



TEXAS PRESBYTERIAN FOUNDATION

2014 Annual Report

Planting Seeds for the Coming Harvest

"So let us not grow weary in doing what is right, for we will reap at harvest time, if we do not give up. So then, whenever we have an opportunity, let us work for the good of all, and especially for those of the family of faith."

GALATIANS 6:9-10 (NRSV)

From the President

Texas Presbyterian Foundation celebrates its ninetieth birthday during 2015. When one looks at the early days of Texas Presbyterian Foundation, one can't help but be struck by the foresight, determination, and generosity of those who laid the groundwork for what Texas Presbyterian Foundation has become. I am privileged to work with a dedicated staff to expand the underpinning of those who have gone before us. The high ethical standards, strong long-term relationships, and commitment to superior service have served TPF well in the last nine decades.

Not solely focused on the past, but with an eye to the future, we must ask ourselves, "What will the future bring?" TPF continues to build relationships with our partners that enable dollars for mission. In these times, it is ever more important that churches, institutions, and organizations continue to build resources, so that their important missions may continue to minister to people.

Texas Presbyterian Foundation will continue to provide high-quality investment resources at a reasonable cost to our partners. We are committed to building close, personal relationships with those whom we serve. We will continue to expand our services to those who can benefit from them wherever and whenever needed.

It is a privilege and great honor to fulfill our mission with you as we plant the seeds of generosity throughout this land.

Sincerely,

The Rev. Dr. Richard E. Young
President & CEO, Texas Presbyterian Foundation



A Chairman's Perspective

The Lord richly blessed TPF in 2014. We saw record growth in new relationships and continued to add to and strengthen our already excellent staff. As we enter our ninth decade serving churches and other church-related institutions, we are excited by the array of opportunities the Lord has prepared for us in 2015.

We appreciate the chance to work with you and your institution and look forward to another year of striving to provide excellent services and robust investment resources to help benefit the many ministries we serve.

Sincerely,

Joe Bybee
Chairman of the Board





Making the Most of Each Opportunity

Texas Presbyterian Foundation has been making a difference in people's lives for 89 years. Our purpose is to enable and expand mission, and inspired by this purpose, our teams work for the good of all each and every day. We can always find opportunities to serve our family of faith.

As a financial services organization wholly dedicated to our purpose, TPF is passionate about providing long-term investment management, exceptional customer service, enduring partnerships, and philanthropic planning. We know that each interaction with our partners presents us with a unique opportunity to impact their specific mission or ministry.

While we do provide competitive, cost effective financial services, our rooted belief in Christian generosity surrounds everything we do. We offer a diverse group of legacy planning tools and dedicated customer service designed to support our partners as they too strive to make the most of each opportunity.

"So let us not grow weary in doing what is right, for we will reap at harvest time, if we do not give up. So then, whenever we have an opportunity, let us work for the good of all, and especially for those of the family of faith."

GALATIANS 6:9-10 (NRSV)

What's Happening with the TPF Staff?

As we look to the future, Texas Presbyterian Foundation continues our focus on growing long-term partnerships through superior customer service. We know that the specific needs of our partners will continue to evolve right along with the ever changing world of technology. We are purposefully growing our staff to strengthen our organization and ensure we are ready for whatever the future may bring.

TPF is pleased to announce the addition of two new staff members over the course of 2014.



Jake Wilson

In June, 2014, Jake Wilson joined our team as a Ministry Partners Administrator. Jake works directly with our Vice President of Finance to provide exceptional customer service and account administration for all of our institutional partners, and he has primary responsibility for TPF partners located in Texas. Jake's proven business acumen, dedication to high-quality customer service, and lifelong commitment to the Presbyterian Church have made him a perfect fit for our team.

Jake recently graduated with honors from Austin College where he was on the Dean's List and recognized as part of the top 20% of all students. His interests include psychology, leadership studies, and international travel.

When not hard at work serving TPF partners, Jake spends his time traveling and camping with his dog, family, and friends.



Thomas Beene

In October, 2014, Thomas Beene joined our staff as a Technical Analyst. If anyone on the TPF staff has a problem, Thomas will solve it. He consistently contributes to all aspects of our organization by assisting with the planning and implementation of IT projects, creating and maintaining analytical reporting, assisting with the management and support of business critical software and data sources, and providing technical support to the staff.

