



# GIVING OUR BEST

ANNUAL REPORT 2002

GRANT  
MAKERS  
OF  
HEALTH

**F**or over 20 years, Grantmakers In Health (GIH) has served as a resource to health funders working toward a collective mission to improve the nation's health. Part of GIH's strength comes from an ability to effectively respond to the ever-changing landscape of health philanthropy. By being careful observers and listening to the concerns of those in the field, GIH has been able to track trends in health philanthropy and gain substantial knowledge about the issues that matter the most. By anticipating the needs of the field, GIH has played a pivotal role in informing programming that has changed the lives of the most vulnerable among us and has been able to offer timely counsel on problems facing the sector.

Despite philanthropy's best efforts, challenges to achieving a healthy America remain. More than 40 million Americans are still without health insurance. Though some progress has been made, much remains to be done in many of the areas identified by the U.S. Department of Health and Human Services as significant, yet preventable, threats to the nation's health. Racial and ethnic disparities resulting from inequitable access to the health system, as well as other physical and social environment factors, continue to negatively affect minorities' health outcomes. The nation's public health infrastructure is fragile, at best, and in need of innovative strategies to repair long-term damage to the system, particularly in light of emerging threats. All of these issues are compounded by the weakened economy, substantial cuts in state and local government health budgets, and poor stock market performance. But rather than shy away from these challenges, GIH has moved forward, with its core mission and values—to foster communication and collaboration among grantmakers and others, and to help



strengthen the grantmaking community's knowledge, skills, and effectiveness—firmly in place.

Through our growth and development, we have learned that grantmakers value the work of their colleagues. Realizing that there is strength in numbers, GIH has created networking vehicles to bring together fellow funders, both established and emerging, while partnering with these organizations to better anticipate and meet their needs. As our expertise continues to grow, so, too, does the number of partners we call on to support programs addressing the breadth of health issues facing the field. In 2002, GIH received support from more than 200 foundations and corporate giving programs.

GIH takes seriously its responsibility to serve health philanthropy and shares in the struggle foundations face in deciding how best to allocate resources. We are the professional home for grantmakers seeking strategic guidance and information on improving the nation's health. As new challenges arise, we stand ready to give our best to philanthropy by continuing to provide relevant programming, publications, and technical assistance to inform the field moving forward.

**GIH has been able to track trends in health philanthropy and gain substantial knowledge about the issues that matter the most.**

# Message from the Chair

**This letter** marks the end of my tenure as a member of the Board of Directors for Grantmakers In Health. My first board meeting in 1995 was a two-day retreat devoted to discussing a significant and strategic decision. Would GIH continue to be a small, board-driven affinity group for health funders, or would it respond to the exploding number of new health foundations being created through the conversion process by staffing up, building organizational capacity, and expanding programs? The discussion was both passionate and thoughtful and resulted in a consensus to abandon the status quo and launch GIH on a course to play a leadership role in the field of health philanthropy.

Today, Grantmakers In Health is a professionally staffed organization supported by more than 200 foundations and corporate giving programs. GIH's products, programs, and services are professional and substantive and strive to meet the diverse needs of funders in the field of health philanthropy. GIH continues to focus on its commitment to health funders, providing a resource of information and technical assistance. Its annual meeting provides a convening and networking opportunity with plenaries, workshops, and site visits that have relevance and substance for our work.

It has been an honor and a privilege to serve as chair of the board for the past two years. I leave with the knowledge that GIH is a strong, vibrant organization with outstanding leadership from its president and CEO, Lauren LeRoy; an excellent, hard-working staff; and a board that assumes its duties responsibly, thoughtfully, and with good stewardship.

**Gary L. Yates**  
President and Chief Executive Officer  
The California Wellness Foundation

# Message from the President and CEO

**This past year** has been one of success, challenges, and uncertainty for health philanthropy. We had much to celebrate in the work foundations began during past years of unprecedented prosperity, even as we witnessed the waning prospects for growth, impact, and optimism in our troubled economy. The newfound visibility of philanthropy that accompanied the boom in foundation assets in the 1990s opened opportunities for funders, but also created new pressures for foundations to assess their own performance, as well as that of their grantees.

The silver lining of hard times can sometimes be the impetus for tackling tough issues. We have, in fact, seen efforts to enhance foundation effectiveness becoming more pragmatic and focused as resources have become more precious. The stress on front-line grantee organizations through which foundations achieve their missions has also brought into focus the importance of mutual respect between funders and grantees. Grantmakers' heightened commitment to work creatively, take advantage of all of a foundation's assets to improve health, and connect with colleagues may come from adversity, but it presents a real opportunity for lasting improvements in the way foundations do their work.

