



Community Foundation Alliance

2009

REPORT TO THE COMMUNITY

Annual Message

A

wise person once said, "If you are facing in the right direction, all you have to do is keep walking." These are words we live by at the Community Foundation Alliance. Despite being buffeted by economic storms, we know we are on the right path – a path that leads to a healthier, safer, more equitable and more vibrant community for all of us. We will indeed keep walking. For the Alliance, that doesn't mean "business as usual," because there's nothing "usual" about what we do. Since the Alliance was first created, we have been innovative and adaptable.

Our mission has three core mandates: to manage the funds entrusted to us by our donors, to make grants to local charities that are making a difference, and to provide leadership in community building and philanthropy. Most of the money we grant comes from the income earned on endowment funds that are permanently invested. Like any other investor, public or private, we have felt the impact of the stock market meltdown. To address this reality, we have made significant cuts to our already lean budget.

As you're reading this report, you've no doubt noticed that one way we've reduced costs is by significantly scaling down our annual report and by publishing it exclusively to our website. We believe that this report is better suited as a financial summary, and we are now leaving the detailed reporting to our Alliance members, whose individual reports will be posted online or mailed at various times during the year. We hope you will appreciate this new economical and environmentally-friendly approach to reporting back to you and the community at large. As always, we welcome your feedback and any suggestions you might have for future improvements.

We're delighted to report that this year, the Alliance, together with our members, awarded nearly 800 grants totaling more than \$2.2 million, nearly the same as last year. While we're very excited about this figure, we know that these grant dollars were committed before the market downturn and that, looking ahead, we can expect reduced grantmaking capacity in the coming year and perhaps into the next few years. But we will continue to make grants. Why? Because grantmaking is at the very core of our mission. Because there are urgent needs in our community that can't wait until the markets turn around. Because in an economic downturn, the most vulnerable in our community pay the highest price. Because communities don't give up when times are tough: they get going.

We offer our heartfelt thanks to the many wonderful volunteers who supported our work throughout 2009, and especially to the hard-working members of our Board and Board committees. And to our donors — those generous souls who give so unselfishly to help make our community strong — "thank-you" almost seems inadequate. You have truly changed lives. You have lit a candle that will in turn light others, spreading a glow throughout our community. You are making a difference, now and forever.



Norman B. Miller
Board Chair



Marilyn J. Klenck
President and CEO

*We connect people who care
with causes that matter.*

Whether we're working with donors, grant recipients, professional advisors, other funders, or the general public, we strive to connect with community and build relationships. These relationships may lead to effective projects today, long-term partnerships tomorrow, or traditions of philanthropy to be passed down for generations.

The Community Foundation Alliance was formed in 1991 to provide leadership assistance and support to our member community foundations as they promote philanthropy and build endowment to serve their communities. Early organizers believed a regional structure could provide greater benefits at lower costs. The Alliance's region encompasses Daviess, Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick counties. Each county is represented by a community foundation – an Alliance member – serving the local community.

Together, we work to promote philanthropy at all levels, to build and maintain a permanent collection of charitable funds that benefit the entire community, and to serve as a trustworthy partner and leader in shaping effective responses to community needs.

Each of the Alliance's member foundations is made up of a collection of endowed funds established by donors from all walks of life and generally focused on charitable endeavors in their own communities. Because grants and scholarships are awarded based only on the income generated from the endowment, leaving the principal intact, donors have the ideal opportunity to help their community meet the needs we know about today while preparing for the challenges we are sure to face in the future.

Some donors establish funds that serve a particular charity (designated), some support different needs from year to year (donor-advised), some specify a particular area of need such as education (field of interest), and others create or give to what is called unrestricted endowment, which allows the Foundation's trustees to determine how it can best serve the community today and in the years to come. Field-of-interest and unrestricted funds provide the resources that make our members' discretionary grants programs possible. Discretionary grants typically are awarded based on a competitive process. Still other donors establish what are called nonpermanent funds, funds that are not endowed but are used to support a short-term charitable project or goal.

Our members are represented locally by boards of trustees made up of civic-minded volunteers who live or work in the county they serve. Although each county is comprised of unique people, needs and issues, each member's focus is the same: to help people who share in the desire to give back connect with the charities they care about in a meaningful and lasting way and to make grantmaking decisions based on their first-hand knowledge of the community's greatest needs at any given time.