Before joining TPF, Thomas was an instrumental asset of Hewlett-Packard Enterprise Services' Workforce Intelligence team. There, his efforts focused on data management, reporting, and project management. Other areas Thomas has formerly worked in have been IT Technical Support, IT Asset Management, and Sales Operations.

Along with his technical and analytical support of the TPF team, Thomas spends his time with his wife and baby girl as they all prepare together for the joys and trials of impending toddlerhood.

What made 2014 so special for TPF and our partners?

16

New Partner Relationships

7

New Donor Advised Funds

18

New Charitable Gift Annuities

4

New Trusts

\$50

mm
in Distributions

\$75

mm
in Contributions

2

New Staff Members

Hello Dolly & Dedicated Stewardship

What I've Learned from TPF

The Rev. Laureen Suba, TPF Trustee



I was in the 7th grade. My girl-scout troop had raised enough money by selling cookies for a day trip to New York City. And so, in our crisp, sparkling green scout uniforms, we boarded a bus from New Jersey to Manhattan. It was an adventure, and I was filled with excitement.

We arrived at Radio City Music Hall. We had tickets for the Christmas show. The high-kicking Rockettes opened with the Parade of the Wooden Soldiers. It was incredible to watch their precision. But it was the main event that sticks in my memory most. Hello Dolly was being performed. Ethel Merman was the lead, and I still remember Louis Armstrong in his scratchy voice singing, "Hello Dolly, this is Louis, Dolly, it's so nice to have you back where you belong." You too can probably hear it in your imagination.

Well, I was enchanted by the whole spectacle. I still remember most of the play. And now, these many years later, I realize how much of an impression it made on me. A line has stuck in my memory. I remember Dolly saying, "Money is like manure. It's not worth a thing unless it's spread about, encouraging young things to grow." Perhaps it was what I was thinking when I was engaged in a banking career for 25 years. But now, I find new meaning to that statement, "Money is like manure. It's not worth a thing unless it's spread about, encouraging young things to grow," as I transition from a career in

banking to a vocation in Ministry. Somehow, I now hear Jesus saying something like "Money is like manure. It's not worth a thing unless it's spread about, encouraging young things to grow." And this is how we think here at TPF. You see, it is not really about the money. It is what we do with it. We steward God's gifts to us and give them away. This is what it means to follow the cross. Help others, teach others, pray with others, preach and live the gospel.

And so, this is what TPF gives us an opportunity to live out and understand. Folks like Melinda Hunt, ready to help me establish a family fund, and Beth Wilt explaining the spend rate, once again to me, so I can explain it to the United Campus Ministry of Greater Houston Board. The people and foundations that entrust their gifts to us, the staff who manage and do the work—all play a part. Each of these acts contribute to that Holy space where we enter into, and do the work that God meant us to do, so that, we become the grateful, generous, compassionate people that Christ wills us to be.

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TPF Technology

Working for Good

Matt Kinard, TPF Trustee



At TPF, we constantly strive to enable and expand mission. And a key piece of these efforts lies in our technology. It would be impossible to effectively serve our staff and partners without the use of cutting edge technology and clearly defined security standards.

The constant evolution of our technology is a high priority for TPF. Why? Because at TPF, technology works for the common good.

2014 was an exciting year for technology at TPF. Our redesigned iPad app, updated to meet our partners' mobile investment needs, was released with great success. Additionally, TPF announced our partnership with Toshiba Business Solutions to implement DocuWare, our new Document Management System (DMS). This system will transform the way we do business by helping us to streamline our business processes and workflows through electronic document collaboration and management.

While these developments are exciting, the most interesting technological developments at TPF involve people. That's right. People. Thomas Beene, our new Technical Analyst impacts our technology efforts every day. From software management to hardware malfunctions, Thomas has already proven to be an invaluable addition to Mary Beth Foster's Technology team.

