



TEXAS PRESBYTERIAN FOUNDATION
2019 Annual Report

Purposeful Connections

"A person standing alone can be attacked and defeated, but two can stand back to back and conquer. Three are even better, for a triple braided cord is not easily broken."

ECCLESIASTES 4:12 (NRSV)

From our President

Being a teenager in the 60s and 70s was its own kind of challenge. Maybe not a bigger or smaller challenge than it is today, but most certainly different. As part of this period of my life, one of the pop groups that I listened to was Simon and Garfunkel. I can still remember some of those lyrics to their song “I am a Rock.” This song, especially the lines “I am a rock, I am an island,” deals with isolation and detachment, something many felt in those tumultuous decades. These sentiments remain valid today. One could say that even though things change, they also remain mostly the same.

At our core, TPF believes we can accomplish more together than we can individually. We live by this belief in all that we do every day. **These purposeful connections allow us to truly change the lives of others.** We embrace our role as a partner in assisting organizations, institutions, and congregations of all shapes and sizes throughout more than 25 states to enable and expand their mission. This is our purpose, and it’s why we exist.

In this edition of our Annual Report, we focus on how our purposeful connections have not only strengthened our partners, but TPF as well. We have grown, changed, evolved, adapted, and adjusted to the changing times and culture. Just as you have! We are not the organization that we were a decade or more ago, and neither are our current and future partners. Looking back over the 94-year history of TPF, one can easily see how each generation and leader has built on what was laid before them. I am truly grateful and amazed at the leadership of those who preceded me, as well as the staff members of the past and present who deliberately and diligently expand the mission of TPF. We have also been blessed with great Trustees who freely give of their time and talents. These individuals helped make us who we are today. We also couldn’t have done it without you, our partners! You walked with us, prodded us, encouraged us, spoke truth when needed, but most of all stood with us.

I hope you enjoy reading some of the stories on ways in which we connect with our partners in the grand mission. The journey has not come to an end. There is much excitement ahead as together, we extend our connections to bring about even greater change. We are neither a “rock” nor an “island.” Instead, we stand as a circle with intertwined arms. Thank you for our partnership.

Sincerely,

The Rev. Dr. Richard E. Young
President



The Rev. Dr. Richard E. Young (left)
and Walter H. Dunlap, Jr. (right)

From our Board Chair

One hallmark of the Presbyterian denomination, in its various forms, has always been its connectional structure. We are connected vertically—through our presbyteries, synods, and general assemblies—and horizontally—through our individual congregations, seminaries, mission works, and many cooperative charitable ministries, such as interfaith housing, care for children and families, and relief support, just to name a few.

As the Board Chair of TPF, it has been my privilege to deepen my relationships with the senior leadership of our related and partner institutions, including Austin College, Austin Presbyterian Theological Seminary, Presbyterian Mo-Ranch Assembly, Presbyterian Children’s Homes and Services, Presbyterian Pan American School, and Schreiner University. TPF is purposefully connected to approximately 400 churches and religiously-based or affiliated organizations performing a multitude of differing ministries benefiting thousands of people throughout the United States.

We are keenly aware of the impact for good that our partners in ministry make every day on the lives of their members, congregations, students, and the underserved. Thank you for entrusting us with your resources and allowing us to share in your many and varied ministries. We look forward to growing with you and working on your behalf in the coming year.

With all good wishes for a fulfilling and prosperous 2020.

