

Texas Presbyterian Foundation serves Jesus Christ by supporting the long-term funding and investment needs of congregations, church-related institutions and agencies, and by educating, encouraging and enabling individuals to carry out Christian philanthropy.

## 2006: A Year of Growth & Service

by Daniel W. Klein, TPF President



One of the Foundation's strategic objectives is to continue growing while retaining the client-centric culture and "can-do" flexibility that have become our hallmarks. Some have indicated that we are the *Southwest Airlines* of church-related financial service providers. We kind of like the analogy. To us it suggests providing streamlined, high quality service, at low cost, being non-bureaucratic, flexible and responsive with quick turnaround, and an empowered staff – even fun! An organization could do a lot worse than following that business model.

We are blessed to have an extremely capable and tenured staff, with very little turnover. New faces result almost entirely from expansion, not replacement. As of 2007, ten members of our 15-person staff have five or more years of service, most of them with ten years or more!

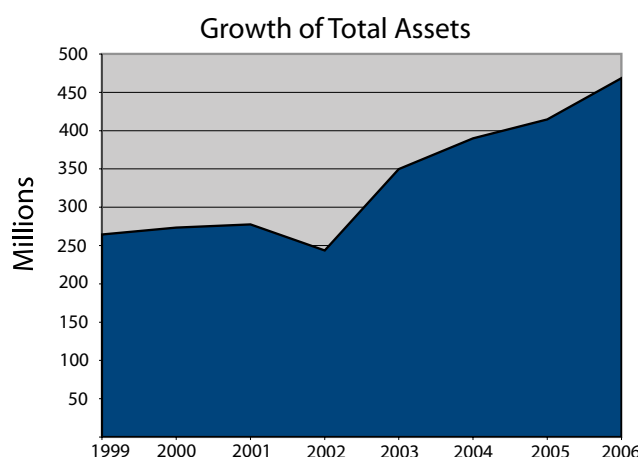
We ended the year approaching a half-billion dollars in total assets, a net increase of \$54 million over the previous year. During 2006, we received new accounts totaling \$12 million, and existing clients deposited an additional \$25 million. Investment returns added another \$65 million, and we distributed \$48 million to churches, institutions and individual beneficiaries of life income plans.

For more than 80 years the Foundation has been a reliable resource in support of the ministry of permanent funds for institutions, churches and individual Presbyterians in this region. Our growth is not measured solely by dollars under management, but also by enhanced products and services. These services continue to meet the changing and increasing needs of our clients. During the past three years, we added investment options that allow our clients to participate in three new asset classes: emerging-market international equities, non-directional hedge strategies and diversified core real estate (the latter two started in 2006). We custom-designed a master custody service for one of our large institutional clients needing us to centralize control of endowment assets managed by multiple managers. This process saved our client considerable expense. We conducted numerous seminars and presentations, including one relating to mineral leasing for thirty-nine churches in north Texas located within the boundaries of the currently "hot" Barnett Shale natural gas exploration. We worked with several donors on planned gifts involving very complex real estate transactions and began offering complete administration services for private family foundations.

At the end of 2006 TPF launched an entirely new, and quite unique, Internet-based system for administering the increasingly popular Donor Advised Funds. This system will now provide a private and secure means for generous donors and worthy ministries and missions to find one another. Although TPF clients have been able to access account reports on-line for several years, this is our first venture enabling clients to give us instructions interactively through the Internet. To better serve our clients, we plan to incorporate this feature into our other services as well.

Even with these expanded services, TPF remains a low-cost provider for the church. Overall cost to our pooled fund investment clients is still less than 7/10 of 1% of assets managed, including all costs of third-party investment management as well as the Foundation's overhead.

Our volunteer Board of Trustees – each member representing one or more of TPF's clients, and each possessing special expertise in law, banking, investments, church polity, etc. – provides direction, oversight and input that will keep us focused on this mission well into the future.



## WORKING TOGETHER, TRANSFORMING LIVES

As a nine-year-old, Ana Rosales' life was dramatically impacted when members from Parkway Presbyterian Church in Corpus Christi offered to build her family a new home in Piedras Negras, Coah., Mexico. Each year when the mission team returned they learned more about Ana and her family. When Ana was 16-years-old, church leaders asked if she would be interested in attending Presbyterian Pan American School, all expenses paid. "I just said yes, without thinking about it. When I left, it was hard on my mom but was such an opportunity for me," Ana said.

