Our philanthropy began in 1994 when we founded the William H. Gates Foundation. Led by Bill’s father, the Foundation supports initiatives in education, world health and population, and community giving in the Pacific Northwest.

In early 1997, it became clear to us that we wanted to focus even more closely on helping to close the “digital divide,” — the gap between those who have access to the power of technology and the Internet, and those who don’t.

With that in mind, we worked with Patty Stoneifer to establish the Gates Library Foundation to bring computers, Internet access, and training to public libraries in low-income communities in the United States and Canada. Since the Foundation’s inception, we’ve had the privilege of working with more than 700 libraries in some of the neediest areas of our country.

But if there’s one thing we hope to convey with our first annual report, it’s that all of this is just a beginning. At the end of the 1997-98 fiscal years, the combined endowment for both Foundations was more than $500 million. Since that time we have made additional gifts, and the total endowment for both Foundations now exceeds $2 billion.

We are very fortunate to be living in a time in which innovations are happening in many critical areas, including technology. And, we have prospered from these changes. As we move into the 21st century, we hope that through our giving, we can increase access to advances in education, technology and world health for all people.

It’s a journey, an exciting one, and we’re just beginning to take our first steps down the path. As Winston Churchill said, “We make a living by what we get, we make a life by what we give.” We are looking forward to many more years of sharing and giving together.

Bill Gates
Melinda Gates
December, 1998
The United Nations Population Fund’s most recent State of the World Population Report notes that due to unprecedented efforts over the last 30 years, the momentum of population growth has slowed, and could slow even further in the coming decades.

At the same time, world population is increasing by over 80 million people each year. World population will pass six billion in 1999, and will continue to increase at least until the middle of the next century.

Many developing countries have made important gains in improving infant and child health, lengthening lifespans, and providing people with the information and means to determine the size of their family. Millions of couples have chosen to have fewer children, thereby reducing the overall rate of population growth.

Commitments and grants in world health and population, totaling $10,032,977 were made from April 1, 1997 to March 31, 1998.

AVSC International
New York, New York
$2,094,509 (over three years)
Expansion of study of simple ways to screen for cervical cancer among unscreened women in Cape Town, South Africa; for development of a distance training program on infection prevention that would be field tested and made broadly available.

Eastern Virginia Medical School
Alexandria, Virginia
$1,500,000 (over three years)
Identification of industry partners for the Consortium for Industrial Collaboration in Contraceptive Research, and research support at non-profit organizations.

Facing the Future
Lopez Island, Washington
$75,000 (over three years)
Expansion of interdisciplinary sixth through twelfth grade curriculum explaining the relationship among population, environment, economic, and social issues.

Grant Recipients

William H. Gates Foundation
However, in some developing countries, mostly in Africa, fertility and mortality remain high. A woman's chance of dying as a result of pregnancy is more than one in 20; life expectancy is below 60 years; and 10 percent or more of newborns do not survive the first year of life.

At a count of 1.05 billion, today's is the largest-ever generation of young people between ages 15 and 24. This group has special needs for health care and education. Young women and girls have particular needs, especially in the area of reproductive health. Meeting the need of adolescents requires that information and services are both accessible and available.

Improving the health of women and children, especially in the developing world, is a goal of the William H. Gates Foundation. Increasing access to voluntary family planning services; expanding services to enable women to go through pregnancy and childbirth safely; and preventing cervical cancer are priority activities for improving women's health. Assuring that children in developing countries have access to new vaccines that protect against meningitis, diarrheal diseases, and pneumonia is among the priorities for improving children's health.

The William H. Gates Foundation supports the historic global consensus that resulted from the International Conference on Population and Development held in Cairo, Egypt in 1994. The consensus supports a concern about global population growth, and recognizes that lasting solutions will come about only by seeking an integrated approach toward improving the lives of women.