One thing that we can count on in health philanthropy is change. Neither the field nor the issues we face are static. New issues emerge while longstanding ones continue to require our attention. In both cases, however, the conditions that affect our understanding of how to bring about meaningful, lasting change evolve. We at Grantmakers In Health welcome the challenge of anticipating the changes facing health philanthropy and being there to help foundations respond or take advantage of them. We continue to develop our capacity to provide information, service, and counsel; to tackle new issues; and to build an inclusive and responsive organization that grantmakers are proud to be a part of. It is the commitment to service, questioning of the value we bring to foundations in what we do and what we have accomplished, and celebration of our successes, while quickly turning to the task of improving what we can offer the field, that embody what we mean when we say "giving our best."

Grantmakers are our partners in building a strong organization that adds value to their work. We truly appreciate the support that GIH's Funding Partners have provided. It is both a tangible form of recognition for our work and essential to sustaining the resource we have built for health grantmakers.

The commitment of GIH Board members to both the vision of continual improvement and the hard work of making it a reality in all aspects of the organization is a model for our field. Ultimately, however, the vitality of GIH comes from the grantmakers we serve. The steps we have taken to involve more foundation staff and trustees in our work are not merely symbolic gestures. Our ability to anticipate grantmakers' needs, to respond quickly to emerging issues pressing the field, and to understand the nuances that define both the diversity and collective interests of health foundations depends on our relationships with funders, the feedback they give us, and their willingness to participate in the organization. This partnership has become even more important as foundations face tighter resources and an even greater imperative to make every dollar count.

Foundations have no choice but to adjust to this new economic reality—grappling with how to do more with less. The prospects can be painful: tabling exciting plans, retrenching on existing programs, having less to give to nonprofits at a time when their services are in greatest demand. At a time when caution may appear to be the prudent path, we should not forget what many define as a foundation's greatest assets: flexibility, the ability to innovate, and the freedom to take risks. Foundations are obviously looked to for their financial support, whether in prosperous or tough economic times. But they are also looked to for their leadership, and that is an asset that can become even more valuable as dollars diminish. What will prove the true value of philanthropy is not how well it retrenches during these times, but the leadership it shows in both meeting immediate needs and working for long-term change. Challenging business as usual in the way grantmakers work with grantees, assess their own performance, and use the resources available to them is not without risks; but the potential rewards to the public's health make the risk well worth taking.

This is the time for all of us, at GIH and throughout the field, to demand even more of ourselves, to bring our best thinking and action to the issues before us, to seize the moment rather than letting it stifle us, and to create opportunity out of adversity. Our collective mission to improve health has been daunting even in the best of times, but the prospect of contributing to its achievement should sustain our energy to give our best every step of the way.

**Lauren LeRoy, Ph.D.**  
President and Chief Executive Officer  
Grantmakers In Health

# Giving Our Best

**For GIH,** giving our best means living up to our commitment to strengthen the effectiveness of health philanthropy. It means taking on the tough issues, championing diversity, maintaining and strengthening effective strategies, and working consistently to better the lives of underserved communities by providing professional expertise to grantmakers and other relevant parties and informing the field in meaningful ways. It means acting as an agent for change.

One of the ways GIH serves philanthropy is through the provision of resources that might otherwise be unavailable to grantmakers. Our Resource Center on Health Philanthropy, for example, monitors the activities of health grantmakers and synthesizes lessons learned from their work. It includes basic information on foundations and corporate giving programs funding in health and looks across the field to identify trends and emerging issues. A key component of the Resource Center is a searchable database on the priorities, grants, and initiatives of health grantmakers. This database

captures and categorizes the work of health philanthropy by foundation characteristics, health programming area, targeted populations, and funding strategy. This source of expert information and analysis on the field of health philanthropy, offered as a benefit to GIH Funding Partners, includes nearly 10,000 grants and initiatives from over 200 foundations and corporate giving programs.

