

Charitable Organization Endowment Program Report

Helping you help the community



OKLAHOMA CITY COMMUNITY FOUNDATION | SEPTEMBER 2008

Experiencing the Impact of Endowment

In 2008, the Oklahoma City Community Foundation will distribute a total of \$5.45 million to 285 charitable organizations participating in our Charitable Organization Endowment Program. And while that figure underlines the power of endowment on the community as a whole, the impact the annual distributions have on the individual organizations is tangible.

"I think realizing just how directly and intimately an endowment affects an organization and the community it serves really drives home the power of endowment," says Nancy B. Anthony, executive director of the Oklahoma City Community Foundation. "You can look at the overall picture of 285 funds that receive \$5 million a year and that is certainly something to be proud of but it's in the individual stories of each organization and how they know each year they can depend upon this distribution that you really begin to sense the enormity of the impact."

Following are examples of how four organizations utilize their annual distributions.

Encouraging Students to Read

The Friends of the Mustang Public Library created their endowment in 2006 with the intent that the annual distribution would help offset costs associated with the library's summer reading program. The program works to keep students' reading skills at the same level or higher during the summer break so when they return to school in August their reading skills are intact. "We are dedicated to growing our endowment until it will cover the entire cost of the program," says Carolyn Klepper, president of the organization. "While the Friends of the Mustang Library might not always be around, the endowment will always be there. That's the importance of an endowment."

Promoting Fitness

The Fitness Buddies Program is a volunteer program that engages fourth and fifth grade students in physical activity and is coordinated by the Schools for Healthy Lifestyles, a nonprofit initiative. Part of the mission of the Oklahoma Physical Therapy Foundation is to encourage exercise and fitness activities among children so they lead healthier adult lives. In 2007, the foundation made a grant to support the expansion of the Fitness Buddies Program into more elementary schools. The organization also uses its annual distribution to support scholarships for students studying physical therapy.

"Our endowment has enabled us to begin realizing our goals of providing scholarships and supporting programs addressing the health and well-being of the community," says Muffin McNeil, treasurer.



The Francis Tuttle Foundation uses its annual distribution to provide scholarships for students attending Francis Tuttle Technology Center and are in need of financial aid. Each year, the foundation awards 30 scholarships that cover tuition costs. Once a student is awarded a scholarship, they will continue to receive the support until they graduate as long as grades and attendance remain good.

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Experiencing the Impact of Endowment

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Helping Students Reach Their Goals

Thanks to the annual distribution it has received each of the past 15 years, the Francis Tuttle Foundation is able to offer up to 30 scholarships a year for Francis Tuttle Technology Center students who are unable to pay tuition. "We have a number of students who wouldn't be able to continue their studies if it wasn't for the availability of these scholarship funds," says Dr. Tom Friedemann, foundation director. "Without the scholarships, these students would have to go back to low income jobs or menial labor."

Saving For the Future

There are several organizations who choose to re-invest their annual distribution money back into their endowment. "Our goal is to grow the endowment until the annual distribution eventually pays for all of the maintenance in the neighborhood," explains Alan Kirkpatrick, president of the Crown Heights-Edgemere Heights Neighborhood Association. "We take great pride in maintaining our landscape and our involvement in the Oklahoma City Community Foundation's endowment program allows us to realize our goal of making the backdrop of our neighborhood appealing to everyone."



Residents and volunteers prepare the flowerbeds in the parks and medians within the Crown Heights-Edgemere Heights neighborhood. The group is re-investing its annual distribution until the endowment is able to fund yearlong maintenance for the neighborhood.

For more information on the Charitable Organization Endowment Program, please contact Gayle Farley at 405/606-2910 or g.farley@occf.org. For a complete list of participating organizations, please see pages 3-4 or visit www.occf.org/centraloklahomacharities.

Understanding Endowments and the Benefits They Provide

In the simplest terms, an endowment is a permanent fund that is invested and managed to provide annual income to a charitable organization in perpetuity. Entities such as universities, churches and charitable organizations rely upon the steadiness of endowments to help provide financial stability to ensure long-term success. The four organizations featured in the page 1 article illustrate how their endowments play a specific and integral role in their present and future plans.

