



REGAINING STABILITY

Federal, state, and local budget cuts will likely result in fewer safety nets for those suffering the effects of the recession. As people exhaust unemployment benefits and other forms of public assistance, nonprofits—including soup kitchens, shelters, and other community-based organizations—step in. These organizations often rely on government contracts, which are harder to come by since the recession. Foundation and individual giving are more important than ever in helping these community-based organizations continue to provide critical services.

Many foundations, ours included, spent the last year working to stabilize operations in the wake of losses resulting from the recession. The Foundation Center's report *Moving Beyond the Economic Crisis: Foundations Assess the Impact and Their Response* notes that a majority of grantmaking foundations cut back on operational expenses such as travel and staffing. However, only 12 percent of the foundations surveyed expected such changes to remain in place for more than a few years.¹

The William T. Grant Foundation did make strategic reductions to our operational expenses in 2010, as we did in 2009. We were short-staffed for the latter half of the year, realized some savings on Trustee-related expenses, continued to produce electronic rather than print versions of most publications, postponed some technology purchases and upgrades, and limited staff travel and conference attendance, as appropriate. We also gave smaller, but meaningful, raises to our non-senior employees.

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These choices allowed us to continue to support every high-quality grant proposal submitted that met our funding guidelines. Our staff has worked hard to ensure that we remain able to fund worthy projects. As we field applications, we pay special attention to those projects that would not be possible without our support. In some cases, we have strategically selected studies that need additional funding to reach their full potential. We are proud to report that our programmatic spending has remained at or near the levels seen in the years before the recession.

Maintaining our focus on funding high-quality research was made easier in 2010 by improvements in our asset levels, which began to rebound. Through smart investing and careful monitoring, we are slowly making our way back to pre-recession levels. The graphs illustrate our current and previous assets and allocations.

Looking Ahead

A recent report from the Foundation Center suggests that there will be a modest increase in giving by foundations in 2011, after a flat 2010.² In addition, a January 2011 article in *Philanthropy News Digest* reports that for the first time in four years, Americans plan to increase their charitable giving.³ This positive news reflects the tenacity and commitment of philanthropists.

Despite these positive signs, challenges remain for the philanthropic community. A recent survey from the Nonprofit Research Collaborative finds that 20 percent of nonprofits say their 2011 budgets will be lower than 2010.⁴ In addition, heated debates have arisen regarding government spending and income taxes. The charitable tax deduction has again come under scrutiny. If this tax break is eliminated or reduced, as proposed in the 2012 federal budget, it could significantly impact the philanthropic landscape. According to a recent survey by Dunham+Company, 48 percent of Americans said that the charitable tax deduction heavily influenced their decisions to give to charitable causes.⁵

This economic crisis has brought the importance of giving to the fore. New technologies have made it easier to support causes, and many Americans continue to contribute. As the economy improves, we hope the Foundation Center's predictions bear out and giving by both foundations and individuals does increase—regardless of any legislation or tax policies.

Fortunately, the William T. Grant Foundation is insulated from many of the pressures created by the recession. We are a foundation in perpetuity, and we do not depend on charitable donations. At the same time, we do not exist in a vacuum. By monitoring the effects the economic crisis has had on our peer institutions, we have been able to determine where our resources will be most effective. We have tightened our belts, but avoided compromising our mission in the process.

In 2011, we will continue to weather the storm while planning for our future. We are proud of our staff's perseverance and flexibility and our Board's guidance. We recognize that such sacrifices are only short-term solutions. Throughout the coming year, we will carefully monitor our budget and assets. However, we feel that we are in a strong position to do so while playing a key role in the social science research field.



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- 1,2. Lawrence, S. (November 2010). *Moving Beyond the Economic Crisis: Foundations Assess the Impact and Their Response*. The Foundation Center.
- 3,5. Americans more optimistic about giving in 2011, survey finds. (2011). *Philanthropy News Digest*, January 19, 2011. Retrieved from <http://foundationcenter.org/pnd/news/story.jhtml?id=322100003>
4. Schnaidt, V. (2010, November 29). Charities seeing slight recovery in giving, but not enough to keep up with demand or budget cuts. Retrieved from <http://foundationcenter.org/media/news/20101129.html>

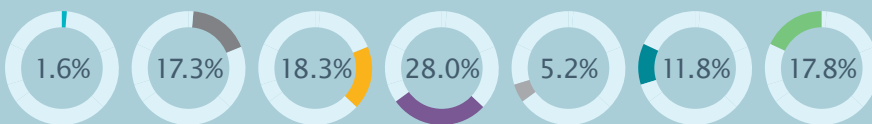
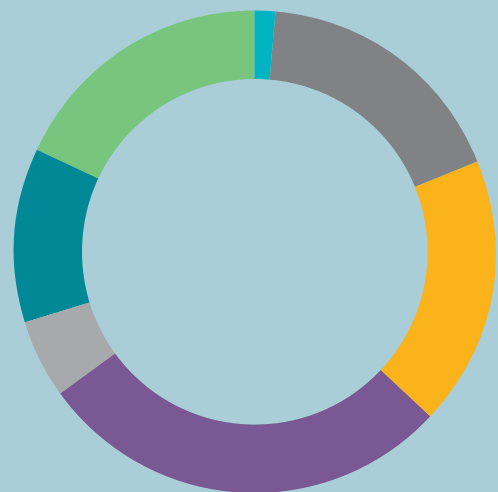
REGAINING STABILITY

TOTAL ASSETS JANUARY 2008–DECEMBER 2010
MONTHLY AVERAGE \$271,758,839



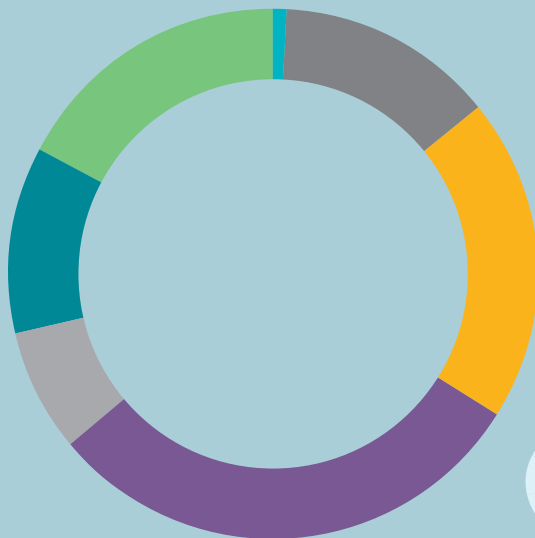
ASSET ALLOCATION 2009
\$266.7 MILLION

- CASH 1.6%
- FIXED INCOME 17.3%
- PRIVATE EQUITY 18.3%
- HEDGE FUNDS 28.0%
- EMERGING MARKETS EQUITY 5.2%
- GLOGAL EQUITY 11.8%
- U.S. EQUITY 17.8%



INVESTMENT PORTFOLIO PERFORMANCE 2006–2010

AVERAGE RATE OF RETURN



ASSET ALLOCATION 2010

\$293.1 MILLION

- CASH 1.1%
- FIXED INCOME 13.1%
- PRIVATE EQUITY 19.8%
- HEDGE FUNDS 30.2%
- EMERGING MARKETS EQUITY 7.3%
- GLOBAL EQUITY 11.4%
- U.S. EQUITY 17.2%