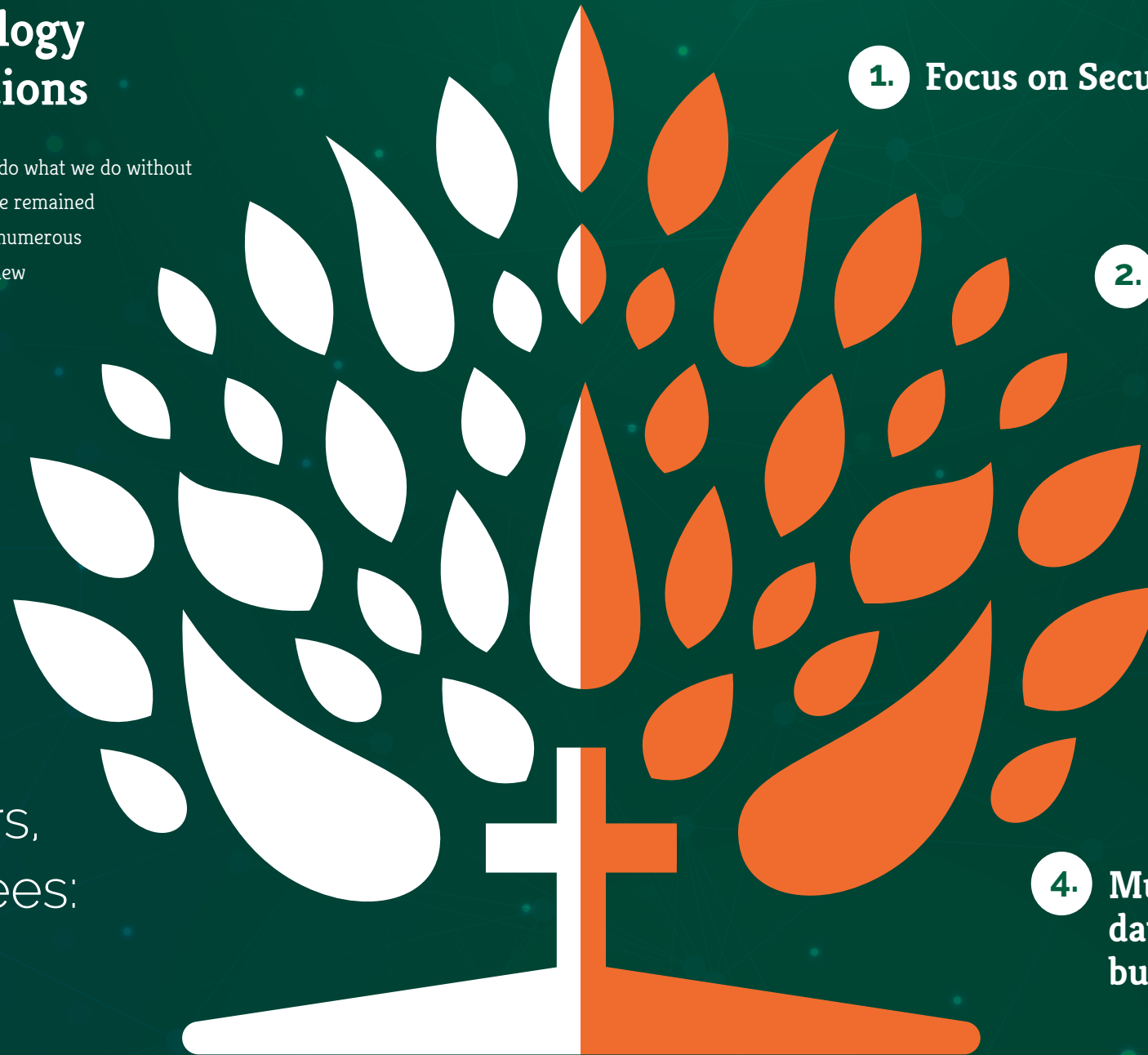
Walter H. Dunlap, Jr.
Chair of the Board



Advancing Technology to Deepen Connections

While humanity drives our purpose, we can't do what we do without leading edge technology. Throughout 2019, we remained dedicated to providing our partners with the numerous benefits of our heightened security, exciting new platforms, and user-friendly software.

Check out how we use technology to deepen our connections with our Partners, Staff, and Trustees:



