Threshold is a progressive foundation and a community of individuals united through wealth, mobilizing money, people and power to create a more just, joyful and sustainable world.
Our Mission

To be a powerful and visible model of conscious, effective philanthropy.

To create fertile training grounds that supports the full and authentic expression of our passions and purpose.

To be a dynamic forum for learning about social issues and the people working to address them.

To cultivate and continually renew the heart and soul of our community.

To be a vibrant, growing membership organization.

About Threshold

Threshold is a community of individuals united through wealth, and a progressive foundation mobilizing money, people and power to create a more just, joyful and sustainable world.

Threshold provides a place where people with significant financial resources, a commitment to social change and an interest in their own emotional, psychological, and spiritual development can come together to scheme, dream, learn, work, play and see what happens. We have observed that social change flows from personal growth so we work on our inner lives and social responsibility simultaneously.

Threshold meetings are an ongoing experiment—an evolving form designed to encourage members to discover their most meaningful work and purpose, and engage in the world from that place.

The Threshold Foundation serves the social change movement through collaborating with and funding innovative national and international nonprofit organizations and individuals working towards social justice, environmental sustainability, humane economic systems and peaceful coexistence.

Member volunteers administer the foundation with the assistance of the Tides Foundation which is located in San Francisco. Granted funds are raised annually with almost all donations coming from the membership. New members join the Threshold Foundation primarily through a personal relationship with an existing member or by referral from a membership committee.

Information about submitting a grant request to the Threshold Foundation can be found in a following section of this report.
Letter from the President

This past autumn a progressive vision for America emerged with new imperative in the national debate, giving progressive foundations like Threshold a historic challenge. With the future of our world at stake, it is time to think beyond partisan divides: To imagine global solutions; to champion social, racial and economic justice; to protect the earth's imperiled environment; to demand a humane and values-based government that will better serve the common good; to end our wars of empire; and to deploy all powers of economic privilege to build an equitable, peaceful and sustainable world.

To do all of this and to do it in time, we must dare to imagine that "a great society" is possible in this country and that it can be a force for good in the world. Threshold is interested in meeting the challenge to move money, energy and media attention to those places where the ground is fertile now for true democracy and sustainability to grow. Even with the best intentions however, these values will not grow in shade. Great societies are built by people with the bravery and vision to harness all the power of the sun, who tap every resource of civil society and government, and who put that vast wealth and muscle into the service of justice.

Foundations can and must do their part to magnify and direct that solar gain to where warmth and light are most needed. With that imperative in mind, in 2006 Threshold's four grant committees, Policy and Systemic Change, Environmental Justice, New Visions for Culture and Society and Strategic Media, gave grants to a wide portfolio of excellent organizations. Some of these grant recipients were small environmental justice groups while others were large organizations seeking to protect democracy at the national level. Some were grassroots, some grass-tops. Like individual mosaics, it is when these groups and causes are seen together from a distance that one can see the early, emerging form of a really broad-based, modern justice movement. This annual report represents Threshold's view of that modern movement during the past year.

The report will also serve as a written tribute of sorts to the final grant cycle of those four amazing committees, which have been doing the hard work of Threshold grantmaking for the past seven years. In an effort to respond to the pressing needs of the day, as well as to adapt to the evolving grantmaking interests of our member-volunteers, we engaged in a year-long strategic planning process. The result was the charter of two new grant-making committees and the launch of the pilot phase of three funding circles.

When Al Gore came to speak at a recent Threshold meeting, he said that the reason so little progress has been made to address global warming was that our democracy, our very mechanism of righting wrongs, had been gutted. Gore was reflecting what we at Threshold had already surmised, that democracy and sustainability are the two great imperative issues of our time and are incontrovertibly linked.
In June 2006 we welcomed the Democracy and Sustainable Planet committees.

The Sustainable Planet Committee seeks to transform both human culture and technology to live within the physical limits of local and global ecosystems. This implies protecting threatened ecosystems to preserve biodiversity and prevent extinction; this will require addressing global ecological issues such as climate change, empowering local and indigenous communities and deploying new clean technologies.

The Democracy Committee seeks to strengthen democracy in the United States and to protect it from threat, by ensuring that elections are conducted with integrity and without discrimination. They will find and fund organizations that work to verify that votes are correctly counted and that special interests do not enjoy favored status or unfair access to decision-makers.

In addition to the two new grant committees, which will function as broad, semi-permanent and programmatic grant-giving communities, Threshold has also authorized the trial of what we are calling Funding Circles.

Threshold had noticed that donor volunteers often have variable and specific grantmaking interests, with energy for certain topics waxing and waning over time as circumstances change in our culture and our world. Funding Circles were our answer to the conundrum all volunteer-run foundations have had to face: How to incorporate change and responsiveness into a grantmaking program that also seeks strategic consistency and transparency.

It seems that this new grantmaking form also known in the industry as “giving circles”, is popping up everywhere in the larger field of philanthropy. Like the Threshold version, Giving Circles are small collectives of donors who convene, for a specific scope of work to do issue-based, pooled grantmaking. Industry watchers are studying the Giving Circle phenomenon to make sure that best practices are observed and that grantseekers will have the tools they need to understand the complex and now even more fluid nature of the grant programs to which they are applying for support. Threshold will be a part of this exciting philanthropic experiment.

Three pilot phase Funding Circles were green-lighted for one year: Restorative Justice, International MicroCredit and Gulf South Allied Funders/Threshold.

The Restorative Justice Funding Circle will promote humane alternatives to the current modus operandi of the American criminal justice system. The International MicroCredit Funding Circle seeks to address the fact that billions of people throughout the world live in poverty, by supporting the extension of credit to community-based entrepreneurs in the developing world. The Gulf South Allied Funders Funding Circle brings Threshold into donor collaboration with Resource Generation, Women Donors Network and 21st Century Foundation. The initiative was formed in response to Hurricanes Katrina and Rita and their aftermath. Because the government has failed the people of New Orleans and other affected coastal communities, GSAF will deploy much needed resources to ensure that rebuilding in the region occurs in a just and equitable manner.

Looking back on the mosaic of 2006, it was a remarkable year for Threshold – a time of intense change and productivity. We are growing in membership and deepening our connections to each other. We are joined by many young donors who are changing and challenging our culture in many ways. We greet the opportunities of the year ahead with enthusiasm, honored to be among extraordinary progressive allies, all of us seeking to be of service to a hopeful and humane future.

