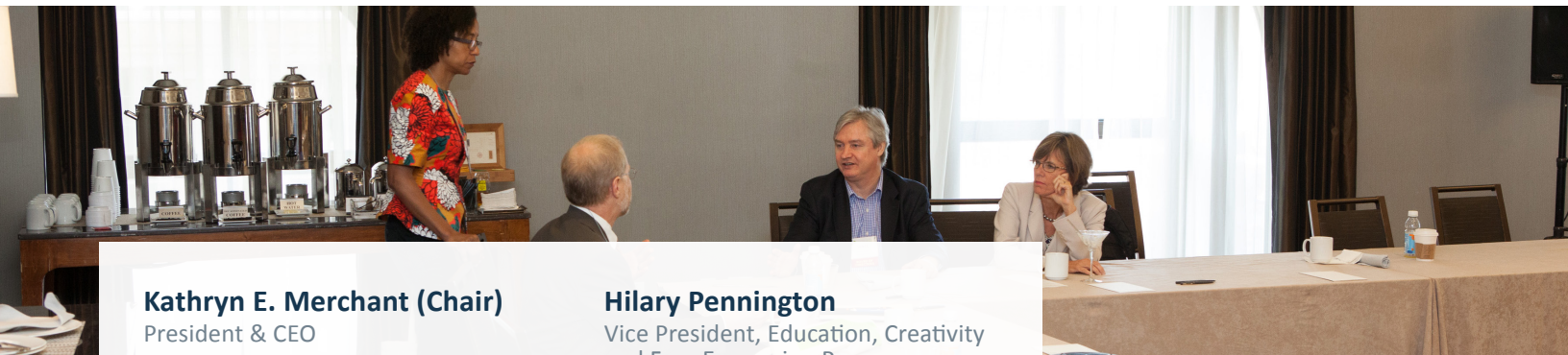
2013 TOOL SUBSCRIBERS

- Bill & Melinda Gates Foundation
- Blue Cross Blue Shield of Massachusetts Foundation
- Blue Grass Community Foundation
- The Boston Foundation
- Bush Foundation
- The California Endowment
- The Cameron Foundation
- Central New York Community Foundation
- College Access Foundation
- The Commonwealth Fund
- Community Foundation of Southern Arizona
- Community Foundation of Western Massachusetts
- Cornerstone Trust
- Fairfield County Community Foundation
- The George Gund Foundation
- The Greater Cincinnati Foundation
- Greater Saint Louis Community Foundation
- Greater Twin Cities United Way
- Greater Worcester Community Foundation
- Helios Education Foundation
- Houston Endowment, Inc.
- The Kresge Foundation
- LankellyChase Foundation
- Longwood Foundation
- Margaret A. Cargill Foundation
- Mary Reynolds Babcock Foundation
- McCune Charitable Foundation
- MetroWest Health Foundation
- Minnesota Philanthropy Partners
- Nellie Mae Education Foundation
- New York State Health Foundation
- Northwest Area Foundation
- Oklahoma City Community Foundation
- Paul Hamlyn Foundation
- Peter Kiewit Foundation
- The Philadelphia Foundation
- The Pittsburgh Foundation
- Public Welfare Foundation
- Quantum Foundation
- Rhode Island Foundation
- Robert Wood Johnson Foundation
- Rose Community Foundation
- Sea Change Foundation
- Saint Luke's Foundation
- W.K. Kellogg Foundation
- Weingart Foundation
- The Whitman Institute
- Wilburforce Foundation
- The William and Flora Hewlett Foundation
- Wiregrass Foundation

“The GPR proved a great tool for testing our assumptions about the value of the type of grants we give, the relationships we have with our grantees, and the support we provide beyond the check. As we look to spending out in 2022, the GPR is proving especially helpful in terms of informing and clarifying where we devote the time and energy of TWI's small staff going forward. On a personal note, we found the CEP staff a delight to work with: they were personable, knowledgeable and responsive to all of our questions and needs.

*John Esterle
Executive Director
The Whitman Institute*

BOARD OF DIRECTORS



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President & CEO
The Greater Cincinnati Foundation

Phil Buchanan

President
Center for Effective Philanthropy

Tiffany Cooper Gueye

CEO
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(term began July 2013)

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Former President
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(term ended February 2014)

Grant Oliphant

President & CEO
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Hilary Pennington

Vice President, Education, Creativity
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Christy Pichel

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Nadya Shmavonian

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Media Impact Funders

Fay Twersky

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The William and Flora Hewlett
Foundation
(term began May 2014)

Anne Warhover

President & CEO
The Colorado Health Foundation

Lynn Perry Wooten

Associate Dean of Undergraduate
Programs | Clinical Associate
Professor of Strategy, Management &
Organizations
Stephen M. Ross School of Business
University of Michigan
(term began May 2014)



When I want to look up the leading edge of philanthropy, that is when I pull up the CEP website and look at what they're studying now.

*Interviewee
CEO, Private Foundation*