This unprecedented international agreement has created an extraordinary opportunity to affect real change in health and population in industrialized nations and in the developing world. Many of the grants made by the Foundation reflect its support of this far-reaching, watershed consensus.
Education

Bill and Melinda Gates believe that life-long learning is intrinsically valuable, and that access to a quality education opens doors for young people and adults alike. Especially in today’s rapidly changing world, education is a prime influence on personal and professional success.

Community Giving in the Pacific Northwest

The Foundation supports local civic and arts organizations in the Pacific Northwest through capital campaign funding and grants to programs that address the needs of children and families.

Capital campaigns are the cornerstone of funding for many organizations that provide basic resources to ensure that Northwest families have access to food, housing, health care, child care, and cultural opportunities.
Annual Gifts and Special Projects

American Judicature Society
Chicago, Illinois
General support.

Association for the Cure of Cancer
Santa Monica, California
General support.

Children’s Hospital Foundation
Seattle, Washington
Annual giving support.

Duke University
Durham, North Carolina
Annual giving support.

Girls, Inc. of Sioux City
Sioux City, Iowa
General support.

Glenvil Village
Glenvil, Nebraska
Playground equipment.

Greater Washington Educational TV
Washington, D.C.
Capital campaign support.

Hilton Elementary School
Zillah, Washington
Support for the school’s science fair.

Initiative for a Competitive Inner City
Boston, Massachusetts
General support.

Lakeside School
Seattle, Washington
Annual giving support.

Make-A-Wish Foundation America
Phoenix, Arizona
Annual giving support.

Make-A-Wish Foundation Washington
Seattle, Washington
Annual giving support.

National Center for State Courts
Williamsburg, Virginia
Annual giving support.

Overlake Hospital Foundation
Bellevue, Washington
Annual giving support.

Rural Development Institute
Seattle, Washington
Programs making it possible for farmers in developing countries to own their own land.

Salvation Army
Seattle, Washington
General support.

Seattle Art Museum
Seattle, Washington
Annual giving support.

United Way International
Alexandria, Virginia
General support.

TEN Annual Gifts and Special Projects
Yet, this amazing growth has occurred to a greater extent within certain income levels, demographic groups, and geographic areas than in others — and the gap is growing. There is a widening disparity between those at upper and lower income levels. Geographic location also plays a role, with rural and urban dwellers at a disadvantage compared to their suburban counterparts. White households are more than twice as likely to own a computer than African-American or Hispanic households. The digital divide between racial groups is growing.

The startling facts of this study are troubling. Accessing information is an age-old problem that is taking on a new urgency with the emergence of the Internet as a fundamental tool for learning. Access to technology has become synonymous with access to knowledge and education; it is critically important that it be available to everyone, regardless of race, gender, income, or age.

It is the dream of the founders and staff that library patrons everywhere will come to think of the public library as the champion of books and knowledge, as well as a major access point to the benefits of the digital age.

The National Telecommunications and Information Agency noted earlier this year in a landmark study, “Falling Through the Net II: New Data on the Digital Divide,” that while computer use has increased nationwide, there is still a significant and growing gap between those with access to technology and the power of the Internet, and those without.

The new data demonstrate that Americans are embracing the Internet at home in dramatically growing numbers. In the past three years alone, personal computer ownership has increased by almost 52 per cent; Internet access has grown by close to 140 per cent; and e-mail access has expanded by just under 400 per cent.

Libraries and Access to Information
Central to the success of the program’s first year was the non-profit organization, Technology Resource Institute (TRI), which provided all technical assistance and training. TRI’s hands-on work with the library community was so successful that at year’s end TRI was officially merged into the Foundation and renamed The Gates Center for Technology Access.

The five-year goal of the library program is to provide grants to over 10,000 American and over 3,000 Canadian libraries; provide training for countless librarians; and take an active role in ensuring information access for future generations.

It is the dream of the founders and staff that library patrons everywhere will come to think of the public library as the champion of books and knowledge, as well as a major access point to the benefits of the digital age.

