



THE CENTER FOR
EFFECTIVE PHILANTHROPY

{ ANNUAL REPORT }



2012

ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

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. We recognize that many other institutions and organizations dedicated to improved funder effectiveness must also play a role for the vision we seek to become a reality—and we seek partnerships with these organizations when they will help us to better achieve our shared goals.

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 some numbers pulled from many efforts to understand how we are doing—and how we can improve. All the third-party assessments CEP commissions are made public in their entirety on our website, along with additional financial information: www.effectivephilanthropy.org.

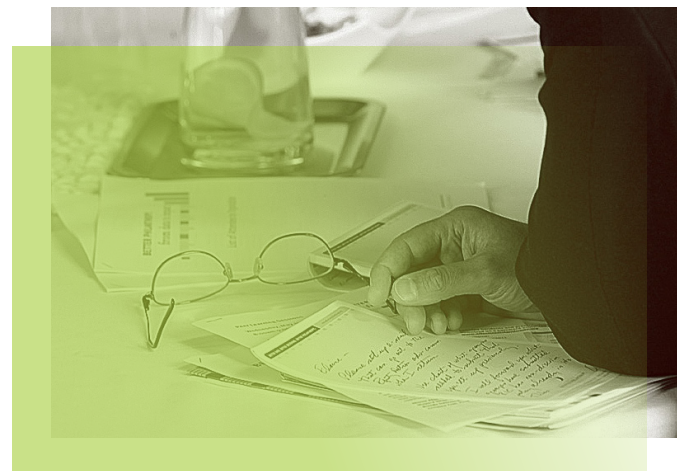


Table of Contents

Introduction Letter	3
Research	4
Assessment Tools	5
YouthTruth	7
Communications and Programming	8
Financial Information	9
2012 Funders	10
2012 Tool Subscribers	11
2012 Board Members	12



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INTRODUCTION LETTER

Dear Colleagues,

We are pleased to share with you this Annual Report on the Center for Effective Philanthropy's activities and finances in 2012. It was a year of significant progress for us, as we released widely read research reports that are influencing foundation practice, delivered performance data—including feedback from key constituencies—to 64 foundations (as well as 149 schools through our YouthTruth initiative), and promoted effective foundation practices on our widely read blog and in trade and national media.

CEP exists to serve foundation leaders in their quest to become more effective. We are fortunate to have so many who help in this effort: a terrific Board of Directors, an excellent Advisory Board, and literally hundreds of foundation staff who have acted as advisors and colleagues over the years, helping to inform and strengthen our work. As you will see from our audited financial statements, CEP continued to draw on a mix of earned and contributed revenues to support our work. We are especially grateful to the more than 40 foundations and nearly 30 individuals that provided financial support for CEP in 2012: this is crucial funding that allows CEP to continue to innovate and share our data-based findings broadly.

CEP belongs to the foundations that are committed to effectiveness. And to maintain our own effectiveness, we have again launched a major planning process to ensure we are clear on which aspects of our work most help foundations so we can best deploy our limited resources. In the meantime, thank you for your commitment to foundation effectiveness and your support of our work.



Kathy Merchant
Chair, Board of Directors
President/CEO
The Greater Cincinnati Foundation



Phil Buchanan
President



Kathy Merchant

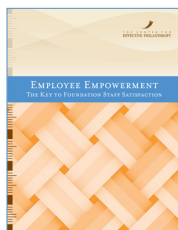


Phil Buchanan

RESEARCH

Our rigorous and cutting-edge research draws on comparative data to highlight effective practices.

In 2012, we completed research initiatives that resulted in three new reports. Overall, our research reports were downloaded 32,000 times from www.effectivephilanthropy.org and we presented research findings at 15 speaking engagements. In 2013, we unveiled new research at our national conference and will publish a guide for program officers, drawing on more than a decade of research and insight. We will also continue to use our survey panel of several hundred nonprofit leaders, *The Grantee Voice: Feedback for Foundations*. Forthcoming reports from the panel will focus on issues such as the challenges nonprofits are facing and how foundations can help them.



Our first analysis of our aggregate dataset of foundation staff perceptions resulted in [*Employee Empowerment: The Key to Foundation Staff Satisfaction*](#). We found that foundation employees are most satisfied in their jobs when they feel empowered in their day-to-day experiences. In fact, feeling empowered is more important for satisfaction than perceptions of appropriateness of pay or workload.