Additionally, Matt Kinard joined the TPF Board of Directors in 2014. As a Consulting Strategic Planner with Raytheon Intelligence, Information and Services (IIS) who has worked extensively in the realm of Information Assurance, and Cyber

Security over the past ten years, Matt brings a wealth of technology knowledge to TPF. Matt's service to TPF currently includes his active role as advisor and consultant to our Technology leadership. Additionally, Matt has participated in both TPF's Disaster Recovery process and our Security Audit. Because of these experiences, Matt has provided us with impactful feedback including recommended security-related staff training.

According to Matt, "One of the things that impresses me most about TPF is their commitment to leveraging technology to help their partners do things better. They are focused not just on streamlining processes, but on developing tools like the iPad app that can make a difference for their partners. Whether it's through the implementation of the new DMS or the use of iPads to eliminate paper at Board meetings, TPF views technology as an enabler—a way to make people's lives better."

"Additionally, TPF is dedicated to maintaining security and privacy, and it has been exciting for me to see that this dedication is fundamentally rooted in their leadership and operational procedures; the fact that security and privacy concerns are so ingrained into the Foundation's day to day business and operational culture is truly impressive."

Matt also looks forward to continuing his work with TPF in the future. "TPF has a strategic voice—one that understands both demographic and cultural shifts. TPF cannot be the same 20 years from now as it is today. And their leadership understands this. TPF is already actively working towards these shifts by diversifying the Board and broadening their partner base. It is remarkable that TPF is so ready to adjust and adapt."

As Matt has found, partnering with TPF can be an inspiring experience. According to him, "Working with TPF allows me to apply the specialized business skills I have garnered through years of experience to serve God and his Kingdom. It's a privilege to partner with TPF as they proactively leverage technology to fulfill their purpose and make an even greater impact on the greater good."



TPF iPad App



A Year in Review

Q&A with John C. Furlow, Jr.

Executive VP & COO

What surprised you in 2014?

At the start of 2014, most people held the view that interest rates, at the very least, were going to move slightly higher over the course of the year. This view was predicated on the expectation of strong growth and the possible increased rates by the Fed. Even though the U.S. economy has grown, the Treasury market has driven yields lower.

Looking back to the beginning of 2014, most analysts expected commodity prices to increase as global economic growth improved and inflation picked up. In early summer, we saw a few cracks in the commodities foundation, and prices fell sharply in August. Oil demand declined, while production from countries abroad continued to grow. By the end of the year, we saw oil reach a five-year low.

I was surprised and pleased with the performance of all TPF Equity Funds and underlying managers. They have shown the benefit of diversification and active management, while outperforming the respective indexes for three, five, and ten year periods.

What was TPF's biggest area of growth?

In 2014, the largest areas of growth were the missions that our partner churches support. We have been approached by and are now working with several new mission-based partners that are supported by their local church. These mission based organizations may not necessarily be solely Presbyterian. The work they do in their local communities benefits from the services TPF provides. In a very real sense, we are extending the support of the local churches.

Given the strong equity markets, why does TPF keep the defensive positions as part of the portfolio?

In the investment world, we all suffer from short-term memory syndrome. It is true that over the last five years we have seen unprecedented performance by the U.S. equity markets. That being said, TPF's funds are designed to provide consistent returns over full market cycles. We will participate on the upside, while trying to preserve principal on the downside. We believe that there is a place in the portfolio for defensive positions.

What makes TPF different from a brokerage firm?

TPF differentiates itself from other brokerage firms each and every day. I would say our key differentiator is that TPF is not in this business to make a profit, which enables us to wholly support our partners as they strive to grow their missions. Given the size and tenure of the investment dollars TPF manages, TPF partners are able to gain access to some of the best in class institutional investment managers that would otherwise not be available.

TPF works closely with partners when developing policy statements, receiving gifts, and managing audit assistance. In addition, the Ministry Services team assists partners with establishing planned giving programs. We also help individual donors facilitate their philanthropy. These are all services a brokerage firm might not offer.

With the recent hacking of important personal information, how does TPF protect our information?

Data security is a top priority for us at TPF. Besides having a Business Continuity/Disaster Recovery plan that is tested biannually, we employ various technological measures to safeguard our partners' data. Examples include an enterprise class firewall protection that is monitored and kept up-to-date, email scanning software to defend against dangerous phishing and spam, secure website connectivity, as well as antivirus and malware protection software installed on all workstations and servers. Additionally, we have a corporate policy for computer use and security, and we review security with staff regularly.

