

smart giving | **TOGETHER**



Arkansas Community Foundation 2018 Annual Report



New *Aspire Arkansas* Report Helps Donors Make Smart Giving Decisions

Data can tell stories that help us understand where Arkansas currently stands while also serving as a compass to help determine where we should go. Arkansas Community Foundation’s goal is that *Aspire Arkansas* will help Arkansans discover these data stories and use the power of knowledge to create positive change.

For more than 42 years, the Community Foundation has assisted donors by providing tools like donor advised funds, one of the easiest ways to make a charitable impact. Our expertise in the charitable giving landscape plus updated *Aspire Arkansas* data helps donors make smart giving decisions to improve local communities.

To learn more about donor advised funds visit arcf.org/DAFs and go to AspireArkansas.org for updated data to drive smart decision-making.

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There’s Power in Giving Together

With every year that passes, I realize the scope of our work at Arkansas Community Foundation is propelled by the generosity and hard work of those who came before us. Learning from the past and with an eye on the future, we can build a more vibrant Arkansas for those who will follow.

One thing we have learned over the years is that better information leads to better problem solving. In 2018, the Community Foundation launched the new edition of *Aspire Arkansas*, an online, county-by-county indicators report about the quality of life in our state. We consider this resource to be one of the most important tools we can provide to Arkansans. As we work with other organizations and individuals to identify the important needs in our community, we can continue to identify solutions in which we can all play a role.

The Community Foundation together with our fundholders, state and local board members and staff, has given more than \$220 million in grants since its inception in 1976. Nearly \$42 million of those grants were made this year alone. As we look to the future, Arkansas Community Foundation will continue to grow its impact and to help generous people identify special ways to support the causes that improve our communities.

While we honor the past and look to the future, the one constant is that our neighbors’ generosity continues to inspire us at the Community Foundation. We are reminded time and again that our work would not be possible without the commitment to a better Arkansas shown by our donors, fundholders and partners. We know giving looks different for everyone, and we’re grateful for the opportunity to provide an assortment of smart giving options.

Together, we have the power to improve our communities. Together, we can identify and respond to needs to help Arkansas exceed its potential. We look forward to our continued work with you.

With gratitude,



Heather Larkin
President & CEO





“Students learn the fundamentals of art, and they gain skills in communication and problem solving. Parent and teacher feedback is that art activities teach their students good work ethic and build self-confidence.”

***— Jane Owen,
CAE Executive Director***

Pettus Kincannon, Jr., Executive Director, Western Arkansas Community Foundation; Jane Owen, CEO, Center for Arts and Education in Van Buren; Ken Kilgore, Board Member, Western Arkansas Community Foundation; and Matthew Holland, Chair, Western Arkansas Community Foundation Board of Directors

Counties Come Together to Promote Arts Education

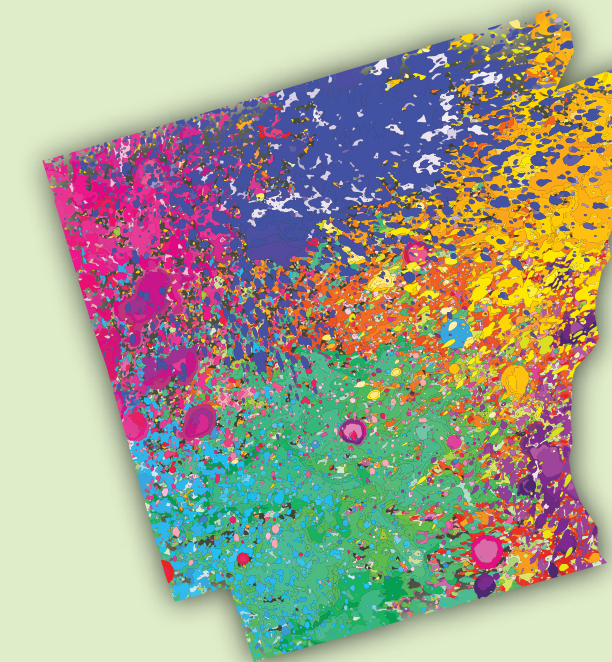
The first Crawford County grant of the newly expanded Western Arkansas Community Foundation helped fund a summer arts camp at the Center for Arts and Education in Van Buren.

