

## WHAT'S INSIDE?

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## Back to Normal Yet?

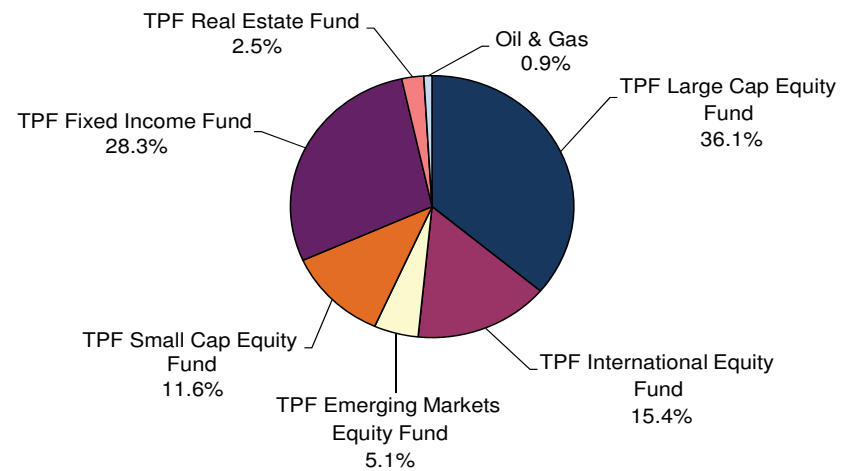
by John Furlow, TPF VP & Treasurer

We are all stewards in the care of resources for our families, our churches and institutions. The last two years have tested all of our investment strategies and the durability of our savings and endowments. Those who stayed with a well-diversified strategy, like the TPF Balanced Fund, appear to be just about whole, and ready to see their funds through the next crisis, whatever and whenever that might be. The turbulent markets have especially challenged permanent funds and endowment portfolios. Government bailouts, inflation fears, unemployment and corporate bankruptcies have provided negative external influence on already volatile markets. Some experts think the markets have returned to "normal" where there is willingness to take risk and be rewarded for it. The corporate world, with the assistance of government dollars in some cases, appears to be poised for the next cycle of growth, assuming there is credit available to finance it. However, the consumer, with credit card debt, underwater home mortgages, and unemployment, is not ready to take the plunge. Without consumer demand, businesses will be reluctant to invest in supply. Things could be stagnant for a while.

In the management of long term portfolios, TPF suggests that the time-tested strategies still are the best tools to prepare for an unknown future. There remain many unpredictable forces in the economy and that translates into higher volatility and generally below average returns going forward. With so many uncertainties, TPF believes a long term investor should maintain enough liquidity, or know where the cash is coming from, to fund operations and/or spending needs for a year or two, and otherwise remain fully invested in a broadly diversified strategy, allocating assets to a variety of uncorrelated asset classes.

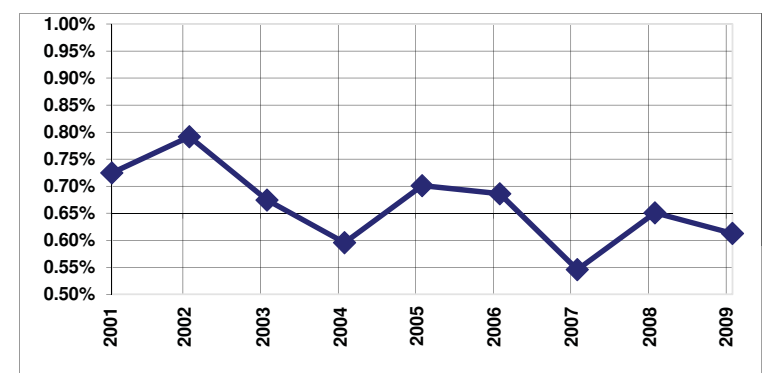
TPF does not know if things are back to normal yet, however the TPF Investment Committee regularly monitors and reviews the TPF Portfolios. This group of trustees, all of whom are representatives of one or more TPF clients, is comprised almost entirely of experienced investment and finance professionals. The Committee continually evaluates and adjusts the asset allocation models, occasionally employing new asset classes and subclasses to further diversify the portfolios, enhance returns and reduce risk. It is a very robust and active process that adds value for every TPF client.