Extraordinary Stories

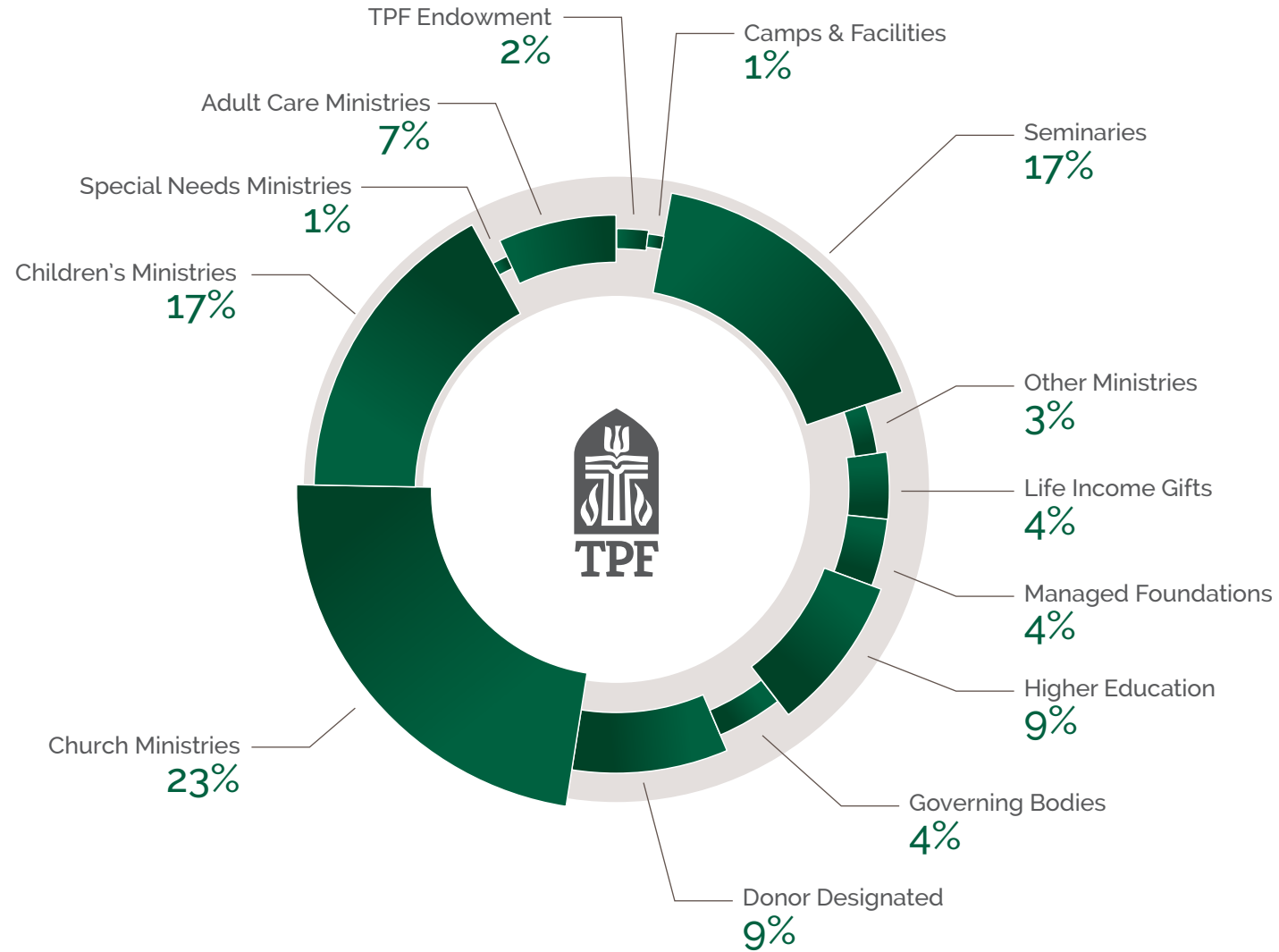
A woman in Fort Worth established a gift annuity with TPF over a decade ago. She no longer needed the income, so she accelerated the gift and her church received the funds while she was still alive. Her family was thrilled that the church would be able to begin the construction of the columbarium before her death.