Ken Kilgore, a board member of both organizations, explained that the grant to fund the summer program for students from nine communities in Sebastian and Crawford counties exemplifies the spirit of cooperation between the two counties that led the Fort Smith Area Foundation to expand its territory to Crawford County and become Western Arkansas Community Foundation.

This year, 500 students obtained life skills needed to become successful adults. “Students learn the fundamentals of art, and they gain skills in communication and problem solving,” said Jane Owen, CAE executive director. “Parent and teacher feedback is that art activities teach their students good work ethic and build self-confidence.”

In its first 30 years as a Community Foundation Affiliate, Western Arkansas Community Foundation has granted more than \$12.6 million while engaging people, connecting resources and inspiring solutions to make western Arkansas a great place to live now and in the future.

“Expanding to Crawford County was the right thing to do,” said Matthew Holland, chair of the Western Arkansas affiliate. “We added more resources, more ideas and more imaginations to reach our goals.”



Working In Every Corner of Arkansas, Together

Local people, local decisions, local impact. Arkansas Community Foundation is a statewide organization that serves all 75 counties in Arkansas. Our central office and local affiliates help Arkansans across the state give to the causes they care about and we make grants to support programs that are working to fill gaps.

Our network of 28 affiliate offices helps us understand the unique needs of each town and city. Each office is staffed with a part-time executive director that provides support for the local people who want to give and nonprofits who are providing programs and services to local citizens.

Wherever you are in Arkansas, there’s a Community Foundation office nearby. For a full list of affiliate offices, visit arcf.org/affiliates.



“I’m interested in the electrical field, and after graduating I plan to get an associate degree and then a full four-year degree. This way I’ll have the skills to get good summer and part-time jobs. I won’t have a lot of debt when I get out.”

**— Jeb Johnson
School Counts!
Concurrent Student**

Conway County Giving Ensures School Counts!

School counts! This workforce development partnership between Morrilton’s business community, the county’s K-12 schools and the University of Arkansas at Morrilton is supported by the Conway County Community Foundation because of its clear relationship to community growth and personal opportunity.

“Since it started back in 2006, our local Community Foundation has made significant contributions to School Counts,” said John C. Gibson, Conway County Community Foundation executive director. During the three-year period beginning in 2006, the local Foundation contributed \$16,406 to the organization, of which \$6,000 was a Giving Tree Grant. In addition, other endowment funds held at the Conway County Community Foundation have contributed \$111,484 to School Counts! since 2006.

School Counts! concurrent student Jeb Johnson, a 16-year-old junior from Springfield, is studying Industrial Maintenance and Mechanical Technology at the new 53,843-square-foot Workforce Training Center officially opened by U of A Morrilton in April. The state-of-the-art facility also offers training in the high-wage, high-demand occupations of HVAC, automotive service technology and welding.

“I’m interested in the electrical field, and after graduating I plan to get an associate degree and then a full four-year degree,” said Johnson. “This way I’ll have the skills to get good

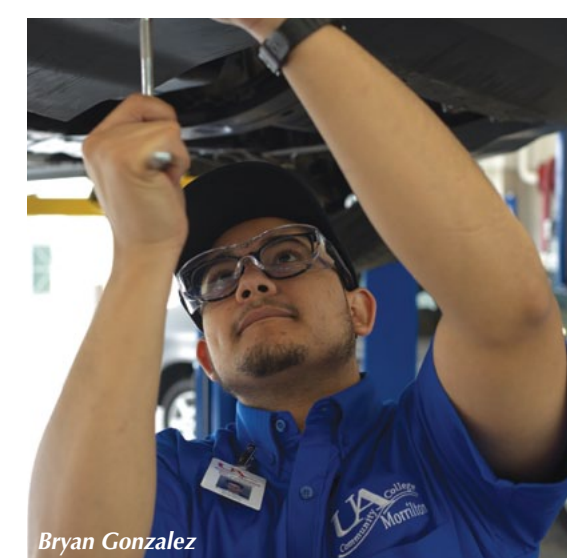
summer and part-time jobs. I won’t have a lot of debt when I get out.”