1. Focus on Security

2. Webinars and video conferencing

3. Regular posting and updates to website and social channels

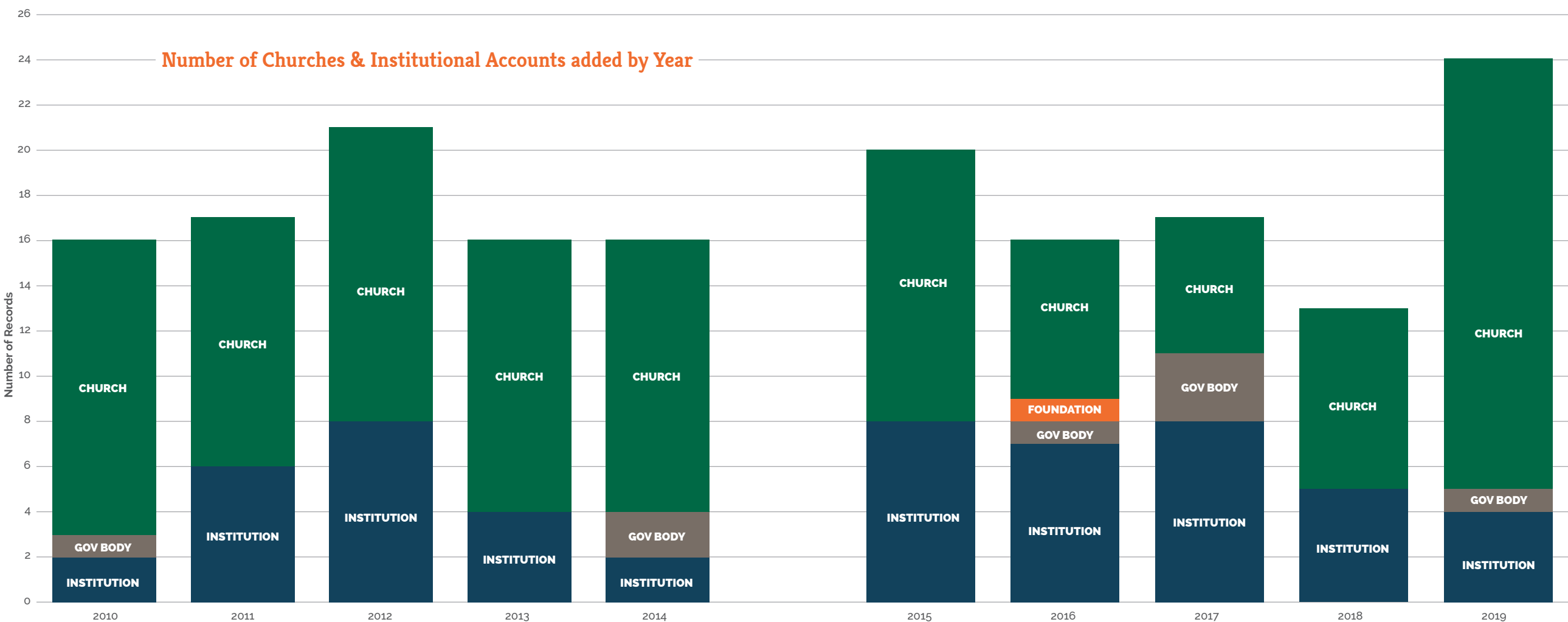
4. Multi-dimensional partner database integrated with business-critical software

A Decade of Purposeful New Connections

Throughout 2019, TPF worked diligently to increase our ability to enable and expand mission through the addition of 24 new partners. Growing our connections truly benefits both TPF and our partners as it allows us to more efficiently provide the charitable financial services that consistently work for you to support mission and ministry.

As you can see in the chart below, we have spent the past decade successfully identifying and cultivating new connections. We are always eager to partner with new prospective churches, nonprofits, foundations, and governing bodies.

TPF believes that we can accomplish more together, and we continually seek to create connections that would benefit from our fund management and educational solutions.



2019 Key Stats



24 New Partnerships!

402 Churches
& Nonprofits Served!

0.57%
Net Expense Ratio

264 New Accounts

7 New Charitable
Gift Annuities

\$112_{mm} In Contributions

13 Experienced TPF Staff
Available to Serve You

The Possible Impossible:

Evergreen Life Services & Faithbridge Presbyterian Church

EVERYONE MATTERS—and together, we can make the impossible possible. Few organizations exemplify this statement like the connected partnership between Evergreen Life

Services and Faithbridge Presbyterian Church (Faithbridge) in Frisco, TX. Both partners of TPF, they have come together to change the lives of people with intellectual and developmental disabilities in ways that have made possible the impossible.



Since 1959, Evergreen Life Services (Evergreen) has remained dedicated to serving, providing for, and championing individuals with developmental disabilities. First established as a local ministry, Evergreen now serves over 1,100 individuals in eight states. They have grown into an impactful, charitable, non-profit organization that provides a full range of professional services to people with intellectual and developmental disabilities. TPF is honored to have partnered with this organization since 1992, as we work together to help them accomplish their mission and truly make a difference in the lives of others.

To make all of this happen, Evergreen receives support from generous donors and churches. One church, Faithbridge, has had a profound impact on the adults in their programs.

Together, they have implemented programs that not only spur the growth and imagination of Evergreen clients, they have had a direct impact on their health and well-being through the creation of their program called EvergreenGROWS.

And to think, it all started with six raised garden beds. The members of Faithbridge ventured to Evergreen, and together they built these first six beds. That's all it took to launch this horticulture program—which is on its way to becoming the leading horticulture program for people with disabilities in Texas. This dynamic vocational program is undeniably



unique for organizations like Evergreen. Thanks to the support of Faithbridge, this program provides professional horticultural experiences and training through experimental learning and skill-building. Participants are educated on agricultural methods that allow them to successfully harvest and grow a variety of plants. As the plants mature, they are sold in the Evergreen communities, creating a full circle of growth and sustainability for everyone involved.

