

1999



Annual Report

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Letter from the Founders



1999 was a year of exciting change for our Foundation. Two organizations, the William H. Gates Foundation and the Gates Learning Foundation, were consolidated into the Bill & Melinda Gates Foundation. Having outgrown the Foundation's first offices (located in Bill Sr.'s basement and above a pizza parlor), we moved into a new facility in Seattle.

Around the globe, advances in medicine, biotechnology and communication have provided unprecedented opportunities for improving people's lives. We have enjoyed learning about the art of strategic giving from people like Nelson Mandela, someone we admire immensely and were honored to host this year. We have found that giving away money in a strategic and meaningful way is as challenging, and interesting, as working in technology.

Our top priority remains supporting efforts to extend the reach of life-saving vaccines, and developing new vaccines against diseases that kill millions who live in poverty. Providing all children the same series of vaccines that we parents in developed countries tend to take for granted could literally save the lives of 3 million children a year. This is something that the global community can and should do together, with business, government and philanthropy each playing a role.

This year we also made a \$1 billion commitment to launch the Gates Millennium Scholars Program. Over the next two decades, we will provide scholarships to 20,000 leaders who represent the diverse faces of America.

It is our hope that the investments we're making in global health and learning will serve as a catalyst to draw even more resources to these critical needs.

Best wishes,

William H. Gates

Melinda F. Gates

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Overview

Continuing their generous and aggressive giving pace, Bill and Melinda Gates contributed an additional \$15.8 billion to the Foundation in 1999. Their gifts raised the endowment to approximately \$17 billion at the close of 1999, a vast philanthropic resource by any standard. However, when placed in the context of national and global challenges, it becomes clear that long term, systemic change will result only from highly focused and strategic grantmaking.

1999 Priorities

Extend the availability of existing vaccines to the world's poorest children

Every year, approximately 3 million children and adults die from diseases preventable by vaccines we have today. About one half of the children in sub-Saharan Africa have no access to routine immunization services. The other half receives a basic package of vaccines that does not include the standard immunization against hepatitis B, meningitis, and pneumonia, vaccines provided routinely to children in Europe and America. Vaccines provide the single most powerful strategy to improve the health and extend the lives of the world's children. Extending the reach of existing vaccines and developing new ones are the Foundation's top priority.

Research and develop new vaccines to prevent malaria, tuberculosis and HIV/AIDS

This devastating trio accounts for 5 million deaths each year. HIV/AIDS has killed the parents of 60,000 orphans in Africa alone. The annual financial burden of malaria has been estimated to be as high as \$4.5 billion.

Preventive vaccines would not only save lives, but also ease the crushing burden these diseases place on the social and economic infrastructure of afflicted countries.

Address women's reproductive health needs

Reproductive health care is the primary health need of women, yet limited resources in developing countries, combined with women's economic and social position, often deprive women of access to the care they need and want. Increasing access to voluntary family planning services, providing emergency obstetrical care to enable women to safely carry and deliver babies, and preventing cervical cancer are examples of the kinds of work supported by the Foundation.

Eliminating Polio

The Multiplier Effect

A global effort to eradicate polio is on the verge of success. Millions of children will be saved from a lifetime of paralysis. The fruits of this collaborative effort, led by WHO and Rotary International, extend beyond the demise of a single disease. By ending the threat of polio for all people, for all time, funds that would have been spent preventing and treating polio can be allocated to other public health goals. A \$50 million grant by the Foundation will primarily be used to strengthen the vaccine delivery infrastructure and to track where the disease is occurring, creating scaffolding that will be used in subsequent infectious disease control efforts. To learn more, visit www.polioeradication.org

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Overview

Close the Digital Divide

Innovations in information technologies are changing the way we learn, communicate and live our daily lives. However, poor communities, that arguably have the most to gain from access to computers, technology training and digital networks, are the least likely to have them. As part of its commitment to bring the promise of technology to neighborhoods in need, the Foundation is equipping every eligible library in the U.S. and Canada with high-powered computers, Internet access and technology training and support for librarians.

Building Support for Libraries

To ensure that grants have the net effect of raising local support for libraries, we require that grant applications include a signed commitment from the appropriate authority that funds will not be reallocated as a result of our support.