At the Oklahoma City Community Foundation, we believe that to fully appreciate the value endowments provide, you understand the three key elements of endowment: **permanence, investment and annual income.**

Permanence – The importance of an endowment lies in its permanence. Because of its constancy, an endowment can act as a buffer against fluctuations in financial support. An endowment serves as a legacy for not only the donors who have contributed to the fund but also to the organization's importance and continued existence.

Investment – Because of the perpetual nature of an endowment, an investment strategy must allow the fund to generate distributions, grow to accommodate inflation and continue to exist in the future. *Please see our Investment Policy on page 7.*

In FY2008, the Oklahoma City Community Foundation will distribute more than \$5 million to the 285 organizations participating in the Charitable Organization Endowment Program. The average distribution is nearly \$11,000. This income will provide operating support so the organizations can continue to offer the important services that benefit our community both now and in the future. That's the power of endowment.

Annual Income – In order to ensure annual distributions, a strong investment strategy must be partnered with a spending rule that allows funds to capitalize on good investment years as well as protect against a low or negative market return. *Please see our Distribution Policy on page 7.*

Since 1969 the Oklahoma City Community Foundation has been the leading advocate and voice for building endowment funds in this area. Recognizing that endowments not only benefit the organizations over the long term but also help relieve other community resources of the need to support an annual operating budget, we continue to champion endowments by facilitating donor gifts for endowments, working with charitable organizations on promoting their endowment and encouraging planned gifts to their fund. We have also set the standard for investment performance and established a prudent spending policy that ensures the annual distribution of income.

Charitable Organization ENDOWMENTS

For more information on the organizations listed below, please visit www.occf.org/centraloklahomacharities.

As of August 1, 2008

Arts & Cultural Organizations

Allied Arts Foundation
Ambassadors' Concert Choir
Arts Council of Oklahoma City
Ballet Oklahoma
Canterbury Choral Society
Chamber Music in Oklahoma
Cimarron Circuit Opera Company
City Arts Center
Civic Music Association
Fine Arts Institute of Edmond
Guy Fraser Harrison Academy for the Performing Arts
Individual Artists of Oklahoma/Linda Jaeger Memorial
International Photography Hall of Fame & Museum
Jacobson Foundation
Jazz in June
Ladies Music Club of Oklahoma City
Lyric Theatre of Oklahoma
Melton Art Reference Library
Jasmine Moran Children's Museum
National Cowboy & Western Heritage Museum
National Cowboy & Western Heritage Museum/
Docent Council
OK Chorale
Oklahoma Arts Institute
Oklahoma Children's Theatre
Oklahoma City Museum of Art
Oklahoma City Philharmonic
Oklahoma City Orchestra League
Oklahoma Community Theatre Association
Oklahoma Museums Association
Oklahoma Shakespeare in the Park
Oklahoma Visual Arts Coalition
Oklahoma Youth Symphony
Paseo Artists Association
Prairie Dance Theatre
Red Earth
Science Museum Oklahoma

Community Development Organizations

Association of Fundraising Professionals
Cimarron Alliance Foundation
Crimestoppers of Oklahoma City
Executive Service Corps of Central Oklahoma
Executive Women International
Impact Oklahoma
Jewish Federation of Greater Oklahoma City
Junior Hospitality Club
Junior League of Oklahoma City
Kiwanis Club Special Activities
Leadership Oklahoma City
League of Women Voters of Oklahoma
Legal Aid Services of Oklahoma

Midwest City Rotary Foundation
National Society of Colonial Dames of America
in Oklahoma
The Ninety-Nines
99s Museum of Women Pilots
Oklahoma Center for Nonprofits
Oklahoma City All Sports Scholarship Relief
Oklahoma City Boathouse Foundation
Oklahoma County Bar Foundation
Oklahoma Lions Service Foundation
Redbud Foundation
Rotary Club 29 Foundation
U.S. Navy-E6A Squadron/Tinker Air Force Base
U.S.S. Oklahoma City
Women of the South

Education: Community Organizations

Friends of the Metropolitan Library System
Friends of the Mustang Public Library
Friends of the Norman Public Library
Institute of International Education
Library Endowment Trust
Oklahoma City Literacy Council
Oklahoma Humanities Council
Oklahomans for Special Library Services
Payne Education Center