Suzanne Gollin
December, 2006
In 2006, Threshold granted through four grantmaking committees. The Environmental Justice, New Visions for Culture and Society, and Policy and Systemic Change committees focused on the strategy an organization uses to implement its social change mission. The fourth committee focused on a special initiative which was Strategic Media for the two-year term, 2005–2006.

For more information about current committee guidelines and funding criteria, please visit the Threshold Foundation website at www.thresholdfoundation.org
Environmental Justice

Mission

The Environmental Justice Committee supports organizations that address the root causes of the environmental problems they are trying to alleviate. They focus on funding organizations that will:

- Whenever possible, prevent environmental damage before it occurs.
- Insist on corporate accountability and effective governmental regulation.
- Offer sustainable economic and environmental alternatives.
- Employ a strategic vision of social, economic, and environmental justice, and use the necessary tools (community action, advocacy, legislation, public education, training, etc.) to implement and guide that vision.
- Effectively build and enhance individual and group capacity for civic participation and leadership.
- Build and strengthen alliances and coalitions.

Amazon Watch

The mission of Amazon Watch is to partner with South American indigenous/environmental NGO’s to protect Amazonian ecosystems and indigenous lands threatened by internationally financed industrial mega-projects (oil/gas pipelines, dams, highways, waterways).

$27,100 — To protect indigenous peoples and frontier rainforests in Ecuador and Peru
San Francisco, CA • www.amazonwatch.org

Circumpolar Conservation Union

Circumpolar Conservation Union (CCU) is dedicated to protecting the ecological and cultural integrity of the Arctic for present and future generations. It works to promote understanding and cooperation among indigenous people, environmental organizations, and other interests, to raise public awareness and build a global constituency advocating for environmental protection, sustainability, and human rights to achieve a comprehensive legal and policy regime.

$20,100 — General Support
Washington, DC • www.circumpolar.org

Citizens for Safe Water Around Badger

Citizens for Safe Water Around Badger (CSWAB) works to mobilize and empower rural communities near Wisconsin’s Badger Army Ammunition Plant in support of a sustainable future that will protect and restore the integrity of soil, water, air and biological diversity.

$9,840 — National Grassroots Campaign to Stop Open Burning of PCBs
Merrimac, WI • www.cswab.org

Defensa y Conservación Ecológica de Intag

Defensa y Conservación Ecológica de Intag (DECOIN) works to involve local people in environmental conservation measures and to stop extractive industry projects (mining), promote sustainable economic alternatives, and to educate the local population on the importance of natural resource conservation.

$25,000 — Collaborative work with Periodico INTAG on mining threats in the Intag Region
Otavalo, Imbabura, Ecuador • www.decoin.org

2006 grants—$227,040
Earth Island Institute / Borneo Project

Borneo Project works directly with indigenous communities and their allies in Sarawak and Sabah, Malaysian Borneo, to support native land rights, conservation, and sustainable forest management in lowland dipterocarp rainforests, one of the world’s most endangered ecosystems.

$20,000 — Rumah Nor Legal Aid Fund Berkeley, CA • www.earthisland.org/borneo

EarthRights International

Earth Rights International (ERI) was founded as a non-governmental, nonprofit that combines the power of law and the power of people to protect human rights and the environment. It has four areas it focuses on to meet its goals to link human rights and environmental movements.

$20,000 — Burma Project and EarthRights School and Alumni Program in Burma and Mekong Chiang Mai, Thailand • www.earthrights.org

EarthWays Foundation / Rainforest Information Centre

Rainforest Information Centre (RIC) is a volunteer organization dedicated to the protection of the Earth’s remaining rainforests and the indigenous people who depend on them. RIC was born out of the successful struggle to save the subtropical rainforests of New South Wales, Australia in the early 1980s. Since then RIC continues campaigns and projects which protect rainforests and at the same time recognize the legitimate development aspirations of rainforest peoples.

$17,500 — Small Grants Fund Lismore, New South Wales, Australia • www.rainforestinfo.org.au

Film Arts Foundation / The Maquila Project

The Maquila Project is a community outreach campaign designed around the documentary film Maquilopolis. Maquilopolis is a documentary about and by workers in Tijuana’s assembly factories, the maquiladoras. It is an educational tool for organizers addressing three key social change issues associated with globalization: environmental degradation, labor rights and human rights.

$18,000 — Outreach campaign Vallejo, CA • www.maquilopolis.com

Global Response

The mission of Global Response is to empower people of all ages, cultures, and nationalities to protect the environment by creating partnerships for effective citizen action. At the request of indigenous peoples and grassroots organizations, Global Response organizes urgent international letter campaigns to help communities prevent many kinds of environmental destruction.

$20,000 — General Support Boulder, CO • www.globalresponse.org

Taos Land Trust

Taos Land Trust works with residents throughout Northern New Mexico to protect family lands through permanent conservation easements, partnering with other organizations to secure public land acquisitions, and working on long-range land use planning. Recognizing the integral connection between biological diversity and cultural diversity, it works to protect both the land and land-based tradition in northern New Mexico.

$15,000 — General Support Taos, NM • www.taoslandtrust.org

Tides Center / Global Community Monitor

Global Community Monitor (GCM), a project of the Tides Center, was founded in 2001 to train and support communities in the US and abroad in the use of environmental monitoring tools to understand the impact of fossil fuel industry pollution on their health and the environment.

$16,500 — General Support San Francisco, CA • www.gcmonitor.org

Tides Foundation / Hollyhock Leadership Institute

Hollyhock Leadership Institute improves the effectiveness of the ENGO community in British Columbia through skills and leadership trainings, strategy development, networking, and movement building. They are well-respected for their role in identifying key needs in the environmental community and creating programming to meet these needs.

$18,000 — Supporting Environmental Justice for British Columbia’s First Nations Vancouver, BC, Canada • www.hollyhockleadership.org
New Visions for Culture and Society Committee

2006 grants — $208,274

Mission

The New Visions for Culture and Society Committee supports prophets, artists, activists, scientists and other visionaries in bringing forth diverse projects that heal and transform our relationship to one another and the planet. Specifically, this committee funds organizations that:

- Challenge the status quo and shift consciousness;
- Offer replicable models that are collaborative in nature;
- Address systemic causes rather than treating symptoms;
- Celebrate diversity and shift paradigms;
- Require incubation support and/or are less than three years old;
- Are radical in nature yet have tangible results;
- Have a budget of less than $500k; and
- Are supported by a larger community of interest.

The $10 Club

The $10 Club empowers people to assist in the alleviation of global poverty and the conditions that create such dire situations for the neediest among us. Members contribute ten dollars each month, which is bundled together and used to fund a project in a developing country. Together, people can make a significant, tangible difference to those suffering globally.

