Arkansas Community Foundation and its Local Offices

Build Your
2012 Annual Report

Arkansas Community Foundation
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Arkansas Community Foundation meets National Standards for operational quality, donor service and accountability in the community foundation sector.

National Standards Certification

Role of Trustees
Arkansas Community Foundation and its Local Offices

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Jim Williamson, Chair
Ted Belden
Jackson Farrow
George McLeod
Dennis Hurt

Investment Consultant
Mercer Hammond, St. Louis, MO

Investment Managers For Pooled Assets
Aberdeen Group
Citizen Partners
Colchester Global Investors
Colliers Dickson Flato Partners
Comerica World Asset Management
Cotera Capital Partners – Pinehurst
Dodge & Cox
Singer Disnational
Goldman, Sachs & Company
Luther King Capital Management

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Audit Firm
Steven G. Booth CPA
JPMS Cox PA

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Investment Consultant
Bill Thatcher
Mercer Hammond, St. Louis

Technology Consultant
Darrell Sansom
Sansom Networking Inc.

Marketing and Communications Consultant
Jessica Sanner APR
Sanner Consulting

Annual Report Design
Lesley Cooper
Cooper Design LLC

Annual Report Design
Lesley Cooper
Cooper Design LLC

Photographer
Kelly Quinn
Kelly Quinn Photography

Photo of Heather Larkin
(inside front cover)
by Jason Masters

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Arkansas Community Foundation serves all 75 Arkansas counties. Our network of offices throughout the state provides a staff and volunteer presence to work locally in 39 counties.
Higher Aspirations Mean Greater Accomplishments

For the past year and a half, we have been focusing our efforts on seven aspirations:

- Children and youth will excel academically.
- People will have education and training needed to compete in today's economy.
- Families will be stable and nurturing.
- People will be healthy.
- The community will benefit from stronger and healthier communities.
- Communities will be safe.
- People will be engaged in their communities.

Using data from our Aspire-Arkansas report, people all over our state have examined the needs of their communities, talked about ways to meet those needs, and developed new programs or supported existing ones to meet those needs.

President and CEO
Heather Larkin

Best regards,

Arkansas Community Foundation 2012 Annual Report

A New Home for Healthcare in Clark County

There are no exam tables, syringes or laboratory kits at Clark County Charitable Health Service (CCCHS). Instead, this unique charitable clinic prequilifies patients and provides vouchers for services, then schedules pro bono appointments at the offices of participating healthcare providers. The system eliminates the need for CCCHS to raise funds for medical equipment and recruit volunteers to staff an on-site clinic, while simultaneously saving volunteer healthcare providers' time and enabling patients to receive services in a typical medical office.

Still, CCCHS had begun to outgrow its tiny administrative office, opened in 2009 and supported with grants from Clark County Community Foundation and other local groups. Thankfully, in 2012, a string of good luck and an outpouring of volunteer support came together to build CCCHS a new home — and a brand new pharmacy for clients.

“I have been really amazed that CCCHS is able to serve as many people as they do,” said Kenneth Taylor, chair of the Clark County Community Foundation board. “This building will allow them to help even more people.”

For the past year and a half, we have been focusing our efforts on seven aspirations:

• People will be engaged in their communities.
• Communities will be safe.
• People will have the economic means to sustain a quality standard of living.
• People will be healthy.
• Families will be stable and nurturing.
• People will have education and training needed to compete in today's economy.
• Children and youth will excel academically.

Aspire Arkansas

Using data from our report, people all over our state have examined the needs of their communities, talked about ways to meet those needs, and developed new programs or supported existing ones to meet those needs.

Conway County Community Foundation used Aspire Arkansas data to determine that healthcare is a key concern in their community. So they developed a program with the Conway County Community Center where local doctors write a “gym prescription” for patients they believe are good candidates for the year-long program because of obesity, high blood pressure, diabetes or high cholesterol. There is no charge to the patients, who attend an initial class that provides an overview, allow them to meet their personal trainer and introduces them to their dietitian. Participants have unlimited gym access and periodic appointments with their trainer and dietitian, and they track their progress quarterly with a follow-up doctor's appointment.

