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Donors Have Skin in Game

Executive compensation wasn't expected to be the topic of discussion. But, Boone Pickens recently offered to the crowd at the Entrepreneurs Foundation of North Texas "Spirit of Entrepreneurship" event (see page 3) that he can easily understand why generous compensation should be awarded to an entrepreneur more than any other type of business leader. That's because the entrepreneur has a lot more at risk in the first place: personal financial capital, personal time and no easy guarantees of the hoped-for outcome. In other words, the entrepreneur has "skin in the game."

It strikes me that the same is true for donors. In very real ways, charitable donors make entrepreneurial investments of money and time to accomplish important things without a guaranteed outcome. They have "skin in the game." And that deserves an extra measure of appreciation.

Just like Warren Buffett has done with the Bill & Melinda Gates Foundation (speaking of entrepreneurs), donors turn to CFT for managing charitable resources and making good grants. You have our deepest thanks, not to mention the gratitude of countless worthwhile organizations. The new fiscal year for CFT started on July 1, and during the first week alone, we issued grant

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Teens Head Back to Class as THSP Expands Across State.

Preparing Texas students to succeed in college, work and life

Ribbons have been cut, textbooks issued and school bells are ringing in the academic year, as thousands of students enter new schools funded by the Texas High School Project (THSP). After years of planning, the 2006-2007 school year ushered students into 45 new or redesigned schools, the largest to date. From El Paso to Dallas and from Houston to Hidalgo, teens are attending a variety of new schools

designed to offer innovative options for underserved students:

- twenty-five smaller learning communities re-designed from six large, comprehensive high schools;
- four new and charter schools, a program to fund efforts by high-performing school operators to replicate programs that have achieved records of educational success;
- seven "early innovator" math and science academies under the Texas Science, Technology, Engineering and Math Initiative; and
- nine early college high schools, which provide rigorous instruction allowing students to work toward a high school diploma and earn two years of college credit at the same time.

Often located on college campuses, early college high schools blend high school curriculum with college coursework, enabling students to complete a high school diploma and earn two years of college credit within four or five years. Potential students, mostly from first-generation-college and low-income families, are identified in the eighth grade and offered special programs to prepare them for rigorous coursework later on.

The THSP is a \$261 million public-private initiative aimed at preparing every

Texas student for success in college, work and life. Partners include the Texas Education Agency, the office of the Governor, the Bill & Melinda Gates Foundation, the Michael & Susan Dell Foundation, the Wallace Foundation, educators and others. Communities Foundation of Texas manages the private side of the project and administers program grants.

"All the partners have been doing a lot of work behind the scenes to get ready for this year," said John Fitzpatrick, executive director, THSP. "The project has been years in the planning, and we are excited to have students, parents and teachers in classrooms at the new high school models across Texas." 🌟



Opening-day festivities at Mission Early College High School, El Paso, included a visit from Texas Education Commissioner Shirley J. Neeley.

Rotary Club Creates Children's Park at Bachman Lake.

Continued from page 1

checks for more than \$1.5 million. Many of those were the result of donor-advised grants. That's a lot of "skin in the game"!

Would you like to have an idea of the effects they will have? Some donors understand the role of arts and culture for bringing people together and improving our quality of life. At their recommendations, charitable investments were made in the dance department at SMU and in the Plano Symphony Orchestra. Another donor is focused on the potential of advancements in pediatric medicine. As a result, a charitable investment was made in the creation of an instructional, free-of-charge DVD by Texas Scottish Rite Hospital for Children. The DVD will teach hand surgeons and families about a special technique called "pollicization" to build a functioning thumb for children born without one.

Another donor is focused on educating the best and brightest lawyers, which resulted in a recommended grant to a scholarship fund at Harvard University. Yet another donor responded to the information about the VA Fisher House in the last *Impact* newsletter and recommended a grant for helping to build a short-term "home away from home" in Dallas for the families of veterans getting medical care.

On June 19, a young woman and her two kids experienced a fire that destroyed all of their possessions and left them homeless. Grants to individuals can be made through CFT for scholarships and for certain types of emergency assistance. This particular young woman was an employee of Greyhound Lines, which has an emergency assistance fund at CFT, and the company recommended a charitable grant to her. It won't restore her home, but it will help her to get back on her feet and to care for her family during this crisis.