Complementing the Resource Center is the Support Center for Health Foundations, which provides health grantmakers with access to technical assistance, an information clearinghouse, educational programs, and other services tailored to meet the operational needs we have identified. The Support Center works to enhance foundation performance and provides guidance on frequently asked questions about governance, grantmaking, evaluation, finance and administration, and communications issues. An annual two-day, two-track workshop, *The Art and Science of Health Grantmaking*, provides in-depth discussions on each of these topics and is designed to raise both

**Giving our best means living up to our commitment to strengthen the effectiveness of health philanthropy.**

## 2002 MEETINGS

### **Advancing Quality Through Patient Safety: Strategies from the Front Lines of Health Care**

Roundtable Meeting—February 27, 2002 (New York, New York)

### **It Takes Two to Tango: The Delicate Balance Between Grantmakers and Grantees**

Preconference Session to the Annual Meeting on Health Philanthropy—February 27, 2002 (New York, New York)

### **The Case for Environmental Justice**

Preconference Session to the Annual Meeting on Health Philanthropy—February 27, 2002 (New York, New York)

### **On Solid Foundations: Strengthening the Future of Health and Philanthropy**

Annual Meeting on Health Philanthropy—February 27-March 1, 2002 (New York, New York)

### **The Art and Science of Health Grantmaking**

Support Center for Health Foundations—April 26-27, 2002 (Chicago, Illinois)

### **Examining E-Health**

Preconference Session to the Council on Foundations Annual Conference—April 28, 2002 (Chicago, Illinois)

### **Positive Youth Development: A Pathway to Healthy Teens**

Issue Dialogue—June 13, 2002 (Washington, DC)

### **Turning the Tide: Preserving Community Mental Health Services**

Issue Dialogue—September 19, 2002 (Washington, DC)

### **Strengthening the Public Health System for a Healthier Future**

Issue Dialogue—November 6, 2002 (Washington, DC)

### **Hard Times: Philanthropic Strategies to Support Communities Under Stress**

Fall Forum—November 7-8, 2002 (Washington, DC)



## Leading the Charge

the individual and institutional effectiveness of health grantmakers at all stages of organizational development.

In the spirit of fostering communication among grantmaking colleagues, GIH convenes Issue Dialogues, day-long discussions on topics of interest to health funders. In 2002, GIH brought together experts from philanthropy, government, research, and policy to identify and discuss challenges in advancing quality through patient safety, positive youth development, community mental health services, and strengthening the public health infrastructure. Each Issue Dialogue results in the development of an Issue Brief, a report that synthesizes lessons learned from the discussions and serves as a permanent resource to the field.

With a solid foundation of expertise to stand on, GIH has positioned itself to provide quick and thorough responses to some of the field's common questions. We have become a premier professional organization helping trustees, executives, and foundation staff improve their effectiveness. Our strength comes from both the variety and quality of programs, activities, publications, and other resources we provide. We are committed to an ongoing record of accomplishments as we continue to focus our energies on giving our best.

**Health philanthropy**, like many other sectors, struggled with how to do more with less in 2002. Faced with declining assets, health foundations struggled with how to maintain prior commitments and provide support to grantees buffeted by similar declines in individual giving and government funding. Through it all, GIH remained a resource for grantmakers to turn to in times of economic distress, stepping in to fulfill the role of foundation program manager and consultant. Our programming reflected a continued commitment to addressing the breadth of issues facing the field.

In the fall of 2002, GIH hosted a forum, *Hard Times: Philanthropic Strategies to Support Communities Under Stress*, in an effort to promote shared solutions to this common problem. Forum sessions focused on funding advocacy, protecting vulnerable populations, strategies for health funders in times of stress, and developing partnerships, among other topics. The Fall Forum was illustrative of GIH's approach to serving health philanthropy—we listen to the concerns of our constituency and respond with appropriate programming that promotes the timely exchange of ideas and sharing in the collective wisdom necessary to solve problems facing the field.

In addition to tackling tough issues in 2002, GIH brought to the forefront topics that many foundations had not yet considered. For example, a preconference session at GIH's Annual Meeting on Health Philanthropy focused on environmental justice, an often overlooked topic in discussions of the nation's public health, although environmental hazards can directly affect the health of individuals and communities. In a preconference session to the Council on Foundations Annual Conference, GIH highlighted e-health—the use of Internet-based tools for accessing and exchanging health information and improving processes of care—and its implications for health philanthropy as the field works to improve the quality of care, promote health education, and improve access.

GIH's leadership in philanthropy is also evidenced in its efforts to re-engage grantmakers around issues warranting continued attention. For example, our Annual Meeting on Health Philanthropy, *On Solid*

*Foundations: Strengthening the Future of Health and Philanthropy*, addressed topics like capacity building, enrollment of low-income children in public health insurance programs, and HIV/AIDS—issues that have long been the focus of health philanthropy initiatives. And a fall 2002 Issue Dialogue focused on strengthening the nation's public health system, an early focus for health funders that is re-emerging as a national priority.