[*Grantees' Limited Engagement With Foundations' Social Media*](#) revealed that when it comes to learning about their foundation funders, grantees find social media to be significantly less helpful than turning to individual communication with foundation staff, foundations' published funding guidelines, or foundations' websites.



[*Room for Improvement: Foundations' Support of Nonprofit Performance Assessment*](#) revealed that nonprofits sorely lack the support they need for their performance measurement and performance management efforts. Most nonprofit leaders told us that they receive no help from foundation funders to do this work, but they would welcome assistance.

We also researched the extent to which foundation staff are communicating with grantees about racial diversity. As we reported on our [blog](#), analyses reveal that few conversations about diversity occur between foundations and grantees. However, grantees that have these conversations rate foundations higher on several dimensions, including the foundation's impact on the organization and the fields and communities in which grantees work.

ASSESSMENT TOOLS

CEP's assessment tools draw on comparative data and help funders make better decisions, based on feedback from key stakeholders.

In 2012, CEP provided 64 foundations with 76 assessment tools. In aggregate, CEP has now worked with 17% of the foundations we seek to work with. A major focus for the tools team this year was the development of a new format for the delivery of our data. Our new online reporting system will be used for the first time with surveys launched in May of 2013.



New Online Reporting System

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 critical questions every funder's board and staff face daily. In 2012, we produced 41 GPRs for foundations that ranged in asset size and focus from the David and Lucile Packard Foundation to the Latino Community Foundation.

In 2012, 83% of our Grantee Perception Report subscribers who responded to a third party survey by the LFA Group reported making change in their foundations in at least one area based on the GPR results, with 44% reporting significant change in at least one area. Moreover, almost all (92%) subscribers would recommend the GPR to a colleague funder. 2013 marks a decade of providing candid, comparative feedback through the GPR. As we continue to evolve this tool, based on new research and feedback from funders, we look forward to maintaining the power of the GPR to help even more funders continually learn and improve.

All of the Wilburforce staff are a joy to work with. Even when they are asking a difficult question or pointing out an area in which your work might improve, they do it very professionally and nicely. They push just the right amount. They do not try to change your plans, only to improve the way you think about or conduct your work. Above all they are supportive of the work, the goals of the work, and their grantees as individuals.

Grantee comment from the "2012 Wilburforce Foundation Grantee Perception Report," posted on the Wilburforce Foundation website.

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.

We saw substantial growth in the use of this tool and ended the year with 39 users since we launched the DPR. We are now conducting dataset-wide analysis to uncover preliminary findings so community foundations can understand how their efforts to motivate and engage their donors compare to that of their peers. We believe the growth of this tool—paired with our research—represents a substantial opportunity to help community foundations enhance their effectiveness with real data.

Staff Perception Report (SPR)

The SPR gathers feedback from foundation staff members about their experiences and their views of the foundation's overall operations. 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 2012, more than 40 funders had used the Staff Perception Report. Based on our growing experience and CEP's new research, we updated both the survey and the report to provide the most actionable possible feedback for funders.

The Arizona Community Foundation has now for the first time in our thirty-four year history a true and objective baseline of how our donors perceive us and how we compare nationally. We've never really known that before—and the report now catalyzes our business planning and gives us a set of real targets to aim for.

Steve Seleznow
President and Chief Executive Officer
Arizona Community Foundation



YOUTHTRUTH

In January 2009, CEP and the Gates Foundation created YouthTruth to translate students' unique perspective into actionable data and insight to help districts, schools, and teachers.

By the end of 2012, YouthTruth had surveyed approximately 160,000 students from 243 schools. Additionally, YouthTruth went through a major business planning effort in 2012 and we raised nearly \$3 million from funders to support our implementation of that business plan in the coming years. In 2013, we will expand our offerings to provide additional cost-effective, meaningful ways to incorporate student feedback into school improvement plans and teacher professional development.



YouthTruth gives our students the opportunity to speak about the type of school they need and deserve.

Dr. Darian Jones
Principal of Carver School of Health Sciences and Research
Atlanta Public Schools



COMMUNICATIONS AND PROGRAMMING

Programming

Every two years, CEP holds a national conference exclusively for leaders and trustees of the nation's most influential and important foundations. In the latter half of 2012, we began planning for our May 21-22, 2013 conference, "Pursuing Effective Results: Effective Foundation Practice."

