

**Board and Staff Talking Points:
Economy Impacts the Community Foundation**



In response to articles featured in the [Indianapolis Star](#) and other media, board and staff members may receive questions about how the Community Foundation is doing. Below please find information that may be helpful to you when you are fielding these questions. Please also feel comfortable referring people to me directly.

There are three basic messages:

1. We are okay.
2. Now is a great time to establish a new endowment.
3. Although we have operating reserves, contributions for the operations of the Community Foundation are needed again.

Below please find additional information for those who inquire in more depth:

The Community Foundation is being challenged by market losses. By the end of February 2009, the market had lost 50% since October 2007; and the Community Foundation had lost 32%. In 2008 alone, the market lost 35% and the Community Foundation lost 25%. These loss rates compare favorably with the losses endured by other foundations in the state, and the Community Foundation has policies and contingency plans that allow it to take these fluctuations in stride. We expect to emerge from this downturn stronger and wiser.

The Putnam County Community Foundation has a diversified and disciplined investment program.

Based on 100 years of careful market data and research, the Community Foundation's investment portfolio has produced returns over the years ranking it among the best in the state. At the end of 2007, the Putnam County Community Foundation reported returns averaging nearly 9% annually since inception in 1985. This is the most serious economic downturn we have faced as an organization; we will be carefully reviewing our policies and procedures in the light of new information.

The Community Foundation will continue to award grants and scholarships. Since grants and scholarships are awarded based upon a percentage of the endowment fund balance over a period of three years, a shrinking endowment will eventually shrink grants. Although allowed 4.5% by policy, we are encouraging endowments to grant only that which is absolutely necessary. The more that is awarded from an endowment, the less will be available for granting in the future. Endowment fund contacts have been asked to demonstrate informed consent for grants this year.

The Community Foundation has taken a proactive response to the possibility of urgent local human need as a result of the recession. The Board of Directors shifted discretionary granting priorities to focus on urgent human needs, such as food, shelter, utility assistance, health care and job retraining.