



the power of
PURPOSE

unleashing the power of our PURPOSE



Dear Friends,

I want to begin with my thanks for supporting and partnering with Arkansas Community Foundation through your time, talent and treasures in a united effort to improve our communities.

We are fortunate to be a part of an amazing and impactful network. Indeed, the Community Foundation is a powerful network, one of the strongest Foundations in the country and one of the most effective in serving rural communities. Our shared purpose is to make our communities stronger and to help overcome challenges that damage our quality of life. It is a powerful purpose and one not easily fulfilled.

To achieve our purpose, we must grow our assets. By the end of fiscal year 2019, Arkansas Community Foundation had grown to about \$440 million in assets. Because of generations of Arkansans who have contributed to our assets, we are now the biggest grantmaker in the state when measured in numbers of grants awarded.

The beauty of our assets is the impact and greater potential for positive change we have because of them. We have found that flexible assets that can be deployed by local people are the most powerful. What we do is amazing. What we have done is wonderful. What we can do is extraordinary.

It is the power of our people, presence, partnerships and progress that unleashes the power of our purpose. When we provide community leadership and deploy our assets — financial and otherwise — in ways that are stimulating, profound and at times provocative, then we fulfill the power of our purpose.

With gratitude,

Heather Larkin
President and CEO

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.

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Bennette Morris holds a portrait of her late husband, Walter Morris, Sr. After his death, Bennette established a designated fund using her IRA Required Minimum Distribution so that her annual donations would continue automatically.



the power of
PEOPLE

Family's Generosity Spans Four Generations

Giving is a family affair for one Phillips County clan whose collective philanthropic efforts with Arkansas Community Foundation stretch across four generations.

"Whether it was church or civics, my mom and dad were always involved in the community," recalled Walter Morris, Jr., a Phillips County native and current Community Foundation committee member. "They always worked to make the community a better place."

His father, the late Walter Morris, Sr., of Helena, was a World War II Navy veteran who married his mother, Bennette, in 1952. The couple raised four children in the Helena-West Helena area, giving roots to a family that now includes seven grandchildren and two great-grandchildren.

Walter met his own wife, Jayne, while attending the University of Arkansas. Returning home to work in his family's hardware and materials business — H & M Lumber Company — Walter and Jayne married in 1982 and raised two children, Trey and Mary.

"Mom and Dad had always been very giving, so they created a fund knowing that their giving would continue long after they were gone," said Walter of how Arkansas Community Foundation is helping to perpetuate

the Morris family legacy. "Jayne and I started ours for much the same reason."

Giving took on new meaning for Walter and his family in 2016 with the loss of his infant grandson, Walter Morris, IV, who was born with Down's Syndrome and a congenital heart defect. Channeling grief into inspiration, his son and daughter-in-law — Trey and Liz — established the Warriors for Walt Charitable Fund at the Community Foundation to honor and memorialize their son.

"We decided we wanted — and needed — a 'guiding light' to help us maximize our impact by allowing us to focus solely on our mission instead of the legalities and logistics involved in creating and operating our own private foundation," said daughter-in-law Liz Morris.

Today, Warriors for Walt continues promoting its mission of creating awareness, inclusion and opportunity for individuals with special needs and giving hope to families suffering the loss of a child.

"We firmly believe genuine giving back is a grass roots effort," said Liz. "And the way the people of Arkansas give their whole hearts is one of our favorite things about this community."



At left: Walter Morris, III (also known as Trey), wife Liz and daughter Mae Louise use their Warriors for Walt Charitable Fund to honor and memorialize their late son and big brother, Walter Morris, IV.

At right: Four generations of the Morris Family from left: Walter Morris, Jr, Bennette Morris, Jayne Morris, Walter Morris, III, Mae Louise Morris, Liz Morris, Josh Cole, Mary Cole and baby Bennett Cole.



the power of
PRESENCE

Cleburne County Community Foundation Fights Drug Addiction

Cleburne County Community Foundation's board formed a hometown coalition in 2018 to determine how to fight the cycle of drug addiction in families and how to stop children from experimenting with drugs in the first place.