All that and more from just the first week of grants. It's going to be quite a year ahead! Thanks for staying in the game with us.

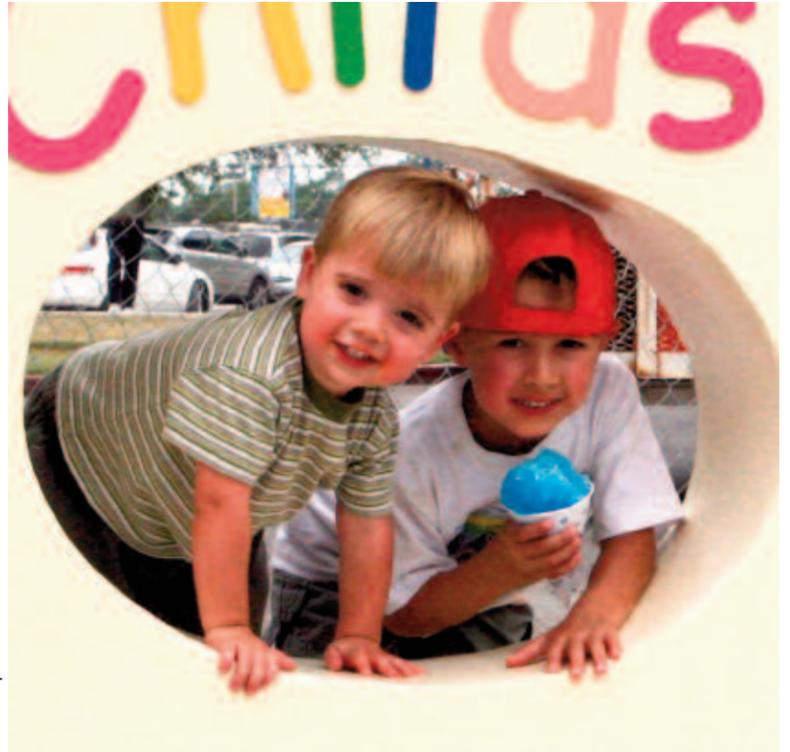


Brent E. Christopher
President and Chief Executive Officer

ChildsPlay at Bachman Lake has won numerous awards, but to the youngsters who navigate around the colorful play stations, it's just a fun place to be.

To commemorate the 100th anniversary of Rotary International, the Rotary Club of Park Cities established the Centennial Project Fund at Communities Foundation of Texas to build the playground on City of Dallas park land adjacent to the Bachman Recreation Center.

The park is open to all children but is specifically designed for those with physical, mental and developmental disabilities. Park Cities Rotarians raised more than \$400,000 from foundations, corporations and individuals and another \$150,000 in donated services to build only the second universally accessible playground in Dallas. 🌿



Eighteen-month-old Ben Nemmers, left, and his brother, Ryan, 4, try out the equipment at ChildsPlay at Bachman Lake.

New Law Offers Opportunity to Donate IRA Assets

Legislation that President Bush recently signed into law offers a unique opportunity to use retirement plan assets to make a significant charitable gift. The Pension Protection Act of 2006, which focuses mainly on pension reform, also contains a number of items related to charitable giving, including gifts to community foundations.

The new law permits people who have reached age 70½ to exclude from income up to \$100,000 per year in retirement plan assets if they are contributed to a qualifying charity. These charitable rollovers will be allowed in 2006 and 2007 only. The gifts must be made from an IRA and not from any other type of retirement plan.

Qualified charities under the law include scholarship funds, designated beneficiary funds, field-of-interest funds and unrestricted funds at community foundations. The rollovers may not be made to donor-advised funds, supporting organizations and private foundations.

The new law will not have a major effect on your routine interaction with Communities Foundation of Texas, but it does clarify several of the basic provisions about how many forms of charitable organizations, including community foundations, do their work. "Be-

cause President Bush just signed the bill on August 17, we are still in the process of reviewing the provisions of the new law and evaluating how or if they apply to our policies at CFT," said Brent Christopher, president and chief executive officer. "We will provide more information in a future issue of *Impact*. Nonetheless, this is a good time to review how donor-advised funds work during the grantmaking process."

Working Together Guidelines for Donor-Advised Funds

» Grants may be made to organizations anywhere in the country as long as they are to qualified 501(c)(3) public charities.

