

# funding for the future



Oklahoma City  
Community  
Foundation

HELPING BUILD THE COMMUNITY'S ENDOWMENT

OCTOBER 2000

## Agency Endowment Program Leads the Nation

With total assets of \$119 million, the combined assets of the Designated Fund program and the agency Affiliated Funds form the largest agency endowment program in the United States. For 2000, the total distribution from these funds will be \$4.5 million to 240 different charitable organizations.

An endowment fund is a permanent charitable fund that provides ongoing support for a specific organization or charitable purpose. The Oklahoma City Community Foundation operates the Designated Fund program to provide local charities with a simple, efficient and effective way to develop and manage endowment contributions.

The program was started in 1979 when John E. Kirkpatrick offered \$25,000 to a number of organizations if they would match his contribution into a Designated Fund at the Community Foundation. That launched what would become the nation's most successful community-based endowment development program. More than 6,000 donors have contributed to the endowment funds over the last twenty years.

The Community Foundation's endowment program is unique because it offers so much more than an annual check. Based on a "value-added" approach to endowment management, the Community Foundation's Designated Fund program has the following features:

### ■ ENDOWMENT-SPECIFIC INVESTMENT AND DISTRIBUTION POLICIES

Endowments are different than savings accounts and retirement plans and investments need to be for a fund that will exist in perpetuity. Additionally, distributions need to be maximized over the long term. The Community Foundation's specialized endowment policies address these special needs.

### ■ DEVELOPMENT ASSISTANCE

The Community Foundation provides planned giving support and services to agencies with Designated Funds and helps promote these endowments to financial planners who work with clients on wills, trusts and other significant gifts. Matching opportunities provided by the Kirkpatrick Family through the years have also provided a unique opportunity to attract new donors to funds.

### ■ GRANTS AND PROGRAM ASSISTANCE

The Community Foundation has two grant programs specifically for agencies with Designated Funds. Agencies may participate in several valuable training and networking opportunities each year. In addition, all Designated Fund organizations are profiled on the Community Foundation's website, [www.occf.org](http://www.occf.org).

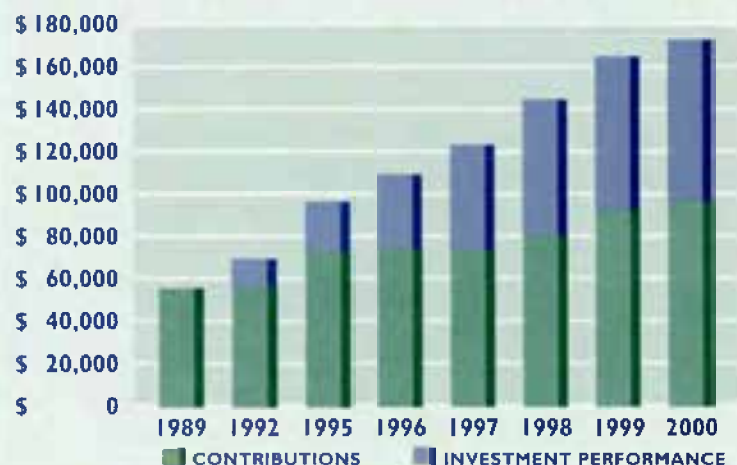
### ■ ADMINISTRATIVE AND SUPPORT SERVICES

All accounting and reporting services are provided, including annual reports to each organization and to each major donor. All contributions are acknowledged and the Community Foundation helps facilitate non-cash gifts of stock or other securities for any Designated Fund.

"As proud as we are of the size and continued growth of the program, we are just as proud that the number of Designated Fund agencies includes organizations from every sector and program area in Oklahoma City," stated Nancy Anthony, Community Foundation executive director. "The program represents the community both in terms of the wide range of donors who have supported it and the very diverse group of organizations that benefit."

The Community Foundation welcomes the participation of any non-profit organization in the Oklahoma City area that is interested in developing permanent endowment fund support.

