

CARL B. & FLORENCE E.
KING FOUNDATION



BOARD OF DIRECTORS

March 2009

John Martin Davis, Jr.
Chair

Dear Friends,

Anthony W. Atkiss
*Vice President
Treasurer*

Economic uncertainty weighs on all of us in the nonprofit sector, both in our personal and professional worlds. Every day, it seems, brings a barrage of gloomy news about the stock market, job losses, bank failures, and other marchers in the global parade of horrors.

Ann Fielder
*Vice President
Secretary*

Given that backdrop, the King Foundation wants to let our past and potential grantees know what you might expect from us in the near term.

Brian E. McManus
Vice President

Where we are. Our assets declined by 31% in fiscal year 2008. In addition to our securities portfolio, we use our oil and gas income to pay grants and operating costs. Oil prices have dropped dramatically since their summer 2008 highs, however, so our mineral income will be significantly lower this year.

Michael E. Phillips
*Vice President
Media and Communications*

What it means. Our grant and scholarship distributions have been increasing over the past few years, to about \$2 million in 2008. But because of our recent losses and lower income projections, we have reduced our 2009 grantmaking budget to \$1.5 million. We have also cut our administrative budget in categories including salaries, benefits, travel, and conferences.

Patricia A. Porter
*Vice President
Community Relations*

That's the bad news. The good news? We are continuing to award new grants in 2009. We started phasing out our scholarship programs a few years ago and are honoring those commitments. Beyond scholarships, we do not have any outstanding multiyear grant commitments, so we are free to use our grantmaking capacity—reduced though it is—for new grants in 2009.

Bob Weiss
*Vice President
Administration*

STAFF

Besides the reduction in grant dollars available, we do not anticipate any broad changes to our grantmaking this year. Our existing strong preference for program grants versus capital projects will remain. We are not planning any economy-related changes in grantmaking, such as funding only food and shelter needs. The lion's share of our giving is already devoted to social services, and we will continue to fund across our six focus areas (aging, arts, children, education, indigent, and nonprofit capacity). The board and staff here will continue to monitor the condition of the nonprofits and communities we serve as the year progresses, however, to determine if adjustments are necessary in these extraordinary times.

Michelle D. Monse
President

Laura Duty
Program Officer

Barbara H. Hall
Accounting Manager

Carolyn Mott
Office Manager

What we don't know. If our oil and gas income falls considerably short of projections, or our equity portfolio does not stabilize, we may have to adjust our 2009 grants budget downward by the end of the year. We award grants in June and December, so we should have a better idea of how we're doing, and whether we need to respond further, when we make our first 2009 grant awards in June.

It's far too early to say what will happen in 2010. If the markets do not begin to level out this year, or oil prices plummet, we may need to reduce both our grant and



operating budgets again in 2010. As a private grantmaking foundation, we do not raise new dollars from the public to make up our losses. Any recovery in our assets must come from recovery in the markets, which could take years.

If you have any additional questions about the King Foundation's grantmaking program for this year, please call the Foundation and ask to speak with either me or Laura Duty, our program officer. We will continue to post updates to our website if and when changes occur.

A final note. No one has ever accused me of being a Pollyanna, yet I do think some good may come from the present turmoil. The crisis is giving many people a newfound appreciation for nonprofits and the critical work your agencies do in our communities—like the trapeze artist who doesn't care about nets until his first fall from the high wire. When the economy turns around—as surely it will—that appreciation could give rise to a new wave of philanthropy and voluntarism.

Until then, let's all try to hang on, and hang together.

Sincerely,

A handwritten signature in blue ink that reads "Michelle D. Monse". The signature is fluid and cursive, with a large, stylized initial "M".

Michelle D. Monse
President