After starting EvergreenGROWS, the members of Faithbridge again made the impossible possible when they stepped in to build the storefront known as "Nona Mae's" for the Evergreen day program. This storefront is a center for healthy snack options for participants of Evergreen programs, as well as a center of love for both members of Faithbridge and those served by Evergreen. According to Chris Carson, the Pastor of Faithbridge, "It's not often in our world that we

come across people who are hungry just to be in a relationship. So, I think the beautiful thing about this is that you have a group of people who are longing to be with you."

For their tireless servitude, the members of Faithbridge were presented with the Diamond Award. This award is presented by Evergreen solely to individuals and groups who champion, advocate for, and serve the people they touch every day. According to Karen Towery, the Executive Director of North Central Texas for Evergreen, "Faithbridge has been instrumental in getting our horticultural program off the ground. The people we serve in North Central Texas love to interact with and create friendships with church members. We really couldn't ask for a better partner in helping us to fulfill our mission of



building better lives for people with intellectual and developmental disabilities."

Through these programs, Evergreen and Faithbridge are making possible the impossible

for one person at a time, because it's true—EVERYONE MATTERS. TPF continually strives to nurture these deep and purposeful connections that allow us to better enable and expand their mission in order to truly transform the lives of others.



This Was A Historic Year

Q&A with John C. Furlow, Jr.

Executive Vice President

How would you summarize 2019?

2019 gave us the third-best calendar year performance EVER for the TPF Balanced Fund—behind 2009 and 2003. For the record, I would say a repeat of such results is unlikely. We saw incredible performance across all capital markets (S&P 500 +31.5%, ACWI ex-US +22.1%, Barclay's Agg. +8.7%, high yield bonds +14.3%, and Long-Term Treasuries +14.8%). It was an unprecedented year with both equities and bonds turning in excellent returns.

TPF investors in the Balanced Fund enjoyed a **20.5%** year to date return, outpacing the **Lipper MATA index by 2.3%** and the benchmark blended index by 1.4%. This activity was bolstered by strong contributions from TPF's active equity managers.

Bull or Bear?

Given the outstanding returns in 2019, it is likely that TPF Partners will either take a full-on "bull market" mindset that believes in the continuation of market momentum and the need to ride along, or a full-on "bear" mindset that believes the market momentum will decline and money should be removed. As with most things in life, the truth lies somewhere in between, and now is the time to remember that we are long-term investors who should further embrace a diversified portfolio allocation like the TPF Balanced Fund. As a result of the strong markets, we are seeing portfolios with meaningful overweight to long-term equity targets. It is appropriate to periodically rebalance back to long-term targets, as regular rebalancing is part of proper portfolio oversight. This is a practice TPF regularly employs with the TPF Balanced Fund.

What do you see happening in 2020?

TPF and our consultants, Segal Marco Advisors, do not make specific 12-month forecasts on performance. However, we believe that current conditions will continue to support long traditional equities at strategic levels like we have allocated within the TPF Balanced Fund.

Overall, the economy remains positive, and inflation is low. Most economic forecasts are expecting the Federal Reserve to hold rates steady, at least for the first half of 2020. Equity market valuations are elevated, but not exceedingly so vs. historic averages. Together, these factors support TPF's position.

As has been the case for much of the last decade, the threat of international conflict is concerning. Also, we can't discount the influence and impact of our own government's actions, which only reinforces need for diversified asset allocation.

How is TPF able to operate at such a low expense ratio?