TPF Balanced Fund  
12/31/09  
\$177.2 Million

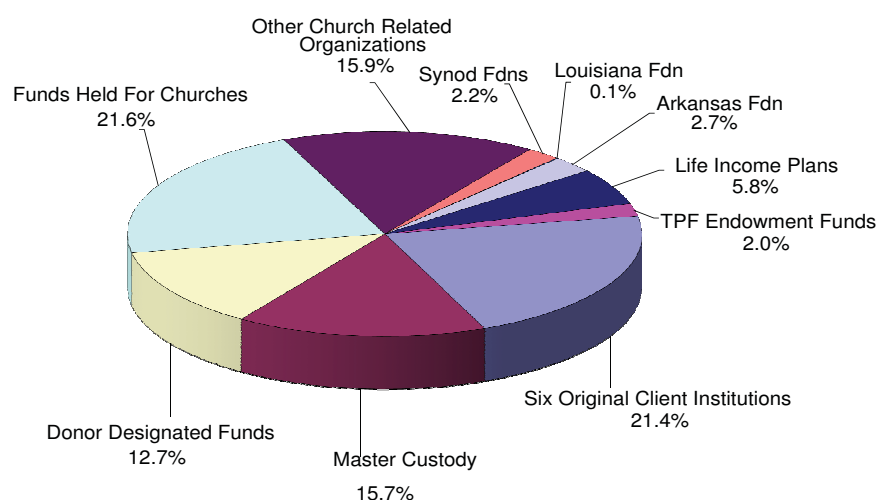


The TPF Balanced Fund continues to be the most popular investment choice of TPF Clients. Over seventy percent of TPF Clients have selected the diversified allocation of the Balanced Fund, and, as a result, the net asset value of the Fund is approaching \$200 million. The Fund's strategy has added value and helped dampen downside risk over the volatile market of the last three to five years. The TPF Balanced Fund has outperformed its benchmark by 2.5% annually for the last three years, and 1.5% annually over the past five years. The Balanced Fund's benchmark is the Lipper Mixed Asset Target Allocation Growth Funds Index.

## COST RATIO



TPF Assets Administered  
12/31/09  
\$518 Million

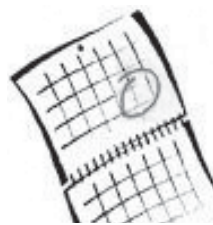


## TPF Expense Ratio Remains Low

Despite extreme market volatility in 2009, the expenses charged to TPF's commingled portfolios remained low during the year. Total expenses as a percentage of all TPF Pooled Funds averaged about 0.6% (60 basis points) during 2009. These expenses include both the fees paid to TPF's third-party investment managers and custodians and all of TPF's own overhead and operating costs (which also include TPF's extensive development effort to assist our clients in attracting and administering gifts of permanent funds to carry out their missions). It should be noted that the total expense ratio is an average across all of TPF's funds, and the specific amount charged to a particular fund may be less or more than that average.

# A Year in Review

by Daniel Klein, TPF President



In a continuing effort to resource financial and philanthropic education in the Synod of the Sun, TPF presented 25 workshops and conferences during 2009. Several hundred individuals participated, representing dozens of churches, church institutions and other charities from throughout the region.

Some highlights:

In the spring the foundation hosted a Client Conference on Philanthropy, aimed primarily at the development staffs of Presbyterian Church-related agencies. Funded by a grant from a donor advised fund administered by TPF, the principal presenter was Winton Smith of Memphis, TN, nationally-known expert on the subject of charitable gift planning. Three other speakers, including a current and a former TPF trustee, rounded out the program. Representatives of 13 churches and 20 church agencies, in several instances multiple participants, attended this successful two-day event, and similar conferences are planned on a periodic basis.

In May, TPF hosted a one day workshop for financial officers of TPF institutional clients. This program dealt in-depth with the implications of a Financial Accounting Standards Board (FASB) pronouncement that significantly impacts balance sheets of nonprofits, relating to the negative investment returns in late 2008 and early 2009. The accounting standard requires special treatment of "underwater funds" – donor-restricted endowments that are now valued below the amount of the original donor gift. Presenters were representatives of Weaver and Tidwell LLP, the Foundation's independent auditors. In addition to the focus on accounting standards, the workshop covered areas of risk management, particularly data system security and confidentiality issues. The event was well attended with thirty representatives from TPF clients.