$10,000 — General Support
Washington, DC • www.thetendollarclub.org

California Institute of Integral Studies

California Institute of Integral Studies (CIIS) is an independent graduate school integrating the intellectual and spiritual insights of Western and Eastern traditions in study and practice. The Institute strives to embody spirit, intellect, and wisdom in service to individuals, communities, and the Earth. In particular, the 6X Group is a group of students, faculty, and associates of CIIS community focused on the issue of the 6th Extinction of the Species crisis.

$25,000 — Film production and interviews
San Francisco, CA • www.ciis.edu

Foundation for the Chapel of Sacred Mirrors

Foundation for the Chapel of Sacred Mirrors, Ltd, is a non-profit that was founded by a group of people who believe that art can assist in the transformation of individuals and the world. The Chapel of Sacred Mirrors provides a permanent exhibition of the most widely appreciated works of transformative art encouraging the spiritual awakening of each individual. CoSM is the newly opened exhibition space for the Sacred Mirrors and other works of contemporary sacred art.

$17,000 — General Support
New York, NY • www.cosm.org
Natural World Museum

Natural World Museum collects and exhibits art that depicts the world of nature for the enjoyment and enlightenment of its visitors and educates the public about wildlife preservation, habitat protection, and conservation. It contains Dr. Jane Goodall’s Roots and Shoots, a global youth environmental education program with a model of service learning for the development of community knowledge, compassion and action.

$15,674 — Children-focused work using large puppets and the Council of Species Global Theater
San Francisco, CA • www.naturalworldmuseum.org

Praxis Peace Institute

Praxis Peace Institute is a nonprofit peace education organization dedicated to radical inquiry, deep dialogue, creative problem solving, and informed action. Praxis has produced numerous educational inquiries, training programs, and three week-long conferences. It initiates in-depth inquiries and promotes peace through conflict transformation, respect, and responsible civic participation. Praxis integrates spiritual vision with active citizenship.

$23,500 — Praxis Think Tank
$40,000 — Initiative to Avert Mass Extinction Roundtable Convening
Sonoma, CA • www.praxispeace.org

Seventh Generation Fund / Sustainable Nations Development Project

Sustainable Nations Development Project is a Native-led and staffed collaborative organization whose mission is to promote the sovereignty, environmental health, and cultural health of Indigenous Nations through community-based appropriate technology development work. Development, particularly with regard to energy and housing, is a very important and sensitive topic in the Native American community.

$23,100 — General Support
Trinidad, CA • www.sustainablenations.org

Triskeles Foundation / AYA Partners

AYA Partners is a not-for-profit organization whose mission is to catalyze shifts in consciousness, and to deepen levels of inquiry, leadership and synergy among the pioneers dedicated to creating a conscious and sustainable world.

$29,000 — Spirit of Philanthropy Fund’s Catalyzing Conscious Philanthropy project work
Manchester-by-the-Sea • www.ayapartners.com

Wildlands Project

Wildlands Project (WP) is a nonprofit organization that represents conservation biologists and citizen conservation activists devoted to developing a North American Wilderness Recovery Strategy. Its mission is to protect and restore the natural heritage of North America through the establishment of a connected system of wildlands.

$25,000 — Mapping Species Connectivity Project
Richmond, VT • www.wildlandsproject.org
The Policy and Systemic Change Committee seeks to create a just, sustainable, democratic and peaceful world by supporting projects that work for systemic policy change by addressing the root causes of harmful and unjust conditions, or by protecting and strengthening democratic institutions. Specifically, this committee is interested in funding organizations that:

- Build broad coalitions or networks including non-traditional allies;
- Identify leverage points in the flow of money, power and influence;
- Ensure access to government processes, information and decision-making;
- Educate consumers to create market pressures for greater corporate responsibility;
- Advocate in corporate or public policy arenas;
- Promote philanthropic support of systemic change projects; and,
- Create new strategies for policy and systemic change.

Alliance for Sustainable Colorado

The mission of Alliance for Sustainable Colorado is to achieve environmental, economic and social sustainability in Colorado through building broad support among individuals, nonprofit organizations, businesses and government. It provides the nucleus for a statewide sustainability movement for Colorado and a model for sustainability movements in other states.

$15,750 — Program development
Denver, CO • www.sustainablecolorado.org

Arizona Advocacy Network

Arizona Advocacy Network is a statewide progressive coalition working for economic security, environmental protection and social justice by making political power accessible to all Arizonans, regardless of socio-economic conditions, gender identity, sexual orientation, race, ethnicity or geography.

$15,750 — Ballot Access Project
Phoenix, AZ • www.azadvocacy.org

Center for Political Accountability

Center for Political Accountability is mounting the first sustained campaign to bring transparency and accountability to corporate political spending and change company political behavior. Currently, companies are not required to disclose their political spending. As a result of the Center’s efforts, companies are beginning to disclose and require board oversight of their political contributions and recognize that their contributions can have serious consequences.

$20,000 — General Support
Washington, DC • www.politicalaccountability.net

Columbus Institute for Contemporary Journalism

Columbus Institute for Contemporary Journalism is dedicated to promoting media independence through alternative and diverse voices. Its outlets are the
internet, a bimonthly journal, book publishing, radio programs and video production.

**$15,100 — Election Protection Project**
Columbus, OH • [www.freepress.org](http://www.freepress.org)

**Greater Edwards Aquifer Alliance**
The Greater Edwards Aquifer Alliance unites twenty-four organizations behind a comprehensive plan to protect the Edwards Aquifer and its contributing watersheds, the sole source of water for 1.7 million people in South Texas. Its goal is to provide a recognized and respected voice and the tools and policies needed to sustain the Edwards Aquifer and preserve the Texas Hill Country.

**$10,000 — General Support**
San Antonio, TX • [www.aquiferalliance.org](http://www.aquiferalliance.org)

**International Humanities Center / Voter Action**
Voter Action is a nonprofit organization dedicated to providing financial, legal, research and logistical support for grassroots efforts with the goal of ensuring the integrity of elections in the United States. A lawsuit was filed in state court on January 14, 2005. The primary purpose of this action is to obtain a permanent injunction against use of the voting machines that have been linked to the problems in the 2004 general election.

**$33,100 — Voter Action New Mexico**
Seattle, WA • [www.voteraction.org](http://www.voteraction.org)

**League of Independent Voters**
League of Independent Voters organizes 17–35 year olds to build a progressive governing majority in their lifetime. It develops leaders and builds political power to fight for public policies which reflect their core values: peace, freedom, family, equality, good jobs, and sustainable development. League of Young Voters seeks to build a progressive governing majority in our lifetime.

