CFT’s funds and underlying assets are governed by an independent board of trustees, composed of respected community leaders from diverse backgrounds. They are selected for their knowledge of and commitment to community needs and for their professional expertise. The trustees’ charge is to understand donors’ interests and the roles of nonprofits, acting as stewards of more than 1,000 funds. Trustees serve without compensation and exercise the final authority with regard to all CFT investments and charitable grants.
WHAT WE DO
Since 1953, Communities Foundation of Texas has grown to become one of the nation’s largest community foundations. We represent our donors’ charitable interests and add value through our wealth of community knowledge, along with the leadership of our volunteer board of trustees and the expertise of a professional staff. CFT is committed to serving and understanding donor needs, expertly handling complex gifts, wisely managing charitable funds and leveraging community knowledge to increase charitable impact. CFT serves as a hub for collaboration between philanthropists, nonprofits and other funding organizations across the community.

VALUES
Enhancing the experience and impact of giving through:
1. Exemplary service;
2. Wise stewardship of resources; and
3. Trusted community knowledge.

TYPES OF FUNDS
- Donor-advised funds allow donors to remain actively involved in the grantmaking process.
- Business-advised funds support companies’ philanthropic goals with a full spectrum of services, including grantmaking, due diligence, site visits and community updates.
- Designated funds benefit a specific charitable organization.
- Community impact and field-of-interest funds trust CFT to use its discretion to award grants to local nonprofits meeting current, pressing community needs.
- Scholarship funds benefit students pursuing their academic dreams.
- Supporting organization funds are similar to donor-advised funds, but are legally separate tax-exempt entities from CFT, which offer more opportunities for donor involvement with grants and investments.
- Nonprofit funds allow nonprofits to benefit from CFT’s investment expertise.

FINANCIALS
FISCAL YEAR ENDING June 30, 2018
Total Assets: $1.126 billion
Total Grants Paid: $106 million
Total Gifts Received: $107.5 million
Number of Funds 1,000+
CUMULATIVE GRANTS
$1.8 billion+

ASSETS 2007-2018
in millions

<table>
<thead>
<tr>
<th>Year</th>
<th>ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$381.4</td>
</tr>
<tr>
<td>2008</td>
<td>$374.7</td>
</tr>
<tr>
<td>2009</td>
<td>$361.6</td>
</tr>
<tr>
<td>2010</td>
<td>$375.9</td>
</tr>
<tr>
<td>2011</td>
<td>$369.8</td>
</tr>
<tr>
<td>2012</td>
<td>$341.4</td>
</tr>
<tr>
<td>2013</td>
<td>$1,065.8</td>
</tr>
<tr>
<td>2014</td>
<td>$1,027.6</td>
</tr>
<tr>
<td>2015</td>
<td>$999.4</td>
</tr>
<tr>
<td>2016</td>
<td>$1,126.9</td>
</tr>
</tbody>
</table>

COMPOSITION OF ASSETS

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>W.W. Caruth, Jr. Foundation</td>
<td>411.4</td>
</tr>
<tr>
<td>Donor-Advised Funds</td>
<td>347.3</td>
</tr>
<tr>
<td>Designated Funds</td>
<td>100.9</td>
</tr>
<tr>
<td>Discretionary Funds</td>
<td>108.6</td>
</tr>
<tr>
<td>Other Supporting Organizations</td>
<td>65.3</td>
</tr>
<tr>
<td>Nonprofit Agency Funds</td>
<td>37.5</td>
</tr>
<tr>
<td>General Operating Funds</td>
<td>26.9</td>
</tr>
<tr>
<td>Scholarship Funds</td>
<td>19.1</td>
</tr>
<tr>
<td>Charitable Remainder Trusts</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,126.9</td>
</tr>
</tbody>
</table>

5500 Caruth Haven Lane, Dallas, Texas 75225 • 214.750.4222 • www.CFTexas.org/giving
KEY INITIATIVES

EDUCATE TEXAS
Educate Texas is an innovative alliance of public and private groups that share a common goal: improving the public education system so that every Texas student is prepared for success in school, in the workforce and in life. Launched in 2004 as the Texas High School Project, Educate Texas has made a positive impact on the lives of hundreds of thousands of low-income or underserved students in low-performing schools throughout Texas.