» Donor-advised funds offer great flexibility and can be used to grow a gift, but donors and advisors must be attentive to generate the maximum charitable impact. A donor can make the charitable gift in the year that best suits tax planning needs and can recommend grants from the fund to charities in the future. However, a fund sitting idle for no specific purpose is not having an impact on the community!

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New VP of Investments Brings Extensive Experience to Charitable Funds.

This summer, Communities Foundation of Texas welcomed a senior money manager with extensive experience managing private and public funds as vice president of investments.

J. Steven Orr, who previously served as vice president and trust division manager at American National Bank of Texas in Terrell, oversees and directs the charitable funds under management at CFT.

“Steve brings great depth of knowledge to CFT with a sophisticated background in fixed income as well as equities,” said Brent Christopher, president and chief executive officer of CFT. “This technical expertise will enable him to work closely with our trustees and fund managers to produce solid investment returns. He

will enhance the strong professional investment program that CFT donors expect. The result will be more dollars available for charitable grants to improve the lives of others.”

Before joining American National Bank of Texas, Mr. Orr held other investment management positions, including positions with Citicapital, Inc., Dallas, and Caterpillar Investment Management, Peoria, Ill.

Born in Austin and raised in Houston, the new vice president earned a bachelor of arts degree in economics from the University of Texas at Austin, a master’s in business adminis-



J. Steven Orr

tration from Southwest Texas State University in San Marcos; and a law degree from St. Mary’s University School of Law in San Antonio. He is a chartered financial analyst (CFA) charterholder and a certified trust financial advisor (CTFA).

“Joining CFT is a wonderful opportunity to use my investing experience to help make our donors’ dreams come true.”

In a July profile of Mr. Orr as a new local executive, he told the *Dallas Business Journal* that his role model is Benjamin Graham, the father of value investing. He also offered that CFT will continue looking at ways to appropriately diversify its portfolio. “Joining CFT is a wonderful opportunity to use my investing experience to help make our donors’ dreams come true,” Orr said. 🌟

Boone Pickens Keynotes 5th Annual Entrepreneurs Foundation Event

“Bullish on Philanthropy” was the theme of the 5th Annual Spirit of Entrepreneurship event hosted by the Entrepreneurs Foundation of North Texas, a fund of Communities Foundation of Texas.

More than 300 entrepreneurs, chief executive officers and executives from North Texas companies gathered to hear Boone Pickens speak on the importance of philanthropy and to honor other business executives who have demonstrated their commitment to community giving.

Recipients of the North Star 2006 award included Mr. Pickens, C5 Partners,

GlobeRanger, PrimeSource Foodservice Equipment, and Winstead Sechrest & Minick.

Winstead and Price-WaterhouseCoopers were presenting sponsors of the event; Merrill Lynch was a major sponsor.

“Over the last five years, we’ve been celebrating those who are doing well while doing good,” said Jim Byrne, chief executive officer, EFNT. “Our entrepreneurs have known for a long time that reaching out and giving back to the community is also good for their business.” 🌟



Photograph by Exit Studios

From left, Boone Pickens, EFNT Director Pam Gerber and George Brody, founder of GlobeRanger, a recipient of the 2006 North Star award for corporate philanthropy. Both Mr. Pickens and Mr. Brody and his wife, Fonsa, have donor-advised funds at CFT.

Professional advisor helps clients work with CFT to achieve charitable goals.

From time to time, Impact will take a look at some of the professional advisors who help their clients achieve charitable goals through Communities Foundation of Texas.

At Tolleson Wealth Management, the approach is offering superior customer service and building close working relationships with clients and families. It's about more than just meeting their financial goals – it's about getting to know each client and creating an atmosphere of trust and confidence. The firm shares this approach in common with Communities Foundation of Texas.

“CFT has been around for a long time. With its size, and the stature of its board and professional staff, I assure my clients that CFT will handle their charitable giving in a way that will be pleasant and rewarding for them.”

When Eric Bennett, chairman and chief executive officer at Tolleson Private Wealth Management, sits down with clients to discuss financial strategies, often the conversation

turns to philanthropy. And when his clients express an interest in making charitable gifts, Mr. Bennett wants to know that they will receive the same caring, personal attention for which his own firm is known. That's why he usually suggests looking at Communities Foundation of Texas. Recently he has worked with the staff at CFT on behalf of several clients to find creative solutions to accomplish each donor's charitable giving intentions.