Open the doors to higher education

The Foundation has a 20-year commitment to support 20,000 students from ethnic and racial communities currently underrepresented in higher education today. Scholar-leaders showing academic promise, unmet financial need and demonstrated leadership are eligible for scholarships for college and graduate studies.

Equip learning leaders to integrate technology in schools

Using our home turf of Washington State as a laboratory, the Foundation sponsors the Teacher Leadership Program, a model for supporting teachers in their effort to infuse technology into the learning environment. A parallel effort, the Smart Tools Academy, aims to equip school principals and administrators for their leadership role in technology integration.

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Grant Inquiries

Applying for a Grant

Every month, the Foundation receives about 1,800 requests for grants via email, phone, fax and letters. Regrettably, the Foundation is only able to provide funding to a relatively small number of qualified organizations.

The Foundation will consider letters of inquiry from tax-exempt, charitable organizations whose requests fall within program guidelines. Please note that the Foundation neither encourages nor generally considers unsolicited proposals. In keeping with its charter, the Foundation cannot accept proposals that benefit specific individuals or that serve exclusively religious purposes.

More information on Grant Inquiries

<http://www.gatesfoundation.org/about/grantinq.htm>



One enterprising individual heard that Bill Gates, Sr. held informal William H. Gates Foundation meetings at a local eating establishment, and sent his grant request to him there!

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Leadership

Bill & Melinda Gates Foundation Leadership and Executive Committee

Founders

Bill Gates, III and Melinda Gates

Co-Chairs

William H. Gates, Sr. and Patty Stonesifer

Executive Committee

Richard Akeroyd, Executive Director, Libraries and Public Access to Information

Jack Faris, Ph.D., Director of Community Strategies

Allan C. Golston, CPA, Chief Financial and Administrative Officer

Terrence Meersman, Senior Program Officer

Gordon W. Perkin, M.D., Director, Global Health Program

Tom Vander Ark, Executive Director, Education

Melinda French Gates

Co-Founder, Bill & Melinda Gates Foundation

Melinda French Gates is involved in a variety of philanthropic endeavors that support the arts, social services, and education, including her position as a trustee of Duke University, her alma mater. She serves on the Parent-Teacher Technology Committee for Sacred Heart Catholic School in Bellevue, Washington, and is a past board member at the Village Theatre in Issaquah, Washington. Gates also devotes her time to managing the grantmaking of the Bill & Melinda Gates Foundation, which was founded in 1994 to support initiatives in global health and learning.



JEFF CHRISTENSEN

Gates earned a bachelor's degree in computer science and economics from Duke in 1986 and a master's degree from Duke's Fuqua School of Business in 1987. Upon graduation, she joined Microsoft where she played a leadership role in the development of many of the company's multimedia and Web-based products. Two years after she married Microsoft co-founder Bill Gates, she retired to care for their young children and to contribute her organizational talents and leadership to the community.

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Leadership

William (Bill) H. Gates, III **Co-Founder, Bill & Melinda Gates Foundation**

Bill Gates is chairman of Microsoft Corporation. While at Harvard, he developed the programming language BASIC for the first microcomputer — the MITS Altair. In 1975, Gates launched Microsoft with Paul Allen to develop software for personal computers. He is actively involved in key management and strategic decisions at Microsoft, and plays an important role in the technical development of new products. Gates has also co-authored the *New York Times* bestseller *The Road Ahead* and the recently issued *Business @ the Speed of Thought*. Proceeds from both books have been directed toward nonprofits serving young people.



William H. Gates, Sr. **Co-Chair and CEO, Bill & Melinda Gates Foundation**

Bill Gates, Sr. brings a distinguished career in law and many years of public service to his role as Co-Chair and CEO of the Bill & Melinda Gates Foundation.

Bill earned his bachelor's and law degrees from the University of Washington, following three years of U.S. Army service in World War II. He became a partner in the law firm of Shidler McBroom Gates & Lucas in 1964, guiding it through growth and mergers that would eventually establish Preston Gates & Ellis, one of Seattle's leading law firms.

A successful and prominent attorney, Bill has served as president of both the Seattle/King County Bar Association and the Washington State Bar Association. His many other leadership positions include past chairmanship of the Washington Courts 2000 Committee and the American Bar Association Commission on Public Understanding About the Law. His awards and honors include the 1992 American Judicature Society Herbert Harley Award and being named a 1991 University of Washington Law School Distinguished Alumnus.