**$28,000 — Electoral Reform Advocacy Project**
Brooklyn, NY • [www.indyvoter.org](http://www.indyvoter.org)

**Tides Center / CorpWatch**
CorpWatch counters corporate-led globalization through education and activism. It works to foster democratic control over corporations by building a diverse movement for human rights, labor rights, and environmental justice. Its core projects include: CorpWatch.org, Climate Justice Project, The UN and Corporations Project, and The India Resource Center.

**$15,000 — General Support**
Oakland, CA • [corpwatch.org](http://corpwatch.org)

**Verified Voting Foundation**
Verified Voting Foundation (VVF) is a nonpartisan nonprofit organization championing transparent, reliable and publicly verifiable elections. Its goal is to enable voters to have unqualified and justified confidence in election results.

**$20,000 — Transparent Election Project**
San Francisco, CA • [verifiedvotingfoundation.org](http://verifiedvotingfoundation.org)

**Western Lands Project**
Western Land Exchange Project conducts advocacy toward federal land exchange policy reform to uphold the public interest and environmental laws. It monitors land transactions between federal agencies and private parties with a network of community groups throughout the U.S. and helps them protect their local ecosystems and involve themselves effectively in decisions regarding the exchange of public lands.

**$17,000 — General Support**
Seattle, WA • [www.westlx.org](http://www.westlx.org)

**Western States Center / Money in Politics Research Action Project**
The goals of Money in Politics Research Action Project’s (MiPRAP) are to increase access, accountability, and participation in politics. Its follow-the-money research is an action-oriented resource for progressive allies. MiPRAP is Oregon’s progressive voice on democracy reforms, particularly clean money campaign finance reform.

**$20,000 — General Support**
Portland, OR • [www.oregonfollowthemoney.org](http://www.oregonfollowthemoney.org)
Special Initiative Committee: Strategic Media

In 2005 and 2006, this committee made grants to strategic media reform projects. This focus reflects the Threshold community’s concern that the current corporate-controlled commercial media structure presents a crisis for democracy. The Strategic Media committee funded creative approaches to building a more diverse and democratic media structure. It considered organizing and advocacy around media reform and new alliances and formations to support independent voices.

Future of Music Coalition
Independent Media Institute / Future of Music Coalition is a national nonprofit education, research, and advocacy organization that identifies, examines and translates the challenging issues at the intersection of music, law, technology and policy.

$55,000 — General Support
Washington, DC • www.futureofmusic.org

Media Alliance
Media Alliance is a 29-year-old media resource and advocacy center for media workers, social justice advocates, and community-based organizations representing historically marginalized communities. It is a leader and grassroots innovator in the emergent movements for media reform and media justice.

$70,100 — Internet 4 Everyone Project and General Support
Oakland, CA • www.media-alliance.org

Office of Communication of the United Church of Christ, Inc
Office of Communication of the United Church of Christ (OC, Inc.) was created in 1959 as an outgrowth of the United Church of Christ’s historic commitment to civil rights. Today, OC Inc. seeks to recreate the media policy landscape, recasting the dialogue from its present and insufficient market-based premise back to its roots: where the public interest is central to the conversation.

$55,100 — General Support
Cleveland, OH • www.ucc.org/ocinc/
Grants Process

The annual grant cycle begins in September with the submission of Letters of Inquiry (LOI) by organizations interested in seeking grants from Threshold Foundation. Threshold members may sponsor organizations with a letter of recommendation or organizations may submit an unsolicited LOI. Threshold Foundation does not match organizations with Threshold members for sponsorship into the grantmaking process, but all LOIs are given an initial review. From the LOIs the grant committees select a limited number of organizations to which are sent a Request for Proposal (RFP). After reviewing the proposals, the grant committees select a subset of organizations for a site-visit and evaluation. Once the site-visit and evaluations are complete evaluations are reviewed and grant committees finalize their grant recommendations to the Circle (Board of Directors) in June. Grant agreement and funds are disbursed at the end of July.

Grant Types and Sizes

Threshold Foundation provides grants for general operating expenses as well as special projects. Grants are primarily single year though occasionally grants may be for two to three years. We do not give emergency or discretionary grants outside of the annual grant cycle.

Grant amounts typically range from $5,000 to $25,000.

Organizations seeking grants must have 501(c)(3) tax-exempt status or 501(c)(4) lobbying status from the IRS or must be exclusively organized for charitable or educational purposes, inside or outside the United States.

Applying for a Grant

The first step in applying to the annual grant cycle is to submit an online Letter of Inquiry through our website at www.thresholdfoundation.org. Note that guidelines for applying to the annual grant cycle often change, as we are continually trying to improve our process based on feedback from grantees and committee members. Therefore, we recommend that grantseekers visit the Threshold Foundation’s website in August for the most up-to-date information regarding the deadline and application process for the following year’s cycle.
Informal Funding occurs at Threshold meetings and raises funds for organizations presented by members to members. These are closed funding cycles and as such do not accept unsolicited letters of inquiry.

### 2006 grants — $282,036

- **Active Music**
  - $11,150 — General Support
  - Corte Madera, CA • www.activemusic.org

- **Arizona PIRG Education Fund**
  - $4,900 — Global warming
  - Phoenix, AZ • www.arizonapirg.org

- **Art Between Us / Mothersong**
  - $5,300 — Sing-Along Circle Film Project
  - Santa Cruz, CA • www.mothersonguniversity.com

- **Center for International Policy / Win Without War**
  - $8,750 — General Support
  - Washington, DC • www.winwithoutwarus.org

- **Clean Elections Institute**
  - $7,400 — National Model Project
  - Phoenix, AZ • www.azclean.org

- **Concentric Media**
  - $5,500 — WHO COUNTS? Protecting Your Vote and Your Voice Project
  - Menlo Park, CA • www.concentric.org

- **Drug Policy Alliance**
  - $8,975 — Beyond Zero Tolerance Project
  - New York, NY • www.drugpolicy.org

- **EarthWays Foundation / Bo Bra Pa Concert Party Project in Ghana**
  - $7,850 — General Support
  - Malibu, CA • www.earthways.org/bobrapa

- **Ella Baker Center for Human Rights**
  - $8,085 — Summer of Non-Violence Project
  - Oakland, CA • www.ellabakercenter.org