Mr. Bennett says that donor-advised funds at CFT enable clients to meet their philanthropic goals without the rules and restrictions of a private foundation. Many clients are pleased to learn that CFT offers convenience, flexibility and a number of ways for family members to be involved in their philanthropy.

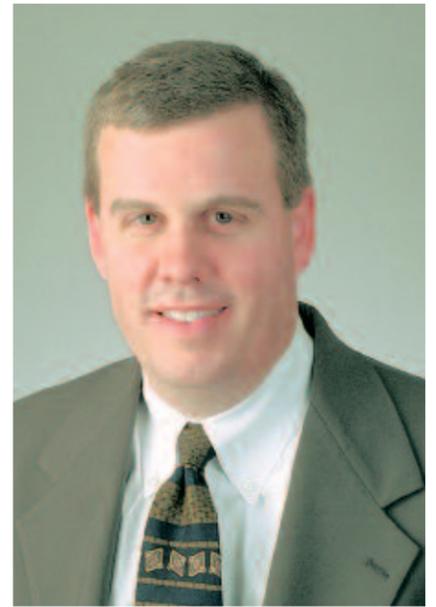
“It's important to have confidence and trust in the people you're working with when you are setting up a fund,” he said. “CFT has been around for a long time. With its size, and the stature of its board and professional staff, I assure my clients that CFT will handle their charitable giving in a way that will be pleasant and rewarding for them.”

As a CFT Advisory Council member and active volunteer in the community, Mr. Bennett

knows the importance of making sure that gifts are directed toward worthy organizations. “CFT is not just a conduit for giving assets,”

he said. “It has the resources and expertise to assist donors in making informed decisions.”

Back in 1997, John Tolleson started a family office for himself and asked Mr. Bennett to join him as chief financial officer. The two co-founded Tolleson Wealth Management in 2000 to serve the wealth management needs of other families. When he's not working with his clients, Mr. Bennett enjoys a busy family life in the Park Cities with his wife, Robin, and their two young children, Samuel and Emily. 🍁



Eric Bennett

CFT Welcomes a Variety of Assets

As you're thinking of your charitable giving, it is useful to know that the staff at Communities Foundation of Texas has expertise regarding a variety of assets, including:

- marketable securities
- transferable stock options
- closely held stock
- real estate
- mineral and timber rights
- intellectual property

Gifts to CFT can be made at any time – in a lump sum, over the course of several years or from your estate. Our staff is available to work with you and your legal and financial advisors for a customized plan to meet your needs.

For more information, call Jackie Franey, director of gift planning and donor relations, or Dwight Clasby, vice president, external affairs, at (214) 750-4222, or e-mail at jfraney@cftexas.org or dclasby@cftexas.org.

CFT does not provide legal or tax advice and advises you to seek your own legal and tax advice in connection with all charitable and planning matters.

Eric Bennett

- bachelor's degree in finance with honors, University of Missouri
- prior to joining Tolleson Wealth Management in 1997, former senior manager of personal finance planning group and leader of the Southwest Area Investment Advisory Services team at Ernst & Young in Dallas; also practiced with Coopers and Lybrand
- chartered financial analyst, certified public accountant, personal financial specialist and investment advisor representative
- member of the board of directors of Tolleson Wealth Management, Tolleson Private Bank and HCB Enterprises Inc.
- member of the Dallas Symphony Orchestra Board of Governors and Children's Medical Center Dallas Planned Giving Council

Texas Ranger Teams Up with CFT To Help Students.

Texas Rangers first baseman Mark Teixeira appreciated the college education he experienced after attending a Catholic high school in his native Baltimore. When he

wanted to help outstanding Texas teens with their higher education, he turned to Communities Foundation of Texas.

The All-Star infielder and his wife, Leigh, recently established the Mark Teixeira Charitable Fund at

CFT, which will support six \$5,000 scholarships at three high schools: Nolan Catholic High School in Fort Worth, Jesuit College Preparatory School of Dallas, and Bishop Lynch High School in Dallas. The scholarships will be awarded in the memory of his childhood friend, Nick Liberatore, who died in a 1997 car accident at age

16. The two attended Mount Saint Joseph High School in Baltimore, and Teixeira previously established a scholarship at the school in his friend's memory.

