

# 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](mailto:g.farley@occf.org). For a complete list of participating organizations, please see pages 3-4 or visit [www.occf.org/centraloklahomacharities](http://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](http://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](http://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](http://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](http://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](http://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](mailto: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](http://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](http://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.

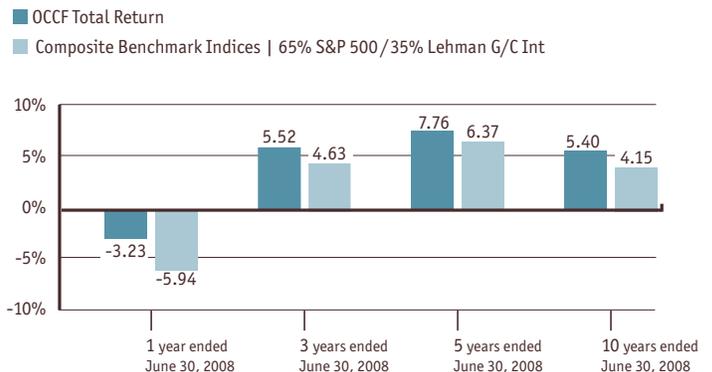
For FY2008, the cost of investments at the Oklahoma City Community Foundation was 37 basis points of assets, compared to more than 100 basis points for the average mutual fund or active equity fund manager requiring a large minimum account.

## 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](mailto: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](http://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](http://occf.org/challenge).

## Board of Trustees 2008-09

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