GROWTH OF AVERAGE DESIGNATED FUND





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## *Investment and Distribution Policies are Developed Specifically for the Unique Characteristics of Endowment Funds*

**D**onors to endowment funds expect their gifts to provide perpetual funding for the agencies they are supporting. Stewardship of endowment assets requires policies for investments and distributions that work together to preserve the capital base of the endowment, provide growth to protect against inflation and generate distributions for the charitable purposes supported by the endowment. The Community Foundation focuses on both investment and distribution policies while managing these funds.

### **HOW ARE DESIGNATED AGENCY ENDOWMENT FUNDS INVESTED?**

All Designated Agency Endowment Funds are pooled with other Community Foundation funds and invested by professional investment managers. The Investment Policy calls for a portfolio of stocks and bonds that is highly diversified. Capital preservation and protection against inflation through long-term growth are the fundamental objectives of the Community Foundation's investment strategy.

Responsibility for investment policy and manager selection rests with a seven member investment committee composed of four trustees or former trustees and three non-trustee Oklahoma City investment professionals.

The investment committee for fiscal year 2000 was chaired by James H. Holloman, Jr. and included J. Edward Barth, Robert Butkin, George Records, Jeneé Naifeh Lister, Patrick Ryan, and G. Rainey Williams, Jr. Board President Bill Johnstone and Treasurer Raymond Hefner served as ex-officio members.

This committee, along with investment counsel James Hotchkiss and Associates, determines asset allocation between equities and fixed income. As of June 30, 2000, the percentage of the general pool invested in equities was 65 percent, with the balance in fixed income investments. To provide diversity in the portfolio, the committee addresses allocation as to different styles of equity management and chooses style-specific professional investment managers.

Investment portfolios and performance are reviewed quarterly by the investment committee, with the managers being judged on a time horizon of three to five years. Performance is measured against the Standard and Poor's 500 stock index for equities and the Lehman Intermediate Government/Corporate index for fixed-income investments.

*continued on back page*

## *Kirkpatrick Challenges Add More Than \$9 Million to Designated Funds*

**D**uring fiscal year 2000, 143 organizations with Designated Funds had an opportunity to receive matching contributions from John E. Kirkpatrick. All funds with a value of less than \$200,000 were included in the 1999 Kirkpatrick Challenge. More than 900 donors responded to the matching offer and a total of \$899,957 was raised. Mr. Kirkpatrick's matching gifts of \$1,025,340 added more than \$2 million to the funds and increased the value of the average participating fund by 16.7 percent.

This Challenge was the sixth in the last eight years that Mr. Kirkpatrick and his family have offered to Community Foundation Designated Funds. Originally done as a way to help smaller funds grow to a meaningful level, the challenges were broadened to include more than 200 different organiza-

tions during the six years. The total raised during these challenge years was \$9,653,681, including \$4.1 million from Mr. Kirkpatrick. The challenge contributions coupled with the Community Foundation's investment performance during this time period had caused the Designated Fund program to grow from \$22.3 million to \$49.5 million in total assets.

While there will be no broadly based matching program sponsored by the Community Foundation for fiscal year 2001, the Kirkpatrick Family Fund, an Affiliated Fund of the Community Foundation, accepts grant requests for matching contributions to Designated Funds. Any organization that wants to increase the value of its Designated Fund is encouraged to apply.

# funding for the future

# agency endowments

OCTOBER 1, 2000



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45th Infantry Division Association  
Educational Fund  
Aid for Individual Development  
Allied Arts Foundation  
Ambassadors' Concert Choir  
American Cancer Society  
American Diabetes Association  
American Lung Association of Oklahoma  
American Red Cross of Central Oklahoma  
Arcadia Historical & Preservation Society  
Areawide Aging Agency  
Arthritis Foundation, Oklahoma Chapter  
Arts Council of Oklahoma City  
B'nai B'rith Hillel Foundation  
Ballet Oklahoma  
Baptist Retirement Center  
Belle Isle Neighborhood Association  
Big Brothers Big Sisters of  
Greater Oklahoma City  
Boy Scouts of America -  
Last Frontier Council  
Camp Fire Boys & Girls -  
Heart of Oklahoma Council  
Canterbury Choral Society  
Casady School  
Catholic Charities of the Archdiocese  
of Oklahoma  
CELEBRATIONS! Educational Services  
Center for Nonprofit Management  
Central Oklahoma Association for the  
Deaf and Hearing Impaired  
Cerebral Palsy & Handicapped  
of Oklahoma  
Chamber Music in Oklahoma  
A Chance to Change