Education: Preschool thru 12th Grade

Calumet School Foundation
Casady School
Celebrations Preschool
Christ the King Catholic School
Deer Creek Schools
Edmond Public Schools Foundation
El Reno Public School Foundation
Heritage Hall School
Erna Krouch Preschool
Markoma Christian Ministries
Bishop McGuinness Catholic High School
Midwest City-Del City Public Schools Foundation
Moore Public Schools Foundation for Academic Excellence
Mt. Saint Mary High School
Oklahoma City Public Schools Foundation
Oklahoma FFA Foundation
Oklahoma Foundation for Excellence
Oklahoma School of Science and Mathematics
Positive Tomorrows
Putnam City Public Schools Foundation
Rosary Catholic School - El Reno
Sacred Heart Catholic School
Special Care
St. Charles Borromeo Catholic School
St. Elizabeth Ann Seton Catholic School

St. James Catholic School
St. John Christian Heritage Academy/Waltine Lynette
Jackson Endowment
St. John's Episcopal School
St. Mary's Episcopal School of Edmond
Trinity School
Villa Teresa School
Westminster School

Education: College, Universities & Vocational Schools

Beta Eta Lambda Scholarship Foundation
of Alpha Phi Alpha
Hillel Foundation/University of Oklahoma
Langston University
Oklahoma Baptist University
Oklahoma Christian University
Oklahoma City Community College
Oklahoma City University
Oklahoma City University Film Institute
Oklahoma City University Law School
Oklahoma State University/School of Civil &
Environmental Engineering
Oklahoma State University - Oklahoma City
Opportunities Industrialization Center
Redlands Community College
Southern Nazarene University Scholarship
St. Gregory's University
Francis Tuttle Foundation
U.S. Air Force Academy/John E. Kirkpatrick Fund
U.S. Military Academy/John E. Kirkpatrick Fund
U.S. Naval Academy/John E. Kirkpatrick Fund
University of Central Oklahoma
University of Central Oklahoma/Department of History
and Geography Fund
University of Oklahoma/Medical College Alumni
Association
University of Oklahoma Norman Campus
Bizzell Memorial Library
Jerry Cooper Marching Band Scholarship
Fred Jones Jr. Museum of Art
Naval ROTC
University of Oklahoma Health Sciences Center
A. Kurt Weiss Lectureship

Environment & Animals Organizations

Best Friends of Pets
Choctaw Parks Foundation/Historical Sculpture
Gardens Perpetual Care
Free to Live
Friends of Martin Park Nature Center
Morris Animal Foundation
Myriad Gardens Foundation

Continued on next page

The Nature Conservancy/Oklahoma Chapter
Oklahoma City Beautiful
Oklahoma City Geological Foundation
Oklahoma Horticultural Society
Oklahoma River Foundation
Oklahoma Zoological Society
The Tree Bank

Health-Related Organizations

Alzheimer's Association/Oklahoma & Arkansas Chapter
American Cancer Society
American Diabetes Association
American Lung Association of Oklahoma
Arthritis Foundation/Oklahoma Chapter
Camp Cavett
The Children's Center
The Children's Center Foundation
Children's Medical Research Institute
Community Health Center/Mary Mahoney Memorial Health Center
Deaconess Home-Pregnancy and Adoption Services
Epilepsy Association of Oklahoma
Integris Baptist Medical Center of Oklahoma
Integris - James L. Hall, Jr. Center for Mind, Body & Spirit
Integris Southwest Medical Center
The Leukemia & Lymphoma Society
Lupus Foundation of America/Oklahoma Chapter
Dean A. McGee Eye Institute
Mercy Health Center
National Multiple Sclerosis/Oklahoma Chapter
Oklahaven Children's Chiropractic Center
Oklahoma Blood Institute
Oklahoma Brain Tumor Foundation
Oklahoma Community Health Services
Oklahoma Medical Research Foundation
Oklahoma Physical Therapy Foundation
Oklahoma Safe Kids Coalition
Planned Parenthood of Central Oklahoma
Prevent Blindness Oklahoma
Referral Center for Alcohol and Drug Services
Russell-Murray Hospice
St. Anthony Hospital
United Cerebral Palsy
Variety Health Center