The Alliance's board of directors, made up of representatives from each of its member foundations, is responsible for all aspects of operating the corporation: governance, policymaking, legal requirements, and financial stewardship of the endowment.

Norm B. Miller

Marilyn J. Klenck

Summary of Activities

The Alliance's membership brings together the best thinking of local leadership to meet community concerns through a network of nine member community foundations. The sections that follow summarize each member's endowment-building and grantmaking activities for fiscal year 2009; visit the websites listed for a more detailed reporting of their activities for the year. The Alliance also administers two regional funds: the Education and Literacy Fund, which supports programs and initiatives in the fields of education and literacy throughout our nine-county region, and the City of Evansville Endowment Fund, which supports a wide range of capital projects that serve the City of Evansville, with particular emphasis on the city's 4th and 6th wards.

DAVISS COUNTY COMMUNITY FOUNDATION

New Funds

Peoples Bank/German American Bancorp Scholarship Fund
Joe and Elaine Wellman Family Endowment Fund

Grantmaking

Discretionary \$179,569
Designated and Advised \$168,442
Community Scholarships \$51,298
Lilly Endowment Community Scholarships \$160,854

❖Total \$565,805

Learn More

Jeanne Fields, Director
812.254.9354
www.davisscommunityfoundation.org

GIBSON COUNTY COMMUNITY FOUNDATION

New Funds

Alan Hopewell Memorial Scholarship Fund
Troy and Virginia Land Fund
Smithville Charitable Foundation Fund of Gibson County

Grantmaking

Discretionary \$99,759
Designated and Advised \$74,358
Community Scholarships \$15,340
Lilly Endowment Community Scholarships \$150,062

❖Total \$339,519

Learn More

Tami Muckerheide, Director
812.386.8082
www.gibsoncountyfoundation.org

KNOX COUNTY COMMUNITY FOUNDATION

New Funds

ATTIC Inc. Fund for Independent Living
Lester M. Baughman Scholarship Fund
Jerry Nelson Knox County Agriculture Leadership Fund to Benefit AgrIIstitute Inc.

Grantmaking

Discretionary \$40,060
Designated and Advised \$123,850
Community Scholarships \$16,160
Lilly Endowment Community Scholarships \$180,052

❖Total \$360,122

Learn More

Kathy Rinsch, Director
812.886.0093
www.knoxcountyfoundation.org

PERRY COUNTY COMMUNITY FOUNDATION

New Funds

Gerald D. Thomas Fund for the Youth of Tell City
John Williams Memorial Scholarship Fund

Grantmaking

Discretionary \$65,442
Designated and Advised \$90,720
Community Scholarships \$27,319
Lilly Endowment Community Scholarships \$73,373

❖Total \$256,854

Learn More

Sally Houzanme, Director
812.547.3176
www.perrycommunityfoundation.org

PIKE COUNTY COMMUNITY FOUNDATION

New Funds

Gaskins Family Fund for Pike County, Indiana
Otwell School Alumni Association Fund
Marvin Snyder Town of Winslow Fund
Darwin and Grace Youngs Scholarship Fund

Grantmaking

Discretionary \$30,176 (see Note 2)
Designated and Advised \$6,342
Community Scholarships \$24,080
Lilly Endowment Community Scholarships \$267,280

❖Total \$327,878

Learn More

Tom Dooley, Director
812.354.6797
www.pikecommunityfoundation.org

POSEY COUNTY COMMUNITY FOUNDATION

New Funds

Hovey Lake Outdoor Youth Activity Fund
Smithville Charitable Foundation Fund of Posey County

Grantmaking

Discretionary \$83,645
Designated and Advised \$58,606
Community Scholarships \$39,510
Lilly Endowment Community Scholarships \$180,052

❖Total \$361,813

Learn More

Julie Eickhoff, Director
812.838.0288
www.poseycommunityfoundation.org

SPENCER COUNTY COMMUNITY FOUNDATION

New Funds

Cornelius Collignon Family Scholarship Fund
John D. and Marilyn Schilling Fund

Grantmaking

Discretionary \$52,727
Designated and Advised \$51,839
Community Scholarships \$33,449
Lilly Endowment Community Scholarships \$256,237

❖Total \$394,252

Learn More

Laura Harmon, Director
812.649.5724
www.spencercommunityfoundation.org

VANDERBURGH COMMUNITY FOUNDATION

New Funds

Habitat for Humanity of Evansville Fund
Robert "Bubba" Jochum Scholarship Fund
James A. McCarty Sr. Spirit of Giving Fund