Bill has served as trustee, officer and volunteer for more than two dozen Northwest organizations, including the Greater Seattle Chamber of Commerce and King County United Way. In 1995, he founded the Technology Alliance, a cooperative regional effort to expand technology-based employment in Washington. He also has been a strong advocate for education for many years, chairing the Seattle Public School Levy Campaign in 1971 and serving as a member of the University of Washington's Board of Regents since 1997.

Bill and his late wife, Mary Maxwell Gates, raised three children: Kristianne, Bill and Libby. Now married to Mimi Gardner Gates, Bill continues to lend his vision and skill to many civic programs, cultural organizations and business initiatives.

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Leadership

Patty Stonesifer **Co-Chair and President, Bill & Melinda Gates** **Foundation**

Patty Stonesifer, Co-Chair and President of the Bill & Melinda Gates Foundation, helps lead the group's mission to improve access to advances in global health and learning for all people as we move into the 21st century. In addition to her responsibilities with the Foundation, Stonesifer is an active community volunteer, donating both time and resources to a number of regional nonprofit organizations including the YWCA of King County and the Seattle Foundation. She also is on the board of Alaska Air Group, Inc., Amazon.com, Kinko's Inc. and CBS Corporation. Prior to being asked by Bill and Melinda Gates to launch the work of the Foundation, Stonesifer held a senior vice president position at Microsoft and ran her own management consulting firm, working with such corporations as DreamWorks SKG.



JEFF CHRISTENSEN

Executive Committee

Richard Akeroyd **Executive Director, Libraries and Public Access to Information**

Richard Akeroyd joined the Gates Learning Foundation in December 1997, having spent 25 years working with public libraries in a variety of roles. Most recently, he served 11 years as Connecticut State Librarian, responsible for statewide library operations and policy implementation. Akeroyd has held leadership positions at the Denver Public Library and was program and planning consultant to the White House Conference on Library and Information Services. He began his career at the University of Connecticut Library, with additional service at the Manchester Public and Connecticut State Libraries.

Akeroyd holds a master's degree in library science from the University of Pittsburgh and a bachelor's degree from the University of Connecticut. He also studied at the University of Connecticut, focusing on advanced coursework in educational media and instructional technology. He is a long-time member of a number of professional associations, including the American Library Association, the American Society for Information Science and the Coalition for Networked Information.

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Leadership

Jack Faris, Ph.D
Director of Community Strategies

Jack Faris coordinates communications and helps guide the strategic direction for the Foundation. With a Ph.D. in sociology from the University of Chicago, Faris has more than 23 years of experience in communications and community relations. Among his community activities, his role as immediate past president of the Seattle Public Library Foundation stands out. Professionally, Faris most recently acted as executive vice president and general manager at Cole & Weber where he provided strategic direction to clients such as Boeing and Safeco, while sharing management responsibilities with the president. Faris serves on the boards of the Alliance for Education, Urban Enterprise Center, the Seattle Center Foundation and others.

Allan C. Golston, CPA
Chief Financial and Administrative Officer

Allan Golston joined the Foundation in January 2000 and oversees the financial and administrative functions. His professional background includes nonprofit healthcare, software development, consulting, education, and public accounting. Golston serves as a trustee for Artist Trust and Make-A-Wish Foundation serving Washington, Alaska, Montana, and Northern Idaho. He is an alumnus of INROADS Denver and is a fellow of the British-American Project. Golston earned his MBA from Seattle University and his bachelor's degree from the University of Colorado.

Terry Meersman
Senior Program Officer

Terry Meersman brings 22 years of program and management experience with several nonprofit organizations, including Save the Children Federation, the Pew Charitable Trusts, and World Learning. While at Save the Children, Meersman held several positions including director of refugee programs, executive vice president/chief operating officer and served as acting president during a change in organizational leadership. As venture fund officer for Pew Charitable Trusts, Meersman helped restructure a major grantmaking program in population and environment, and designed a new grantmaking strategy for a program designed to transform young adults into active global citizens. Meersman served as Director of Policy Analysis for the Seattle City Council, directing the 12-member policy group that developed policy recommendations for council members on issues affecting citizens. Meersman joined the foundation in October 1998 and served as the first head of finance and administration during the start up phase. He now directs grants administration and serves as Senior Program Officer for the co-chairs of the Foundation.