Beyond brokering relationships between grantmakers, GIH participated in external professional groups informing the field. For example, GIH's president and CEO chaired the Institute of Medicine's committee examining the efficacy of existing public financing and service delivery systems for HIV/AIDS care, and GIH staff assumed leadership roles on Council on Foundations committees. In addition, GIH staff have been called on to lend their expertise at national meetings involving regional associations of grantmakers, the Council on Foundations, and other professional organizations.

**GIH remained a resource for grantmakers to turn to in times of economic distress, stepping in to fulfill the role of foundation program manager and consultant.**

## 2002 PUBLICATIONS

### REPORTS

**Weighing in on Obesity: America's Growing Health Epidemic** (February 2002)

**Training the Health Workforce of Tomorrow** (February 2002)

**Assets for Health: Findings from the 2001 Survey of New Health Foundations** (March 2002)

**On Solid Foundations: Strengthening the Future of Health and Philanthropy** (June 2002)

**Rx for Progress: Putting Patient Safety into Practice** (October 2002)

**Examining E-Health** (November 2002)

**Positive Youth Development: A Pathway to Healthy Teens** (December 2002)

### ISSUE FOCUS

**Weighing in on Obesity** (January 2002)

**Collaboration: Building Relationships to Improve Health** (February 2002)

**Findings from the 2001 Survey of New Health Foundations** (March 2002)

**Supporting Families of Children with Special Health Care Needs** (April 2002)

**Putting Patient Safety into Practice: Strategies from Health Care's Front Lines** (May 2002)

**Expanding Access for the Uninsured: Building a Community Response** (July 2002)

**Helping Youngsters in Child Care: Staying Healthy and Safe** (August 2002)



## Working Together

**GIH facilitates collaboration among grantmakers and others and acts as a catalyst for action.**

**Collaboration** is a commonly used term that is often difficult to achieve. While organizations in the public and private sectors understand the importance of working together to better the nation's health, they are not always sure how to go about forming productive partnerships. As part of its core mission, GIH facilitates collaboration among grantmakers and others and acts as a catalyst for action. One approach we use is providing venues that bring together individuals with differing perspectives to talk about the transformation of systems and processes affecting health.

The topic of collaboration, in all its dimensions, is addressed in some form at nearly all GIH meetings. The 2002 Annual Meeting on Health Philanthropy included a preconference session, *It Takes Two to Tango: The Delicate Balance Between Grantmakers and Grantees*, that addressed the strains in relationships between grantmakers and grantees, a problem that potentially undermines the effectiveness of grantmaking and the ability of nonprofits to carry out successful programs. GIH's 2002 Fall Forum addressed the need for partnerships between philanthropy and government through its *Finding Common Ground: Collaborating with Government* session.

Lessons learned from this particular session were further distilled in a monograph released in early 2003, *Building Relationships in Health: How Philanthropy and Government Can Work Together*.

For GIH, it is not enough to just talk about or facilitate collaboration. We lead by example, having successfully engaged foundations and corporate giving programs, as well as government agencies, regional associations of grantmakers, and other organizations serving philanthropy, to provide programs, technical assistance, and publications that inform the field and help build effective foundations. We also include foundation staff and trustees when designing our programs and meetings, having them play key roles on committees working on specific projects. In 2002, GIH renewed its partnership with the federal Maternal and Child Health Bureau to continue fostering relationships between public and private sector stakeholders who have a mutual interest in health issues affecting mothers and their children.

While committed to maintaining long-term relationships, GIH is always looking to form new partnerships to broaden its knowledge and expertise of the field. Such an opportunity presented itself in 2002, through a collabora-

tion with The Robert Wood Johnson Foundation and the W. K. Kellogg Foundation. These foundations were deliberate in designing a partnership that would strengthen the field. This collaborative effort is targeted at drawing out the lessons learned from community initiatives funded by these foundations and the federal Health Resources and Services Administration—*Communities in Charge, Community Voices: HealthCare for the Underserved, and the Community Access Program*—that are developing local models in improving access to care. This partnership underscores GIH’s unique position as an educational organization primed to disseminate information to health funders that are working on similar issues and need guidance regarding best practices.

Our commitment to connecting grantmakers goes beyond facilitating discussions and entering partnerships. It extends to sharing information about the important work of fellow funders. Though each GIH publication is intended as an informational tool, the *GIH Bulletin*, our organizational newsletter, has proven particularly effective in getting the word out on health philanthropy. The *Bulletin*, published 22 times each year, is an ongoing source of news that promotes a

sense of community among funders. It connects GIH to its constituency by providing organizational news items and connects grantmakers to one another by highlighting new grant programs and initiatives, publications, personnel, and other topical foundation information. The *Bulletin* also offers grantmakers additional opportunities to share their knowledge and expertise through *Views from the Field* and *Grantmaker Focus* feature articles.