As a service agency, TPF does not charge a fee, as such. Rather,

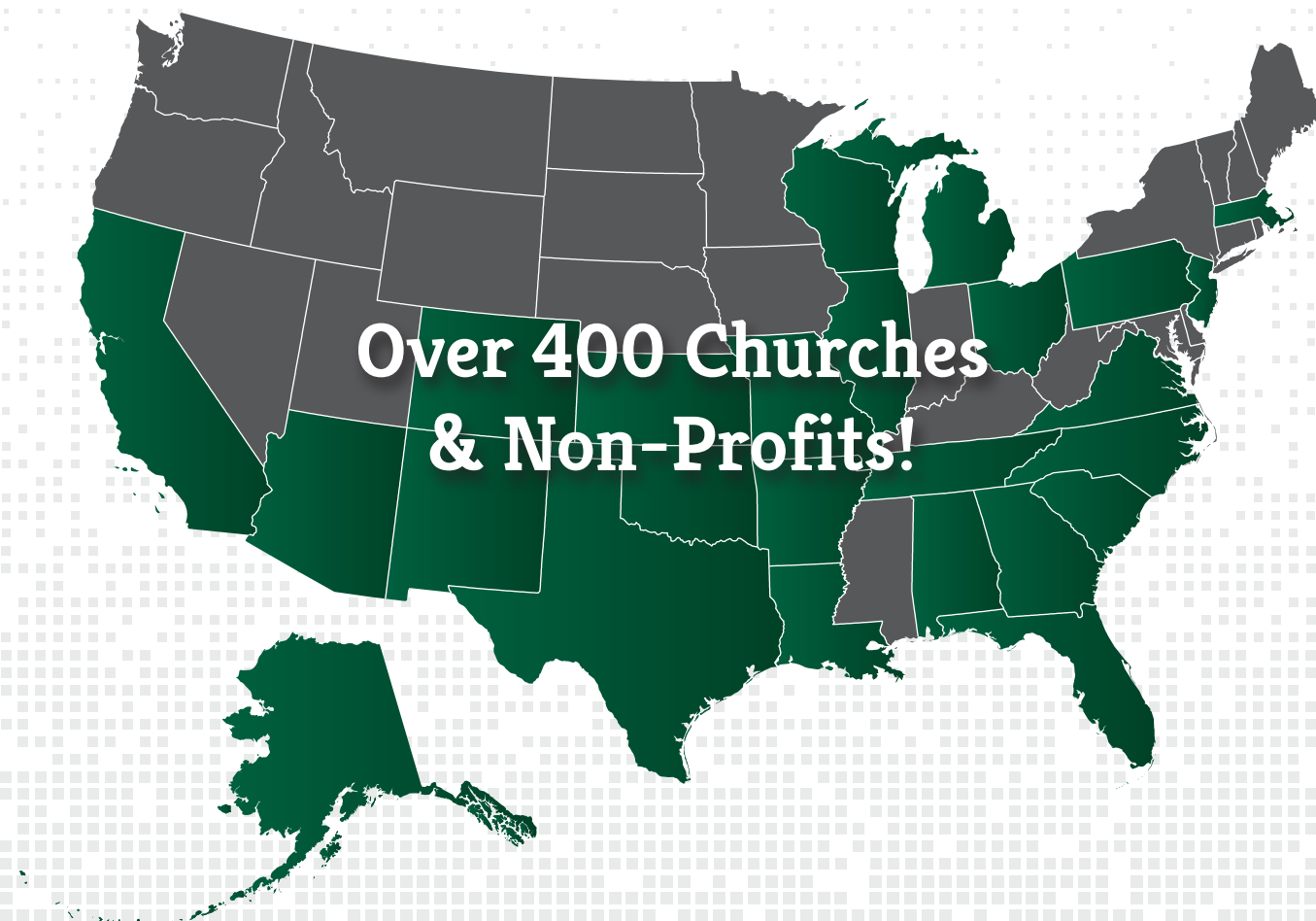
our services are provided on a cost sharing basis without mark-up. The costs of operating TPF, including TPF's own operating expenses and overhead costs, and the fees we pay to third-party investment managers, custodians, and consultants, are charged directly to the pooled investment portfolios.

Listed below are a few other reasons we can remain such a cost-effective partner:

- We do not charge the same price mark-up as most for-profit organizations.
- TPF employs a strategic, small, and efficient staff.
- Given our asset size, we can negotiate price breaks with vendors, managers, and brokers that are not typically available to the individual partner.
- Costs are kept at a minimum by only valuing the pooled funds once a month.
- Operating expenses are offset thanks to our own endowment and income from non-investment related sources. **On an overall basis, the total net charge to pooled funds for 2019 was less than 0.60%.** To put this in perspective, according to Morningstar, the average institutional balanced mutual fund manager charges 1.25%.

Our Deep Connections Extend Throughout the U.S.