"We feel drugs are at the core of many issues here. I see it from the point of view of children in foster care, many of whom have drug abuse in their homes," said board member Netta Thomas.

Cleburne County law enforcement does very well and has effective treatment programs, according to board member Louis Gray. What has not been addressed is the need to prevent drug addiction.

"You are not going to arrest your way out of the drug problem," said Keith Hays, Cleburne County chief deputy and a coalition member. "The Sheriff's Office is helping to see if we can head off the problem by taking action before law enforcement or treatment programs are required."

Community Foundation board members first sent out surveys to local professionals who work with children impacted by drugs in their families. Next they met with statewide experts and other nonprofits to get information and training.

After brainstorming with representatives from law enforcement, mental health, schools, nonprofits, treatment centers, the health department, civic organizations and the local hospital, the coalition determined that a Drug Free Communities grant could be a potential funding source. Margaret Morrison, Region 3 prevention specialist in the Arkansas Department of Human Services Division of Behavioral Health Services, conducted a Substance Abuse Prevention Skills Training this summer where she made it clear that there is more work to be done before applying for a grant to fund the local drug prevention effort.

Kathy Phillips, Executive Director of the Cleburne County Community Foundation, said the coalition is taking the grant process step-by-step, building grassroots support, planning to distribute prevention materials at events like Heber Night Out and searching for a nonprofit partner to act as the fiscal agent to employ a grant-funded program director and assistant.

Being present in the community to fight big problems is slow going. But the local coalition is still moving, inching closer to programs that can prevent drug abuse in Cleburne County.



Chief Deputy Keith Hays and Community Foundation board member Louis Gray discuss coalition plans for establishing programs that will earn a grant to support drug abuse prevention in Cleburne County.

Opposite page: Kathy Phillips, Diane Robbins, Louis Gray, Netta Thomas, Rena Kelley and Keith Hays, all of Heber Springs, are in for the long haul — fighting addiction in Cleburne County.

the power of
PARTNERSHIP

Northwest Arkansas Professional Advisor Helps Clients Impact the Community

Michele Sears, Certified Financial Planner™ with Taurus Financial Advisors, LLC, in Fayetteville, first learned about Arkansas Community Foundation five years ago while serving on the board of Single Parent Scholarship Fund.

“That’s where my passion is. I care about Single Parent Scholarship Fund because I was a single parent, and I see the good they do in our community,” Michele explained. “I want to help my clients find and support the causes closest to their hearts.”

Arkansas Community Foundation has been a trusted resource for Michele in helping clients make charitable giving decisions. Jody Dilday, the Foundation’s development director, has helped Michele’s clients connect with the local charitable causes they care most about.

“The Foundation offers an easy way for clients to make charitable donations to local causes while providing smart solutions with low basis, concentrated stock positions in their portfolios,” said Michele. “They offer sophisticated, creative solutions that allow clients’ charitable giving to have the most possible positive impact for them and their community.”

Michele graduated from the University of Arkansas with a landscape design and horticulture degree. Surprised to find a career in finance, she loves what she does and has never been bored in 32 years on the job. Michele has raised two sons and given countless hours to community causes in Northwest Arkansas because this is her home.

In addition to her work with clients, Michele is a member of the Community Foundation-sponsored Philanthropy Club, a group of philanthropists started by Jane Hunt Meade. “It’s a great way to introduce like-minded individuals to challenges that need to be met in our community,” she said. “I’ve had my eyes opened to the importance of making sure my gift is a smart gift that satisfies those needs.”

Michele would “absolutely” recommend the Foundation to other financial advisors. “I see the Foundation as a connector for the wants and needs in the community,” she said. “They connect donors with vetted and appropriate nonprofits. They connect students with potential scholarships opportunities. They connect those seeking grants with those making the grants. To me, this is a classic win-win situation.”