In August, TPF convened a meeting in Austin of the leaders of the six original Synod of Texas institutions in an unprecedented gathering to consider important matters of common interest. In attendance were Presidents Dr. Marjorie Hass of Austin College, Rev. Dr. Theodore



J. Wardlaw of Austin Presbyterian Theological Seminary, Dr. Ed Knight of Presbyterian Children's Homes & Services, Dr. David W. Jordan of Presbyterian Mo Ranch Assembly, Dr. James H. Matthews of Presbyterian Pan American School, and Dr. Charles T. Summerlin of Schreiner University. These six institutions are considered "founders" of Texas Presbyterian Foundation, and as part of TPF's Covenant with the Synod of the Sun, each of them directly appoints a representative trustee on the

foundation's board. To TPF's knowledge, a meeting of all six Presidents has not taken place in at least seventeen years - the last time TPF arranged such an event - and none of the current executives was then in office.

In addition to the presidents, the senior development officers from each institution attended, along with TPF Board Chair Carl Stuart, Board Member and Development/Strategic Plan Committee Chair Ted Paup, TPF President Dan Klein, VP Kim Warner and TPF development staff members, Melinda Hunt, Karen Kilgore, Laura Mendenhall and Diana Warner. The group spent the day focused on funds development issues. A number of very creative ideas were advanced as possibilities and TPF's development team will be examining these over the next several months and considering implementation strategies. An indication of the meeting's success is the expressed desire to meet again and to work more closely on certain common projects. A second gathering is already scheduled for August 2010.

In January 2010, TPF Staff teamed up with representatives of Grace Presbytery to conduct a workshop for church Treasurers and Business Managers. Over forty Treasurers and Business Managers were in attendance. The program covered accounting and financial issues with particular attention to compliance with provisions of the Book of Order. The foundation is planning similar workshops in other Presbyteries.

2010 will be another exciting year for TPF sponsored activities. Please visit the TPF website or contact your TPF representative for additional details.



Paup Family

## Creating A Legacy

by Kim Warner, TPF VP - Development

Giving is the desire to make a difference, to apply your unique talents and gifts to making at least your part of the world a better place. One family has found a way to use a particular instrument to accomplish many positive results.

The instrument is the Donor Advised Fund; in many respects similar to private family foundations, but without the costs and tax compliance issues. Often families create donor advised funds at TPF in a year that they experience a "windfall" of additional taxable income. A gift to a donor advised fund allows a charitable deduction in that same year to offset the income. And then, the donors may decide how that money will be used to benefit their favorite charities over several years or even spanning multiple generations.

Ted and Nancy Paup of Fort Worth created such a donor advised fund at TPF and they have enjoyed making distributions to many worthy causes. In addition, their two grown daughters and a son-in-law have become involved. The Paups designated an amount for the next generation to make grants to charities of their choosing after they have researched potential donee organizations. This process not only benefits the various ministries who receive the gifts, but it has really enlarged the understanding of the adult children as to what goes into deciding a worthy charity, its mission, its governance and all sorts of related information.

Ted is a TPF Trustee and also serves on the board of another synod agency. Nancy, a Certified Fund Raising Professional, is a trustee of a different synod institution. So these are very charity-minded folks. Their model of using a donor advised fund for intergenerational philanthropy, however, is one that is quickly catching on with other families, who see great benefit in passing along their values, as well as their money, to the next generations.

The Paups and the many other donors with these funds are enjoying having this hands-on partnership in their philanthropy.

More information regarding TPF's Donor Advised Fund service and its many uses can be obtained by calling the TPF office at 800/955-3155.

## Distributions For Mission in 2009

*During 2009, TPF distributed \$12.8 Million of income and \$40.2 Million of investment gains and principal to churches and institutions to further their missions. In addition over \$3.6 Million was distributed to individuals from charitable life income gifts that will eventually benefit various charitable causes, mostly Presbyterian churches and institutions.*

COMING

SOON!