History & Preservation Organizations

45th Infantry Division Museum
95th Division Foundation
99s Museum of Women Pilots
Arcadia Historical & Preservation Society
Break O'Day Farm and Metcalfe Museum
Cleveland County Historical Society
Edmond Historical Society
Friends of Oklahoma Historical Society Archives
William Fremont Harn Gardens and Homestead
Oklahoma Archaeological Survey
Oklahoma City/County Historical Society
Oklahoma Heritage Association
Oklahoma Historical Society
Oklahoma Historical Society/Guthrie Carnegie Library
Oklahoma History Center

Oklahoma Railway Museum
Oklahoma State Firefighter's Museum
Oklahoma Westerners Indian Territory Posse
Overholser Mansion
Preservation Oklahoma
Sillwater Museum Association/Sheerar Museum
Westerners International

Neighborhood Associations

Capitol View Neighborhood Association
Crown Heights-Edgemere Heights Neighborhood Association
Edgemere Park Preservation Area
Historic Brookhaven Neighborhood Association
Mesta Park Neighborhood Association
Neighborhood Alliance of Oklahoma City
Oklahoma City Housing Services Redevelopment Corp./Positively Paseo
Putnam Heights Preservation Area/Anderson Family Endowment
Shartel Boulevard Development Authority

Religious Organizations

4HIM - His Healing Helping Hands International Ministries
All Souls' Episcopal Church
LifeChurch.tv
Sisterhood of Temple B'nai Israel
Sisters of Benedict
Temple B'nai Israel Centennial Fund

Senior Adult Service Organizations

Areawide Aging Agency
Baptist Retirement Center
Daily Living Centers
Edmond Senior Community Foundation
Foundation for Senior Citizens
Oklahoma Alliance on Aging
Oklahoma County Senior Nutrition Program
RSVP - Retired & Senior Volunteer Program of Central Oklahoma

Social Services Organizations

Aid for Individual Development
American Red Cross of Central Oklahoma
CARE - Child Abuse Response and Evaluation Center
CASA of Oklahoma County
Catholic Charities of the Archdiocese of Oklahoma City
Central Oklahoma Association for the Deaf & Hard of Hearing
A Chance to Change
Citizens Caring for Children
City Rescue Mission
Coffee Creek Riding Center
Consumer Credit Counseling Services of Central Oklahoma
Catalyst Behavioral Services
Easter Seals of Oklahoma
EARC - Employment & Residential Centers
Exchange Club Center for the Prevention of Child Abuse
FIRSTSTEP

Genesis Project
Heartline
Hope Center of Edmond
Infant Crisis Services
Jesus House
Make-A-Wish Foundation of Oklahoma
Make Promises Happen/Central Oklahoma Christian Camp
McCall's Communities for Life Enrichment
Meadows Center for Opportunity
Mental Health Association of Central Oklahoma
NAIC - Center for Oklahoma Alcohol and Drug Services
Neighbor for Neighbor of Oklahoma City
Neighborhood Services Organization
Oklahoma Foundation for the Disabled
Oklahoma Foundation for the Education of Blind Children & Youth
Oklahoma Goodwill Industries
Oklahoma Halfway House
Oklahoma Lawyers for Children
Oklahoma League for the Blind
Peppers Ranch
Presbyterian Urban Mission
Rainbow Fleet
Rebuilding Together
Regional Food Bank of Oklahoma
Reliant Living Centers of Oklahoma
Dale Rogers Training Center
The Salvation Army
SAFY - Specialized Alternatives for Families & Youth
Scope Ministries International
Skyline Urban Ministry
Special Olympics Oklahoma
Speck Homes
Sunbeam Family Services
TEEM - The Educational and Employment Ministry
Travelers Aid and Homeless Assistance Center
United Methodist Boys Ranch
United Way of Central Oklahoma
Urban League of Greater Oklahoma City
Willow Springs Boys Ranch
Work Activity Center
World Neighbors
Youth Services for Oklahoma County
YWCA of Oklahoma City