CFT FOR BUSINESS (CFT4B)
For more than a decade, CFT has been facilitating community involvement and philanthropy for companies of all sizes who want to make a beneficial impact on their communities through grantmaking, volunteerism, in-kind donations and pro-bono services. Through CFT for Business, we have the tools and resources to help your business build a thriving company culture of stewardship, service and generosity that meets business objectives.

GIVING GUIDE
Last year CFT carefully reviewed more than 350 nonprofit requests and summarizes recommended projects in the Giving Guide. The online Guide becomes a key tool for CFT donors and companies to use when making decisions on how to make an impact locally.

NORTH TEXAS GIVING DAY
Launched in 2009 by CFT, North Texas Giving Day is the largest Giving Day in the nation. It is an online event dedicated to raising money for North Texas nonprofits. Bonus funds and prizes are provided by CFT and other local foundations, corporations and individuals. During the 2018 event, $48 million was raised for 2,690 North Texas nonprofits, bringing the nine-year total to more than $240 million.

WORKING FAMILY SUCCESS (WFS) NETWORK OF NORTH TEXAS
The WFS model provides individual clients and families with integrated or bundled services across three critical areas to support household economic stability: 1) Job placement, retention and skill building; 2) Financial coaching, and; 3) Income supports. CFT is currently working with nineteen agencies across DFW to open WFS centers.
COMMUNITY FOUNDATION OF TEXAS

Community Foundations

WHAT IS A COMMUNITY FOUNDATION?
A community foundation is a collection of charitable funds established by individuals, families and organizations—a tax-exempt, publicly supported foundation governed by its own board of directors. The first community foundation was created in Cleveland, Ohio, in 1914. Today, more than 740 community foundations in the United States manage an estimated $58 billion in assets. In 2012, giving by community foundations totaled approximately $4.5 billion.

Community foundations are overseen by volunteer boards of leading citizens and run by professionals with expertise in knowing their communities’ needs. In addition to making grants that advance charitable activities in their localities, community foundations also identify current and emerging issues, stimulate resources to address those needs and help their communities prepare for the future.

WHAT DOES A COMMUNITY FOUNDATION DO?
A community foundation receives charitable gifts, manages charitable assets and makes charitable grants. Community foundations offer several types of funds to help donors achieve their charitable goals and to meet community needs. Donor-advised funds allow donors to make recommendations about how charitable grants are made from the fund. Many donors establish donor-advised funds as an alternative to setting up their own private foundations, with fewer administrative burdens and generally greater flexibility and tax benefits.

In addition to donor-advised funds, community foundations offer:
• designated funds, which benefit a particular charitable organization or program
• scholarship funds, which enable qualified students to pursue their academic dreams
• field of interest funds, which allow donors to dedicate gifts to an area of charity that is particularly meaningful to them, such as education, health care, children, the elderly or arts and culture
• unrestricted funds, which are used by a community foundation in competitive grantmaking to meet critical community needs
• agency funds, which allow nonprofits to benefit from a community foundation’s experience

WHY DO PEOPLE GIVE THROUGH COMMUNITY FOUNDATIONS?
Community foundations offer donors many services and benefits. They work with families, individuals, organizations and professional advisors to design gift plans that fit every economic situation, ensuring that donors receive the most from their philanthropy. Community foundations maximize charitable assets by offering lower expenses and fewer administrative burdens than private foundations.

In addition, community foundations offer deep knowledge of community needs and the organizations that can most effectively address them, as well as stringent grantmaking so that each grant complies with regulations and achieves the best philanthropic impact. Community foundations offer donors an opportunity to make a significant difference in their local communities as well as to support causes on the regional, national and international levels.
We specialize in providing grantmaking services to individual donors, supporting organizations, external private foundations and corporate partners for various levels of philanthropic giving. We will ensure that your charitable investment provides you with the greatest emotional, civic and financial benefit possible. Our philanthropic services include:

**Get Inspired and Find Your Cause:**
Our Philanthropic Services team will work with your family or company to identify your giving style, passions and desired results. We can help you develop a charitable mission. Based on what is important to you, we highlight community issues and help you formulate strategies to respond to these needs. In addition, we provide ongoing evaluations of your strategic grants ensure that your original intent is fulfilled.

