

A Letter from the President

This year's annual report is presented in two sections. The document that follows this letter summarizes Heron's work during 2005 and, as always, seeks to demonstrate the increasing alignment of the Foundation's assets—including market-rate investments—with mission. At the end of the year, Heron had more than 24% of its assets at work for mission. Adding in grants, over 28% of assets are now deployed for mission.

The companion essay, "Core Support," explains the Heron Foundation's rationale and approach to its grantmaking. Written by John Weiler, a Senior Program Officer at Heron, the essay presents our belief that "core support grants enable nonprofits to advance the mission of foundations while promoting a more effective, accountable, and transparent nonprofit sector." It also highlights several case studies from grantees who clearly demonstrate with specific

examples the value of flexible dollars to seize the opportunities before them.

The past year was one of immense adversity for our friends and colleagues in the Gulf Coast—and their challenges have not diminished. Heron's grantees and investees in the region—communities devastated by the hurricanes and communities receiving significant numbers of displaced residents—have performed with remarkable creativity and resiliency. I would like to thank Heron's Board of Directors for its prompt approval of a pool of grant dollars to assist the organizations with whom we have had relationships over the years. Because of that rapid response, Heron was able to make its first set of relief and recovery grants within three days of Katrina's devastation. I also want to acknowledge the continuing work of the New York Regional Association of Grantmakers Task Force on Gulf Coast

Recovery to keep the issues front and center for the philanthropic community. A Resource Guide produced by the Task Force is available at www.nyrag.org. For many of the people and communities we care about, the recovery is just beginning.

As always, I want to acknowledge the Foundation's partners—the grantees and investees—who do the actual work to build wealth and assets for low-income people and communities. I also want to thank the Foundation's directors for setting a high standard for Heron's work and for being supportive of the staff's efforts.



Sharon B. King
President



In 2005, 77% of Heron's grants dollars were general support. Please see this year's companion booklet for an essay on "Core Support." Among our grantees who received general support grants are *Lenders for Community Development* in California (left), *Coastal Enterprises* in Maine (top right), and *Fifth Ward* in Houston, TX (bottom right).