Michele Sears discusses tools for smart giving with Jody Dilday at the Community Foundation's Northwest Arkansas office in Fayetteville.



the power of
PROGRESS

Arkansas Imagination Library Lays Groundwork for Growth

Jacob Parker is less than 24 hours old as his father, Justin Parker, cradles his newborn son at Wadley Regional Medical Center in Texarkana and begins reading to him from a book presented to the infant courtesy of the Arkansas Imagination Library.

Little Jacob is one of thousands of children now receiving free books monthly through their fifth birthdays as part of a reading advocacy program aimed at creating a culture of reading in the Natural State that all started with the Dolly Parton Imagination Library.

“Just having books in the home matters,” said Charlotte Green, Ph.D., executive director of the Arkansas Imagination Library, a statewide nonprofit that formalized in 2017 to provide support, resources and grant dollars to its affiliates.

“When we mail a book to an infant, we are really putting that book in the hands of a parent,” explained Green. “It is a very strategic, intentional way to influence how parents interact with their children. It is a critical time in the brain development of a child, and parents reading and spending time with children sets the trajectory for how they will value education and learning.”

United Way of Greater Texarkana joined the Imagination Library network in July 2018 and has since registered more than 60 newborns to participate in the program. Encouraged by the chapter’s steady growth, United Way president Mark Bledsoe is anxious to see that number continue to grow.

“We want the children in our area to be better prepared for success as they enter kindergarten,” said Bledsoe. “The community support has been amazing, especially from the school districts in our region.”

Enthusiastic readers at Trice Elementary in Texarkana have even joined in by selling bookmark with proceeds benefitting their local Imagination Library.

“Funding from Arkansas Community Foundation is vital to our region,” said Bledsoe. “Through the Community Foundation, we’ve been able to leverage funding that accounts for approximately 10% of our program.”

Arkansas Imagination Library is making progress and having an impact, growing in two short years to now having a presence in all 75 counties and distributing almost 31,000 free books each month.



Students at Trice Elementary in Texarkana enjoy their school library time by reading books from the Dolly Parton Imagination Library. To help raise funds for the program, the students sell bookmarks.

Statement of Financial Position

ASSETS	
Cash and Cash Equivalents	\$ 28,175,337
Investments at Market Value	388,009,100
Receivables and Other Assets	26,180,400
Total Assets	\$ 442,364,837

LIABILITIES AND NET ASSETS	
Scholarships Payable and Other Liabilities	\$ 3,019,045
Agency Liabilities	39,142,705
Net Assets	400,203,087
Total Liabilities and Net Assets	\$ 442,364,837

STATEMENT OF ACTIVITIES

Revenue	
Contributions	\$ 145,345,479
Other, Net	15,118,245
Less Amount for Agency Liabilities	(2,279,475)
Total Revenue	\$ 158,184,249