- **Environmentalism Through Inspiration a Non Violent Action / Code Pink**
  - $19,500 — Bringing an Iraqi delegation for the Say No to War Campaign
  - Venice, CA • www.codepinkalert.org

- **ForestEthics**
  - $39,435 — Boreal Customer Project
  - San Francisco, CA • www.forestenethics.org
<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
<th>Description</th>
<th>Location</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation for the People of Burma / Rural Development Society</td>
<td>$8,360</td>
<td>Water and sanitation to remote Shan tribes</td>
<td>Kensington, CA</td>
<td><a href="http://www.foundationburma.org">www.foundationburma.org</a></td>
</tr>
<tr>
<td>Justice Through Music Project</td>
<td>$11,600</td>
<td>General Support</td>
<td>Washington, DC</td>
<td><a href="http://www.jtmp.org">www.jtmp.org</a></td>
</tr>
<tr>
<td>Living Bridges Foundation</td>
<td>$33,910</td>
<td>Wanduk Yachai Amazanga Community’s Llushin River Valley Conservation Project</td>
<td>Aptos, CA</td>
<td><a href="http://www.livingbridgesfoundation.org">www.livingbridgesfoundation.org</a></td>
</tr>
<tr>
<td>Mediators Foundation / Abraham Path Initiative</td>
<td>$6,465</td>
<td>Mapping Survey Project</td>
<td>Cambridge, MA</td>
<td><a href="http://www.abrahampath.org">www.abrahampath.org</a></td>
</tr>
<tr>
<td>Mobile Voter / Music for America Education Fund</td>
<td>$4,300</td>
<td>General Support</td>
<td>San Francisco, CA</td>
<td><a href="http://www.musicforamerica.org">www.musicforamerica.org</a></td>
</tr>
<tr>
<td>The Power of Hope</td>
<td>$13,150</td>
<td>Youth Social Enterprise Project</td>
<td>Bellingham, WA</td>
<td><a href="http://www.powerofhope.org">www.powerofhope.org</a></td>
</tr>
<tr>
<td>Red de Permacultura en el Peru</td>
<td>$11,300</td>
<td>Amazon Wakani’s project Achual Sustainable Harvests</td>
<td>Yarinacocha, Pucallpa, Peru</td>
<td><a href="http://www.redpalperu.org">www.redpalperu.org</a></td>
</tr>
<tr>
<td>Rising Tide International / Jerusalem Peacemakers</td>
<td>$5,405</td>
<td>Capacity building and operations</td>
<td>Jerusalem, Israel</td>
<td><a href="http://www.jerusalempeacemakers.org">www.jerusalempeacemakers.org</a></td>
</tr>
<tr>
<td>Social and Environmental Entrepreneurs / Making Our Milk Safe</td>
<td>$10,625</td>
<td>General Support</td>
<td>Alameda, CA</td>
<td><a href="http://www.safemilk.org">www.safemilk.org</a></td>
</tr>
<tr>
<td>TimeBanks USA</td>
<td>$33,276</td>
<td>General Support</td>
<td>Washington, DC</td>
<td><a href="http://www.timebanks.org">www.timebanks.org</a></td>
</tr>
<tr>
<td>Vitamin Relief USA</td>
<td>$4,550</td>
<td>General Support</td>
<td>Ojai, CA</td>
<td><a href="http://www.vitaminrelief.org">www.vitaminrelief.org</a></td>
</tr>
<tr>
<td>World Family Foundation</td>
<td>$12,250</td>
<td>Work with Penacocha Preserve and Coca Cushi Animal Rescue Center</td>
<td>Honolulu, HI</td>
<td><a href="http://www.wfamily.com">www.wfamily.com</a></td>
</tr>
</tbody>
</table>
2006 Discretionary Grants

By the end of 2005, Threshold had supported 36 outstanding organizations working at the front lines of social change movements. At that time, members were given the opportunity to leverage the passion, diligence and intention that went into Threshold’s annual grants program and elect to donor direct to any grantee or group of grantees that Threshold funded that year. All donors were asked to make a minimum contribution of $250 so that this giving opportunity would have a substantial impact on the recipient organizations.

Appalachian Center for the Economy and the Environment
$250 — Coal Mining Accountability Project
Lewisburg, WV • www.appalachian-center.org

Bill of Rights Defense Committee
$1,000 — General Support
Northampton, MA • www.bordc.org

Center for Media and Democracy
$1,000 — Disinfopedia Project
Madison, WI • www.prwatch.org

Centro de Derechos Económicos y Sociales
$1,250 — Amazon School for Human Rights and the Environment
Quito, Ecuador • www.cdes.org.ec

EarthWays Foundation / Just Vision
$250 — General Support
Brooklyn, NY • www.justvision.org

Ella Baker Center for Human Rights
$1,550 — Books Not Bars Project
Oakland, CA • www.ellabakercenter.org

Families United for Racial and Economic Equality
$250 — General Support
Brooklyn, NY • www.furee.org

Fusion Partnerships / Justice Maryland
$1,500 — Treatment Not Incarceration Project
Baltimore, MD • www.justicemaryland.org

Grassroots Policy Project
$250 — Health Care, Taxes, and the Role of Government Project
Washington, DC • www.grassrootspolicy.org