Grantmaking

Discretionary \$125,375
Designated and Advised \$428,849
Community Scholarships \$17,265
Lilly Endowment Community Scholarships \$472,020

❖Total \$1,043,509

Learn More

Barb Dicken, Director
812.422.1245
www.vcfoundation.org

WARRICK COUNTY COMMUNITY FOUNDATION

New Fund

Jeb Gourley "Celebrate Life" Scholarship Fund

Grantmaking

Discretionary \$26,091
Designated and Advised \$25,912
Community Scholarships \$8,140
Lilly Endowment Community Scholarships \$275,314

❖Total \$335,457

Learn More

Susan Sublett, Director
812.897.2030
www.warrickcommunityfoundation.org

REGIONAL GRANTMAKING

Alliance Education and Literacy Fund \$61,083
City of Evansville Endowment Fund \$180,246

❖Total \$241,329

Learn More

Melinda Waldroup, Program Director
812.434.4923
www.alliance9.org

2009 SNAPSHOT

Funds Established This Year
22

Gifts Received This Year
\$1.1 Million

Assets as of June 30, 2009
\$49.2 Million

Discretionary Grants*
\$702,844

Designated and Donor-Advised Grants
\$1,028,918

Community Scholarship Awards
\$232,561

Regional Grants
\$241,329

Total Grantmaking
\$2,205,652

Lilly Endowment Community Scholarship Awards (see Note 1, previous page)
\$2,015,244

*Includes distribution from the David Detar Corn Trust (see Note 2, previous page)

NOTES:

1. The Lilly Endowment Community Scholarship Program, fully funded by Lilly Endowment and administered by local community foundations throughout Indiana, provides full tuition for four years of full-time undergraduate study at the Indiana college or university of the recipient's choice. The number of scholarships awarded is based on the population of each county (the awards listed represent projected attendance costs).
2. Supplemented with a \$15,267 distribution from the David Detar Corn Trust (held at German American Financial Advisors in Jasper, Indiana).

This report is based on our most recent fiscal year, which began on July 1, 2008, and ended on June 30, 2009. Every attempt has been made to ensure that all information included in this report is accurate. We apologize for any errors or omissions.

Financial Summary

The Alliance carefully manages long-term charitable funds primarily for the benefit of the communities of Daviess, Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick counties in Indiana. At the end of our first year eighteen years ago, total assets were \$400,000. Assets are at \$49.2 million at the end of this fiscal year (June 30, 2009). The Alliance received total contributions of \$1.1 million this year. Contributions are pooled for investment purposes. The combined endowment pool consists of component funds, and a system of unitization allocates total return to each component fund. These component funds represent a collection of the interests of individual donors and agencies who have united to increase the effectiveness and assure the future of charitable giving.

Total grantmaking for the year was \$2.2 million. Grantmaking is determined by the Alliance's spending policy which is set, generally speaking, at 4.5% of a 20-quarter rolling average market value. The wisdom of this spending policy, which has meant slightly more modest grantmaking in the high times, is borne out by the capacity to sustain grantmaking in hard times, when the needs in our communities are greatest.

Over the past year, the credit crisis and slowing U.S. economic growth have continued to dominate the financial markets. Overall for fiscal year 2009, the Alliance experienced a -19.3% return on investments. Following is a one-, three-, and five-year performance summary through June 30, 2009:

	1 Year	3 Years	5 Years
Alliance	-19.3%	-2.8%	1.4%
Policy Index*	-19.3%	-4.4%	.2%

*The benchmark we use to compare our investment returns to appropriate investment indices such as the S&P 500.

The volatility in the financial market has been a cause for concern for many investors. It's tempting to allow these short-term fluctuations to influence our thinking, but it's important to remember that investing to sustain endowment funds requires an acceptance of market volatility. Without such risk, we cannot even hope to achieve the return needed to sustain endowment funds over the long term.