Child Abuse Response and  
Evaluation Center  
The Children's Center  
Children's Medical Research Institute  
Christ the King School  
Cimarron Circuit Opera Company  
Citizens Caring for Children  
City Arts Center  
City Rescue Mission  
Civic Music Association  
Coffee Creek Riding Center  
Community Health Center/Mary  
Mahoney Health Center\*  
Consumer Credit Counseling Service  
Contact Crisis Helpline  
Crimestoppers  
Crown Heights-Edgemere Heights  
Neighborhood Association  
Daily Living Centers  
Deaconess Hospital  
Deer Creek Community  
Enrichment Foundation  
Edmond Historical Society\*  
Edmond Public Schools Foundation, Inc.  
The Education Employment Ministry  
Eldercare Access Center  
Epilepsy Association of the Sooner State  
Exchange Club Child Abuse  
Prevention Center  
Executive Women International  
Fellowship of Christian Athletes  
Fine Arts Institute of Edmond  
Firststep-Oklahoma City Metro Alliance  
for Safer Cities  
Foundation for Senior Citizens  
Free to Live

Friends of Martin  
Park Nature Center  
Friends of the  
Metropolitan  
Library System  
Friends of the Oklahoma  
Historical Archives  
Genesis Project  
Red Lands Council of Girl Scouts  
William Fremont Ham Gardens  
and Homestead  
Guy Fraser Harrison Academy for  
the Performing Arts  
Heritage Hall School  
House of Representatives Campaign  
for Oklahoma Kids  
Humanities in Oklahoma  
Individual Artists of Oklahoma  
Infant Crisis Services  
Institute of International  
Education  
Integris Baptist Medical  
Center of Oklahoma  
Integris - James L. Hall Center for  
Mind, Body and Spirit  
Integris Southwest Medical  
Center Foundation  
International Photography Hall of  
Fame & Museum  
Jacobson Foundation  
Jesus House  
Jewish Federation of Greater  
Oklahoma City  
Junior Achievement of Greater  
Oklahoma City  
Junior Hospitality Club  
Junior League of Oklahoma City  
Kerr-McGee Swim Club  
Kirkpatrick Center  
Kiwanis Club of Oklahoma City\*  
Erna Krouch Preschool  
Ladies Music Club  
Langston University Development  
Foundation  
Lawton Philharmonic Orchestra  
Leadership Oklahoma City  
Leadership Oklahoma City/  
Youth Leadership Exchange Program\*  
League of Women Voters of Oklahoma\*  
Legal Aid of Western Oklahoma  
Leukemia and Lymphoma Society  
Library Endowment Trust  
Lutheran Social Service of Kansas  
and Oklahoma  
Lyric Theatre of Oklahoma  
Make Promises Happen/  
Central Oklahoma Christian Camp  
Make-A-Wish Foundation of Oklahoma

## DESIGNATED FUNDS REPRESENT A CROSS SECTION OF THE COMMUNITY

| Area            | Agencies | Fund Value      | % of Total |
|-----------------|----------|-----------------|------------|
| Education       | 37       | \$ 14.4 million | 29.9       |
| Social Services | 62       | \$ 11.0 million | 23.6       |
| Civic           | 49       | \$ 8.3 million  | 17.4       |
| Cultural        | 31       | \$ 5.9 million  | 12.2       |
| Health, Medical | 25       | \$ 5.8 million  | 12.2       |
| Youth           | 11       | \$ 2.2 million  | 4.7        |



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# agency endowments *continued*