He learned about the program at his high school, Nemo Vista, from Lawana Lyon of the Conway County School Counts! Foundation. “I have a fun job — I get to talk to all students in schools in Conway County about the School Counts! program,” Lyon said. “Students learn the importance of having great attendance, setting career goals, being a quality employee and always giving their best effort.”

As students enter high school, Lyon begins to recruit for specifics like the concurrent credit program. This program, including technical and general education credits, is making a big difference in giving eligible students a real jump-start with a post-secondary education. “I love it when I see 12th graders recognized with School Counts! honor cords at graduation ceremonies,” she said.

U of A Morrilton Chancellor Larry Davis said the concurrent student program works because area schools pay a portion of the tuition, School Counts! pays a portion of the tuition and the college waives the fees. “It’s all about the students,” he said. “Lawana does a fabulous job focusing on the kids.”

“I don’t know if we’d exist without the Community Foundation,” Lyon said. “They have helped make our programs financially possible.”



Bryan Gonzalez

John Gibson, Executive Director
Conway County Community Foundation

Jacob Blankenship



“Our board was really excited to support the idea of a traveling summer reading program in Magnolia. Our work is about collaboration. We wanted to support programs that are working and Misty had the relationships and expertise to see a program like this succeed.”

***— Janet Rider-Babbitt
Executive Director
Columbia County***

Reading and Rolling in Columbia County

For three years, Misty Ward of Magnolia’s East Side Elementary dreamed of having a book-mobile that would deliver reading programs to kids during the summer. After doing some research and finding what worked for other Arkansas school districts, she decided to form a plan.

With only 29 percent of Magnolia K-3 students reading on grade-level, Ward knew that providing a high-quality summer program would be key in helping boost local students’ reading scores. Known as the “summer slide,” summer learning loss happens when students lack access to quality reading programs during their months off from school. This backwards slide can often leave children up to three years behind their peers by the end of fifth grade.

Past summer reading programs in Magnolia had experienced low attendance due to rural transportation challenges and were often expensive for schools to operate. Ward believed a book-mobile could solve these challenges while providing quality programs in the most efficient way.

After Arkansas Community Foundation launched its Grade-Level Reading Initiative, Ward presented her plan to the local board of directors. With a \$5,000 grant from Columbia County Community Foundation, a book-mobile program was finally within reach.

“Our board was really excited to support the idea of a traveling summer reading program in Magnolia,” said Janet Rider-Babbitt, Executive Director of the local Community Foundation affiliate. “Our work is about collaboration. We wanted to support programs that are

working and Misty had the relationships and expertise to see a program like this succeed.”

With funding in place, Ward began the Reading and Rolling program and worked with the local school district to secure volunteers, bus drivers and transportation. She recruited colleagues, including Denise Phillips, to co-lead and visited with mayors, churches and community centers to identify locations that could serve as easy-to-access bus stops.

“We sent letters home with over 900 children in the district letting them know about the program and where the bus stops would be so they could attend,” said Ward. “We had great attendance and hope to reach more kids next summer.”

In its inaugural year, Reading and Rolling served about 30-40 children each week. Principals drove the bus with literacy coaches and teachers to local parks, churches and community centers. Each program lasted about 30 minutes and children in attendance left with a new book to take home and use for reading practice.

Ward and Phillips hope to continue to build the program so that it can become a community staple, ultimately boosting reading skills and improving grade-level reading scores for children across the county each summer.

Learn more about grade-level reading statistics in your community at AspireArkansas.org.

Partner Grant Programs Help More Students Read

A mountain of education research confirms that third grade reading levels are a strong predictor of future success in school and beyond. So, what can we do to move these numbers in the right direction?

Arkansas Community Foundation is committed to the big goal set by Arkansas Campaign for Grade-Level Reading: ensuring all Arkansas children will read on grade-level by the end of third grade.

In partnership with the Campaign, the Community Foundation created two grant programs to support projects boosting student reading scores across Arkansas.

SUMMER LEARNING INITIATIVE

When students are away from school over summer break, many of them — especially those from low-income backgrounds — lose as much as two to three months of reading skills. The initiative has granted nearly \$350,000 since it began in 2016 to schools and coalitions providing quality summer programming to help students beat the “summer slide.”