Check out our redesigned website  
[www.tpf.org](http://www.tpf.org)



*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.*

Texas Presbyterian Foundation

# Board of Trustees

Board Chair



**Carl W. Stuart**  
Austin, TX  
Investment Advisor

Board Vice Chair



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

Board Secretary



**Ann M. Bixby**  
Houston, TX  
Financial Analyst

*The Foundation Board consists of twenty-four volunteer 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 represent one or more TPF client churches or institutions and are elected at-large. Pictured on this page are Foundation trustees as of December 31, 2009.*



**Lee Ardell**  
Houston, TX  
Bank Consultant



**Paul Beyer**  
San Antonio, TX  
Business Exec.



**Stanley C. Beyer**  
Houston, TX  
Attorney



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



**William Branch**  
Little Rock, AR  
Presbytery Exec.



**Joseph A. Bybee**  
Houston, TX  
Investment Exec.



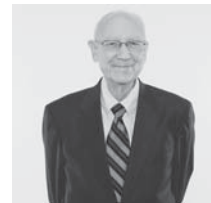
**James G. Cooper**  
Houston, TX  
Investment Exec.



**D. Fort Flowers, Jr.**  
Houston, TX  
Trust Exec.



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



**William G. Landess**  
Amarillo, TX  
(Deceased 2/11/10)



**Robert G. Markell**  
Richardson, TX  
Business Exec.



**John Miller**  
Bartlesville, OK  
Business Exec.



**Rev. Michael Murray**  
Austin, TX  
Consultant



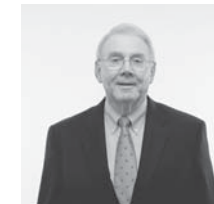
**Ted Paup**  
Ft. Worth, TX  
O&G, Ranching



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



**Fred Robertson**  
Houston, TX  
Investment Exec.



**Robert Turner**  
Edmond, OK  
Real Estate Investor



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



**Clyde White**  
Monroe, LA  
Bank Executive



**Jean Rogers Winchell**  
San Antonio, TX  
Trusts, Real Estate



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



**Peter W. Baldwin**  
Dallas, TX  
Trustee Emeritus



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

*TPF would like to thank three trustees who terms ended during 2009 for their years of faithful service.*

Thomas Mobley - Kilgore - Business Executive  
V. Elizabeth Ledbetter - Austin - Attorney  
Samuel S. Moore - Dallas - Investment Executive

# TPF Helps Accomplish Mission

## Institutions of the Synod of the Sun



Austin College  
[www.austincollege.edu](http://www.austincollege.edu)



Austin Presbyterian  
Theological Seminary  
[www.austinseminary.edu](http://www.austinseminary.edu)



Evergreen Presbyterian  
Ministries  
[www.epmi.org](http://www.epmi.org)



Goodland Academy  
[www.goodland.org](http://www.goodland.org)



Lyon College  
[www.lyon.edu](http://www.lyon.edu)



Presbyterian Children's  
Homes & Services  
[www.pchas.org](http://www.pchas.org)



Presbyterian Mo-Ranch  
Assembly  
[www.moranch.com](http://www.moranch.com)



Presbyterian Pan American  
School  
[www.ppas.org](http://www.ppas.org)



Schreiner University  
[www.schreiner.edu](http://www.schreiner.edu)



Trinity University  
<http://web.trinity.edu>



University of the Ozarks  
[www.ozarks.edu](http://www.ozarks.edu)



University of Tulsa  
[www.utulsa.edu](http://www.utulsa.edu)



Vera Lloyd Presbyterian  
Home & Family Services  
[www.veralloyd.org](http://www.veralloyd.org)



6100 Colwell Blvd., Ste 250  
Irving, TX 75039

## Donor Advised Fund

Investing Has Never Been This Simple

Easy to Create  
Cost Savings  
Tax Advantages

A means of timing "gifts" to suit you and  
the charity's needs

TPF is dedicated to help your charitable  
dollars achieve maximum impact!

For More Information  
(214) 522-3155 or (800) 955-3155  
[www.tpf.org](http://www.tpf.org)