Harvard Medical School — Center for Health and the Global Environment
$500 — Biodiversity and Human Health Internet Awareness Campaign
Boston, MA • chge.med.harvard.edu
<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
<th>Description</th>
<th>City, State</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Media Institute</td>
<td>$1,000</td>
<td>Echo Chamber Project</td>
<td>San Francisco, CA</td>
<td><a href="http://www.alternet.org">www.alternet.org</a></td>
</tr>
<tr>
<td>Media Access Project</td>
<td>$1,000</td>
<td>General Support</td>
<td>Washington, DC</td>
<td><a href="http://www.mediaaccess.org">www.mediaaccess.org</a></td>
</tr>
<tr>
<td>Media Alliance / Prometheus Radio Project</td>
<td>$250</td>
<td>Low Power Radio Networking Project</td>
<td>Philadelphia, PA</td>
<td><a href="http://www.prometheusradio.org">www.prometheusradio.org</a></td>
</tr>
<tr>
<td>Natural World Museum</td>
<td>$250</td>
<td>Council of Species Global Theatre</td>
<td>San Francisco, CA</td>
<td><a href="http://www.naturalworldmuseum.org">www.naturalworldmuseum.org</a></td>
</tr>
<tr>
<td>Permacultura America Latina / Permaculture Institute of El Salvador</td>
<td>$800</td>
<td>General Support</td>
<td>San Salvador, El Salvador</td>
<td><a href="http://www.permacultura.org/elsalvador.html">www.permacultura.org/elsalvador.html</a></td>
</tr>
<tr>
<td>Praxis Peace Institute</td>
<td>$300</td>
<td>Praxis Think Tank</td>
<td>Sonoma, CA</td>
<td><a href="http://www.praxispeace.org">www.praxispeace.org</a></td>
</tr>
<tr>
<td>Seventh Generation Fund / Sustainable Nations Development Project</td>
<td>$500</td>
<td>General Support</td>
<td>Trinidad, CA</td>
<td><a href="http://www.sustainablenations.org">www.sustainablenations.org</a></td>
</tr>
<tr>
<td>Stop Prisoner Rape</td>
<td>$1,250</td>
<td>Federal Systemic Change Campaign</td>
<td>Los Angeles, CA</td>
<td><a href="http://www.spr.org">www.spr.org</a></td>
</tr>
<tr>
<td>Teaching for Change</td>
<td>$250</td>
<td>Tellin' Stories Project</td>
<td>Washington, DC</td>
<td><a href="http://www.teachingforchange.org">www.teachingforchange.org</a></td>
</tr>
<tr>
<td>Tides Center / Asia Pacific Environmental Exchange</td>
<td>$1,250</td>
<td>Basel Action Network Project</td>
<td>Seattle, WA</td>
<td><a href="http://www.eartheconomics.org">www.eartheconomics.org</a></td>
</tr>
<tr>
<td>Western Land Exchange Project</td>
<td>$500</td>
<td>General Support</td>
<td>Seattle, WA</td>
<td><a href="http://www.westlx.org">www.westlx.org</a></td>
</tr>
<tr>
<td>Wildlands Project</td>
<td>$250</td>
<td>Getting the Word Out Project</td>
<td>Richmond, VT</td>
<td><a href="http://www.wildlandsproject.org">www.wildlandsproject.org</a></td>
</tr>
</tbody>
</table>
Endowment Investment Report

The endowment investment principles of the Threshold Foundation complement its philanthropic goals. The entire portfolio has a social investment focus with positive and negative screens: seventy percent is in socially screened stock, bonds, and cash, with Trillium Asset Management, Boston Common Asset Management, Calvert Funds, and Domini Social Index; twenty percent is in Program Related Investments, primarily Community Development Loan Funds that are listed here; the remaining ten percent has been designated for high growth, venture-type investments.

<table>
<thead>
<tr>
<th>Program Related Investment</th>
<th>Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accion International</strong></td>
<td>$55,000</td>
</tr>
<tr>
<td>56 Roland Street, Suite 300</td>
<td></td>
</tr>
<tr>
<td>Boston, MA 02129</td>
<td></td>
</tr>
<tr>
<td><strong>Chicago Community Loan Fund</strong></td>
<td>$25,000</td>
</tr>
<tr>
<td>29 East Madison Street, Suite 1700</td>
<td></td>
</tr>
<tr>
<td>Chicago, IL 60602</td>
<td></td>
</tr>
<tr>
<td><strong>Community Bank of the Bay</strong></td>
<td>$25,000</td>
</tr>
<tr>
<td>1750 Broadway</td>
<td></td>
</tr>
<tr>
<td>Oakland, CA 94612</td>
<td></td>
</tr>
<tr>
<td><strong>Cooperative Fund of New England</strong></td>
<td>$20,000</td>
</tr>
<tr>
<td>5533 Peden Point Road</td>
<td></td>
</tr>
<tr>
<td>Wilmington, NC 28409</td>
<td></td>
</tr>
<tr>
<td><strong>E&amp;Co</strong></td>
<td>$50,000</td>
</tr>
<tr>
<td>Energy House</td>
<td></td>
</tr>
<tr>
<td>383 Franklin Street</td>
<td></td>
</tr>
<tr>
<td>Bloomfield, NJ 07003</td>
<td></td>
</tr>
<tr>
<td><strong>EcoLogic Finance</strong></td>
<td>$20,000</td>
</tr>
<tr>
<td>675 Massachusetts Avenue, 8th Floor</td>
<td></td>
</tr>
<tr>
<td>Cambridge, MA 02238</td>
<td></td>
</tr>
<tr>
<td><strong>Enterprise Corporation of the Delta</strong></td>
<td>$35,000</td>
</tr>
<tr>
<td>PO Box 22886</td>
<td></td>
</tr>
<tr>
<td>Jackson, MS 39201</td>
<td></td>
</tr>
<tr>
<td><strong>Human/Economic Appalachian Development Community Loan Fund</strong></td>
<td>$20,000</td>
</tr>
<tr>
<td>PO Box 504</td>
<td></td>
</tr>
<tr>
<td>Berea, KY 40403</td>
<td></td>
</tr>
</tbody>
</table>
Institute for Community Economics $50,000
57 School Street
Springfield, MA 01105

National Federation of Community Development CU $50,000
120 Wall Street, 10th Floor
New York, NY 10005-3902

New Mexico Community Development Loan Fund $30,000
PO Box 705
Albuquerque, NM 87103-0705

Opportunity Finance Network $100,000
620 Chestnut Street
Philadelphia, PA 19106

Self-Help Credit Union $25,000
PO Box 3619
Durham, NC 27702

Self-Help Enterprises $45,000
8445 W Elowin Court
PO Box 6520
Visalia, CA 93290

Shared Interest $35,000
121 West 27th Street, Suite 905
New York, NY 10001

SouthBank Enterprise Pacific $50,000
PO Box 826
203 Howerton Way, SE
Ilwaco, WA 98624

Endowment Gifts

You can make an endowment gift to Threshold Foundation through a charitable trust, real estate gift, or by means of a bequest in your will. Because grantee organizations, grantee needs and other conditions change over the years, it will often avoid legal complications if simple unrestricted language like the following is used in wills:

“I hereby give and bequest ______ _______ to Threshold Foundation, a not-for-profit tax-exempt public charity founded under the laws of the State of New York, having as its principal address PO Box 29903, San Francisco, California 94129-0903, for the general purposes of Threshold Foundation.”

If you want to discuss the language of your bequest, or if you want more information on planned giving possibilities (including real estate gifts), the staff or Circle (Board of Directors) would be happy to meet with you. To schedule a meeting contact the Foundation Manager at 415-561-6400.
How We Measure “Return” on Investment

In the financial world a tremendous amount of analysis goes into measuring one’s return. We look at absolute return, relative return, and return vs. indexes, etc. All very interesting and yet none of these measure the impact of our return on our planet, indigenous cultures, or our quality of life.