The Alliance's investment goal is to earn a reasonable return on investments while maintaining a diversified, high-quality portfolio without undue risk of significant capital depreciation. Our investment policy, established and periodically reviewed by the Investment Committee, utilizes prudent investment strategies designed to result in growth sufficient to maintain the real value of a fund's principal balance and grantmaking capacity over time. This is accomplished through carefully balanced portfolios: domestic equities (45%), fixed-income (25%), international equities (10%), real estate (10%), and alternative investments (10%). Following is a list of our investments managers as of June 30, 2009:

Aletheia Research and Management <i>Domestic Large-Cap Growth Stocks</i>	Global Macro Access/Coast <i>Alternative Investments</i>	Urdang <i>Real Estate Investment Trusts</i>
Eagle Capital Management <i>Domestic Large-Cap Value Stocks</i>	Lord Abbett <i>Fixed Income</i>	Victory Capital Management <i>Domestic Large-Cap Core Stocks</i>
Earnest Partners <i>Domestic Small-/Mid-Cap Core Stocks</i>	Nuveen <i>International Large-Cap Core Stocks</i>	

Stewardship of assets is a primary responsibility of our Board of Directors. The Alliance's Investment Committee, appointed by and reporting to the Board, has immediate oversight of all aspects of investment management, including investment policy, guidance, and review. The committee is comprised of community foundation leaders with specific experience and expertise in financial and investment management.

Mark Ewing, Chair <i>Hart Bell LLC</i>	David Gogel <i>Self-Employed Businessman</i>	David Mitchell <i>Integra Bank</i>
Lisa Culter Clark <i>Edward D. Jones</i>	Matt Grabbe <i>Hilliard Lyons</i>	Jim Pearson <i>Hilliard Lyons</i>
Jody Giles <i>Old National Wealth Management</i>	Norm Miller <i>Northwestern Mutual Financial Network</i>	Steve Upmeyer <i>Old National Bank of Tell City</i>

STATEMENT OF FINANCIAL POSITION, JUNE 30, 2009

	Community Foundation Alliance Inc.	City of Evansville Endowment Fund Inc.	Alliance Initiatives Fund Inc.*	Total
Assets				
Cash and cash equivalents	\$233,011	\$1,074	\$1,310	\$235,395
Accounts receivable	677	–	549	1,226
Pledges receivable	214,584	–	–	214,584
Investments	45,280,144	\$5,495,446	\$2,317,699	53,093,289
Cash surrender value of life insurance policies	16,408	–	–	16,408
Property and equipment, net	28,698	–	–	28,698
Beneficial interest in charitable remainder trusts	3,409,422	–	–	3,409,422
Other assets	855	–	–	855
Total assets	\$49,183,799	\$5,496,520	\$2,319,558	\$56,999,877
Liabilities				
Accounts payable and accrued expenses	\$43,860	–	\$20,037	\$63,897
Scholarship grants payable	212,911	–	–	212,911
Amounts held for other agencies	2,974,161	–	–	2,974,161
Annuities payable	134,214	–	–	134,214
Total liabilities	\$3,365,146	–	\$20,037	\$3,385,183
Net assets				
Unrestricted – Board designated				
Operating funds	\$2,941,549	–	–	\$2,941,549
Administrative endowment	2,305,716	–	–	\$2,305,716
Funds for the benefit of other organizations	367,418	–	–	367,418
Endowed funds for the benefit of other organizations	36,579,964	–	–	36,579,964
Unrestricted–Alliance Initiatives Fund Inc.	–	–	2,299,521	2,299,521
Temporarily restricted	3,624,006	–	–	3,624,006
Temporarily restricted–City of Evansville Endowment Fund	–	496,520	–	496,520
Permanently restricted–City of Evansville Endowment Fund	–	\$5,000,000	–	5,000,000
Total net assets	\$45,818,653	\$5,496,520	\$2,299,521	53,614,694
Total liabilities and net assets	\$49,183,799	\$5,496,520	\$2,319,558	\$56,999,877

*The Alliance Initiatives Fund was established by the Alliance Board of Directors as a tool for handling regional projects, unusually large grants, and complex gifts. It is expected that the assets of the fund will vary and may eventually be depleted in support of designated purposes.

From the independent audit performed by BKD LLP of Evansville, Indiana. A copy of the complete audit report is available upon request. Financial statements and accounting policies and controls are audited annually by BKD LLP.

Our Mission

The Community Foundation Alliance exists to provide leadership assistance and support to our member Community Foundations in Daviess, Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick counties as they promote philanthropy and build endowment to serve their communities.

We are committed to connecting philanthropic resources with community needs, creating opportunities for enlightened change, and encouraging philanthropy as a way of life.



Contact Us

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Confirmed in compliance with national standards for U.S. Community Foundations