MAKE EVERY DAY COUNT INITIATIVE

As students chronically miss school, they lose substantial instructional time and are less likely to read on grade-level. In partnership with Attendance Works, the initiative has made \$8,000 in minigrants in the past year to support programs that are creatively working to reduce chronic school absence.

For more information on these grant programs and our partnerships, visit arcf.org/grants.



Hembree Family Creates Legacy of Giving

Thirty years ago, the late H.L. and Janelle Hembree began one of the first donor advised funds at what is now Western Arkansas Community Foundation with a gift of \$104,000. To date, Hembree family members have made almost \$2.2 million in grants to nonprofits in Fort Smith and Northwest Arkansas from the proceeds of that fund.

“The focus of my parents’ generation was higher education and youth development. They made donations to the U of A Fayetteville, U of A Fort Smith and Boy Scouts of America.” said Lawson Hembree, a financial advisor with Merrill Lynch in Fort Smith.

The pool of nonprofits eventually broadened to include other needs like St. Edwards Mercy Hospital Hembree Cancer Center and St. John Episcopal Church. Today Lawson is coaching the next generation of givers, Lawson’s two sons and his late brother Scott’s two daughters.

“We just started allowing the grandchildren to make grant decisions. The oldest is 30 and the rest are in their 20s,” he said. They are interested in community-based organizations like local schools and the Community Services Clearing House back-pack hunger program.”

The Hembrees chose to hold their funds at the Community Foundation rather than establishing a private family foundation because with the Community Foundation, they can focus on being philanthropists, not administrators.

“We can fully focus on the requests we receive and make the best grant decisions without having to engage accountants and lawyers,” said Lawson. “Costs at the Foundation are reasonable for the services they provide.”

His mother and brother served on local and state Community Foundation boards. “Participating in the Community Foundation allows collaboration among philanthropists and helps in identifying community needs,” he said.

To learn more about creating a family legacy, visit arcf.org/legacy.



L to R Back Row: Christopher Hembree, H Lawson Hembree IV, H. L. Hembree III, Scott Hembree, Sara Hembree Poole L to R Front Row: Lawson Hembree V, Debbie Hembree, Janelle Y. Hembree, Karen Hembree, Katie Hembree

Meeting Charitable Goals Together

Shaneen Sloan, a native Arkansan, witnesses the generosity of people in our state daily. As a partner with Hyden, Miron and Foster PLLC, she provides her clients with smart giving advice as they begin to think about giving back to the community they call home.

To Shaneen, smart giving advice means offering insight on the giving process. “It includes consideration of the type, time and recipient of the gift. Trusting the Community Foundation to assist in this process has helped me provide the tools and resources needed to make sure my clients’ gifts have the greatest impact.”

Typically, Shaneen discusses charitable giving options with clients as they update their estate plans. Ensuring they have all the information needed to make tax-smart decisions, Community Foundation staff offer information and resources like Aspire Arkansas so her clients feel confident as they give.

“I have worked with some very charitable-minded people who want to make a positive impact in their communities long after they are gone. With the help of organizations like the Community Foundation, those ideas can become a reality by pooling resources to meet individual and collective goals.”

Working with the Community Foundation makes the giving process simple, flexible and efficient. While advisors like Shaneen maintain the client relationship, the Community Foundation can identify causes in the state that fit the clients’ charitable goals and provide options for them to consider. Shaneen recalls one example of client’s giving that will improve their community for the long-term.

“After the untimely death of a family member, my client and I worked with the Community Foundation to create a scholarship fund to support deserving high school graduates who plan to continue their education,” Shaneen said. “The planned giving process was simple and the Community Foundation ensured that donations will meet the intended goals; It’s a win-win for everyone involved.”

To learn more about our resources for advisors, visit arcf.org/goodadvice.