**Grantmaking Support:**
Through the grant-making process, our team can manage the day-to-day activities of your charitable giving by providing a wide range of services that include, but are not limited to, the following:
- Determining if a gift will qualify as a charitable contribution
- Making or arranging site visits to explore agency capabilities
- Preparing grant agreements
- Collecting and evaluating grantee reports

**Hub for Philanthropy:**
CFT serves as a partner alongside donors, nonprofit organizations and local businesses to make our community better.
- **North Texas Giving Day** is an annual fundraising event that has pumped over $156 million into the local community since 2009.
- **Cause-Minded Conversations** are informal and educational events bringing together nonprofit leaders and key stakeholders to discuss important issues impacting our community.
- **Giving Guide** is a key tool for CFT donors and their families to use when making decisions on how to make an impact locally.
- **The CFT building** is available for fund holders to host meetings and small gatherings.
- **GiveWisely** is a series designed to empower individuals to discover their core values and help them think critically about how they give.

Contact your Relationship Manager for more information about our services.
CFT Accepts Complex Assets

Start Early! Complex Assets Take More Time to Donate

Donating assets—both current and deferred—can help fulfill your charitable goals. In addition to cash and marketable securities (stocks, bonds and shares of mutual funds), we work with our donors and their professional advisors to facilitate the contribution of complex assets such as those pictured on the right.

CFT provides the knowledge, expertise and due diligence to evaluate, receive, manage and invest contributions in the most caring, efficient and tax-favorable manner. Contributions funded with assets other than cash and highly marketable securities are evaluated on a case-by-case basis.

To make your gift a reality, please involve us early. We look forward to working with you in the creation of a donor-advised fund, a designated fund for a beloved organization, a charitable gift annuity or other gift arrangement that fulfills your philanthropic wishes.

To get started, contact DonorRelations@cftexas.org.
Communities Foundation of Texas’ investment strategies are designed for different levels of risk tolerance and time horizons, so that each donor can meet his or her unique philanthropic objectives. CFT offers a money-market fund and three investment funds consisting of a broadly diversified mix of active and passively managed assets. If a donor-advised fund established at CFT has an asset balance of more than $1,000,000, the donor may request an external manager, subject to CFT’s Investment Committee approval. As with any investment, past performance does not guarantee comparable future returns.

**Investment Funds**

Communities Foundation of Texas’ investment strategies are designed for different levels of risk tolerance and time horizons, so that each donor can meet his or her unique philanthropic objectives. CFT offers a money-market fund and three investment funds consisting of a broadly diversified mix of active and passively managed assets. If a donor-advised fund established at CFT has an asset balance of more than $1,000,000, the donor may request an external manager, subject to CFT’s Investment Committee approval. As with any investment, past performance does not guarantee comparable future returns.

**TARGET ALLOCATIONS**

**FUND OBJECTIVES**

**ENDOWMENT FUND**
The fund has a horizon in perpetuity for providing long-term charitable support. The fund’s objective is for the corpus to grow over time to exceed the effects of grant making and inflation. The fund is invested in global equities, real assets, bonds and alternative investment strategies such as hedge funds and other less liquid assets that should earn a premium over publicly traded assets. Each year the annual spending rate is determined by CFT’s trustees. The spending rate for the current fiscal year is 4.5% of the average of the most recent 16 quarter’s market value.

As of March 31, 2019

<table>
<thead>
<tr>
<th>YTD</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.20%</td>
<td>3.30%</td>
<td>7.87%</td>
<td>4.79%</td>
<td>9.81%</td>
<td>5.39%</td>
</tr>
</tbody>
</table>

**BALANCED FUND**
The fund seeks long-term capital appreciation while providing some income or cash flow. The fund is invested in global equities, bonds, real assets and alternative investment strategies such as hedge funds. The fund is structured to tolerate volatility and is very liquid. This liquidity enables current giving and ongoing grant commitments.

