

HOUSTON ENDOWMENT'S RESPONSE TO CURRENT ECONOMIC CONDITIONS

As concerns rise in the nonprofit community over the economic crisis, we would like to share our plans and to help grantees understand what our prospects may mean to them.

For over seventy years Houston Endowment has been dedicated to improving the lives of people in Greater Houston through its support of nonprofit organizations. In more recent years we have made many multi-year grants to support important work in the community. Our commitment to this work remains strong. We will honor all existing grant commitments.

The Foundation is sound and will continue to make grants. Its income is derived entirely from the investment of funds left by Mr. and Mrs. Jesse H. Jones and, like other endowments, the Foundation has experienced a decline in its invested assets. Because long-term averaging of asset values is used to determine what we distribute, the grant budget for 2009 will not be down proportionately with assets; in fact, it will be roughly the same as in 2008. However, we forecast a decline in the amount available for 2010. This downward trend may impact our 2011 grant budget as well. The sizes of the declines cannot be determined now, because they will be affected by investment experience in the rest of 2009 and 2010.

Houston Endowment has long funded grants for general operating support and will continue to do so in order to provide the greatest flexibility to our grantees as they navigate a changing economic landscape.

To prudently manage the Foundation's resources in these uncertain times, we will make fewer multi-year commitments. Organizations that would normally receive a multi-year grant may be funded on an annual basis. We know that this change will create extra work for affected grantees and for our staff, so we are exploring ways to simplify renewals for years that might otherwise have been encompassed by a multi-year grant. Our support for capital projects will be tempered by realistic appraisals of whether the proposing organizations can raise other required amounts within a horizon of one or two years.

Over a year ago Houston Endowment began a process to improve its grantmaking process and to better understand its impact in the community.

From the results of a recent grantee perception report, we learned that our grantees want us to clearly convey Houston Endowment's interests and make applying for grants more efficient. As we progress, we want to maintain open communication. This is an uncertain time for everyone, and we will do everything we can to minimize that uncertainty by continuing to provide updates.