Mayfair Center  
 McCall's Chapel School\*  
 Dean A. McGee Eye Institute  
 Bishop McGuinness High School  
 The Meadows Center for Opportunity  
 Melton Art Reference Library  
 Mental Health Association in  
 Oklahoma County  
 Mercy Health Center  
 Jasmine Moran Children's Museum  
 Morris Animal Foundation  
 Mount Saint Mary High School  
 Myriad Gardens Foundation  
 National Cowboy Hall of Fame  
 National Multiple Sclerosis Society  
 Oklahoma Chapter\*  
 National Society of Colonial  
 Dames of America  
 The Nature Conservancy of Oklahoma  
 Neighbor for Neighbor of Oklahoma City  
 Neighborhood Alliance  
 Neighborhood Services Organization  
 The Ninety-Nines  
 Oklahaven Children's Chiropractic Center  
 Oklahoma Air and Space Museum  
 Oklahoma Archeological Survey  
 Oklahoma Arts Institute  
 Oklahoma Baptist University  
 Oklahoma Children's Theatre  
 Oklahoma Christian University  
 Oklahoma City All Sports Association  
 Oklahoma City Art Museum  
 Oklahoma City Beautiful  
 Oklahoma City Community College  
 Oklahoma City/County Historical Society  
 Oklahoma City Literacy Council  
 Oklahoma City Orchestra League  
 Oklahoma City Police Athletic League  
 Oklahoma City Public Schools Foundation  
 Oklahoma City University  
 Oklahoma City University Film Institute  
 Oklahoma City University School of Law  
 Oklahoma Community Theatre Association  
 Oklahoma County Bar Foundation  
 Oklahoma County Senior Nutrition Program  
 Oklahoma FFA Foundation\*  
 Oklahoma Foundation for the Education  
 of Blind Children and Youth  
 Oklahoma Foundation for Excellence  
 Oklahoma Foundation for the Disabled  
 Oklahoma Goodwill Industries  
 Oklahoma Halfway House  
 Oklahoma Heritage Association  
 Oklahoma Historical Society  
 Oklahoma Horticultural Society  
 Oklahoma League for the Blind\*  
 Oklahoma Lions Service Foundation  
 Oklahoma Lupus Association  
 Oklahoma Medical Research Foundation  
 Oklahoma Museums Association

Oklahoma Philharmonic Society  
 Oklahoma School of Science and  
 Mathematics  
 Oklahoma Shakespeare in the Park  
 Oklahoma Society for Crippled Children  
 Oklahoma State Firefighter's Museum  
 Oklahoma Visual Arts Coalition  
 Oklahoma Westerners Indian Territory Posse  
 Oklahoma Youth Symphony  
 Oklahoma Zoological Society  
 Oklahomans for Special Library Services  
 Omniplex Science Museum  
 Opportunities Industrialization Center  
 Oklahoma State University College of  
 Civil & Environmental Engineering  
 Oklahoma State University-Oklahoma City  
 Overholser Mansion  
 Paseo Artist Association, Inc.  
 Payne Education Center  
 Planned Parenthood of Central Oklahoma  
 Positive Tomorrows  
 Prairie Dance Theatre  
 Presbyterian Urban Mission  
 Putnam City Public Schools Foundation  
 Rainbow Fleet  
 Red Earth Indian Center  
 Redbud Foundation\*  
 Redlands Community College\*  
 The Referral Center for Alcohol &  
 Drug Services  
 Regional Food Bank of Oklahoma  
 Retired & Senior Volunteer Program of  
 Oklahoma County  
 Dale Rogers Training Center  
 Rosary Catholic School  
 Rotary Foundation of Oklahoma City  
 Sacred Heart School-El Reno\*  
 Salvation Army  
 Salvation Army Boys & Girls Club of  
 Oklahoma City  
 Scope Ministries  
 Skyline Urban Ministry  
 Southeast Area Health Center  
 Special Care  
 Speck Homes  
 St. Anthony Hospital Foundation  
 St. Charles Borromeo School  
 St. Elizabeth Ann Seton Catholic School