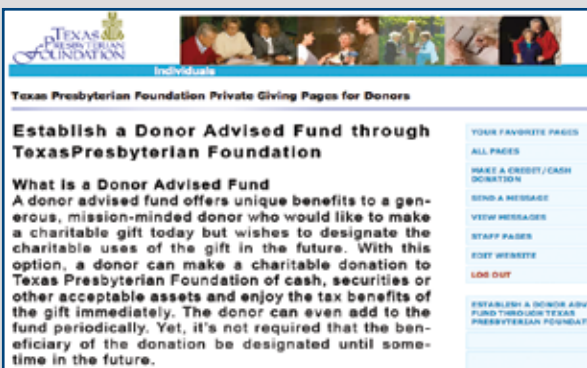


Ana Rosales

This first step began a journey of a lifetime for Ana, her family and community. As a guest speaker during TPF's November 2006 Board of Trustees meeting, Ana shared how so many of TPF's clients helped shape her life. At Pan American, she learned to speak English and understand a new culture. After graduating in 2001, she was accepted to Schreiner University, where she received a degree in Psychology in 2004. During her time at Schreiner, Ana began to see the importance of church ministry and soon was admitted to Austin Presbyterian Theological Seminary. This May, Ana will graduate with a Masters of Divinity, and as she looks back her heart is filled with gratitude for the people who helped make this possible.

Through gifts in the form of special funds, mission projects and scholarships, TPF clients like Parkway Presbyterian Church, Pan American School, Schreiner University and Austin Seminary laid a strong foundation for Ana. "What I am doing now is because of what these people have done for me," Ana said. "When people give they don't always understand that they are actually changing and transforming people's lives. Now as I go back to my home church, I am able to share my experiences and my faith."

# NEW TPF RESOURCES MAKE CHEERFUL GIVING EVEN EASIER



There is great joy in giving cheerfully. And many have discovered how easy cheerful giving can be through new methods of philanthropy including Donor Advised Funds, which allow individuals to deposit money at TPF and receive a full charitable deduction when they need it most. The decision about how funds will be used to benefit their favorite charities can be deferred months or even years later. While many are familiar with this process, a new opportunity for donors is making Donor Advised Fund giving even easier.

Recently, TPF began offering an Internet-based service that is helping connect donors with ministries in need. This enhanced service allows individuals who have established Donor Advised Funds to respond immediately to specific, current needs of their favorite organizations or charities.

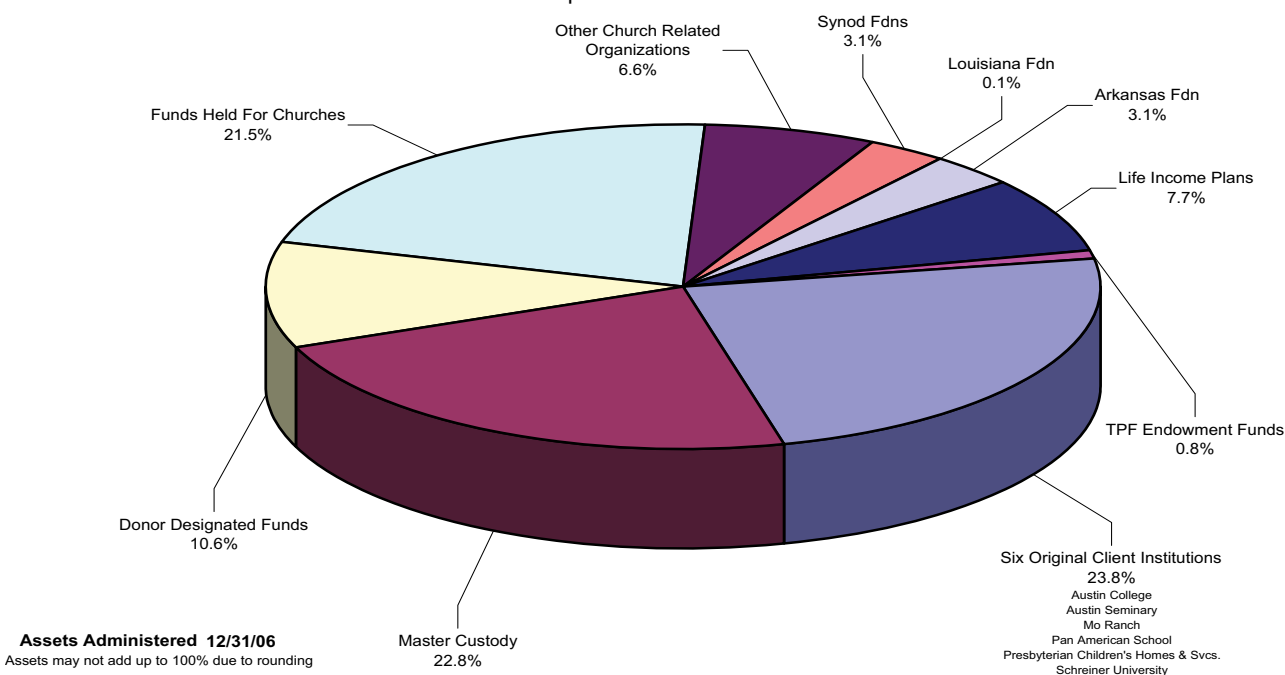
On the TPF website, various ministries affiliated with TPF can post a variety of projects of differing sizes, which need support or funding. On this same site there are stories, pictures and other details about these ministries and agencies.

