

A LETTER FROM THE PRESIDENT

Fifteen years ago, the F.B. Heron Foundation opened its doors for business with the explicit mission of helping people and communities to help themselves. Over time, our programs have evolved to focus on asset building and wealth creation opportunities as a means of helping families to take control over their lives, and to make decisions for themselves and their families.

Much has changed in the world since we got started. Over the course of the coming year we will be reviewing our programs to ensure that our strategies capture these realities and are forward thinking.

What has not changed during this time is our resolve to deploy our resources as effectively as possible to advance positive impact on the lives of people in the communities we care about. This year, in a companion essay to this annual report of grants and investments, our Board Chairman, William M. Dietel, presents his thoughts on **mission stewardship**. Drawing on his considerable experience in philanthropy and the non-profit sectors, our Chairman describes stewardship as *the responsibility to deploy the foundation's assets to their highest and best use*. He challenges us and the field to instill accountability in each of the foundation's primary

functions: programs, investments and administration. He describes the Heron Foundation's experience with mission-related investing (currently with 25% of its endowment invested for mission) and with core support in grantmaking—two approaches that can extend mission impact for foundations of all sizes.

As we move forward at Heron, what will not change is our deep gratitude to the Foundation's "customers"—the grantees and investees who do the actual work to build wealth and assets for low-income people and communities. As we take a look at our programs for improvement opportunities, we will be asking our customer-experts for their advice and reflections on how we can improve our program strategies. I also want to thank the Foundation's directors for their superb mission stewardship and support of staff in our work.



Sharon B. King
President

For more detail on the Foundation's points of view on mission-related investing, assessing impact, core operating support and customer service, we invite you to go to: www.heronfdn.org

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HERON AT-A-GLANCE

Mission:

The F.B. Heron Foundation was created in 1992 with the mission of helping people and communities to help themselves.

Website:

www.heronfdn.org

Total Assets as of 12/31/06:

\$307 million

Mission-Related Investments as of 12/31/06:

Total PRIs: \$19.0 million
 Other MRIs: \$54.9 million

Total MRIs: \$73.9 million

Grantmaking in 2006:

Number of grantees: 132
 Total grants paid: \$9.1 million
 Grants for General Support: 77%

First-time Grant Range:

\$25,000–\$50,000

Annual Grant Range:

\$25,000–\$125,000

PRI Range:

\$250,000–\$1,000,000

Market-Rate Deposits:

\$100,000 per depository institution (may be higher if depository is a member of the Certificate of Deposit Account Registry Service™ network)

Market-Rate Mission-Related Investments:

Up to \$2.5 million per investment