



THE LOIS ROTH ENDOWMENT

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Dear Friend of Lois:

Our sixteenth year was saddened by the September catastrophe. When Lois and I worked in Iran, the roots of 9-11 were all too clear to us; 30 years ago, most of our public work and private goals focused on strengthening human structures in an expanding middle class, to reduce the danger from the dismaying poverty, the powerlessness and the *anomie* we saw all around us, even in the promising Persian experiment of the late 1960s. Lois' faith in education and human growth informs and inspires this endowment's work. Yet September reminded us how little we can accomplish in the face of overwhelming need.

World turmoil in 2001 meant that the markets again buffeted our holdings. We stayed a step ahead of the indexes, but total return slipped to 1.55%, after last year's 1.7%, and total worth to \$457,750. While our prudent portfolio (36% in equities, 62% in fixed income and 2% in cash), kept income flowing, equity-holdings fell by 9.8%.

To no one's surprise, contributions declined as well. Economic and political uncertainties explain an alarming 3-year slide of 42% in donations since calendar 1999: in '99, 73 donors gave \$9200; in '00, 62 gave \$7650; and in '01, 51 stalwarts contributed \$5400. Added to our fixed-income assets, earning at 7.5%, this produced income of more than \$26,000.

We were thus able to continue the gradual program expansion set off by the Carroll bequest, while investing in growth. Program expenditures rose to nearly \$18,000, of which 8.7% went into administration, including our website experiment. Among other indicators of cost, our program has outgrown the traditional two-page annual review.

A dedicated board, our major asset, stands firmly committed to riding out the turbulence. This year we continue to explore longer-range Endowment questions, looking over the horizon. We are seeking the right younger members for the board and thinking about additional sub-committees, e.g. for help with alumni relations.

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Every charitable institution in America has been thrown off stride by the events of 2001. These leaner times make it clearer than ever that your contributions remain our only path to continued growth and vitality. Persuasive requests for assistance come to us from many quarters, but without growth we must turn them aside. We are convinced that our work, investing in the human structures which underpin any imaginable world of peace, is going in the right direction. And our management continues to maintain its low-load quality, with 95% of income available for program.

Several donors have asked whether their contributions might be earmarked for specific projects. Indeed they may. In the enclosed review, an asterisk (\*) marks projects for which we have already established free-standing sub-funds. New funds, thematic or country-oriented, can certainly be established and set aside, but only when we have accumulated \$1000 or more for that purpose; sub-funds are grow at the same rate as our portfolio.

Beyond pride in our past, we are painfully aware of how much more we could do. Please help us move ahead, either by regular annual contributions, by gifts of appreciated securities, by larger gifts like the Thomson and Carroll bequests or by fundable ideas and projects.

As usual, we owe much to many. Special thanks to Mischa Ringland, for help in working out kinks in the second year of our website experiment, which even in its rudimentary state got 28 "hits" last month, retaining visitor attention for an average of 12.7 minutes. But technology has not yet solved our mailing-list problems--over 10% of last year's annual reports were returned for better addresses. Please let us know where you and your friends can be located. We are especially weak on former grantees, mainly graduate students who have moved on since their grants.

Thanks go as well to the cooperating institutions all over the world without which our strategy of mini-grants would not be impossible. We are grateful as always for our Selection Committee, chaired by Dr. Arndt-Briggs, for our faithful legal advisor Jeffery Yablon of Shaw Pittman, and for Michael Weiser Associates, accountants. To loyal board colleagues, my deepest gratitude.

With best regards.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Dick", written in a cursive style.

Richard T. Arndt, Chairman