This innovative Conway County program is just one example where lives are being changed and stronger communities are being built. It confirms that better personal trainers, registered dieticians and local physicians collaborate to promote healthy lifestyles.

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The House That Collaboration Built

Twenty-five businesses destroyed; 65 homes ruined. The 2007 tornadoes that demolished Dumas’s Highway 65 corridor forced the community to push the reset button on its local economy. Rather than attempting to recreate the community’s agricultural and manufacturing past, local leaders looked to the future. “If we were going to restart the economy, we knew we had to use technology,” said Charlotte Schexnayder, a local civic leader and former state representative.

“At that time, the governor was saying that education and economic development go hand in hand. We had to start with education,” added Sammye Owen, director of the Dumas Chamber of Commerce. “That’s why we started talking about the idea of the Delta Technology Education Center. Our main thrust in economic development was going to be bringing our workforce up to the standards needed in order for us to grow.”

With grants from Delta Area Community Foundation and many other foundations and agencies, Dumas began building a headquarters for technology education in southeast Arkansas. Now, six years after the tornado, the brand new Delta Technology Education Center is a living monument to the progress that is possible when passionate individuals work together.

Character-Building Education Revs the Economic Engine in Pine Bluff

Oak Park second grader Tangea Jahn has learned two big lessons just a couple of months into The Leader in Me program at her Pine Bluff elementary school. “I try hard things and I say ‘I’m sorry’ first,” she said.

The Leader in Me, a program based on Steven Covey’s Seven Habits for Highly Effective People, has become a part of Oak Park’s curriculum in every grade thanks to a partnership between the Pine Bluff Area Community Foundation, the Trinity Foundation and the Economic Development Alliance of Jefferson County. “We looked at the ARCF Aspire-Arkansas report and determined the best thing we could do for long-term economic impact in Jefferson County was to support a program that moved the needle on education,” said Tony Hilliard, PRAC Board Member. “Since the Alliance-sponsored The Leader in Me program was working well in Pine Bluff schools, we gave a $15,000 grant to help fund the program for Oak Park.”
Grants Lay a Foundation for Positive Change

Arkansas Community Foundation helps nonprofit organizations connect resources to create positive change in our state. Since 1976, we’ve made more than $98 million in grants covering a range of human needs and community development. Our support includes programs addressing issues such as animal welfare, health, and hunger relief.

We make grants in the areas of:
- Animal Welfare
- Arts & Humanities
- Community Development
- Education
- Environment
- Health
- Human Services
- Religion

501(c)(3) nonprofit organizations, schools, hospitals, government agencies and other not-for-profit charitable organizations are eligible to receive grants. ARCF typically does not make grants to organizations that do not qualify for tax-exempt status, but we occasionally make exceptions if the proposed project has a clear charitable purpose for the public benefit. We do not make grants to individuals.

For grant guidelines and additional information on applying for grants, visit www.arcf.org.

Donors Are Architects for the Future of Arkansas

ARCF is honored to partner with individuals, families and financial professionals who take a long range view of philanthropy. Donors throughout the state have established more than 1,700 charitable endowments and funds through ARCF. Those who have made gifts of $10,000 or more to one of our local or statewide endowments become members of the Giving Tree Society. Donors who make us aware of their bequests or other planned gifts become members of our Diamond Society. Our Golden Key Society honors professional advisors who have partnered with ARCF to help meet their clients’ charitable objectives.

Visit www.arcf.org for a complete list of ARCF’s funds and endowments, along with lists of the members of the Giving Tree Society, Diamond Society and Golden Key Society.