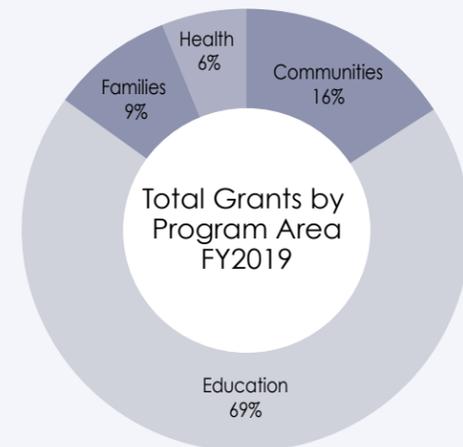
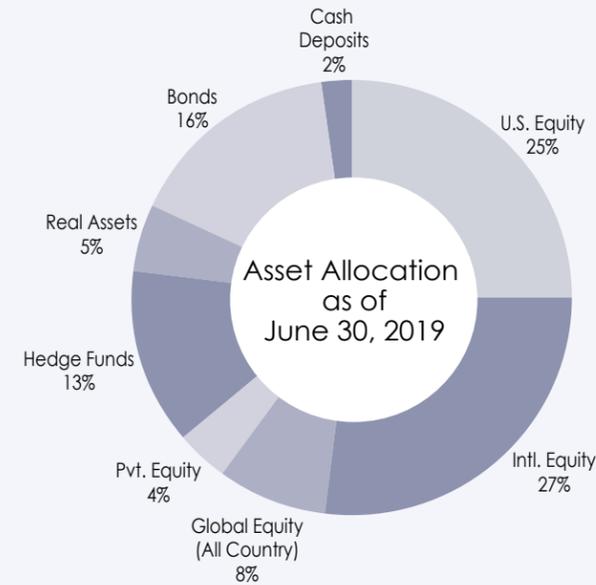
Expenses	
Grants	\$ 40,966,916
Other Expenses	5,061,919
Less Amount for Agency Liabilities	(1,048,273)
Total Expenses	\$ 44,980,562

INCREASE IN NET ASSETS	\$ 113,203,687
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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, 2019	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incep
Composite return net of investment fees	4.7%	8.2%	4.4%	7.9%	6.2%
Composite benchmark	5.2%	9.0%	5.2%	7.9%	5.9%



the power of
ASSETS

Operating Expense Ratios

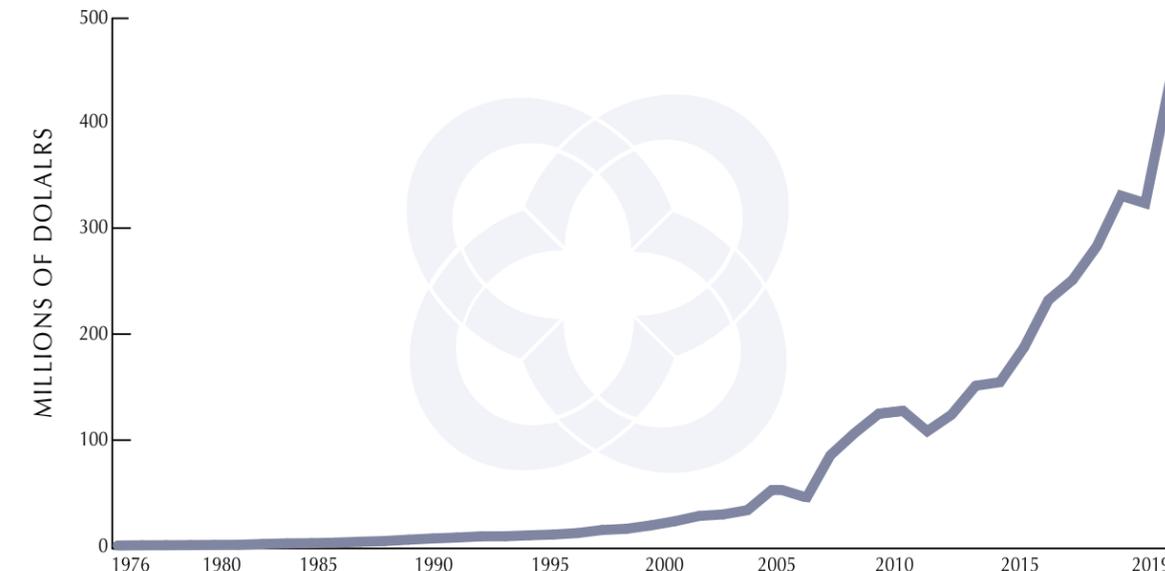
	2015	2016	2017	2018	2019
Total Assets	\$254,770,245	\$286,992,570	\$335,506,981	\$328,261,227	\$442,364,837
Total Operating Expense	\$1,148,678	\$1,395,880	\$1,407,574	\$1,651,089	\$1,860,063
Number of Employees					
Full Time Central Office	15	14	14	15	15
Part Time Local Directors	27	27	28	28	28
Operating Expense as % of Total Assets					
Central and Local Offices	0.45%	0.49%	0.42%	0.49%	0.42%

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/apply.