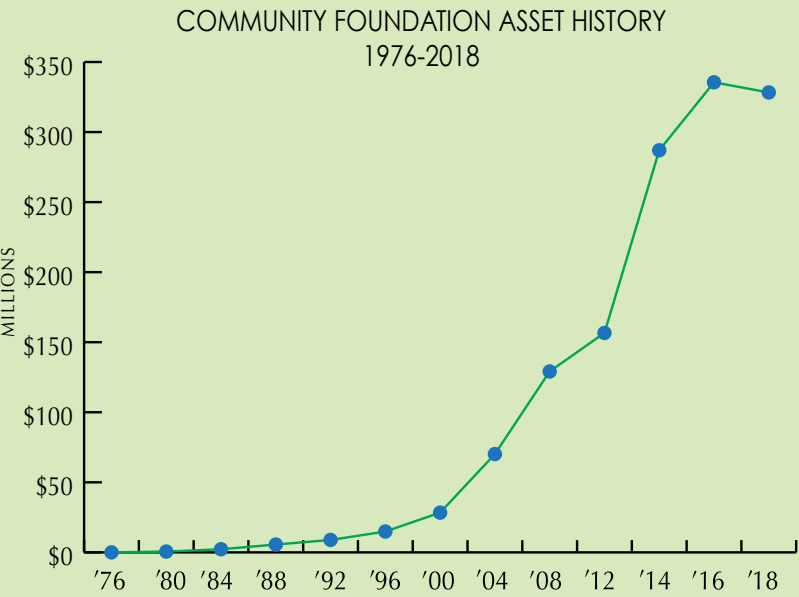
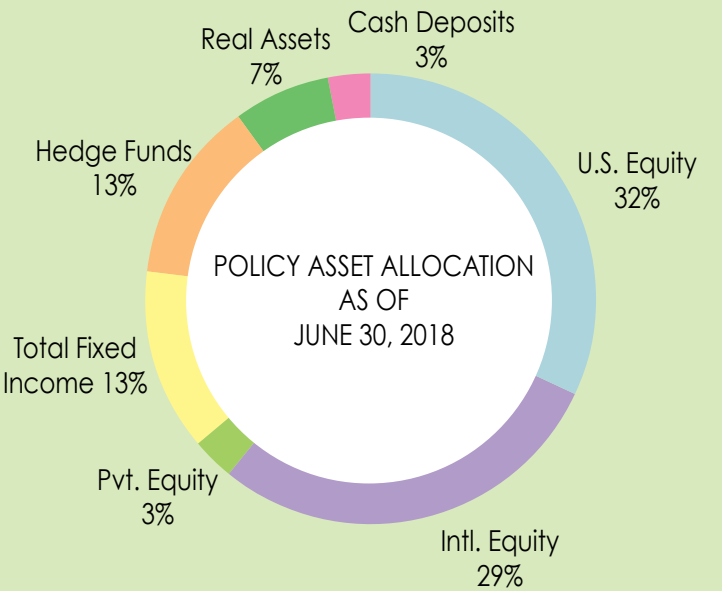


Statement of Financial Position

| | | | | | |
|--|----|---------------|--|--|--|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ | 17,850,278 | | | |
| Investments at Market Value | | 286,570,833 | | | |
| Receivables and Other Assets | | 23,840,116 | | | |
| Total Assets | | \$328,261,227 | | | |
| Liabilities and Net Assets | | | | | |
| Scholarships Payable and Other Liabilities | \$ | 2,976,589 | | | |
| Agency Liabilities | | 38,285,238 | | | |
| Net Assets | | 286,999,400 | | | |
| Total Liabilities and Net Assets | | \$328,261,227 | | | |
| Statement of Activities | | | | | |
| Revenue | | | | | |
| Contributions | \$ | 25,888,421 | | | |
| Other, Net | | 16,999,759 | | | |
| Less Amount for Agency Liabilities | | (5,337,715) | | | |
| Total Revenue | \$ | 37,550,465 | | | |
| Expenses | | | | | |
| Grants | \$ | 41,610,803 | | | |
| Program | | 3,447,369 | | | |
| Operating | | 1,651,089 | | | |
| Other | | 2,933,356 | | | |
| Less Amount for Agency Liabilities | | (741,196) | | | |
| Total Expenses | \$ | 48,901,421 | | | |
| Decrease in Net Assets | \$ | (11,350,956) | | | |

The complete audited financial statements are available upon request.
For additional information about how we invest,
visit arcf.org/finances.

| Performance as of June 30, 2018 | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Since Incep |
|--|------|-------|-------|--------|-------------|
| Composite return net of investment fees | 6.9% | 5.6% | 6.5% | 5.0% | 6.3% |
| Composite index based on actual allocation | 8.5% | 6.7% | 7.5% | 4.4% | 5.9% |