St. Gregory's University  
 St. James School  
 St. John Christian Heritage Academy  
 St. John's Episcopal School  
 St. Mary's Episcopal School of Edmond  
 Sugar Creek Camp  
 Sunbeam Family Services  
 Traveler's Aid Society  
 The Tree Bank  
 Trinity Episcopal School  
 Francis Tuttle Vo-Tech Foundation  
 United Cerebral Palsy  
 United Methodist Boys Ranch  
 United States Air Force Academy  
 United States Military Academy  
 United States Naval Academy  
 United Way of Metro Oklahoma City  
 University of Central Oklahoma Foundation  
 University of Oklahoma -  
 Bizzell Memorial Library  
 University of Oklahoma -  
 Fred Jones, Jr. Museum of Art  
 University of Oklahoma - Marching Band  
 University of Oklahoma - Naval ROTC  
 University of Oklahoma College of  
 Medicine Alumni Association  
 Urban League of Greater Oklahoma City  
 US Navy E6-A Squadron  
 USS Oklahoma City  
 Variety Health Center  
 Villa Teresa School  
 Visiting Nurses Association  
 Westerners International  
 Westminster School  
 Willow Springs Boys Ranch  
 Work Activity Center  
 World Neighbors  
 YMCA of Greater Oklahoma City  
 Youth Services for Oklahoma County  
 YWCA of Oklahoma City

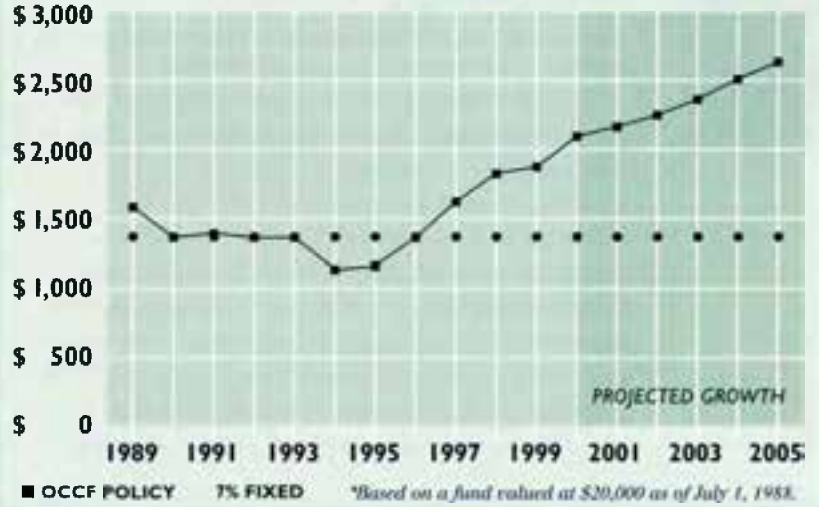
*\*Indicates new funds since January 1, 2000*

**For more information about  
 the Oklahoma City Community Foundation and the  
 endowment funds, visit our website at:  
[www.occf.org](http://www.occf.org)**

## DESIGNATED FUND PROGRAM AT A GLANCE

|   | 1995           | 2000           |
|---|----------------|----------------|
| Total Assets of Designated Fund Program           | \$22.3 million | \$49.5 million |
| Number of Funds                                   | 231 Funds      | 286 Funds      |
| Average Fund Size                                 | \$96,629       | \$173,027      |
| Average Cash Distribution                         | \$3,966        | \$7,588        |
| Total Program Distributions                       | \$916,286      | \$2,132,753    |
| Funds valued at \$100,000 or more                 | 67             | 165            |
| Investment performance as a percent of fund value | 28 percent     | 43 percent     |

## GROWTH IN DISTRIBUTIONS Annual Cash Distributions on \$20,000 Fund\*



## Spending Policy Shows Dramatic Results After Twelve Years

In fall 1989, the Community Foundation announced a distribution policy that changed from an arbitrary fixed rate distribution with no earnings allocation to a policy that added investment performance to funds and based the cash distribution on 5 percent of the average market value. A minimum distribution was guaranteed for four years to insure that no organization received less than 7 percent on its original contributions.