Donors can be assigned a Private Giving Page, which enables them to view as many or as few of these needs as they would like. Donors can even screen out ministries that are not a priority for them. Likewise, they may discover new things about Presbyterian agencies not known before. When donors feel led to give to a particular project, they simply click a button and a request comes directly to the TPF office where a distribution is made to the selected charity. Donors can opt to donate to their own church or even validated non-Presbyterian causes. Gifts may be completely anonymous if desired. This site is updated frequently with the needs of Presbyterian organizations and ministries, allowing everyone to benefit from timely giving.

This new way of giving blends perfectly with the increasingly popular Donor Advised Funds while also providing for individuals looking for unique and easy ways to give cheerfully. Find more information about Donor Advised Funds and Private Giving Pages at [www.tpf.org](http://www.tpf.org) or contact a TPF Development staff member, 1-800-955-3155.

## Texas Presbyterian Foundation Assets Administered

**\$467.3 Million**



**T**

### TAKING CARE OF CLIENTS

415 Gift Annuities and Trust Accounts  
2,444 managed accounts  
\$11.9 million in new accounts

**P**

### PROVIDING RESOURCES TO CHURCHES & INSTITUTIONS

\$43.2 million in distributions helping them fulfill their mission  
\$3.4 million in distributions to individuals from Life Income Plans that will one day benefit Presbyterian churches & organizations.

**F**

### FILLING FINANCIAL NEEDS

12 Pooled Investment Funds  
2 Money Market Funds  
Custom Investment Options

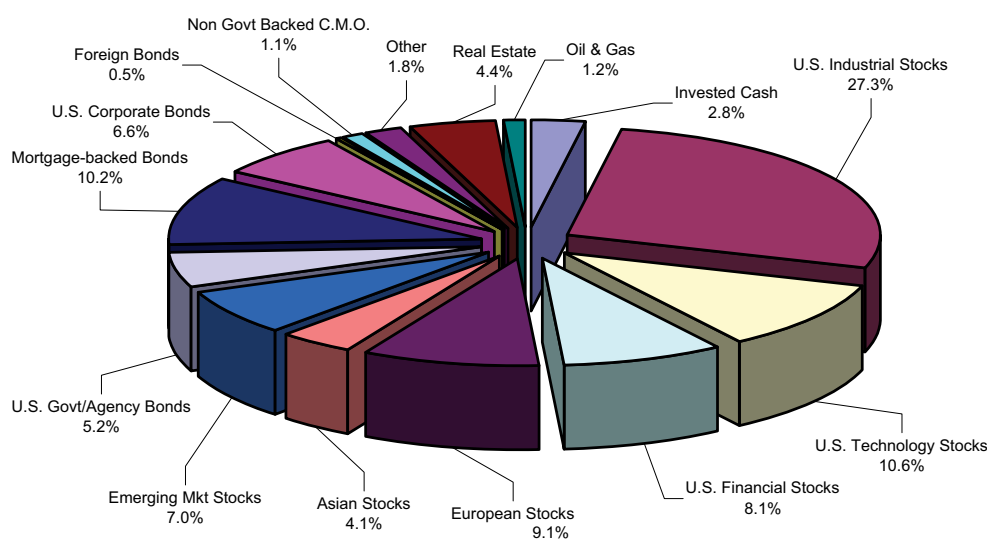
**2006  
BY THE  
NUMBERS**



## Churches & Organizations Find Value in TPF's Balanced Fund

### BALANCED FUND ASSET ALLOCATION

**\$146.6 Million**



As of December 31, 2006

TPF's Balanced Fund is one of our most widely-used investment options. Last year, net inflows to the Fund were more than \$23 million, including contributions from 12 new investor-clients. At the end of 2006, 167 churches and organizations participated in the Balanced Fund.

The TPF Balanced Fund is ideal for churches and institutions seeking a fully managed, diversified portfolio designed specifically for the long-term investment of endowment and other permanent funds.