Community Foundation Asset History 1976-2019



INVESTMENT CONSULTANT
Cambridge Associates, Boston, MA

INVESTMENT MANAGERS
FOR POOLED ASSETS

Aether Investment Partners
Artisan International
Blackstone Group
CapRocq
Cendana Capital
Clarion Partners
Colliers Dickson Flake Partners
Corbin Capital Partners — Pinehurst
Davidson Kempner
D.E. Shaw
Dodge & Cox
Doubleline Capital
Dover Street
Forester Diversified
FPA Crescent
Franklin Templeton Investments
Global Alpha International
Goldman, Sachs & Company
Hengistbury Investment Partners
JO Hambro International
John Hancock Investments
Massachusetts Financial Services (MFS) Company
Northgate Capital
Neuberger Berman
Park Street Capital
Principal Group
Renaissance Institutional Equities
Silver Creek Capital
Somerset Capital Management
Southern Bancorp
Vanguard Group
Wells Fargo Fund Management
WILsquare Capital Partners

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Legal Counsel

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Laurie M. Boyd
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Darrell Sansom

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Barb Rainey Photography

NOTES/ACKNOWLEDGEMENTS

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Board of Directors

Below is a list of our statewide board members for the fiscal year 2019. For a full list of member of each of the 28 local affiliate advisory boards, visit arcf.org/affiliates.

Philip Tappan of Little Rock, Chair	Creshelle Nash of Little Rock
Carolyn Blakely of Pine Bluff	Steve Nipper of Magnolia
Jackson Farrow of Little Rock	Andy Peeler of Jonesboro
Don Greenland of Conway	Robert Thompson of Paragould
Paige Partridge Hix of Fayetteville	Estella Tullgren of Mountain Home
Eric Hutchinson of Conway	Allyson Bradford-White of White Hall
Dennis Hunt of Fayetteville	Robert Zunick of Hot Springs

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Affiliate Executive Directors, FY 2019

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

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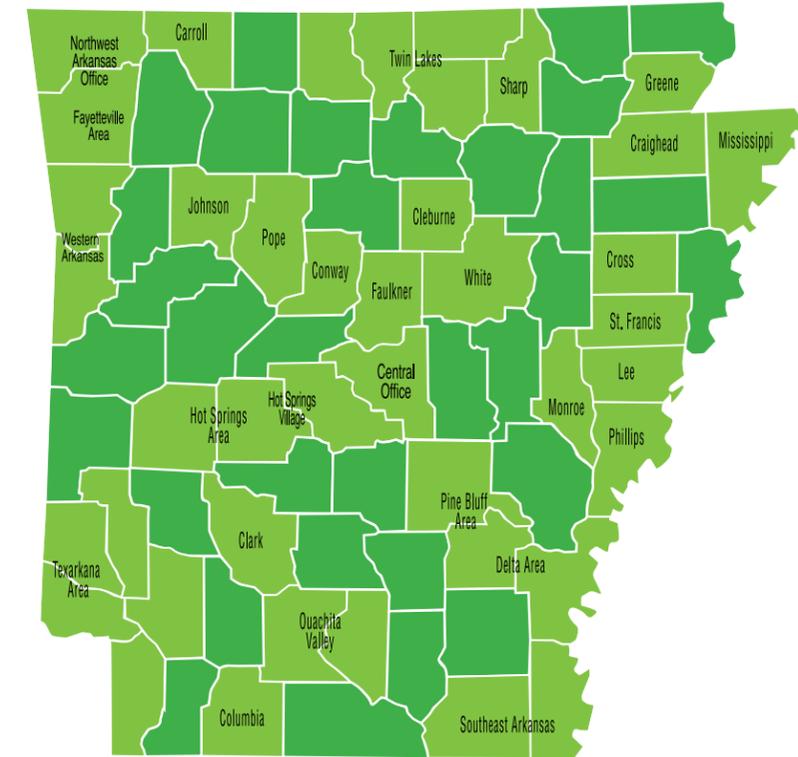
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* Outgoing Executive Director