As of March 31, 2019

<table>
<thead>
<tr>
<th>YTD</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.86%</td>
<td>2.94%</td>
<td>6.88%</td>
<td>4.03%</td>
<td>8.80%</td>
<td>4.89%</td>
</tr>
</tbody>
</table>

**GROWTH FUND**
The fund seeks long-term capital appreciation with less emphasis on providing income or cash flow. The fund is invested in global equities, real assets, bonds and alternative investment strategies such as hedge funds. The fund is structured to tolerate volatility and is very liquid. This liquidity enables current giving and ongoing grant commitments.

As of March 31, 2019

<table>
<thead>
<tr>
<th>YTD</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.70%</td>
<td>3.08%</td>
<td>8.24%</td>
<td>5.00%</td>
<td>10.32%</td>
<td>5.60%</td>
</tr>
</tbody>
</table>
**TARGET ALLOCATIONS**

**FUND OBJECTIVES**

**INCOME FUND**
The fund seeks to preserve capital and generate limited capital appreciation on a total return basis. The fund is largely invested in fixed income securities with a modest allocation to high yielding real assets. The fund is structured to tolerate some volatility and is very liquid. This liquidity enables current giving and ongoing grant commitments.

As of March 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>YTD</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>3.38%</td>
<td>3.10%</td>
<td>3.61%</td>
<td>1.66%</td>
<td>4.16%</td>
<td>4.40%</td>
</tr>
</tbody>
</table>

**SHORT-TERM FUND**
The fund consists of cash and cash equivalents. The fund serves as a vehicle for pending grants and commitments. Assets invested in this fund are expected to be distributed in the near term. The fund is highly liquid.

As of March 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>YTD</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>0.68%</td>
<td>2.39%</td>
<td>1.50%</td>
<td>0.97%</td>
<td>0.56%</td>
<td>1.57%</td>
</tr>
</tbody>
</table>

**SOCIAL IMPACT FUND**
This fund seeks long-term capital appreciation while providing some income or cash flow. The fund focuses on environmental, social and governance investment opportunities and is invested in global equities and bonds. The fund is structured to tolerate volatility and is very liquid. This liquidity enables current giving and ongoing grant commitments.

As of March 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>YTD</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>8.19%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.08%</td>
</tr>
</tbody>
</table>
WHO WE ARE
Since 1953, CFT has helped individuals, families, businesses and non-profits enhance their charitable giving opportunities. Our goal is to partner with ambitiously compassionate people who want to use charitable giving to help empower their communities.

SOCIAL IMPACT FUND
On October 1, 2018, CFT launched a Social Impact Fund with a team of experienced environmental, social and governance (ESG) investment managers. The strategy focuses on ESG investment opportunities to deliver excess market returns over full-market cycles. Sample investment considerations include:

- Environmental: sustainable resources, clean energy, low carbon emissions
- Social: health safety, weapons exclusions, diversity, labor relations
- Governance: board independence, executive pay, ownership structures

CFT SOCIAL IMPACT FUND

STRATEGY AT A GLANCE
Strategy Inception: 10/1/2018
Initial Investment: $10 million AUM
Target Allocation: 60% Equity / 40% Fixed Income

Investment Managers:
- Dimensional Fund Advisors – US Equities
- State Street Global Advisors – US Equities
- Blackrock – Ex-US Equities
- TIAA CREF – Fixed Income
- Breckinridge – Fixed Income

Estimated Management Fees: 0.20% - 0.25%
**Target Return:** 6-8% annualized across a full market cycle.