A sense of community is further promoted through our Web site, which is routinely updated to keep grantmakers apprised of information that connects them to GIH and each other. GIH’s Web site, [www.gih.org](http://www.gih.org), provides access to some of the tools available through our Resource Center on Health Philanthropy (on-line access for Funding Partners was launched in 2002) and the Support Center for Health Foundations. Additional Web site features include GIH publications and information on GIH efforts to build bridges between policymakers and grantmakers. The Health Information Resource Center has recognized GIH’s Web site by awarding it a bronze medal in the *Association/Professional Society* category of its World Wide Web Health Awards.

**GIH is always looking to form new partnerships to broaden its knowledge and expertise of the field.**

## 2002 PUBLICATIONS

### VIEWS FROM THE FIELD

**People, Wildlife, and Ecosystems: Health for One, Health for All**

Mark Jerome Walters, D.V.M., Harvard Medical School, Center for Health and the Global Environment (June 2002)

**Efficient Philanthropy: Modest Beginnings at The Health Funders Partnership of Orange County**

Susan G. Zepeda, Ph.D., The HealthCare Foundation for Orange County, The Health Funders Partnership of Orange County (September 2002)

**If the Dow Breaks, Will Health Philanthropy Fall? Strategic Grantmaking During Economic Uncertainty**

Marni Vliet, Kansas Health Foundation (October 2002)

**Support Cover the Uninsured Week: Making Uninsured Americans a Priority on the Nation’s Agenda**

Risa Lavizzo-Mourey, M.D., M.B.A., The Robert Wood Johnson Foundation (November 2002)

### OTHER

22 Issues of the *GIH Bulletin*

2002 Funding Partner Directory



## Staying the Course

**As we observe and listen to the field, GIH will continue to bring clarity to health philanthropy issues in meaningful ways.**

**In 2002**, poor economic conditions forced grantmakers to shift priorities and become more thoughtful about how their declining resources were being used to help the most vulnerable among us. Foundations began looking for new opportunities to collaborate, placed greater emphasis on nongrantmaking activities, and worked to cut operating expenses in response to this adversity, recognizing the need to continue work on behalf of underserved populations. Staying the course became an important strategy for foundations facing uncertainty.

As concerns about the future lingered, GIH worked behind the scenes, providing strategic counsel to the grantmaking community. Funders increasingly turned to us as a resource for sound expertise and targeted programs and services. Staying ahead of the

curve and maintaining command of the field's issues requires dedication and commitment to positive change. As we observe and listen to the field, GIH will continue to bring clarity to health philanthropy issues in meaningful ways. We will remain flexible in our responses to the changing conditions and needs of the field, and we will seize opportunities to improve our collective body of work. With 20 years of lessons learned behind us, we are positioned to grow stronger as a professional organization moving forward. We are committed to staying the course by continuing to anticipate the challenges on the horizon for health grantmakers, designing programs to help them meet those challenges effectively, and giving our best to remain a valued resource to the field.

# Independent Auditor's Report

**BOARD OF DIRECTORS  
GRANTMAKERS IN HEALTH  
WASHINGTON, DC**

We have audited the accompanying statements of financial position of Grantmakers In Health as of December 31, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grantmakers In Health as of December 31, 2002 and 2001, and the results of its activities and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Sarafino and Rhoades, LLP  
January 15, 2003

## GRANTMAKERS IN HEALTH

# Statements of Financial Position

<b>ASSETS</b>	DECEMBER 31, 2002	DECEMBER 31, 2001
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Notes 1 and 7)	\$ 1,258,090	\$ 815,819
Pledges receivable, current portion (Note 2)	369,059	871,700
Prepaid expenses and other	16,397	58,437
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,643,546</b>	<b>\$ 1,745,956</b>
<b>OTHER ASSETS</b>		
Pledges receivable (Note 2)	\$ —	\$ 409,286
Investments (Notes 1 and 3)	1,454,847	1,605,586
Deposit	15,155	8,931
<b>TOTAL OTHER ASSETS</b>	<b>\$ 1,470,002</b>	<b>\$ 2,023,803</b>
PROPERTY AND EQUIPMENT (Notes 1 and 4)	\$ 122,502	\$ 156,429
<b>TOTAL ASSETS</b>	<b>\$ 3,236,050</b>	<b>\$ 3,926,188</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 29,084	\$ 54,679
Deferred lease benefit (Note 5)	13,447	16,867
Deferred revenue	11,748	15,275
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 54,279</b>	<b>\$ 86,821</b>
COMMITMENTS (Note 5)		
NET ASSETS (Notes 1 and 6)		
Unrestricted:		
Undesignated	\$ 531,008	\$ 395,317
Board designated	1,434,037	1,684,672
Temporarily restricted	1,216,726	1,759,378
<b>TOTAL NET ASSETS</b>	<b>\$ 3,181,771</b>	<b>\$ 3,839,367</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,236,050</b>	<b>\$ 3,926,188</b>