As the Secretary General of the United Nations, Koffi Anan, said, “Knowledge is power. Information is liberating. Education is the premise of progress, in every society, in every family.”

Following is a list of libraries and organizations that have received Gates Library Foundation cash grants in fiscal year 1998:

<table>
<thead>
<tr>
<th>STATE OF ALABAMA</th>
<th>$2,762,097</th>
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<tbody>
<tr>
<td>Abbeville Memorial Library</td>
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<td>Adaville Wesley Public Library</td>
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<td>Adela G. Moore Library</td>
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<td>Albert L. Scott Public Library</td>
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<td>Andalusia Public Library</td>
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<td>Ann L. Audeny Public Library</td>
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<td>Arab Public Library</td>
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<td>Ashland City Public Library</td>
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<td>Athens-Limestone Public Library</td>
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<td>B. B. Carter Public Library</td>
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<td>Baldwin County Library Cooperative</td>
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<td>Bay Minette Public Library</td>
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<td>Boaz-Clanton Public Library</td>
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<td>Childers-Clanton Public Library</td>
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<td>Choctaw County Public Library</td>
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<td>Cullman County Public Library</td>
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<td>Cullman County Public Library System</td>
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<td>Dadeville Public Library</td>
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<td>Daphne Public Library</td>
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<td>Decatur Public Library</td>
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<td>Douglas Public Library</td>
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<td>Double Springs Public Library</td>
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<td>Earline A. Rainwater Memorial Library</td>
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<td>Elton B. Stephens Library</td>
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<td>Emma Knox Keesee Public Library</td>
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<td>Enright O’Neal Public Library</td>
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The belief that libraries are the ideal place to start addressing this issue was at the heart of the decision by Bill and Melinda Gates to establish the Gates Library Foundation in 1997. American libraries have a long and democratic tradition of providing free information — be it found in a book, or through searching the Internet — to children and adults from all walks of life.

Public libraries have the potential to play an important role in helping bridge the looming digital divide, and bring computers and the Internet to everyone. But due to a lack of financial resources, most public libraries are still not able to offer this kind of widespread public access.

In its first full year of operation, the Gates Library Foundation worked with over 700 underserved public libraries in 25 states to fund the purchase of computers and hardware to bring Internet access to their patrons. Libraries also received free training and technical assistance as part of their grant, as well as gifts of software from Microsoft.

To accomplish this, grant programs were instituted based on poverty statistics from the U.S. Census Bureau and the American Library Association.

Statewide Library Partnership grants were announced to facilitate relationships between the Foundation, state library agencies, university schools of library science, and local libraries. Alabama and Louisiana were the first two states to receive grants under this comprehensive program. New Mexico, Arkansas, Kentucky, West Virginia, and Mississippi were also announced as Statewide Library Partnership grantees this year. In addition, 164 individual city and rural library systems and branches received grants.

Grants made by the Gates Library Foundation from August 1, 1997 to July 31, 1998 totaled $14,515,776.
# Statement of Financial Position

**As of March 31, 1998**

**Assets:**
- Cash and cash equivalents: $36,717,899
- Investments at fair market value: 275,702,857
  **Total Assets:** $312,420,756

**Net Assets:**
- Unrestricted net assets: $312,420,756
  **Total Net Assets:** $312,420,756

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**Statement of Activities**

**Year ended March 31, 1998**

**Revenues and Gains:**
- Contributions: $231,926,088
- Interest: 295,229
- Dividends: 841,298
- Net realized & unrealized gains: 48,127,428
  **Total Revenues and Gains:** 281,190,043

**Expenses:**
- Grants paid: 14,515,776
- Operating and administrative: 1,331,417
- Federal excise taxes: 1,527,061
  **Total Expenses:** 17,374,254

**Increase in Unrestricted Net Assets:** 263,815,789

**Unrestricted Net Assets**
- Beginning of the fiscal year: 1,427,17
- Ending of the fiscal year: $265,243,306

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**Statement of Financial Position**