INVESTMENT OBJECTIVES

- Invest with world class managers that emphasize ESG factors in their portfolio construction decisions
- Allocate portfolio to asset classes our investment managers believe will deliver strong long-term returns
- Emphasize broad diversification across holdings, styles and asset classes
- Avoid trying to time the market by being fully invested and maintaining a 60/40 allocation
# TARGET ASSET ALLOCATION AND APPROVED MANAGER LIST

## EQUITY

<table>
<thead>
<tr>
<th>REGION</th>
<th>MANAGER</th>
<th>ALLOCATION</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equity</td>
<td>DFA US Sustainability Core</td>
<td>25%</td>
<td>Broad US exposure that tilts portfolio weightings to sources of higher expected return, which the manager defines as size, value and profitability. Sustainability considerations focus on reducing emissions exposure and increasing sustainability considerations.</td>
</tr>
<tr>
<td>US Equity</td>
<td>SSGA US Community Investing Index</td>
<td>25%</td>
<td>Seeks to match as closely as possible the return and characteristics of the U.S. Community Investing Index which evaluates a company’s impact as it relates to: human, civic, natural and financial capital.</td>
</tr>
<tr>
<td>Non-US Equity</td>
<td>Blackrock EM ESG ETF</td>
<td>10%</td>
<td>Tracks the investment results of an index composed of emerging market equities that have positive environmental, social and governance characteristics.</td>
</tr>
</tbody>
</table>

## FIXED INCOME

<table>
<thead>
<tr>
<th>REGION</th>
<th>MANAGER</th>
<th>ALLOCATION</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>TIAA-CREF Social Choice</td>
<td>20%</td>
<td>Core fixed income strategy that subjects all holdings to ESG considerations. An emphasis is placed on affordable housing, community development, renewable energy and natural resources.</td>
</tr>
<tr>
<td>US</td>
<td>Breckinridge</td>
<td>20%</td>
<td>Invests in investment grade corporate, taxable, municipal, supranational and agency issuers with above average ESG profiles and bonds that fund essential environmental, social, or economic development projects.</td>
</tr>
</tbody>
</table>
Communities Foundation of Texas
Investment Committee

G. Stacy Smith
Committee Chairman
Founder
Trinity Investment Group

James E. Bass
Manager
Trinity Summits, LLC

Tom Montgomery
Partner
Montgomery, Coscia, Greilich, LLP

Kenneth A. Hersh
President & CEO
George W. Bush
Presidential Center

Debra Brennan Tagg
President
Brennan Financial Services

Beth Bull
Senior Vice President &
Chief Financial Officer
Communities Foundation of Texas

Brian Doyle
Chief Investment Officer
Communities Foundation of Texas
Communities Foundation of Texas (CFT) fees offset the costs associated with administering a fund at CFT. Fees help pay professional services and sustain the work of CFT within the community. These costs include record keeping of each fund as well as staff time devoted to investment oversight and grant-making. Fees are reviewed annually. CFT may adjust fees as appropriate, at its discretion. 

**Fees are assessed monthly.**

### Annual Service Fees:

<table>
<thead>
<tr>
<th>Fair Market Value</th>
<th>Service Fee</th>
<th>EXAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $1,000,000</td>
<td>1.0%</td>
<td>Fund Balance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$100,000</td>
</tr>
<tr>
<td>From $1,000,000 to $3,000,000</td>
<td>0.60%</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>From $3,000,000 +</td>
<td>0.40%</td>
<td>$8,000,000</td>
</tr>
</tbody>
</table>

Note: There is a minimum monthly fee of $25. For Scholarship Funds, the minimum monthly fee is $250. Assets which are granted from any fund sooner than 90 days after receipt of the assets by the foundation may be subject to a 1% pass-through fee.

### Investment Management Fees:

Each fund pays 30 basis points per year to defray the costs of managing our investment platform, with the exception of those funds invested in cash and/or short-term funds, which pay 5 basis points per year. In addition, fees from money managers and custodians are charged pro-rata to each fund. On average, these fees range from approximately 20 to 60 basis points per year.

### Other Expenses:

CFT may apply specific related legal and other expenses in connection with the creation and administration of the fund or unusual out-of-pocket expenses related to the operation of the fund. This can include, but is not limited to, credit card fees, brokers, agents, or other fees for liquidating stocks or other management-intensive assets (such as real estate). These additional expenses will be directly charged to the fund.