It might be useful to briefly mention one story where our investment advisors took a proactive position and realized tangible results which don’t show up in any quantitative analysis. Threshold has been partnering with Trillium Asset Management for many years to make sound socially responsible investments.

In 1999, the CEO of Home Depot made an announcement that by the end of 2002, they would no longer sell wood from “endangered areas” and would give preference to wood products certified as sustainably harvested. The announcement came out three months after Home Depot’s shareholder annual meeting, where a shareholder resolution was filed by Trillium and the As You Sow Foundation asking Home Depot to phase out old growth wood sales. Trillium continues to meet with Home Depot management annually for updates and further policy implementation around this resolution.

Some of the highlights of Home Depot’s work under this resolution included major new protections for rare temperate rainforests in Chile threatened by logging. This was established after six months of negotiations between Chilean logging companies and U.S. environmental groups. Home Depot also helped bring about an agreement between logging companies and environmental groups to protect nearly 4 million acres of the temperate rainforest along British Columbia’s central coast region. In response to continuing pressure on the Indonesian government to crack down on widespread illegal and unsustainable logging, Home Depot has cut its purchases of wood from that country by more than 85%. Its remaining purchases there come from one supplier with similar values and compatible business practices.

In terms of Home Depot’s internal systems and policy, they have implemented a tracking system to identify the origin and species of all the wood products they sell. This includes not just lumber but also wood components in items such as brooms, ceiling fans and hammers. Trillium has pushed Home Depot to follow efforts by environmental groups to develop consensus definitions and maps of endangered forest areas and incorporate them into their policy work. And, Home Depot continues to express a preference for products certified under the rigorous standards of the Forest Stewardship Council (FSC). They do this despite pressure from major forest products companies to extend that preference to the Sustainable Forest Initiative (SFI), a certification system developed by the industry.

Home Depot continues to implement progressive strategies under Trillium and As You Sow’s shareholder resolution. For further information on what they’re doing today regarding Wood Purchasing, visit http://corporate.homedepot.com under the menu and heading “How We’re Helping” and “THD and the Environment”, respectively. For further information on Trillium Asset Management’s other socially responsible efforts, visit www.trilliuminvest.com.

This is but one story among many that are the result of a growing community of committed investment professionals using capital to create a world of change. Our “return on investments” is far more accurately reflected when we look at the TOTAL return.

Enterprise Corporation of the Delta’s Commitment to the Gulf Region

On August 29, 2005, Hurricane Katrina ravaged the Gulf Region, wiping out coastal communities and causing unprecedented damage to a large portion of ECD/HOPE’s (Enterprise Corporation of the Delta/ Hope Community Credit Union) service area. On September 24, 2005, Hurricane Rita added to the region’s devastation.

The following letter provides a brief update on ECD/HOPE’s efforts to date, and on its approach to hurricane relief, recovery and rebuilding. In the course of this work, ECD/HOPE will place significant emphasis on asset-building strategies that benefit rural, minority and low-wealth people and communities.

Hurricane Relief Fund

Immediately after Hurricane Katrina, ECD/HOPE began receiving offers of assistance from concerned individuals and organizations across the nation. In response, ECD created a fund to route money to organizations on the front lines of addressing immediate relief needs such as food, clothing and shelter, often for people who were falling through the cracks of larger relief efforts. To date, ECD has routed approximately $500,000 to faith- and community-based organizations working directly with low-wealth people affected by the hurricanes in Mississippi and Louisiana.

Development Finance Products and Services

During the past four months, HOPE has made over 100 zero-interest bridge loans to families, homeowners, businesses and nonprofits to help sustain them while they wait for insurance and FEMA payments. Many of the borrowers have been referred by groups assisted by the ECD Hurricane Relief Fund. The bridge loans are backed with grants from philanthropic sources. HOPE has also opened no-fee checking and savings accounts for individuals and businesses affected by the storms. These accounts enable members to receive FEMA payments, and facilitate access to cash and funds accumulation. While HOPE’s New Orleans branch escaped physical damage, uncertainties around housing, school and other life issues led to the departure of three out of four branch staff members. HOPE’s branch manager has returned to New Orleans and is making recovery loans and participating in efforts to rebuild the city.

ECD/HOPE recently hired a new program officer in Biloxi, and is in the process of recruiting additional program and lending staff for New Orleans and Southern Mississippi. ECD/HOPE will supplement its outreach through new and preexisting partnerships with faith- and community-based organizations (FCBOS) and others. These relationships enhance ECD/HOPE’s ability to reach its target market, as FCBOS are most effective at working directly with low-income populations. ECD/HOPE will also continue to work with banks, chambers of commerce, health care providers, government agencies and other strategic partners.

As the focus shifts toward rebuilding, ECD/HOPE will continue to expand the deployment of its consumer, mortgage and business products and services in order to foster equitable development for low-wealth people and communities.

Submitted by John Guffey. From a letter written by: Bill Bynum, Chief Executive Officer, ECD/HOPE
Independent Auditor’s Report

Board of Directors
Threshold Foundation

We have audited the accompanying statement of financial position of Threshold Foundation ("the Foundation") as of December 31, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation’s 2004 financial statements and, in our report dated July 14, 2005, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 presentation. We believe that our audit provides 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 Threshold Foundation as of December 31, 2005, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Signed
Fontanello, Duffield & Otake, LLP
Certified Public Accountants
44 Montgomery Street, Suite 2029
San Francisco, CA 94104
# Balance Sheet

## Statements of Financial Position

YEARS ENDED DECEMBER 31, 2005 AND 2004

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$319,851</td>
<td>$294,880</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>13,845</td>
<td>9,890</td>
</tr>
<tr>
<td>Deposits</td>
<td>84,552</td>
<td>58,000</td>
</tr>
<tr>
<td>Other current assets</td>
<td>8,225</td>
<td>7,579</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>426,473</strong></td>
<td><strong>370,349</strong></td>
</tr>
<tr>
<td>Program related investments</td>
<td>535,000</td>
<td>610,000</td>
</tr>
<tr>
<td>Investments</td>
<td>2,482,300</td>
<td>2,514,123</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>3,017,300</strong></td>
<td><strong>3,124,123</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>3,443,773</strong></td>
<td><strong>3,494,472</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants payable</td>
<td>$10,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>28,399</td>
<td>28,696</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>7,000</td>
<td>35,475</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>45,399</strong></td>
<td><strong>79,171</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted net assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General operations</td>
<td>303,312</td>
<td>265,847</td>
</tr>
<tr>
<td>Designated for grantmaking pool</td>
<td>299,302</td>
<td>377,753</td>
</tr>
<tr>
<td>Designated for endowment purposes</td>
<td>2,698,680</td>
<td>2,720,763</td>
</tr>
<tr>
<td><strong>Total unrestricted net assets</strong></td>
<td><strong>3,301,294</strong></td>
<td><strong>3,364,363</strong></td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>97,080</td>
<td>50,938</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>3,398,374</strong></td>
<td><strong>3,415,301</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>3,443,773</strong></td>
<td><strong>3,494,472</strong></td>
</tr>
</tbody>
</table>
Income and Expense