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Leadership

Gordon W. Perkin, M.D.

Director, Global Health Program

Prior to joining the Foundation, Dr. Perkin served as president of the Program for Appropriate Technology in Health (PATH), an international nonprofit dedicated to improving health, especially of women and children. As a physician with more than 35 years of experience in international health and family planning, Perkin also spent 14 years with the Ford Foundation, where he worked as program officer in a variety of international health and population projects. He served as a long-term consultant to the World Health Organization (WHO) on the design and research strategy of the Special Programme in Human Reproduction and has consulted with several other WHO programs. He served as a member of the Committee on Contraceptive Development of the National Academy of Sciences and as a board member of the Planned Parenthood Federation of America, the Alan Guttmacher Institute and the National Council for International Health.

Tom Vander Ark

Executive Director, Education

Tom Vander Ark is responsible for the Foundation's elementary and secondary education programs and for higher education scholarships. Prior to joining the Foundation he was a public school superintendent in Federal Way, Washington. With a wide-ranging business background, Vander Ark was one of the first business executives recruited to run a public school district. Vander Ark has been actively involved in civic and educational causes, including United Way, Boys and Girls Club, and Boy Scouts, and he is a member of numerous national educational associations.

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Financial Reports

Bill & Melinda Gates Foundation Statement of Financial Position as of December 31, 1999 (in Millions)

Cash & Cash Equivalents	\$ 1.4
Investments	15,339.3
Other Assets	172.3
Total Assets	<u>15,513.0</u>
Grants Payable	1,481.9
Other Liabilities	0.8
Total Liabilities	<u>1,482.7</u>
Net Assets	<u>14,030.3</u>
Total Liabilities & Net Assets	<u>\$ 15,513.0</u>

Gates Learning Foundation Statement of Financial Position as of December 31, 1999 (in Millions)

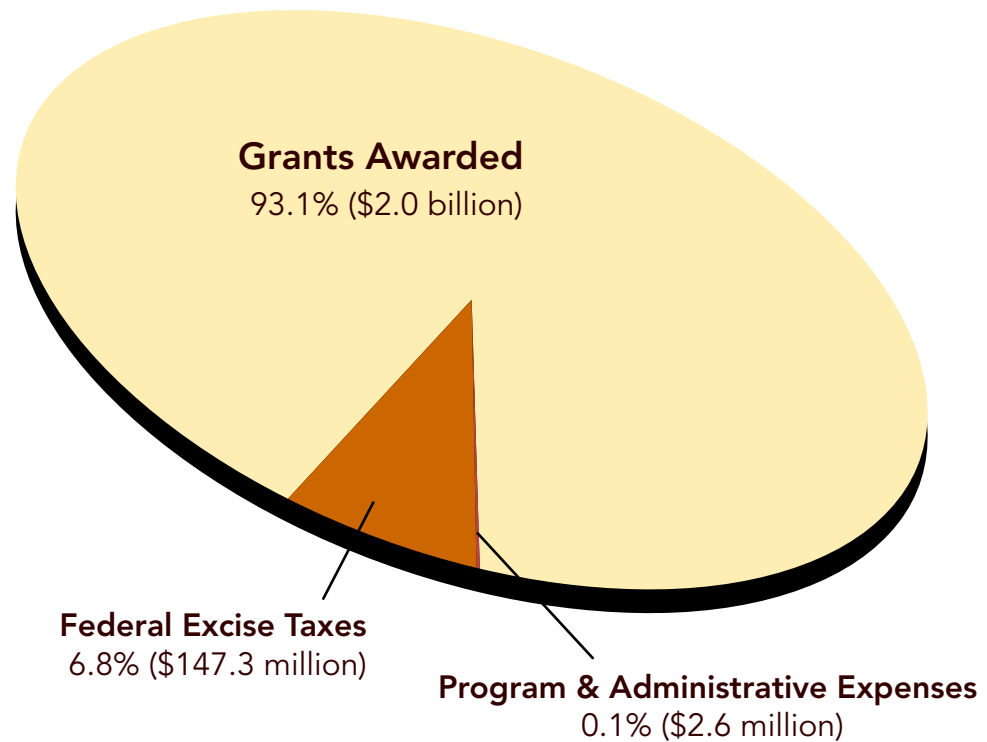
Cash & Cash Equivalents	\$ 245.7
Investments	1,077.0
Other Assets	23.2
Total Assets	<u>1,345.9</u>
Grants Payable	88.6
Other Liabilities	2.1
Total Liabilities	<u>90.7</u>
Net Assets	<u>1,255.2</u>
Total Liabilities & Net Assets	<u>\$ 1,345.9</u>