Mark and Leigh also will continue to recommend support for charities in Baltimore, their alma mater, Georgia Institute of Technology, and other charities in the Dallas-Fort Worth area.

"Leigh and I have always felt loved by the people of Dallas-Fort Worth," he said. "The Mark Teixeira Charitable Fund is our way of giving back to this community. If I didn't have the opportunities I did as a kid, I wouldn't be able to help kids now."

The Teixeiras have been actively involved with the Texas Rangers Baseball Foundation and have co-hosted the Park Place Dealerships Texas Rangers Triple Play dinner and auction for the last three years. The event raises money for college scholarships, Habitat for Humanity and youth ballparks. 🍁



Photograph by Brad Newton courtesy Texas Rangers Baseball Club

Mark Teixeira's philanthropy is a big hit with local high school students preparing for college.

Three Foundations Purchase AC Units For Disadvantaged

With the help of organizations like Communities Foundation of Texas, Dallas County citizens unable to pay for air conditioning units are surviving a brutal heat wave.

CFT recently joined The Dallas Foundation and The Meadows Foundation in responding to a request from Dallas County Health and Human Services to assist low-income people most at risk when the temperature tops 100 degrees – the elderly, those with medical conditions and families with small children.

CFT's \$25,000 grant provided for the purchase and installation of 100 air-conditioning units after the county exhausted an earlier supply donated by a vendor. "Thanks to the generosity and leadership of these foundations, DCHHS will be able to assist many more elderly residents by providing potentially life-saving air-conditioning units in homes without working chilled air," said Zachary Thompson, DCHHS director.

CFT made the grant for the air conditioners from discretionary funds, which can come from gifts made to CFT without restriction, as well as gifts to "field-of-interest" funds earmarked for particular areas of charity, such as basic human needs, children and youth, the elderly, disaster relief, education, arts and culture, medical research and mental health.

While most discretionary funds are awarded by the board of trustees during a competitive grant process in the spring and fall, occasionally discretionary funds are used to meet emergency needs like the heat wave or last year's hurricanes.

"The heat wave illustrates the need for CFT to have discretionary resources that give us the flexibility to respond to situations like this," says Brent Christopher, president and chief executive officer. For more information about supporting discretionary funds, please contact CFT external affairs at (214) 750-4222. 🍁

CFT Donors Eligible For Fall Conference In New Mexico

Donors to Communities Foundation of Texas are eligible to attend the 58th Annual Conference of Southwest Foundations Oct. 19-21 at the Hyatt Regency Tamaya in Santa Ana Pueblo, N.M., between Santa Fe and Albuquerque.

Conference participants will have the opportunity to hear about

the latest developments and issues affecting charitable foundations.

Speakers include New Mexico Lt. Gov. Diane Denish; Karen Pittman, executive director, Forum for Young Investment; N. Scott Momaday, Native American author; and Tom Luce, Dallas attorney and former assistant secretary, Office of Planning, Evaluation and Policy Development, U.S. Department of Education. The agenda also features workshops, book reviews, art

tours, movie screenings and recreational activities.

For more information about the conference, and to register, please call Jackie Franey at (214) 750-4222 or visit www.c-s-f.org. 🍁





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» To make the most efficient use of CFT resources, individual grant recommendations of \$500 or more are strongly preferred.

» Please make grant recommendations in writing or by using the website, www.cftexas.org.

» Grants awarded from CFT funds must be for charitable uses, so they may not be used to pay for memberships, dues or anything that provides a direct benefit to a donor, fund advisor, family member, relative or friend.

» The Internal Revenue Service prohibits grants for non-deductible, non-charitable benefits associated with galas, luncheons or dinners – even though sponsored by non-profit organizations.

» The IRS also bars grants to cover the cost of tickets or auction items purchased by individuals for charity events.

» For multi-year gifts or pledges, please get in touch with CFT early. While a donor-advised fund may not make a grant for individual's personal pledge to an organization, a donor can recommend to CFT that a grant be made in installments, and CFT will administer the grant and payment schedule according to the recommendation and as approved by CFT's trustees.

» Anonymity can be accommodated on a grant-by-grant basis.

Also, anytime you want information about an area of interest or a specific organization for a grant you're considering, please don't hesitate to contact our grants department at (214) 750-4222. 🍷

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