Operating Expense Ratios

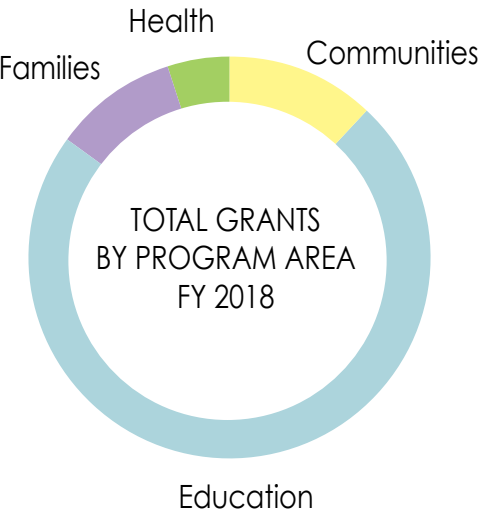
| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|
| Total Assets | \$235,345,991 | \$254,770,245 | \$286,992,570 | \$335,506,981 | \$328,261,227 |
| Total Operating Expense | 982,053 | 1,148,678 | 1,395,880 | 1,407,574 | 1,651,089 |
| Number of Employees | | | | | |
| Full Time Central Office | 13 | 15 | 14 | 14 | 15 |
| Part Time Local Directors | 27 | 27 | 27 | 28 | 28 |
| Operating Expense as % of Total Assets Central and Local Offices | 0.42% | 0.45% | 0.49% | 0.42% | 0.49% |

INVESTMENT CONSULTANT

Mercer, St. Louis, MO (Through 9/30/2018)
Cambridge Associates, Boston, MA (Effective 10/1/2018)

INVESTMENT MANAGERS FOR POOLED ASSETS

| | |
|-------------------------------------|-----------------------------|
| Aberdeen Group | Goldman, Sachs & Company |
| Aether Investment Partners | John Hancock Investments |
| Artisan International | Loomis Sayles |
| BlackRock | Mondrian Investment Group |
| Blackstone Group | Northgate Capital |
| CapRocq | Neuberger Berman |
| Clarion Partners | Park Street Capital |
| Colliers Dickson Flake Partners | Principal Group |
| Copper Rock International | Silver Creek Capital |
| Corbin Capital Partners – Pinehurst | Southern Bancorp |
| Dodge & Cox | TCW Group |
| Doubleline Capital | Vanguard Group |
| Forester Diversified | Wells Fargo Fund Management |



Thousands of individuals and organizations in Arkansas partner with the Community Foundation to help protect, grow and direct their charitable dollars and learn more about community needs. For a full list of Arkansas Community Foundation funds and endowments, visit arcf.org/funds.

Grant Guidelines

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

Board of Directors

Below is a list of our statewide board members for the fiscal year 2018. For a list of members of each of the 28 local affiliate advisory boards, visit arcf.org/affiliates.