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Financial Reports

Bill & Melinda Gates Foundation Statement of Activities for the Twelve Month Period Ending December 31, 1999 (in Millions)



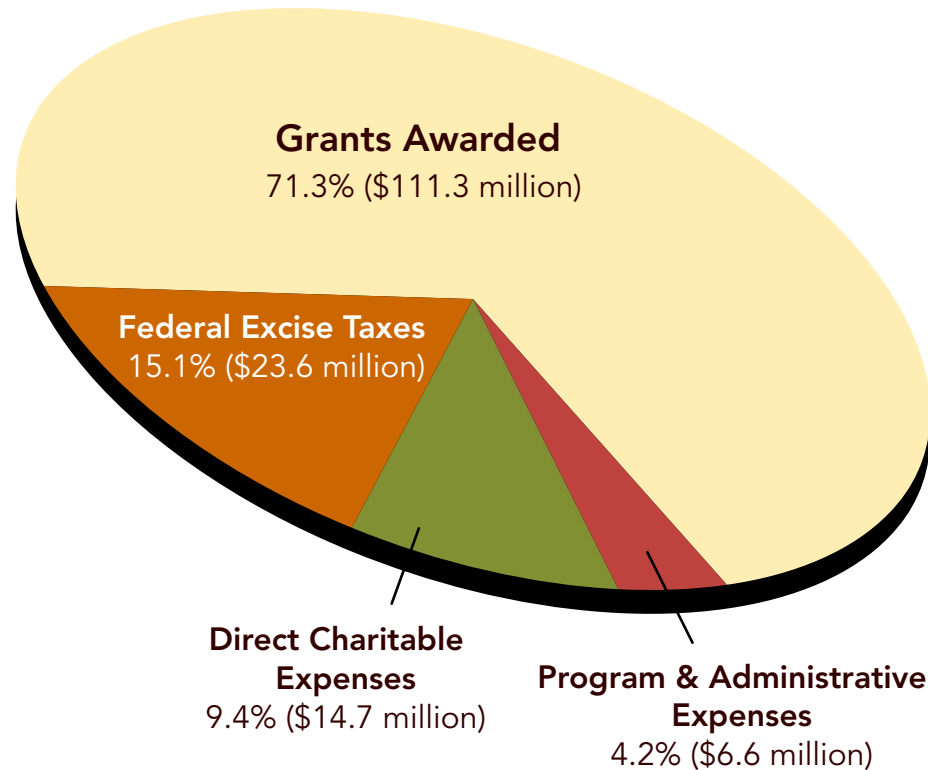
Net Investment Income	\$ 276.4
Contributions	14,038.0
Total Income & Contributions	<u>14,314.4</u>
Grants Awarded	2,026.6
Program & Administrative Expenses	2.6
Federal Excise Taxes	<u>147.3</u>
Total Expenses	<u>2,176.5</u>
Increase in Unrestricted Net Assets	<u>\$ 12,137.9</u>

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Financial Reports

Gates Learning Foundation Statement of Activities for the Twelve Month Period Ending December 31, 1999 (in Millions)



Net Investment Income	\$ 26.8
Contributions	1,137.5
Total Income & Contributions	<u>1,164.3</u>
Grants Awarded	111.3
Direct Charitable Expenses	14.7
Program & Administrative Expenses	6.6
Federal Excise Taxes	<u>23.6</u>
Total Expenses	<u>156.1</u>
Increase in Unrestricted Net Assets	<u>\$ 1,008.3</u>

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1999 Grants

1999 Grant Distribution