Elsewhere, CEP presented our research and insight at events sponsored by Independent Sector, The Council on Foundations, and Grantmakers for Effective Organizations.

The release of our research reports are often accompanied by webinars that attract up to 250+ participants and viewers. Topics covered over the course of the last year include foundation's use of social media, the Strategy Landscape Tool, the power of foundation staff feedback, and the challenge of foundation strategy.

Audience

We continued to grow our audience for our research and ideas, ending the year with 3,500 followers on Twitter and 68,000 unique visitors to our web site. We also refreshed our blog in 2012 to improve its readability, incorporate better visuals, and include more frequent content updates from CEP staff and guest bloggers. Since that upgrade, the blog's average daily views per month have increased by 20% and our more popular posts are read up to 5,000 times.



Press Coverage

CEP benefited from significant positive media coverage in more than 80 relevant outlets in 2012, further heightening our profile and generating interest in our work. Our work has been profiled or mentioned in articles appearing in *The New York Times*, *The Nonprofit Quarterly*, *The Chronicle of Philanthropy*, *The Washington Post*, *The Star Tribune*, *Education Week*, and *Alliance* magazine. CEP's Phil Buchanan is now a columnist for the *Chronicle of Philanthropy* and writes regularly on issues related to foundation effectiveness.



2013 National Conference

"Part of the problem with using the language of Wall Street in philanthropy is the implication that there are market solutions to everything," said Phil Buchanan, president of the Center for Effective Philanthropy.

The New York Times, December 11, 2012

FINANCIAL INFORMATION

Statement of Financial Position for the Year Ended December 31, 2012

Dollars in thousands

	Unrestricted	Temporarily Restricted	Total
Total Assets	\$3,966	\$4,102	\$8,068
Selected Balances			
Cash	\$646	\$1,713	\$2,359
Investments	\$2,618	-	\$2,618
Pledges Receivable	-	\$2,389	\$2,389



CEP Staff, December 2012

Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2012

Dollars in thousands

	Unrestricted	Temporarily Restricted	Total
Operating Revenue and Support			
Grants and Contributions	\$3,324	\$3,086	\$6,410
Earned Revenue	\$3,171	-	\$3,171
Interest Income	\$7	-	\$7
Total Revenue	\$6,502	\$3,086	\$9,588
Operating Expenses			
Salary and Benefits	\$4,160	-	\$4,160
Program Related	\$648	-	\$648
Professional Fees	\$297	-	\$297
Office Related	\$363	-	\$363
Travel and Meals	\$122	-	\$122
Occupancy	\$482	-	\$482
Other	\$42	-	\$42
Total Expenses	\$6,115	-	\$6,115
Change in Net Assets	\$387	\$3,086	\$3,473
Net Assets at Beginning of Year	\$2,877	\$1,016	\$3,893
Net Assets at End of Year	\$3,264	\$4,102	\$7,366