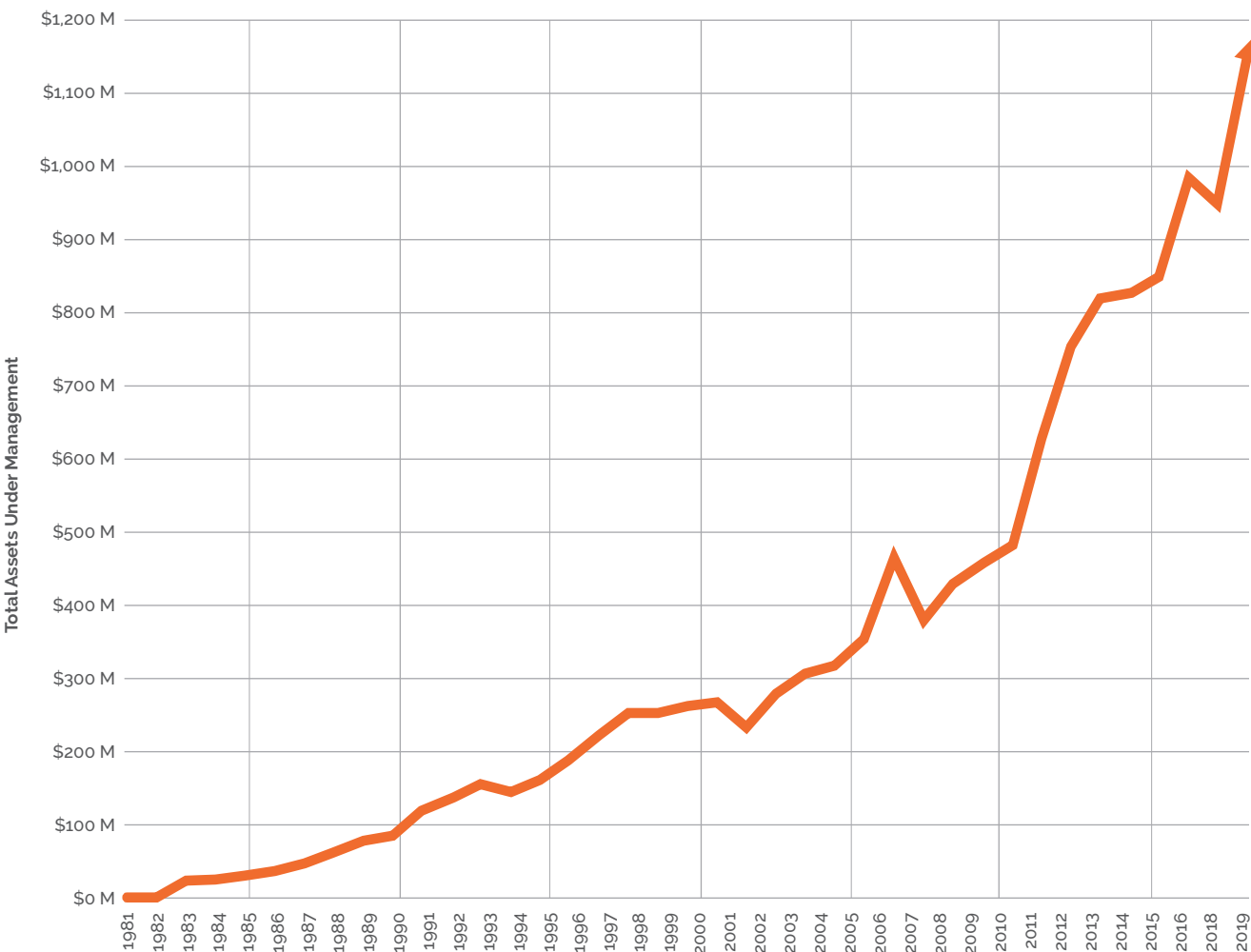
TPF has purposefully nurtured our connections with partners throughout the U.S. From Alaska to Texas, and from California to Massachusetts, we currently serve over 400 churches and non-profit organizations. The national breadth of our service allows us to better enable and expand mission in order to make a powerful difference in the lives others.



We're Not Standing Still—2019 was a Milestone Year

As you can see below, over the past 50 years, TPF has deepened our partner connections and consistently grown our total assets under management. Despite radical changes in the markets, our investment philosophy coupled with the meaningful relationships we nurture with our partners has enabled us to support this impressive growth.

In fact, it is this growth that allows us to more effectively and efficiently support the individual missions important to each of our partners. We are proud to announce that in 2019, TPF officially has more than \$1BN in total assets under management, with a total of **\$1,166,024,821**.



