

THE F.B. HERON FOUNDATION  
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Dear Heron Customers and Colleagues,

The current economic crisis is hurting just about everyone, but these are particularly painful times for individuals, families, and organizations in low-income communities. While it is encouraging that the new Administration's top priority is revitalizing our economy, most "experts" are predicting a slow and uneven recovery from this downturn. Given that these are anxious times, we thought it would be useful to communicate with our customers about the Heron Foundation's response.

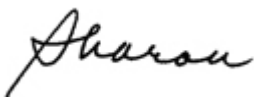
A key value at Heron is that our strategies be informed by practice, specifically your "real-life" experiences working to increase and preserve wealth in low-income communities. We thank each of you with whom we have already been in touch to improve our understanding of what is happening on the ground and which policies are likely to be most effective to create and/or preserve wealth, particularly with the new Administration in place. We are currently exploring additional, cost-effective communication activities (e.g., teleconferences) to solicit additional input and facilitate communication amongst Heron grantees. We urge you to contact your program officer with any feedback or comments you have about these ideas or other possibilities.

Like most foundations, the endowment for the F.B. Heron Foundation has declined in value. It is our intent to continue supporting the organizations in our active portfolio that meet our current program guidelines. And, for those organizations that are transitioning out based on our 2008 program consolidation, we will continue to honor our previous commitment for support during the transition period. So, at this time, we do not plan to cut back on our existing grants. However, this means that in 2009, the Foundation does not expect to have funds available for new grant relationships nor for increases in grant amounts for current grantees.

To reduce operating costs, the Foundation has instituted a number of internal "belt-tightening" measures. We currently have a hiring freeze and, thus, are not filling a vacant program officer position. We are also making cuts in travel and other operating expenses. For example, we will publish our annual report online only this year to save printing and mailing costs. We are trying to manage these internal budget cuts while maintaining our commitment to high quality customer service – a key value for the Board and staff.

Finally, we continue to hear from our grantees and investees about the value of unrestricted, multi-year grants, especially in this unpredictable funding environment. Heron remains committed to making the majority of its grants as multi-year, core support.

I want to thank Heron's Board of Directors for its unwavering support for our grantees and mission. Again, this is an important time for us to continue learning from you. If you have thoughts about strategies we should employ and unique leverage points, please contact your program officer or me. As always, we remain ever grateful to all of you who are advancing the mission of helping people and communities to help themselves through wealth-creation and preservation strategies. Thank you for your efforts – they are more important now than ever.



Sharon B. King  
*President*