Robert Zunick of Hot Springs, Chair

Ramsay Ball of Bentonville

Carolyn Blakely of Pine Bluff

Alyson Bradford-White of White Hall

Charlotte Brown of Little Rock

Jackson Farrow of Little Rock

Don Greenland of Conway

Dennis Hunt of Fayetteville

Eric Hutchinson of Conway

Steve Nipper of Magnolia

Paige Partridge-Hix of Fayetteville

Andy Peeler of Jonesboro

Laurinda Rainey of Bentonville

Philip Tappan of Little Rock

Robert Thompson of Paragould

Estella Tullgren of Mountain Home

Central Office Staff, FY2018

Katy Bland
Office Administrator
kbland@arcf.org

Ashley Coldiron
Chief Development Officer
acoldiron@arcf.org

Jody Dilday
Development Director
jdilday@arcf.org

Lisa Duckworth
Finance & Grants Associate
lduckworth@arcf.org

Trina Greuel
Finance Director
tgreuel@arcf.org

Bethany Hilkert
Donor Stewardship Officer
bhilkert@arcf.org

Jane Jones
Program Officer
jjones@arcf.org

Sarah Kinser APR
Chief Program Officer
skinser@arcf.org

Heather Larkin
President & CEO
hlarkin@arcf.org

Corey Moline CPA
Chief Financial Officer
cmoline@arcf.org

Lauren Morris
Affiliate Program Director
lmorris@arcf.org

Nickole Perry
Staff Accountant
nperry@arcf.org

Lindsey Simmons
Planned Giving Director
lsimmons@arcf.org

Rhonna Wade
Affiliate Human Resources Director
rwade@arcf.org

Lea Whitlock
Communications Director
lwhitlock@arcf.org

Affiliate Executive Directors, FY2018

Our affiliates work locally in every corner of Arkansas. For local contact information, visit arcf.org/affiliates.

Carroll County — Janell Robertson
carrollcounty@arcf.org

Clark County — Karen Arnold*
clarkcounty@arcf.org

Cleburne County — Kathy Phillips
cleburnecounty@arcf.org

Columbia County — Janet Rider-Babbitt
columbiacounty@arcf.org

Conway County — John Gibson
conwaycounty@arcf.org

Craighead County — Barbara Weinstock
craigheadcounty@arcf.org

Cross County — Keeli Smith
crosscounty@arcf.org

Delta Area — Pat Post
deltaarea@arcf.org

Faulkner County — Shelley Mehl
faulknercounty@arcf.org

Fayetteville Area — Katie Tennant
fayettevillearea@arcf.org

Greene County — Kerri Watson
greenecounty@arcf.org

Hot Springs Area — Joyce Whitfield
hotspringsarea@arcf.org

Hot Springs Village — Kim Harrison
hotspringsvillage@arcf.org

Johnson County — Jackie Ott
johnsoncounty@arcf.org

Lee County — Lucy Smith
leecounty@arcf.org

Mississippi County — Nickie Bell
mississippicounty@arcf.org

Monroe County — Phyllis Stinson
monroecounty@arcf.org

Ouachita Valley — Stephanie Wyatt*
ouachitavalley@arcf.org

Phillips County — Darby Waites
phillipscounty@arcf.org

Pine Bluff Area — Lawrence Fikes
pinebluffarea@arcf.org

Pope County — Madelyn Ginsberg
popecounty@arcf.org

Sharp County — Stephanie Dunn
sharpcounty@arcf.org

Southeast Arkansas — John Conner
southeastarkansas@arcf.org

St. Francis County — Robin Jayroe
stfranciscounty@arcf.org

Texarkana Area — Ken Cox
texarkanaarea@arcf.org

Twin Lakes — Gwen Khayat
twinlakes@arcf.org

Western Arkansas — Pettus Kincannon
westernarkansas@arcf.org

White County — Dana Stewart
whitecounty@arcf.org

Consultants

Legal Counsel
Thomas Overbey
Overbey, Strigel, Boyd & Westbrook PLC

Investment Consultants
Mercer, St. Louis, MO (Through 9/30/2018)
Cambridge Associates, Boston, MA
(Effective 10/1/2018)

Technology Consultant
Darrell Sansom
Sansom Networking, Inc.

Marketing Communications Consultant
Jessica Szenher APR
Szenher Consulting

Annual Report Design
Lesley Cooper
Cooper Design LLC

Photography
Wesley Hitt
Wesley Hitt Photography

Kelly Quinn
Kelly Quinn Photography

Barb Rainey
Barb Rainey Photography

*Outgoing Executive Director

MISSION

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

VISION & VALUES

We're a statewide foundation working to create a better Arkansas
by improving local communities.
Our work is guided by these core values:

We have INTEGRITY.

We do what is right, not what is easy.

We are INCLUSIVE.

We respect diversity.

We are OBJECTIVE.

We seek all points of view.

We are RESPONSIBLE STEWARDS.

We take seriously the public's trust.

We are STRATEGIC.

We strive to achieve positive long-term results.

We FOSTER ENGAGEMENT.

We seek broad community involvement and work through partnerships.



A R K A N S A S
community foundation

Smart Giving to Improve Communities

5 Allied Drive • Suite 51110 • Building 5 • 11th Floor • Little Rock, Arkansas 72202
1680 E. Joyce Blvd • Suite 1 • Fayetteville, Arkansas • 72703
501-372-1116 • arcf.org