**As of July 31, 1998**

**Assets:**
- Cash and cash equivalents: $85,717,451
- Investments at fair market value: 179,478,900
- Capital equipment, net: 47,155
  **Total Assets:** $265,243,306

**Net Assets:**
- Unrestricted net assets: $265,243,306
  **Total Net Assets:** $265,243,306

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**Statement of Activities**

**Year ended July 31, 1998**

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- Operating and administrative: 1,331,417
- Federal excise taxes & foreign income taxes: 1,527,061
  **Total Expenses:** 21,344,254

**Increase in Unrestricted Net Assets:** 186,094,577

**Unrestricted Net Assets**
- Beginning of the fiscal year: 1,427,17
- Ending of the fiscal year: $265,243,306

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# William H. Gates Foundation

**Financial Statement**

**William H. Gates Foundation grantmaking period**
- April 1, 1997 through March 31, 1998

**Statement of Financial Position**

**As of March 31, 1998**

**Assets:**
- Cash and cash equivalents: $36,717,899
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# Gates Library Foundation

**Financial Statement**

**Gates Library Foundation grantmaking period**
- August 1, 1997 through July 31, 1998

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**As of July 31, 1998**

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W ILLIAM H. G ATE S F OUNDATION
William H. Gates III, Founder, Trustee; Chairman, Microsoft
Melinda Gates, Founder
William H. Gates, Sr., Director
Suzanne Cluett, Associate Director
Gordon W. Perkin, MD, Program Adviser, World Health and Population

G ATES L IBRARY F OUNDATION
Patricia Q. Stonesifer, President
Richard Akeroyd, Executive Director, Gates Library Initiative
Willem Scholten, Executive Director, Gates Center for Technology Access

B OARD OF D IRECTORS
Patricia Q. Stonesifer, Chairman
Melinda Gates, Founder
William H. Gates, III, Founder; Chairman, Microsoft
William H. Gray, III, President and CEO, United Negro College Fund
Dr. Vartan Gregorian, President, Carnegie Corporation of New York
Gilbert Anderson, Board of Trustees, Seattle Public Library

C ONТАКТ ІНФОРМАЦІЯ
William H. Gates Foundation
4756 University Village Place NE, Suite 379
Seattle, WA 98105
www.gatesfoundations.org

Gates Library Foundation
PO Box 3189
Redmond, WA 98073
www.gatesfoundations.org

F O U N D A T I O N G R A N Т M A K I N G G U I D Е L Е N Е S

W ILLIAM H. G ATE S F OUNDATION

G ATES L IBRARY F OUNDATION
The Gates Library program issues all U.S. grants through its State Partnership Grant Initiative, which assesses eligibility for grants based on 1990 U.S. Census Department poverty statistics, and invites eligible state library agencies to apply. The Foundation has completed work on Louisiana and Alabama; work is currently underway in Arkansas, Kentucky, Mississippi, New Mexico, and West Virginia. States eligible for the current round of funding are Arizona, California, Florida, Georgia, Idaho, Michigan, Montana, New York, Okalahoma, South Carolina, Tennessee and Texas.

The first step in the process is for library leadership in each state to submit an application outlining its commitment to network development, expanding access to information technologies, sustainability, and public outreach. Upon approval of the state application, individual public libraries within the eligible states are invited to apply for grants if they meet the following criteria: recognition by the state library agency as a public library; a service area constituency with greater than 10% poverty; and no past receipt of a Gates Library Foundation grant. Grants include PCs, software, Internet connectivity, and a package of training and technical support.

In 1999, the Foundation will begin implementation of limited grant-making for international libraries, and will be working in the state of Washington on select education projects.

The Gates Library Foundation does not accept unsolicited proposals. Complete eligibility requirements, application guidelines, and additional information is available at www.gatesfoundations.org.