S U M M A R I Z E D  F I N A N C I A L  I N F O R M A T I O N  F O R  T H E  Y E A R  E N D I N G  J U N E  3 0 ,  2 0 1 2

STATEMENT OF FINANCIAL POSITION
Assets:
Cash and Cash Equivalents $10,875,335
Investments at Market Value 127,278,176
Receivables and Other Assets 18,474,635
Total Assets $156,628,146
Liabilities and Net Assets:
Scholarships Payable and Other Liabilities $1,376,276
Agency Liabilities* 20,055,462
Net Assets 155,196,308
Total Liabilities and Net Assets $156,628,146

STATEMENT OF ACTIVITIES
Revenue:
Contributions $13,603,598
Other, net 1,347,353
Total Revenue $14,397,823

Expenses:
Grants $9,527,017
Other Expenses 1,976,087
Total Expenses $11,493,004
Increase(Decrease) in Net Assets $3,503,702

*In 2001, ARCF adopted a national standard of the Financial Accounting Standards Board (FASB) Statement 131, which resulted in all agency endowment funds being reclassified to liabilities from net assets.

For grant guidelines and additional information on applying for grants, visit www.arcf.org.

POLICY ASSET ALLOCATION

- Real Assets 16%
- U.S. Equity 19%
- Hedge Funds 15%
- International Equity 25%
- Private Equity 10%
- Total Fixed Income 15%

Operational Expense as % of Total Assets:
- Central and Local Offices 1.39%
- Full Time ARCF Central Office 1.17%
- Part Time Local Directors 1.14%
- Total Operating Expense as % of Total Assets 1.27%

Performance as of June 30, 2012

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<tr>
<th>1 Yr</th>
<th>3 Yrs</th>
<th>5 Yrs</th>
<th>10 Yrs</th>
<th>16 Yrs</th>
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<tbody>
<tr>
<td>ARCF Composite return net of investment fees</td>
<td>-0.3%</td>
<td>10.4%</td>
<td>1.1%</td>
<td>5.2%</td>
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<tr>
<td>Composite Index based on actual allocation</td>
<td>-1.5%</td>
<td>9.0%</td>
<td>-1.4%</td>
<td>4.2%</td>
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R O P E R A T I N G  E X P E N S E  R A T I O S

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<th>2008</th>
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<th>2011</th>
<th>2012</th>
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<td>Total Assets</td>
<td>$129,131,177</td>
<td>$109,592,919</td>
<td>$125,428,165</td>
<td>$153,221,039</td>
</tr>
<tr>
<td>Total Operating Expense</td>
<td>1,792,827</td>
<td>1,895,087</td>
<td>1,760,388</td>
<td>1,912,393</td>
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<tr>
<td>Number of Employees</td>
<td>11.5</td>
<td>11</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Full Time ARCF Central Office</td>
<td>24</td>
<td>25</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Part Time Local Directors</td>
<td>1.39%</td>
<td>1.71%</td>
<td>1.44%</td>
<td>1.27%</td>
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ARCF ASSET HISTORY 1976 - 2012

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Arkansas Community Foundation is being built by dedicated volunteers who believe in the power of philanthropy to transform Arkansas. Today our board of directors, a statewide group of leaders representing each of Arkansas’s four congressional districts, embodies that same spirit of optimism for our state’s future and challenges ARCF to become ever more effective in our work. With our board’s leadership, we’re committed to building Arkansas’s communities through philanthropy.

ARCF’s Board of Directors, FY2012
Jerry Adams of Conway, Chair
Sharon Allen of Little Rock
Ted Belden of Fayetteville
Carolyn Blakeley of Pine Bluff
H.R. Murray Claycomb of Warren
Mary Elizabeth Eldridge of Arkadelphia
Jackson Farmore of Little Rock
Glenn T. Freeman of Lake Village
Tina R. Green of Texarkana
Dennis Hunt of Fayetteville
Mathis McNair of Harrison
George E. McLeod of Little Rock
Samuel Serges of Blytheville
Philip Tappan of Little Rock
Estrella Tullgren of Mountain Home
Jim G. Williamson of Van Buren
Peggy R. Wright of Forrest City

425 Leaders Guide ARCF’s Local Offices
In addition to our statewide board members, ARCF is also led by local advisory board members in each of the areas served by one of our 27 affiliate offices. These local leaders work together to identify the most pressing needs in their communities and help direct grants and connect resources to solve local challenges. We’re indebted to these local board members for their knowledge, insight and tireless work to increase the Community Foundation’s impact at the local level.

ARCF’s Board Creates a Framework for Success

Arkansas Community Foundation engages people, connects resources and inspires solutions to build community.
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