Statements of Activities
YEARS ENDED DECEMBER 31, 2005 AND 2004

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>2005 Total</th>
<th>2004 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support and Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>$ 911,690</td>
<td>$ 97,080</td>
<td>$ 1,008,770</td>
<td>$ 1,247,350</td>
</tr>
<tr>
<td>Conference revenues</td>
<td>94,412</td>
<td>94,412</td>
<td>220,190</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>102,601</td>
<td>102,601</td>
<td>82,846</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,108,703</td>
<td>97,080</td>
<td>1,205,783</td>
<td>1,550,386</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>50,938</td>
<td>(50,938)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>1,159,641</td>
<td>46,142</td>
<td>1,205,783</td>
<td>1,550,386</td>
</tr>
</tbody>
</table>

Expenses

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>866,735</td>
<td>866,735</td>
<td>986,739</td>
<td></td>
</tr>
<tr>
<td>Conference expenses</td>
<td>46,870</td>
<td>46,870</td>
<td>149,164</td>
<td></td>
</tr>
<tr>
<td>Network communications</td>
<td>101,293</td>
<td>101,293</td>
<td>83,193</td>
<td></td>
</tr>
<tr>
<td>Total program services</td>
<td>1,014,898</td>
<td>—</td>
<td>1,219,096</td>
<td></td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grantmaking support</td>
<td>85,450</td>
<td>85,450</td>
<td>95,233</td>
<td></td>
</tr>
<tr>
<td>Board/corporate support</td>
<td>122,362</td>
<td>122,362</td>
<td>83,692</td>
<td></td>
</tr>
<tr>
<td>Total supporting services</td>
<td>207,812</td>
<td>—</td>
<td>178,925</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,222,710</td>
<td>—</td>
<td>1,398,021</td>
<td></td>
</tr>
</tbody>
</table>

Change in Net Assets

|                                          |                |                        |            |            |
|                                          | (63,069)       | 46,142                 | (16,927)   | 152,365    |
| Net assets at beginning of year          | 3,364,363      | 50,938                 | 3,415,301  | 3,262,936  |
| Net assets at end of year                | 3,301,294      | 97,080                 | 3,398,374  | 3,415,301  |

2005 REVENUE
- Investment income 9%
- Conference revenues 8%
- Grants and contributions 83%

2005 EXPENSE
- Board/corporate support 10%
- Grantmaking support 7%
- Network communications 8%
- Conference expenses 4%
- Grants 71%
## Cash Flows

### Statements of Cash Flows
YEARS ENDED DECEMBER 31, 2005 AND 2004

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>$(16,927)</td>
<td>$152,365</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment return</td>
<td>(102,601)</td>
<td>(82,846)</td>
</tr>
<tr>
<td>Contributed stock</td>
<td>(119,354)</td>
<td>(181,141)</td>
</tr>
<tr>
<td>Decrease (increase) in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>(3,955)</td>
<td>231</td>
</tr>
<tr>
<td>Deposits</td>
<td>(26,552)</td>
<td>(14,535)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(646)</td>
<td>(2,030)</td>
</tr>
<tr>
<td>Increase (decrease) in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants payable</td>
<td>(5,000)</td>
<td>(80,000)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(297)</td>
<td>8,527</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>(28,475)</td>
<td>(51,160)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(303,807)</td>
<td>(250,589)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(470,291)</td>
<td>(496,587)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>601,168</td>
<td>402,679</td>
</tr>
<tr>
<td>Return of program related investments</td>
<td>75,000</td>
<td>—</td>
</tr>
<tr>
<td>Distributions from partnerships</td>
<td>122,901</td>
<td>280,644</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>328,778</td>
<td>186,736</td>
</tr>
</tbody>
</table>

### Net change in cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>294,880</td>
<td>358,733</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$319,851</td>
<td>$294,880</td>
</tr>
</tbody>
</table>
We remember Ella Alford. Ella died December 3, 2005 at her home in Fayetteville, AR with her family around her. She was 73. She was a phenomenon, complex, brilliant, sometimes difficult and contradictory (like all of us) and, among many other things, visionary. This Earth (which is responsible for everything we all have, at every level) gave her a lot, and she gave a lot back.

The one theme that always attends my remembrances is that no one — and no assemblage of souls — has much of a clue of the whole of her good works and gifts on this continent and around the world. Suffice it to say, it was truly amazing, even in the small parts that we know. A spiritual ecologist, convert to Judaism, founder of Threshold, supporter and protector of rivers, of lands in the thousands of acres, of the critters (including humans) that live on these lands and waters, of natives, collaborator in the deepest of ecological endeavors, her gifts and visions roll on now and into the future. I was with her and Pratt in the room where she died a few days before she went over. She was in and out of consciousness variously — I would say in places that no one could know. Pratt and I were singing songs to her, and then Pratt struck up a song that she used to sing with you all at Threshold...“It’s in every one of us to be wise/ Find your heart/Open up both your eyes...”, and on to the end. She sang right along with us, fully in tune, every word. I believe it was the last song she ever sang.

Written by David Haenke, October 2006
This annual report is printed with vegetable-based ink on Fraser Synergy 100PCW paper. The paper is made from 100% post-consumer waste, is 100% elemental chlorine-free, acid-free, lignin-free and archival.

Threshold Foundation’s use of tree-free and recycled paper is one manifestation of our belief that we all must adapt our personal lifestyles and our consumption habits to walk more lightly on the earth.
How to Contact Us

The Threshold Foundation main office is located in San Francisco with professional support provided by Tides Foundation.

Mailing Address
P.O. Box 29903
San Francisco, CA 94129-0903

Street Address
Presidio Building 1014
Lincoln Boulevard and Toney Avenue
San Francisco, CA 94129
Tel 415-561-6400
Fax 415-561-6401

World Wide Web
www.thresholdfoundation.org

Email
threshold@tides.org