## GRANTMAKERS IN HEALTH

# Statements of Activities

FOR THE YEARS ENDED DECEMBER 31,

	2002			2001		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>						
Grants and contributions (Notes 1 and 2)	\$ 1,147,889	\$ 772,055	\$ 1,919,944	\$ 1,271,595	\$ 1,647,138	\$ 2,918,733
Investment income	39,894	—	39,894	48,596	—	48,596
Realized and unrealized loss on investments	(290,529)	—	(290,529)	(383,054)	—	(383,054)
Registration fees	296,582	—	296,582	206,555	—	206,555
Net assets released from restrictions	1,314,707	(1,314,707)	—	642,213	(642,213)	—
<b>Total support and revenues</b>	<b>\$ 2,508,543</b>	<b>\$ (542,652)</b>	<b>\$ 1,965,891</b>	<b>\$ 1,785,905</b>	<b>\$ 1,004,925</b>	<b>\$ 2,790,830</b>
<b>EXPENSES</b>						
Programs	\$ 2,037,418	—	\$ 2,037,418	\$ 1,768,792	—	\$ 1,768,792
General and administrative	468,530	—	468,530	391,737	—	391,737
Fundraising	117,539	—	117,539	126,215	—	126,215
<b>Total expenses</b>	<b>\$ 2,623,487</b>	<b>—</b>	<b>\$ 2,623,487</b>	<b>\$ 2,286,744</b>	<b>—</b>	<b>\$ 2,286,744</b>
<b>CHANGES IN NET ASSETS</b>	<b>(114,944)</b>	<b>(542,652)</b>	<b>(657,596)</b>	<b>(500,839)</b>	<b>1,004,925</b>	<b>504,086</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,079,989</b>	<b>1,759,378</b>	<b>3,839,367</b>	<b>2,580,828</b>	<b>754,453</b>	<b>3,335,281</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$1,965,045</b>	<b>\$1,216,726</b>	<b>\$3,181,771</b>	<b>\$2,079,989</b>	<b>\$1,759,378</b>	<b>\$3,839,367</b>

## GRANTMAKERS IN HEALTH

# Statements of Cash Flows

	FOR THE YEARS ENDED DECEMBER 31,	
	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributors and registrants	\$ 3,124,527	\$ 2,563,755
Cash paid to suppliers and employees	(2,571,473)	(2,272,531)
Interest and dividends received	39,894	58,642
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 592,948</b>	<b>\$ 349,866</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	\$ 2,187,212	\$ 110,628
Purchases of investments	(2,327,002)	(10,047)
Purchases of property and equipment	(4,663)	(134,549)
Payment of security deposit	(6,224)	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>\$ (150,677)</b>	<b>\$ (33,968)</b>
<b>NET INCREASE IN CASH</b>	<b>\$ 442,271</b>	<b>\$ 315,898</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>815,819</b>	<b>499,921</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,258,090</b>	<b>\$ 815,819</b>
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (657,596)	\$ 504,086
Reconciliation adjustments:		
Depreciation	38,590	20,420
Loss on disposal of assets	—	548
Realized and unrealized losses on investments	290,529	393,100
Changes in assets and liabilities:		
Pledges receivable	911,927	(561,533)
Prepaid expenses and other	42,040	(43,778)
Accounts payable	(25,595)	18,634
Deferred lease benefit	(3,420)	3,114
Deferred revenue	(3,527)	15,275
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 592,948</b>	<b>\$ 349,866</b>

## Notes to Financial Statements (DECEMBER 31, 2002 AND 2001)

These notes are an integral part of the financial statements.

## NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** Grantmakers In Health (the Organization) is an educational organization serving trustees and staff of foundations and corporate giving programs. Its mission is to help grantmakers improve the nation's health by building philanthropic knowledge, skills, and effectiveness and by fostering communication and collaboration among grantmakers and with others. The Organization accomplishes its mission through a variety of activities, to include technical assistance and consultation, convening, publishing, education and training, conducting studies of the field, and brokering professional relationships.