# TPF LEADERSHIP

## Board Officers and Members

Board Chair



**Alan E. Byars**  
Midland  
Investments, Banking

Board Vice Chair



**George R. Jordan, Jr.**  
Houston  
Insurance Exec.

Board Secretary



**Walter H. Dunlap, Jr.**  
Dallas  
Attorney

*The Foundation Board consists of twenty-four trustees, six of whom are selected directly by TPF's original founding institutions (Austin College, Austin Presbyterian Theological Seminary, Presbyterian Children's Homes & Services, Presbyterian Mo-Ranch Assembly, Presbyterian Pan American School and Schreiner University.) The remaining eighteen trustees are elected at-large by the Synod of the Sun. Shown here are trustees and operating staff officers as of December 31, 2006.*



**Stanley C. Beyer**  
Houston  
Attorney



**Ann M. Bixby**  
Houston  
Financial Analyst



**James G. Cooper**  
Missouri City  
Investment Exec.



**Malcolm W. Hall**  
Oklahoma City  
Real Estate Investor



**Noe Hinojosa, Jr.**  
Dallas  
Investment Banker



**John Edward Judson**  
San Antonio  
Pastor



**William G. Landess**  
Amarillo  
Investment Exec.



**V. Elizabeth Ledbetter**  
Austin  
Attorney



**Robert G. Markell**  
Richardson  
Investments



**Thomas M. Mobley**  
Kilgore  
Business Exec.



**Samuel S. Moore**  
Dallas  
Investment Partner



**M. Bookman Peters**  
Bryan  
CPA, Consultant



**Frank O. Sloan**  
Dallas  
Investment Exec.



**Lester E. Smith, Jr.**  
San Angelo  
Foundation Exec.



**Laurie Spencer**  
Richardson  
Co-Pastor



**Alan M. Stewart**  
Houston  
Foundation Exec.



**Carl W. Stuart**  
Austin  
Investment Advisor



**Richard L. Walton**  
Dallas  
Business Exec.



**C.S. Wells, Jr.**  
Irving  
Investments



**Jean Rogers Winchell**  
San Antonio  
Financial Planner



**John Ed Withers III**  
Santa Fe, NM  
Pastor



**Peter W. Baldwin**  
Dallas  
Trustee Emeritus



**Houston H. Harte**  
San Antonio  
Trustee Emeritus

## Years of Service Add Up

Since its inception TPF has strived to reach out and meet the needs of clients. Through familiar faces of a long-tenured staff, the Foundation provides a continuity of support and remains focused on its mission to serve.

Dan Klein, now in his 12th year as president continues to lead an experienced and stable organization. This year, Director of Donor Relations, Sharon Nash celebrates her 20th anniversary at TPF. During these years, she has filled many roles including human resources, IT manager and administrator of gift annuities and trusts, to name a few.

Among other long-tenured colleagues, Executive Assistant Sandra Snouffer has welcomed clients and guests with a smile and great service for more than 15 years. Kim Warner, Vice President since March 1992, oversees the Foundation's efforts to help clients develop permanent funds. In addition, in 2007, Chief Financial Officer John Furlow and Accounting Supervisor Yolanda Najera each celebrate 10 years. Learn more about TPF staff at [www.tpf.org](http://www.tpf.org).

## TPF Staff Officers



**Daniel W. Klein**  
President



**Kim E. Warner**  
Vice President



**John C. Furlow, Jr.**  
VP & Treasurer



**Sharon Nash**  
Dir. Donor Relations



**J. Melinda Hunt**  
Dir. Development



**Elizabeth Wilt**  
Dir. Institutional Accts

# TPF REGIONAL FOCUS

## ARKANSAS

### SERVING MINISTERS & THEIR FAMILIES

It began as a vision, a vision for a place in Arkansas where ministers of varied faiths could receive counseling



care. Now, after much planning the Laurence E. Schmidt Center in Little Rock, Ark. is fulfilling its vision by providing “a safe place for pastors and members of their families to get the help they need,” said Rebecca Spooner, LAC, director of the center that opened in January 2007.

The idea for the project began as Rev. Reinhold Schmidt talked with Lyn Whaley, Chief Executive Officer of Vera Lloyd Presbyterian Home and Family Services about a way to give back to the clergy community. Schmidt wanted to use contributions from a memorial fund established to honor his son, Laurence E. Schmidt, who suffered from mental illness. For Vera Lloyd this was a great opportunity. “It was apparent to me that reaching out to ministers and their families in crisis would be beneficial to the clergy community and it fit well with our mission,” said Whaley.

From this point, plans for the new counseling center continued. “We surveyed pastors throughout the state and confirmed the need for this type of project,” Spooner shared. Meanwhile, two TPF clients, Vera Lloyd and the Presbyterian Foundation of Arkansas worked to provide the necessary funds for operation.