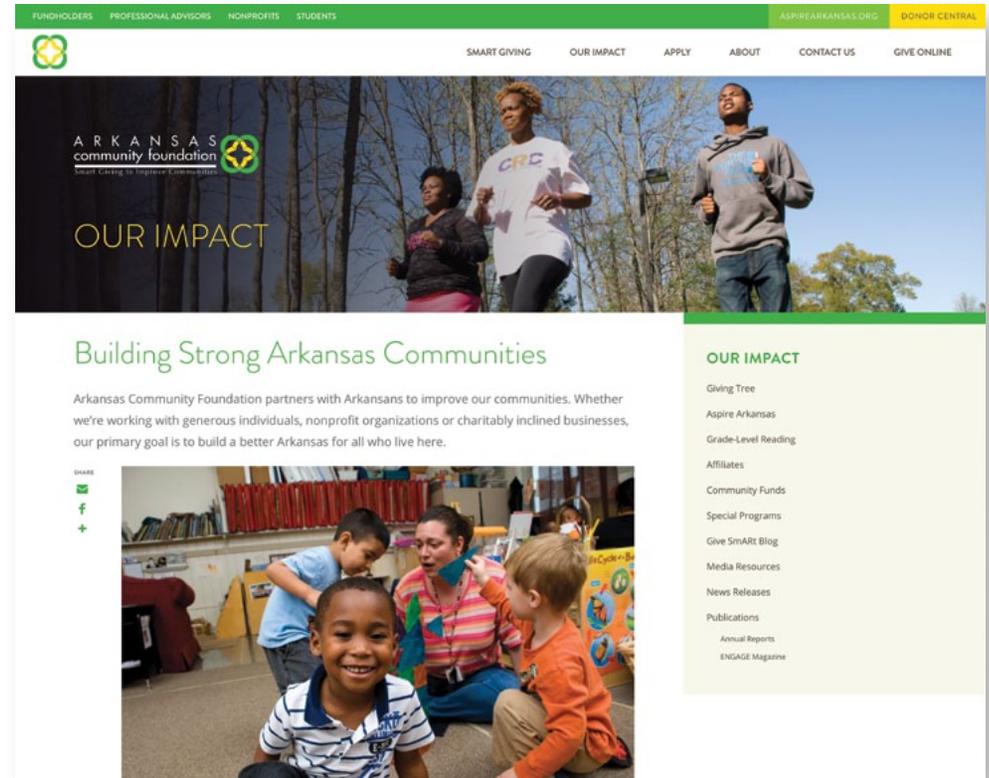
New Website Powers Smart Giving

Arkansas Community Foundation's new **arcf.org** website is packed with tools for smart giving and resources to help first-time visitors, fund holders, students, professional advisors and nonprofit grant-seekers.

"A bright, crisp, mobile-friendly design makes the **arcf.org** website easier to read on all digital devices," said Heather Larkin, Community Foundation President and CEO. "The new online giving tool allows you to make secure, smooth, multiple donations in one transaction. Access from our site to data from **AspireArkansas.org** and the **Arkansas Nonprofit Directory** can expand your knowledge of community needs."

The site's architecture has been simplified to make your online experience easier and more productive, whether or not you are familiar with the Foundation. Videos help tell the Community Foundation story and downloadable PDFs answer in-depth giving questions. Publications like this *Annual Report*, *ENGAGE Magazine* and the *GiveSmARt* Blog further explore issues important to you and the Foundation.

Visit **arcf.org** today to experience the change!



ARKANSAS
community foundation

Smart Giving to Improve Communities

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