

LETTER FROM THE BOARD CHAIR

The Kresge Foundation—in fact, in my view, probably all foundations—exists for times like these. Times defined by crisis and great need.

For the last three years, Kresge has been expanding its grantmaking to better address society's most intractable problems. Our perspective has been to take the long view, one of the hallmarks of strategic philanthropy. But in September 2008, at our third-quarter board meeting, and barely two weeks into the burgeoning economic crisis, something told us we were dealing with a reality the likes of which none of us had ever seen.

We vowed then and there to quickly get a sense of what the nonprofit sector was facing—and then to develop ways to help. We sensed, correctly, that nonprofits would be confronted with a combination of immediate needs and long term concerns, all caused or exacerbated by the economic turmoil that was unfolding. And we agreed we would attend to these issues while not neglecting our newly established long-term priorities.

Within weeks, we surveyed our grantees and asked them to assess their situations—and Rip Rapson, Kresge's president and CEO, renewed our commitment to stand with them during the crisis in an open letter posted on our Web site. He continues to update the nonprofit community in this way every few months; meanwhile our program teams work one-on-one with those who expressed great need. We are doing what we vowed to do. We are helping.

I am very proud of our response—what we did, how we did it, and how we continue to step up. For an organization that is 85 years old in 2009, this operational agility is truly remarkable. We realize now that the strategic work we have been pursuing these last three years has prepared us well for this new world with more demands and far fewer resources.

Our values criteria has focused our efforts on the poor and disadvantaged in this country, the deterioration of our cities and rural areas, and the health of our planet. Our expanded grantmaking methods—growth capital, operating and program support and program-related investments among others, as well as the facilities capital challenge grant—offer us the flexibility to help in ways most useful to an organization. And, our team structure and staff of subject-matter experts who are deeply immersed in our fields of interest make us better able to work more precisely and effectively on the ground.

Through a stronger network of partnerships and connections with our grantees, we can readily get the lay of the land; we know the thought leaders and we can



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expeditiously assess where our money or influence should go. These relationships enhance our ability to put our resources to the highest and best use—to have one plus one always add up to more than two.

Well before the extent and severity of the economic downturn was apparent, we pledged to maintain our 2009 grantmaking at the levels awarded in 2007 and 2008.

Although our assets have fallen, we have taken actions to protect our own financial capacity and, as a result, our endowment is secure.

Had anyone told me, as I was writing my letter for the 2007 annual report, that within 12 months the sustainability of the nonprofit sector would be in question, I wouldn't have believed it.

Thankfully, our mission to promote human progress allows us the greatest latitude to prioritize and innovate without abrogating our founder's wishes. That was the wisdom of Sebastian Kresge. With this freedom, we are focusing our immediate efforts in the human services arena—food, shelter, and emergency assistance.

Like our grantee constituencies, we are wrestling with issues we have never wrestled with before. And we don't have all the answers. But it is precisely because of these uncertain circumstances that the job of the Kresge Foundation is crystal clear: to help keep nonprofit organizations healthy so they, in turn, can serve and sustain those who are suffering and in need. That is our motivation. That is our passion. That is our duty.

Never before have I been more grateful for and reliant on my fellow trustees and our CEO than I have been this past year. Their judgment and dedication to doing what is right is unparalleled, as has been their willingness to put in the time and effort to properly position the foundation for strength in these very difficult times.

If ever there was a time for us to step up and lead, it is now. And that is exactly what we are doing.

A handwritten signature in black ink, appearing to read 'E. Rosen'.

Elaine D. Rosen
Chair