2012 FUNDERS

\$500,000 or more

The Robert Wood Johnson Foundation

\$200,000 to \$499,999

Bill & Melinda Gates Foundation

Ford Foundation

The William and Flora Hewlett Foundation

W.K. Kellogg Foundation

Rockefeller Foundation

\$100,000 to \$199,999

The James Irvine Foundation

David and Lucile Packard Foundation

\$50,000 to \$99,999

Edna McConnell Clark Foundation

The Kresge Foundation

Lumina Foundation for Education

Gordon and Betty Moore Foundation

Stuart Foundation

The Investment Fund for Foundations

Wallace Foundation

\$20,000 to \$49,999

Duke Endowment

Conrad N. Hilton Foundation

The John D. and Catherine T. MacArthur Foundation

Realdania

Rita Allen Foundation

Rockefeller Brothers Fund

Surdna Foundation

Up to \$19,999

Assisi Foundation of Memphis

S.D. Bechtel Jr. Foundation

California Healthcare Foundation

The Colorado Health Foundation

The Commonwealth Fund

Gaylord and Dorothy Donnelley Foundation

Doris Duke Charitable Foundation

Richard M. Fairbanks Foundation

Fidelity Foundation

Goizueta Foundation

Evelyn and Walter Hass, Jr. Fund

John A. Hartford Foundation

Houston Endowment

The Jacob and Valerie Langeloth Foundation

Lawson Foundation

McKnight Foundation

The New Hampshire Charitable Foundation

Nina Mason Pulliam Charitable Trust

The Pittsburgh Foundation

Toledo Community Foundation

Wilburforce Foundation

William Penn Foundation

Individual Contributions

Michael Balin

Kevin Bolduc

Phil Buchanan

Ellie Buteau

John Colborn

Alexa Cortes Culwell

Alyse d'Amico

John Davidson

M. Christine DeVita

Robert Eckardt

Crystal Hayling

Paul Heggarty

Stephen Heintz

Bob Hughes

Zach Kahn

Amanda King

Latia King

Jim Knickman

Kathy Merchant

Ricardo Millett

Alex Ocasio

Joel Orosz

Christy Pichel

Marcia Sharp

Nadya K. Shmavonian

Joyce and Larry Stupski

Valerie Threlfall

Anne Warhover

In addition, CEP receives grant support for the YouthTruth Initiative from funders including the Bill & Melinda Gates Foundation, Stuart Foundation, The William and Flora Hewlett Foundation, Houston Endowment, Stupski Foundation, W. Clement and Jessie V. Stone Foundation, and The Whitman Institute.

2012 TOOL SUBSCRIBERS

444S Foundation
Adessium Foundation
Alliance for a Green Revolution in Africa (AGRA)
Arizona Community Foundation
Barr Foundation
Benwood Foundation
Bill & Melinda Gates Foundation
Blue Cross and Blue Shield of Minnesota Foundation
Blue Shield of California Foundation
The California Endowment
Citi Foundation
The Columbus Foundation
The Commonwealth Fund
The Community Foundation for Greater Atlanta
The Community Foundation for Greater New Haven
Community Foundation of Greater Birmingham
The Community Foundation of Greater Greensboro
The Community Foundation of South Alabama
Community Foundation of Western Massachusetts
The Community Foundation Serving Boulder County
The Community Foundation Serving Riverside and San Bernardino Counties
The David and Lucile Packard Foundation
The Duke Endowment
Empower - The Emerging Markets Foundation
Evelyn and Walter Haas, Jr. Fund
F.M. Kirby Foundation, Inc.
First Fruit, Inc.
Ford Foundation
Fremont Area Community Foundation
Gaylord and Dorothy Donnelley Foundation
The Greater Tacoma Community Foundation
Health Care Foundation of Greater Kansas City

Houston Endowment
HRJ Consulting, Ltd.
Iowa West Foundation
James Graham Brown Foundation
John S. and James L. Knight Foundation
Kronkosky Charitable Foundation
Latino Community Foundation
Leichtag Foundation
Mat-Su Health Foundation
The McKnight Foundation
Missouri Foundation for Health
The Nathan Cummings Foundation
The New York Community Trust
The New York State Health Foundation
The One Foundation
Ontario Trillium Foundation
PNM Resources Foundation
The Rhode Island Foundation
Sacramento Region Community Foundation
Santa Barbara Foundation
Santa Fe Community Foundation
The SCAN Foundation
The Skillman Foundation
St. Louis County Children's Service Fund
Stuart Foundation
TG Philanthropy
The Valley Community Foundation
Vancouver Foundation
The Wallace Foundation
Walter and Elise Haas Fund
The Walton Family Foundation
Wilburforce Foundation

2012 BOARD MEMBERS

Michael Bailin

Former President & CEO
Edna McConnell Clark Foundation
(Term ended May 2012)

Phil Buchanan

President
The Center for Effective Philanthropy

M. Christine DeVita

Former President
Wallace Foundation

Crystal Hayling

Principal
C2 Projects

Christine James-Brown

President & CEO
Child Welfare League of America

James R. Knickman

President & CEO
New York State Health Foundation

Kathy Merchant

President & CEO
The Greater Cincinnati Foundation

Grant Oliphant

President & CEO
The Pittsburgh Foundation

Christy Pichel

President
Stuart Foundation

Nadya K. Shmavonian

Independent Consultant
NKS Consulting

Vince Stehle

Executive Director
Media Impact Funders
(Term began January 2013)

Anne Warhover

President & CEO
Colorado Health Foundation



Christy Pichel and James Knickman at the 2013 National Conference (both standing)



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