"I just love Mo Ranch, it has been a special part of my family for generations." These words preceded a gift annuity established with TPF for the benefit of Mo Ranch. "I want my grandchildren to experience the holy place that Mo has been for me."

TPF Ministry Partners

\$817 million

December 31, 2014



"As each has received a gift, use it to serve one another, as good stewards of God's varied grace."

1 PETER 4:10 (ESV)

Funds Administered by Texas Presbyterian Foundation

Combined Balance Sheet for Period Ending December 31, 2014

| | Market: 12/31/14 | | Market: 12/31/14 |
|--|-----------------------|---|-----------------------|
| Cash & Cash Equivalents: | | Fund Balances: | |
| Operational Current Assets | 40,817.60 | Adult Care Ministries | 54,741,278.23 |
| Bank of America Client Funds | 3,600,696.07 | Camps & Facilities | 8,733,289.90 |
| Back Office Operating Cash | 1,691,246.45 | Children's Ministries | 135,859,903.00 |
| Short Term Income Fund | 41,978,254.99 | Church Ministries | 190,069,632.06 |
| Total Cash & Cash Equivalents | 47,311,015.11 | Donor Designated | 74,128,555.34 |
| | | Governing Bodies | 31,312,362.39 |
| Pooled Investments: | | Higher Education | 72,807,015.66 |
| Large Cap Equity Fund | 66,200,404.33 | Life Income Gifts | 33,823,730.87 |
| Large Cap Equity Growth Fund | 2,853,929.51 | Managed Foundations | 30,634,210.59 |
| Large Cap Equity Value Fund | 5,910,035.77 | Other Ministries | 25,038,340.84 |
| Small Cap Equity Fund | 16,695,355.44 | Seminaries | 136,087,896.00 |
| International Equity Fund | 20,599,413.81 | Special Needs Ministries | 10,340,735.94 |
| Emerging Markets Equity Fund | 15,383,356.85 | TPF Endowment | 14,258,510.73 |
| Fixed Income Fund | 67,271,952.52 | Total Fund Balances | 817,835,350.55 |
| Real Estate Fund | 5,907,156.31 | | |
| Real Assets Fund | 4,355,439.68 | Fund Liabilities: | |
| Defensive Strategies Fund | 8,899,426.52 | Back Office Accounts | 1,691,246.45 |
| Alternative Strategies Fund | 4,902,733.87 | Other Liabilities by Accounts | 81,716.85 |
| Gift Annuity Pooled Fund | 12,360,903.59 | Total Fund Liabilities | 1,772,963.30 |
| Gift Annuity Pooled Fund (Arkansas) | 1,461,493.09 | | |
| TPF Balanced Fund | 392,530,434.38 | Operational Liabilities: | |
| Total Pooled Investments | 625,332,035.67 | Operations Payable | - |
| | | Accounts Payable Fixed Assets | 92,275.48 |
| Other Investments: | | Total Operational Liabilities | 92,275.48 |
| Other Investments | 41,204,483.99 | | |
| Assets Held in Custody | 105,801,596.68 | Capital: | |
| Furniture & Equipment Net of Depr. | 92,275.48 | Fund Balance | 40,817.60 |
| Total Other Assets | 147,098,356.16 | Net Income | - |
| | | Total Capital | 40,817.60 |
| Total Assets | 819,741,406.93 | Total Fund Balances, Liabilities and Capital | 819,741,406.93 |