Youth-Serving Organizations

Big Brothers Big Sisters of Greater Oklahoma City
Boy Scouts of America - Last Frontier Council
Boys & Girls Club of Oklahoma County
Camp Fire USA - Heart of Oklahoma Council
Chesapeake Swim Club
Denny Price Family YMCA of Enid
Fellowship of Christian Athletes
Girl Scouts - Western Oklahoma
Junior Achievement of Greater Oklahoma City
Oklahoma City Police Athletic League
Salvation Army Boys and Girls Club of Oklahoma City
Whiz Kids/City Care
YMCA of Oklahoma City
Youth Leadership Exchange

Program provides resources to enhance organizations

The Oklahoma City Community Foundation provides the following key services through the Charitable Organization Endowment Program:

Administrative and Support Services

We provide all accounting and reporting services for each endowment and for each major donor. All contributions are acknowledged and we help facilitate non-cash gifts such as stocks or other securities. Due to careful management, economies of scale and support from an administrative endowment, the annual fees for these services are a low 0.37 percent (37 basis points) of assets with fees scaling down for larger funds.

Capacity Building Program

The Capacity Building Program assists organizations with long-range planning, staff and board training, technology needs, program expansion and development and first-time audits. In addition, roundtable meetings are held throughout the year and provide free training opportunities, updates on relevant issues and serve as a forum for attendees to discuss common charitable organization issues.

Development and Communications

The Annual Report, which includes a complete listing of all charitable organization endowments, serves as the Oklahoma City Community Foundation's featured source of information to current and potential donors and the community as a whole.

The Charitable Organization Endowment Report is published each fall and is distributed to all donors, potential donors and community leaders. It lists all charitable organization endowments, provides information on services provided to charitable organizations and is an effective marketing tool used to encourage gifts to the funds.

In partnership with Cole & Reed, P.C., we coordinate Lunch for 2, a series of workshops for certified public accountants who work for or with charitable organizations. The workshops are free and provide two hours of continuing education credit for the attendees.

John Kirkpatrick Centennial Endowment Challenge

As part of the celebration of the 100th anniversary of our founder John Kirkpatrick's birth, the Kirkpatrick Family Fund and the Oklahoma City Community Foundation offered the John Kirkpatrick Centennial Endowment Challenge, a matching grant program for charitable organizations and scholarship endowment funds who wished to participate. Through the Challenge, we are offering a dollar-for-dollar matching grant of up to \$5,000 for contributions made to the organization's endowment between February 1, 2008 and December 31, 2008. That is a possible \$10,000 increase to each fund and a potential \$3 million total match. Contributions made by individuals, foundations and corporate donors qualify for the match. See contribution form on Page 8.

Revised Web site offers new features

In mid September, we launched a revised Web site at www.occf.org. Changes were made to the site to enhance the current services for donors and professional advisors, the endowments we administer and the community as a whole. The revised site offers the same great information and resources visitors have come to expect with the following added benefits:

- Easier navigation
- A site search feature
- Ability to increase type size
- Most recent financial statements and auditors' report

Charitable Organization Endowment Program Notebooks

The Oklahoma City Community Foundation provides a Charitable Organization Endowment Program Notebook to each of the charitable organizations. The customized notebooks contain historical information on gifts and grants, policies governing the fund along with the fund agreement, a copy of the first four custom pages of this report and details about services we provide.

The notebooks serve as a historical reference about each organization's endowment fund. Organizations are encouraged to make their notebooks accessible for staff and board members and to update the notebooks each year with reports we provide.

Online Services

DonorCentral

DonorCentral is a secure online reporting service made available to each charitable organization endowment. The service allows staff to view fund balances, financial statements and gift history online. Each organization is provided a user name and password providing them access to their fund information and a DonorCentral guide. DonorCentral is available at www.occf.org/donorcentral.

Online Giving

Donors can make a gift to any charitable organization endowment using a major credit card thanks to our secure online giving service at www.occf.org/onlinegiving.

Central Oklahoma Charities

Central Oklahoma Charities is the region's most up-to-date searchable online directory of charitable organizations. Each organization is included in the directory in both an alphabetical listing and a categorical index. Each organization's web page includes contact information, a description of services and a link to both the organization's Web site and an e-mail link. Visit the directory at www.occf.org/centraloklahomacharities.