In spite of the guarantee and the possibility of significant fund-value growth, many organizations feared the Community Foundation's policy would result in significantly lower cash distributions. Citing the example of some of the

country's largest endowment funds, the Community Foundation Trustees held fast to the policy.

After 12 years, the results are dramatic. The value of a \$20,000 fund in 1989 would have grown to \$46,208 in 2000. Additionally, cash distributions of \$18,372 (see chart above) would have been made from the fund, making the total investment return \$44,580 for 12 years. In comparison, the same \$20,000 invested in a fixed-rate 7 percent investment fund would have returned a total cash distribution of \$16,200 and would still have a value of \$20,000. The comparison of total return is 222 percent for the spending policy and 84 percent for the fixed rate fund.



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NAME \_\_\_\_\_ PHONE \_\_\_\_\_  
ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

I would like to make a contribution in the amount of \$ \_\_\_\_\_ to the:

- Fund for Oklahoma City
- Designated Endowment Fund of: \_\_\_\_\_
- Other (specify): \_\_\_\_\_

This gift is:  IN MEMORY OF: \_\_\_\_\_  
 IN HONOR OF: \_\_\_\_\_

Please send an acknowledgment of this gift (without reference to amount) to:

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_  
STATE \_\_\_\_\_ ZIP \_\_\_\_\_

Your contribution is fully tax-deductible. • Make checks payable to: Oklahoma City Community Foundation

In accepting a contribution to any fund, the Trustees of the Community Foundation commit to the donor that the contribution will be protected for the charitable purpose originally intended. The variance power, as described in the governing documents of the Community Foundation, assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community.



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## HOW ARE DISTRIBUTION AMOUNTS FROM DESIGNATED AGENCY ENDOWMENT FUNDS DETERMINED?

Cash distributions are based on a spending policy that calls for distributing 5 percent of the market value of the fund, averaged over the previous eight quarters. The remaining investment return is left in the fund. This increase in fund value protects the future income stream from the effects of inflation. Historical trends in the marketplace indicate 5 percent is an appropriate amount to distribute while still maintaining the purchasing power of the fund. This is based on the assumptions that total investment performance over many years for a balanced portfolio can reasonably be expected to average at least 8 percent, and

that inflation over time will average 3 percent.

The annual distribution from the fund is predictable because the amount is not tied to current income, which fluctuates due to shifts in market conditions, but is based on a rolling quarter average of the fund's market value, adjusted for additional contributions.

By using a spending policy based on market value rather than current income, there is no need to have a higher percentage of fixed income securities in the portfolio simply to produce more current income versus capital appreciation. Fixed incomes typically produce more interest income than equities produce dividends. However, equities historically outperform fixed income investments in the long run. Total investment return can be maximized by focusing on building significant capital appreciation.

*The ultimate goal is to provide the maximum number of dollars to the agency over a long time horizon.*

## Appreciated Securities: A Simple and Effective Way to Give

Gifts of many types of assets to the Community Foundation are simple to make and can benefit a variety of purposes. A single gift can be used to support several non-profit organizations or charitable causes.

Contributions can be directed into a permanent endowment fund, with distributions made from investment return, or a "pass-through" fund, in which the principal is distributed.

The tax benefit is realized in the year of the gift, yet income from the fund can be distributed to specific causes or charities at any time in the future.

A gift of appreciated stock is one of the best gifts a donor can make in terms of tax savings. The value of stocks held in many portfolios has increased significantly. By giving this type of asset, a donor can realize

significant tax savings, while maximizing the charitable benefit.

Gifts of long-term capital gain assets are deductible at fair market value, subject to a 30-percent adjusted gross income ceiling. In addition, by giving this type of asset, the capital gains tax is avoided.

Giving a gift of appreciated securities is an especially easy way to give to a fund at the Community Foundation. Accounts are maintained at several brokerage firms to facilitate transfers. After the security is in the Community Foundation account, arrangements are made for the stock to be sold so the proceeds can be moved to an investment pool.

Transferring appreciated stock can be as easy as picking up the telephone. Call Carla Pickrell at 405/235-5603 to find out more about this tax-saving option. It may just be the easiest charitable gift you've ever made.

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