Performance of Investment Funds vs Benchmarks

Periods Ending December 31, 2014

| | 1 Year 12/31/13 - 12/31/14 | 3 Years 12/31/11 - 12/31/14 | 5 Years 12/31/09 - 12/31/14 | 10 Years 12/31/04 - 12/31/14 |
|---|-------------------------------|--------------------------------|--------------------------------|---------------------------------|
| TPF Balanced Fund | 5.0% | 11.9% | 9.9% | 7.1% |
| Lipper Balanced Index* | 6.2% | 10.9% | 8.8% | 5.5% |
| TPF Large Cap Equity Fund | 11.1% | 21.6% | 16.4% | 8.6% |
| Lipper Large Cap Core Fund Index | 11.3% | 19.2% | 13.8% | 7.0% |
| TPF International Equity Fund | -1.8% | 14.2% | 8.9% | 7.3% |
| Lipper International Fund Index | -4.2% | 11.6% | 5.8% | 5.3% |
| TPF Emerging Markets Equity Fund | -3.0% | 3.5% | 1.5% | N/A |
| Lipper Emerging Market Fund Index | -2.7% | 4.9% | 2.5% | 7.8% |
| TPF Small Cap Equity Fund | 5.8% | 19.6% | 18.1% | 9.8% |
| Lipper Small Cap Fund Index | 3.5% | 18.1% | 14.7% | 8.2% |
| TPF Fixed Income Fund | 5.2% | 3.1% | 4.4% | 4.8% |
| Lipper Intermediate Inv Grade | 5.9% | 4.0% | 5.4% | 4.8% |
| TPF Money Market Fund | 0.14% | 0.15% | 0.14% | 1.61% |
| Lipper Institutional MM Fund Average | 0.00% | 0.02% | 0.03% | 1.33% |

Returns for periods less than one year are actual returns for the period and are not annualized. Returns for periods of one year or longer are compounded annual returns.

TPF Returns are net of all operating expenses, totaling approximately 0.57% annually, including fees of outside investment managers.

Past performance is not necessarily indicative of future investment results.

Effective December 31, 2010 the Balanced Fund Blended Index assumes 60% Russell 1000 Index, and 40% Barclays Capital Aggregate Bond Index.

*Lipper Balanced Index is the most aggressive Mixed Asset Target Allocation of the Lipper Mata Indices.

This list only includes the core TPF Pooled Funds. Please contact your TPF Administrator or visit www.tpf.org for a full list of products and returns.

List of Staff

Officers

The Rev. Dr. Richard E. Young
President & CEO

John C. Furlow, Jr., ATOP
Executive Vice President & COO

Elizabeth A. Wilt
Vice President of Finance & Treasurer

Mary Beth Foster
Director of Information Technology

Sharon S. Nash
Corporate Secretary & Corporate Administration

J. Melinda Hunt, CAP®
Director of Ministry Services

Trustees

Chairman of the Board:

Joseph A. Bybee
Houston, TX

Vice Chairman:

Ted Paup
Ft. Worth, TX

Board Secretary:

Walter H. Dunlap, Jr.
Dallas, TX

Lee Dean Ardell
Houston, TX

Judith Ferguson
Kerrville, TX

Jan Davis Pickle
Austin, TX

Julie Maclemore Wells
Denton, TX

Thomas B. Baldwin
San Antonio, TX

Ronald J. Gafford
Dallas, TX

Nelson H. Puett
Austin, TX

Dennis D. Whitley
Alice, TX

Paul K. Beyer
San Antonio, TX

Malcolm W. Hall
Oklahoma City, OK

Fred Robertson
Houston, TX

Anne Wilson
Houston, TX

The Rev. Dr. William W. Branch, Jr.
Little Rock, AR

Matt Kinard
Dallas, TX

Gilbert Segovia
Dallas, TX

Trustee Emeritus:

Peter W. Baldwin
Dallas, TX

James G. Cooper
Missouri City, TX

Ann Knapp
Lake Charles, LA

Jimmy Stevens
El Paso, TX

Houston H. Harte
San Antonio, TX

Jennifer M. Dooling
San Antonio, TX

Robert G. Markell
Richardson, TX

The Rev. Lauren Suba
Houston, TX

Jackson Farrow, Jr.
Little Rock, AR

Dr. John W. Miller
Bartlesville, OK

Staff

Thomas Beene
Technical Analyst

Kristi Posewitz
Director of Marketing

Jennifer Frano
Ministry Partners Administrator

Stephanie Ray
Ministry Partners Administrator

Roy Hernandez, Jr.
Staff Accountant

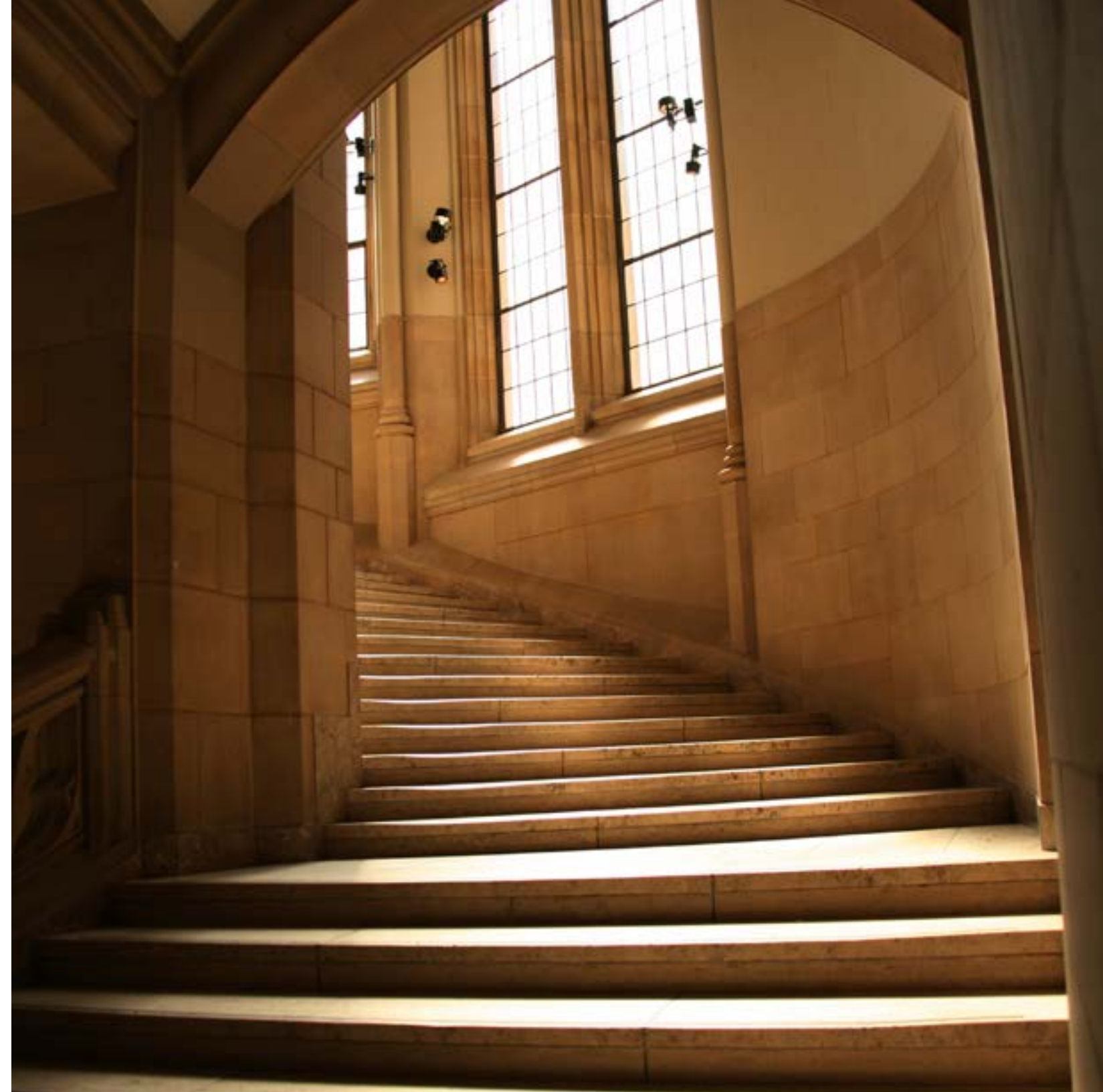
Jennifer Robles
Staff Accountant

Stefanie Marsden
Manager of Ministry Services

Sandy Snouffer
Executive Assistant

Yolanda Najera
Accounting Supervisor

Jake Wilson
Ministry Partners Administrator





TEXAS
Presbyterian
Foundation

6100 Colwell Blvd., Suite 250
Irving, Texas 75039
T: 800-955-3155
T: 214-522-3155
F: 214-522-3157

www.tpf.org