For more information on the Charitable Organization Endowment Program, please contact Gayle Farley at 405/606-2910 or g.farley@occf.org.

Increasing planned giving efforts can help build an organization's endowment

Providing simple and flexible planned giving options for donors is an important service we offer to the organizations participating in the Charitable Organization Endowment Program. Our professional staff has the expertise and knowledge to assist donors and their professional advisors with developing a gift planning process that both meets the donor's needs and benefits an organization and its endowment.

Our assistance includes helping organizations understand the importance of gifts made through a donor's estate, often referred to as "planned gifts." By making a gift through their estate plans, donors can defer their giving, relieve tax burden on their heirs and make a charitable gift to a charitable organization or program. Our staff can work with an organization's staff and board of directors to develop an understanding of planned giving and how to encourage estate gifts through marketing efforts.

Below are planned gifts the Oklahoma City Community Foundation can help an organization facilitate. For more information, please visit www.occf.org/giving.

Charitable Gift Annuities

A charitable gift annuity (CGA) provides the donor not only with income for life but also creates a lasting gift to the community. Through a CGA, a donor makes a gift with cash or other assets, receives income for life and, at the end of the annuity, the remaining assets will go to the charitable funds of the donor's choosing.

Bequests

With a bequest, a donor can designate a percentage, the residual or their entire estate to benefit an existing fund or to establish a new fund. This option may provide a donor's family with substantial reductions in federal estate taxes. We offer sample bequest language at www.occf.org.

Retirement Plan Assets

Retirement plan assets are subject not only to estate taxes, but also income taxes. To reduce this burden on any heirs and to create a charitable legacy, donors can use their retirement plan assets to maximize their charitable contributions by establishing an advised fund at the Oklahoma City Community Foundation. The donor's heirs can make suggestions as to which charitable organizations or causes to support with the earnings from the fund.

Charitable Remainder Trusts

A charitable remainder trust allows a donor to place assets such as appreciated property in a trust that pays annual income to the donor or a beneficiary for life or a term of years. Upon the trust's termination, the remaining assets will benefit an endowment designated by the donor. This type of gift allows a donor to avoid capital gains tax on the donated assets and also receive an income tax deduction for the fair market value of the remainder interest of the trust. In addition, the trust is removed from the donor's estate, reducing subsequent estate taxes.

Charitable Lead Trusts

A charitable lead trust allows a donor to transfer assets to the Oklahoma City Community Foundation that then pays a percentage of the assets' value to an endowment designated by the donor. At the end of the trust terms, the remaining assets are passed on to designated heirs. Benefits to the donor include greatly discounted gift or estate taxes and any growth in the assets will be free of these taxes for the heirs. In certain cases, a charitable lead trust may also provide an income tax deduction at the time the trust is created.

Life Insurance

Life insurance can be an effective means for a donor to fund a charitable giving plan without significant outlays of cash. If the policy is gifted, the donor receives a tax donation.



Gayle Farley



Joe Carter

For more information and to schedule planned giving training for an organization, please contact Joe Carter at 405/606-2914 or Gayle Farley at 405/606-2910.

Investment and Distribution Policies Ensure Long-Term Support

Endowment funds are created to exist in perpetuity and provide support for an organization's current and future needs. The Oklahoma City Community Foundation's investment and distribution policies are coordinated and balanced to generate current income for the endowment funds we administer while ensuring growth to protect future income against inflation.

How are funds invested?

Diversification is a cornerstone of modern portfolio theory and allows better management of the risk involved with higher return assets. In FY2008, the Oklahoma City Community Foundation maintained its diversification between equity and fixed income investments and added to international stocks to broaden its asset allocation. While fixed income investments are often viewed as having little potential for much return over inflation, in a volatile market, the safe harbor was very welcoming.

For the Oklahoma City Community Foundation's General Investment Pool, FY2008 was a year where the diversification of a very high quality bond portfolio accomplished both the goal of continuing a steady source of investment performance and providing significant out-performance at a time when the overall national financial markets were under significant stress. The Investment Committee revised and strengthened the fixed income policy during the year, allowing the managers a broader range of fixed-income options but maintaining quality criteria that proved to be very rewarding.