**Basis of Presentation** The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues and expenses are recognized and recorded when earned or incurred. The financial statements reflect unrestricted, temporarily restricted, and permanently restricted net assets and activities. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Use of Estimates** Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Investments** Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value in the Statements of Financial Position. The realized and unrealized gains and losses on investments are reflected in the Statements of Activities.

**Cash and Cash Equivalents** For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Property and Equipment** Property and equipment is recorded at cost. Depreciation is provided over estimated useful lives between 5 and 10 years using the straight-line method.

The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the Statements of Activities. Maintenance and repairs are included as expenses when incurred.

**Income Taxes** The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The organization did not have any unrelated business income.

**Expense Allocation** The costs of providing various programs have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## NOTE 2.

**Pledges Receivable** Pledges receivable represent promises to give which have been made by donors but have not yet been received by the Organization. Pledges which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year. The organization considers pledges receivable fully collectible; accordingly, no allowance for uncollectible pledges has been provided.

Due to the nature of these pledges, significant increases and decreases in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the fiscal period in which they are pledged, but the expenses incurred with such contributions occur in a different fiscal period. During 2002, the Organization collected \$1,021,137 of pledges which had been recognized as support in previous years, as follows:

Recognized as revenue in:

2001	2000	1999	1998	Total
\$835,952	\$13,718	\$12,701	\$158,766	\$1,021,137

In addition, \$114,709 of pledges recognized as support in 2002 are expected to be collected in 2003.

Total unconditional promises to give were as follows at December 31, 2002 and 2001:

	2002	2001
Receivable in less than one year	\$ 369,059	\$ 871,700
Receivable in one to five years:		
Total	\$ —	\$ 429,750
Less, discount to net present value	—	20,464
Net long-term pledges receivable	\$ —	\$ 409,286
<b>TOTAL PLEDGES RECEIVABLE</b>	<b>\$ 369,059</b>	<b>\$ 1,280,986</b>

In 1998, a \$1,000,000 pledge was recognized from The Robert Wood Johnson Foundation. At December 31, 2002, \$200,000 of this pledge was outstanding.

## Notes to Financial Statements (DECEMBER 31, 2002 AND 2001)

## NOTE 3.

**Investments** Investments consist of mutual funds, and are carried at fair market value. Cost and market values as of December 31, 2002 and 2001 are summarized as follows:

	2002	2001
MARKET VALUE:		
American Funds Washington Mutual		
Investors Fund - Class A	\$ 371,910	\$ —
American Funds		
Growth Fund - Class A	\$ 361,310	\$ —
Evergreen Core		
Bond Fund - Class A	\$ 289,502	\$ —
American Funds Euro Pacific		
Growth Fund - Class A	\$ 147,520	\$ —
T Rowe Price Short Term		
Bond Fund	\$ 142,725	\$ —
Phoenix-Kayne Small		
Mid Cap Fund - Class X	\$ 141,880	\$ —
Dreyfus Premier Third		
Century Fund - Class Z	\$ —	\$ 1,126,502
Dreyfus U.S. Treasury		
Intermediate Term Fund	—	241,921
Dreyfus A Bonds Plus Fund	—	237,163
<b>TOTAL</b>	<b>\$ 1,454,847</b>	<b>\$ 1,605,586</b>
<b>Aggregate cost</b>	<b>\$ 1,515,872</b>	<b>\$ 1,579,463</b>

## NOTE 4.

**Property and Equipment** Components of property and equipment include the following as of December 31, 2002 and 2001:

	2002	2001
Furniture and equipment	\$ 222,434	\$ 219,534
Leasehold improvements	10,078	8,315
Total Property and equipment	\$ 232,512	\$ 227,849
Less, Accumulated depreciation	110,010	71,420
Net Property and equipment	\$ 122,502	\$ 156,429

Depreciation expense for the years ended December 31, 2002 and 2001 amounted to \$38,590 and \$20,420, respectively.

## NOTE 5.

**Commitment** The Organization entered into a ten-year lease for office space in December 2002. Total rent expense under the office lease for the years ended December 31, 2002 and 2001 was \$137,907 and \$106,009, respectively. The defined future rental increases in the lease are amortized on a straight-line basis in accordance with U.S. generally accepted accounting principles. This gives rise to a deferred lease benefit, which is also amortized over the term of the lease.

The Organization also leases office equipment under operating leases.