In 2005, a seed grant from the Laurence E. Schmidt Memorial Trust was approved by the Presbyterian Foundation of Arkansas. Herb Rule, President of the Foundation, said from the beginning this project was unique. “What it indicates is the flexibility and ingenuity of so many people and how they dealt in a creative way with the problems in their community.”

## FINDING FUNDS IN A TIME OF NEED

## LOUISIANA

In 2006 thousands were impacted by Hurricane Katrina including many Presbyterian congregations. One church that saw the storm’s impact first-hand was TPF client, First Presbyterian Church New Orleans, which soon flooded with 28 inches of water during the storm.



*Pictured is the water level inside the church sanctuary following the hurricane.*

Twelve-year pastor Clifford Nunn said the damage was not just limited to property but included the loss of members. Two people from the church died as a result of the flooding and nearly half of the church congregation moved away. “It was a very hard time for our congregation,” Nunn shared.

In the midst of this challenge the church found great value in their already established Building and Maintenance Endowment Fund. “After the storm hit, we wanted to get up and running as fast as possible, and because we were able to access funds we were able to start working on the church immediately,” said Nunn. These funds provided money for workers and helped supply and operate a generator for the church without power from August 29 through December 19. Monies helped repair the current church building built in 1938 in uptown New Orleans.

Now as the church continues to recover and rebuild, it is determining how to best use many generous donations, insurance money and interest from the church’s General Endowment Fund to continue reaching out to the New Orleans community in need of spiritual and physical support.

## OKLAHOMA

### SUPPORTING THE FUTURE; FUNDING A LEGACY

“How can I repay and thank an organization for providing so much when I needed it most?” This is the question retired Oklahoma Presbyterian minister Shirl Butler asked for years when he thought about Austin Presbyterian Theological Seminary—the place he first began a life-long study of ministry and theologian Karl Barth.

In 2003, Butler called Austin Seminary and proposed an idea that would not only answer his own question but serve as a great ministry to current students and pastors. He told the seminary about a desire to create a fund for a speakers’ series dedicated to Karl Barth, whose teachings had a great impact on Butler. “I’ve never been so affected by another person’s writings. It is full of the mystery of the Good News. I am sorry there is not greater attention given to his work,” Butler said. TPF provided counsel and support as the Foundation worked with the Butlers to establish the Karl Barth Endowment Fund. “We didn’t even know where to begin,” said Detta Butler. “We are so thankful to the Foundation for providing the means to do this.”



*Shirl & Detta Butler*

This November, Austin Seminary will host the first Karl Barth Speakers’ Series. For the Butlers, Austin Seminary, and TPF, this is a dream come true. “A lot of our work involves ‘being there’ when a donor gets in touch with a vision that makes a difference,” said Ted Wardlaw, president of Austin Seminary. “We are so pleased that when the Butlers began envisioning this idea, with the assistance of TPF we were able to be helpful nursing it from a dream to a reality.” For more details about the Karl Barth Endowment Fund contact TPF.

## TEXAS

### BEQUESTS ENSURE THE FUTURE OF MEDICAL MINISTRY

It is referred to as a *transforming gift*, a bequest that can change the course of an organization’s history. In 2006, Presbyterian Medical Care Mission in Abilene, Texas was the recipient of this type of contribution.

Since 1983, the Presbyterian Medical Care Mission has served a 22 county community in need of medical and dental care. With two physicians, three dentists, more than 100 volunteers and 38,000 patients, the Mission “provides care for low-income families falling through the gaps of medical care,” said Scott Golding, Executive Director for the Mission. “This same center saves the local community \$108 million annually by providing primary health and dental care and keeping people out of emergency rooms.”

Because of two bequests in 2006, totaling approximately \$1 million, the Mission was able to establish its own Foundation. These funds were placed with TPF and the investment income will be distributed to provide ongoing additional support for the Medical Care Mission.

“Receiving these funds took our clinic from week-to-week scrambling, to having the ability to look past just staying open. Gifts like these ensure that we will be here for the next 25 years,” said Golding.

Not only are these bequests transforming, but they also act as catalysts for other donors looking to help their community. Inspired by past bequests, a new donor recently set up a \$250,000 gift annuity that at maturity will create a Permanent Endowment fund at TPF with the income flowing to the Mission in perpetuity. This permanent stream of income for the Mission will continue to enhance services. As a result the Mission is able to “provide for the needs of our community,” Golding said.

To learn how an Endowment Fund could benefit your church or favorite organization contact the TPF Development staff at 1-800-955-3155