The TPF Balanced Fund in 2019: Supporting Long-Term Connections

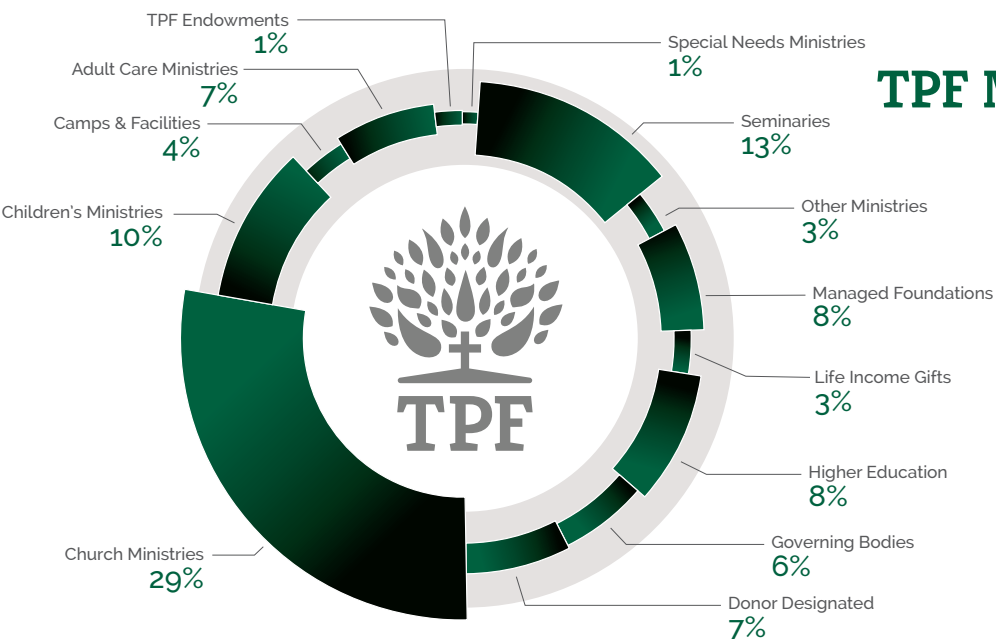
Designed to answer one question, **"What would you do with it if it were your money?"**, the TPF Balanced Fund has been supporting mission connections for more than 20 years. At the time the fund was established, TPF had two investment pool offerings, and the TPF Balanced Fund had an allocation to both—large cap value equity and fixed income. Today the fund is highly diversified with an allocation to eleven investment pools, including domestic and international equities, fixed income, and alternatives.

What makes it so special? TPF's spend policy makes it possible for our partners to better manage yearly budgets. A spend policy that is calculated, reviewed, and set once a year is bred into the fund's DNA. This allows us to deepen our connection with our partners as we can help them with budgeting and forecasting needs. Our goal for the structure of the fund is simple: invest the funds to generate enough return to cover the spend rate, keep up with inflation, and grow the corpus at least a little bit each year.

Breaking it Down

What if you had invested in the TPF Balanced Fund 20 years ago and taken the spend rate distribution?

	\$100,000	TODAY	DISTRIBUTED TO SUPPORT MISSION
10 Years ago	→	\$119,670.75	→ \$48,000
15 Years ago	→	\$136,671.62	→ \$70,000
20 Years ago	→	\$155,071.42	→ \$96,000



TPF Ministry Partners
\$1.1 billion
December 31, 2019

Funds Administered by Texas Presbyterian Foundation

Combined Balance Sheet for Period Ending December 31, 2019

Cash & Cash Equivalents:	Market Values - 12/31/19
Operational Current Assets	50,173.23
Bank of America Client Funds	1,950,800.86
Back Office Operating Cash	228,367.60
Short Term Income Fund	88,058,968.77
TOTAL CASH & CASH EQUIVALENTS	90,288,310.46

Pooled Investments:

Large Cap Equity Fund	152,941,596.80
Large Cap Equity Growth Fund	6,163,155.91
Large Cap Equity Value Fund	16,816,811.25
Small Cap Equity Fund	38,054,840.33
International Equity Fund	45,486,616.19
Emerging Markets Equity Fund	17,772,657.59
Fixed Income Fund	68,574,810.72
Real Estate Fund	3,640,670.92
Real Assets Fund	5,879,306.25
Defensive Strategies Fund	8,474,083.05
Gift Annuity Pooled Fund	9,907,954.02
Gift Annuity Pooled Fund (Arkansas)	1,540,677.21
Gift Annuity Pooled Fund (Florida)	28,409.26
TPF Balanced Fund	634,063,992.05
TOTAL POOLED INVESTMENTS	1,009,345,581.55

Other Investments:

Other Investments	19,259,964.58
Assets Held in Custody	47,130,965.21
Furniture & Equipment Net of Depr.	—
TOTAL OTHER ASSETS	66,390,929.79

TOTAL ASSETS	\$1,166,024,821.80
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Fund Balances:	Market Values - 12/31/19
Adult Care Ministries	76,449,211.97
Camps & Facilities	45,762,158.55
Children's Ministries	112,568,046.56
Church Ministries	335,807,948.28
Donor Designated	83,687,975.14
Governing Bodies	69,569,467.59
Higher Education	98,726,920.53
Life Income Gifts	36,109,058.29
Managed Foundations	95,350,705.96
Other Ministries	31,235,381.05
Seminaries	150,504,787.56
Special Needs Ministries	13,150,653.50
TPF Endowment	16,823,965.99
TOTAL FUND BALANCES	1,165,746,280.97