The future minimum rental payments under the Organization's leases are as follows:

Year ended December 31,	Office Lease	Equipment	Total
2003	\$ 182,141	\$ 9,662	\$ 191,803
2004	185,784	9,662	195,446
2005	189,500	8,876	198,376
2006	193,290	4,944	198,234
2007	197,156	412	197,568
Thereafter	1,043,208	—	1,043,208
<b>TOTAL</b>	<b>\$1,991,079</b>	<b>\$33,556</b>	<b>\$2,024,635</b>

## NOTE 6.

**Net Assets** Temporarily restricted net assets were as follows at December 31, 2002 and 2001:

	2002	2001
Community Evaluation Project/		
Access Collaborative	\$ 330,000	\$ 195,000
Resource Center	200,000	390,475
Support Center	193,750	400,000
Issue Dialogues	150,000	138,750
Pledges Receivable – Operations	89,050	427,236
Peer Assessment Project	79,917	79,917
Annual Meeting	67,500	31,000
Community Health Care Access		
Project/Patient Safety	50,000	20,000
Test NSPH Model	25,000	25,000
GIH/MCHB Partnership	24,959	—
E-Health	6,550	—
Art and Science Workshop	—	42,000
Collaborative Initiative Among		
Community Foundations	—	10,000
<b>TOTAL</b>	<b>\$ 1,216,726</b>	<b>\$ 1,759,378</b>

Board designated funds consisted of the following at December 31, 2002 and 2001:

	2002	2001
The Investment Fund:		
Balance, beginning of year	\$ 1,509,672	\$ 1,954,758
Net investment income (losses)	(250,635)	(334,458)
Withdrawals for operations	—	(110,628)
Balance, end of year	\$ 1,259,037	\$ 1,509,672
Future Program Development	175,000	175,000
<b>TOTAL</b>	<b>\$ 1,434,037</b>	<b>\$ 1,684,672</b>

## NOTE 7.

**Concentration of Credit Risk** Financial instruments which potentially subject the Organization to concentrations of credit risk include cash deposits with a commercial bank and a brokerage firm. The Organization's cash management policies limit some of its exposure to concentrations of credit risk by maintaining a primary cash account at a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). However, cash in excess of \$100,000 per institution is generally not covered by the FDIC.

## NOTE 8.

**Retirement Plan** The Organization maintains a non-contributory defined contribution pension plan, qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, a fifteen percent (15%) contribution is made to the account of each eligible employee based on annual compensation. Contributions to the plan for the years ended December 31, 2002 and 2001 were \$85,323 and \$68,924, respectively.

# Funding Partners

GIH relies on the support of Funding Partners—foundations and corporate giving programs that annually contribute to core and program support—to develop programs and activities that serve health philanthropy. Their support, supplemented by fees for meetings, publications, and special projects, is vital to our work in addressing the needs of grantmakers who turn to us for educational programming, information, and technical assistance throughout the year. We gratefully acknowledge our 2002 Funding Partners. Those marked with an asterisk (\*) were new GIH supporters in 2002.

AARP Andrus Foundation	Blue Cross Blue Shield of Massachusetts Foundation	Community Health Foundation of Western New York and Central New York*
The Achelis and Bodman Foundations*	Blue Cross Blue Shield of Michigan Foundation	Community Memorial Foundation
Aetna Foundation, Inc.	The Boston Foundation	Comprehensive Health Education Foundation
Agency for Healthcare Research and Quality*	Brandywine Health & Wellness Foundation*	Moses Cone-Wesley Long Community Health Foundation
Judd S. Alexander Foundation, Inc.	Bristol-Myers Squibb Foundation, Inc.	Connecticut Health Foundation
Allegany Franciscan Foundation	Burroughs Wellcome Fund	Consumer Health Foundation
Alliance Healthcare Foundation	The California Endowment	Jessie B. Cox Charitable Trust
Altman Foundation	California HealthCare Foundation	The Nathan Cummings Foundation
The Jenifer Altman Foundation	The California Wellness Foundation	Dakota Medical Foundation
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**For more than two decades,** GIH has devoted its time, energy, and resources to being a top professional organization serving the field of health philanthropy. This has been no small task given the fast-paced evolution of the field. But with unwavering commitment to our constituency, GIH has emerged as a leading resource for grantmakers across the nation.

As the demand for GIH programs and services continues to grow, our dedication to improving the effectiveness of grantmakers endures. We remain committed to seeking new knowledge to inform the field and facilitating communication and collaboration among grantmaking peers. Our efforts will continue to focus on addressing the needs of the field and helping grantmakers interpret the fast-changing landscape of health and philanthropy. As we look ahead to many more years of accomplishments, we are dedicated to giving our best to individuals, communities, and the field of health philanthropy.