



Oklahoma City

Community
Foundation

Sound investment performance adds value to charitable gifts

The investment committee of the Oklahoma City Community Foundation is committed to ensuring the continued growth of the Foundation's assets.

The Foundation has a long history of continued growth and financial strength, which demonstrates both the commitment of donors and the added value of strong investment performance.

The combined funds of the Community Foundation are considered by the Trustees to be the "community's endowment." They are entrusted with ensuring that these funds perform well and provide perpetual funding for local non-profits, at the same time utilizing donors' gifts in a way that adds value to the contributions. This makes the Community Foundation a simple and flexible vehicle for donors' financial planning goals, as well as for their charitable interests.

A diversified investment portfolio is managed by the trust departments of three banks:

NationsBank, Bank One/Liberty Bank and Bank of Oklahoma. An independent investment counsel, James K. Hotchkiss of Hotchkiss & Associates in Chicago, helps set investment policy and monitor investment performance.

The funds are pooled so that the smallest fund receives the same investment services as the largest, and the Foundation is able to provide fund management services to donors at a nominal cost. The Investment Committee reviews fund performance quarterly based on the investment objectives of the Community Foundation.

For fiscal year 1997, the pooled investment funds had a total return of 19.43 percent. In the past seven years, the average fund has increased in value by more than 88.4 percent through investment performance and additionally has received cash distributions of 42 percent.

Grant distributions are expected to reach \$8 million in fiscal 1998.

Since 1985, the Community Foundation's assets have increased from \$20 million to more than \$247 million.

The long-term nature of the Community Foundation requires as one investment objective an investment policy which guards against the erosion of capital from inflation. Over the long term, equities appear to be the best available hedge against inflation.

A second and closely related investment objective is capital preservation. This objective directs that the portfolio of securities be of high quality and with relatively low risk of principal loss.

The Community Foundation, by accepting charitable funds which are intended to provide annual endowment support for a number of charitable organizations, needs a continuing source of income to provide this support. This income should be provided while preserving principal.

Investment performance is

judged over a three to five year time horizon. Performance on equity investments is expected to exceed the Standard and Poor 500 Common Stock Index over a three to five year period. Performance on Fixed Income investments is expected to exceed the Lehman Intermediate Government/Corporate Bond Index over a three to five year period, and performance of cash investments (maturities of less than 12 months) are expected to exceed the Donahue Money Market Index on an annual basis. The Investment Committee expects the total return for a three to five year period to be in the top one-third of managers in a balance fund universe.

The report on the reverse side summarizes fiscal 1997 performance results.

The Community Foundation's growth and its impact on the community is a testament to the value good financial management adds to the generosity and careful planning of donors.

INVESTMENT COMMITTEE MEMBERS



George J. Records
Chairman of the Midland Group, and Chair of the Investment Committee of the Community Foundation.



J. Edward Barth
Attorney with Andrews Davis Legg Bixler Milsten and Price.



Raymond Hefner, Jr.
President, Chairman and CEO of Bonray, Inc.



James H. Holloman, Jr.
Attorney with Crowe & Dunlevy.



Eleanor J. Maurer
Longtime Treasurer of the Community Foundation.



James R. Tolbert, III
Chairman and President of First Oklahoma Corporation.

For more information, contact the Community Foundation offices at 405/235-5603.

OKLAHOMA CITY COMMUNITY FOUNDATION, INC.
Investment Performance
Pooled Investments

	<i>Percentage Returns</i>		
	Year Ended June 30, 1997	Three Years Ended June 30, 1997	Five Years Ended June 30, 1997
EQUITIES			
Community Foundation	30.71	28.83	17.85
Standard & Poor's 500	34.63	28.87	19.76
Indata Median	31.00	26.31	18.61
FIXED INCOME			
Community Foundation	7.17	7.21	6.43
Lehman Int. Gov. Corp.	7.25	7.52	6.53
Indata Median	7.88	8.08	7.02
TOTAL FUND			
Community Foundation	19.43	18.16	12.32
50% S&P/50% Lehman	20.49	18.07	13.16
Indata Median	19.99	18.23	13.76

Results given are for all Community Foundation Funds excluding those in separately invested supporting organizations. Special assets are also excluded. Equity performance is compared to the Standard and Poor's 500 Stock Index; fixed income performance is compared to the Lehman Intermediate Government Corporate Index; total return is compared to an equal weighting of these two. Indata is a universe of investment managers used widely to judge performance.

OKLAHOMA CITY COMMUNITY FOUNDATION, INC.
Combined Statements of Activities

	Year Ended June 30, 1997	Year Ended June 30, 1996
REVENUES AND SUPPORT		
Contributions	\$ 71,526,901	\$ 8,836,977
Investment income	6,508,649	5,462,336
Net investment gains	23,317,615	15,011,103
Other income	5,252	27,137
TOTAL REVENUES AND SUPPORT	101,358,417	29,337,553
EXPENSES AND DISTRIBUTIONS		
Grants and program services	5,400,861	6,202,525
Investment management fees	361,073	308,201
General and administrative	696,626	528,518
Development	93,000	83,000
TOTAL EXPENSES AND DISTRIBUTIONS	6,551,560	7,122,244
INCREASE IN UNRESTRICTED NET ASSETS	94,806,857	22,215,309
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR		
As previously reported	152,800,673	130,407,274
Adjustment for change to accrual method of accounting	(396,263)	(218,173)
Balance at beginning of year, as restated	152,404,410	130,189,101
UNRESTRICTED NET ASSETS AT END OF YEAR	\$247,211,267	\$152,404,410

For more information, contact the Community Foundation offices at 405/235-5603.