Fund Liabilities:

Back Office Accounts	228,367.60
TOTAL FUND LIABILITIES	228,367.60

Operational Liabilities:

Operations Payable	9,355.63
Accounts Payable Fixed Assets	—
TOTAL OPERATIONAL LIABILITIES	9,355.63

Capital:

Fund Balance	40,817.60
Net Income	—
TOTAL CAPITAL	40,817.60

TOTAL FUND BALANCES, LIABILITIES AND CAPITAL	\$1,166,024,821.80
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Performance of Investment Funds vs Benchmarks

Periods Ending December 31, 2019

	1 Year 12/31/18 - 12/31/19	3 Years 12/31/16 - 12/31/19	5 Years 12/31/14 - 12/31/19	10 Years 12/31/09 - 12/31/19
TPF Balanced Fund Lipper MATA Moderate Index*	20.5% 18.2%	10.7% 8.3%	7.2% 6.1%	8.6% 7.4%
TPF Large Cap Equity Fund Lipper Large Cap Core Fund Index	31.4% 28.8%	17.9% 13.9%	11.9% 10.7%	14.1% 12.2%
TPF International Equity Fund Lipper International Fund Index	22.5% 23.4%	10.4% 10.0%	5.5% 5.9%	7.1% 5.9%
TPF Emerging Markets Equity Fund Lipper Emerging Markets Fund Index	24.0% 20.9%	10.5% 11.5%	5.2% 5.9%	3.4% 4.2%
TPF Small Cap Equity Fund Lipper Small Cap Fund Index	30.3% 27.4%	15.5% 10.1%	12.3% 8.7%	15.1% 11.7%
TPF Fixed Income Fund Lipper Core Bond Funds Index	9.1% 9.4%	4.1% 4.2%	3.2% 3.3%	3.8% 4.3%
TPF Money Market Fund Lipper Institutional MM Fund Average	2.1% 2.1%	1.5% 1.6%	1.0% 1.0%	0.6% 0.5%

Returns for periods of one year or longer are compounded annual returns.

TPF Returns are net of all operating expenses, totaling approximately 0.6% annually, including fees of outside investment managers.
Past performance is not necessarily indicative of future investment results.

*Lipper MATA Moderate Index is most closely aligned to the allocation mix of the TPF Balanced Fund.

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.

Trustees

Chair of the Board:

Walter H. Dunlap, Jr.
Dallas, TX

Vice Chair:

James G. Cooper
Georgetown, TX

Board Secretary:

Jimmy Stevens
El Paso, TX

Lee Ardell
Houston, TX

John Galbraith
Metairie, LA

Jan D. Pickle
Austin, TX

Thomas B. Baldwin
San Antonio, TX

Malcolm Hall
Oklahoma City, OK

Alan M. Stewart
Houston, TX

Joe Bybee
Houston, TX

Michael Henry
Fort Worth, TX

The Rev. Lauren Suba
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Jeanne Culver
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Ken Johnson
Temple, TX

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Dallas, TX

Jackson Farrow, Jr.
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Dallas, TX

Dennis Whitley
Alice, TX

Ronald J. Gafford
Dallas, TX

The Rev. Dr. Charles Mendenhall
Leander, TX

Anne Wilson
Houston, TX

TPF would like to thank Karen Kilgore for her years of dedicated service as our valued Relationship Consultant.

In 2019, we lost our two Trustee Emeriti, **Peter Baldwin** (1930-2019) and **Houston Harte** (1927-2019). Devout Presbyterians and respected humanitarians, these two men served the TPF Board of Trustees for many years, first as trustees and later as trustee emeriti.

List of Staff

Officers

The Rev. Dr. Richard E. Young
President

John C. Furlow, Jr.,
Executive Vice President

Elizabeth A. Wilt
Senior Vice President of Finance

Mary Beth Foster
Vice President of Technology

Staff

Jennifer Frano
Relationship Manager

Roy Hernandez, Jr.
Accounting Supervisor

Martha Ingram
Office Administrator

Stefanie Marsden
Relationship Manager

Micah Masters
Staff Accountant

Marisa Perez
Relationship Manager

Kristi Posewitz
Director of Marketing

Stephanie Ray
Relationship Manager

Jake Wilson
Relationship Manager



Truly, connections are the cornerstone of our organization.

Whether it's the connections with our partners, with our trustees, or with our staff, they shape everything we do. This year the theme of *Purposeful Connections* gives us an opportunity to showcase our most impactful connections, allowing us to continue to deepen our partner relationships.



Texas Presbyterian
Foundation

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