Our investment program also benefits from its very low-cost and efficient operation. By balancing the use of active managers and index funds in a way that maximizes the opportunity for adding value but keeping the cost low, we have been able to produce annualized returns over 10 years that exceed the markets but at a cost which is much lower than mutual funds or other balanced fund alternatives.

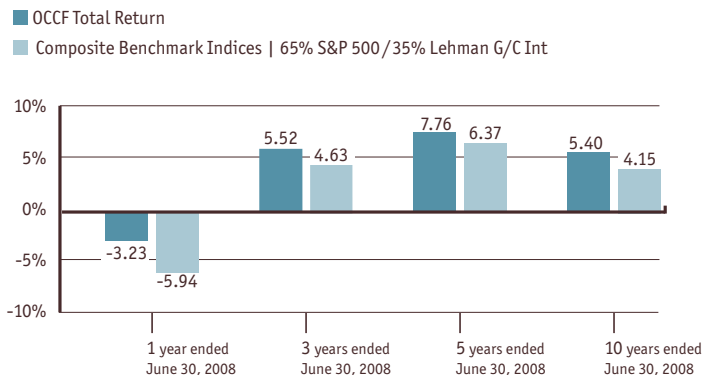
For FY2008, the cost of investments at the Oklahoma City Community Foundation was 37 basis points of assets, compared to more than 100 basis points for the average mutual fund or active equity fund manager requiring a large minimum account.

How are distributions determined?

For nearly 20 years, the Oklahoma City Community Foundation has employed a distribution policy that is designed to permit funds to capitalize on good investment years as well as

The experience of the last few years, where returns were on both extremes of investment performance, has proven the wisdom of a policy that stabilizes the effects of market conditions on distributions from an endowment.

Annualized Total Return of the General Investment Pool



protect the funds in the event of a low or negative market return. The policy also allows the Investment Committee to focus on maximizing total investment return. The experience of the last few years, where returns were on both extremes of investment performance, has proven the wisdom of a policy that stabilizes the effects of market conditions on distributions from an endowment.

Distributions from Charitable Organization Endowment funds are based upon a spending rule that calls for distributing 5 percent of the market value of the fund, averaged over the previous 8 quarters. Any remaining investment return over the 5 percent is left in the fund to increase the fund value and to protect the future income stream against inflation.

"The 5 percent figure is universally considered by endowment managers a safe amount to spend and still provide protection for the principal," says Carla Pickrell, director of administration at the Oklahoma City Community Foundation.

This belief is based upon an estimate of two factors over time: market return and inflation. A conservative prediction of average market return in a balanced fund over time is 8 percent with expectations that inflation will average 3 percent. This leaves 5 percent to spend while still protecting the fund's value for the future. A majority of the large endowment funds for colleges and foundations use the 5 percent spending rule because the annual distribution from the fund is predictable, not tied to current interest rates or asset allocation or shifts in market conditions in any one year. This policy allows investment managers to focus on achieving the best total return for the portfolio that enhances the fund over time.

For more information on our investment and distribution policies, please contact Carla Pickrell at 405/606-2901 or c.pickrell@occf.org.



OKLAHOMA CITY
COMMUNITY FOUNDATION

Helping you help the community

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Contribution Card

Charitable Organization Endowment Program

Name _____

Address _____

City _____ State _____ Zip _____

Charitable Organization Fund _____

In the amount of \$ _____

Your contribution is fully tax deductible.

Please make checks payable to: Oklahoma City Community Foundation

This gift is in memory of _____

in honor of _____

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

Name _____

Address _____

City _____ State _____ Zip _____

Please detach and include in envelope with your contribution and mail to:

*Oklahoma City Community Foundation, P.O. Box 1146
Oklahoma City, OK 73101-1146*

ONLINE GIVING

By clicking Online

Giving at www.occf.org,
your charitable gifts can
be made using a major
credit card.

See what organizations are
participating in the John
Kirkpatrick Centennial
Endowment Challenge at
occf.org/challenge.

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