

Impact

COMMUNITIES FOUNDATION
of TEXAS

Bringing Visionary Philanthropists and Worthy Causes Together

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2006 Sets CFT Grants Record With Nearly \$69 Million Awarded.

Busy new year includes review of funds under charitable reform legislation

Almost \$69 million in grants were awarded by Communities Foundation of Texas trustees in the fiscal year ending June 30, 2006, the largest amount ever. It was the second year in a row the foundation has awarded more than \$60 million in grants. The generosity of donors to CFT made possible these grants benefiting education, social services, cultural organizations, health care and other areas.

“We celebrate this record year of grantmaking and the difference our donors are making in the lives of so many people in our community,” said Brent Christopher, CFT president and CEO. “CFT has now distributed more than \$785 million in charitable grants since its founding in 1953. And, the new fiscal year – 2007 – is off to an excellent start, with more than \$25 million in grants made as of early November.”

As the year progresses, CFT is joining its counterparts across the nation in interpreting and responding to new legislation affecting charitable giving, which includes the grantmaking operations of community foundations. The Pension Protection Act of 2006, signed into law by President Bush in August, outlines several new provisions for charitable donations and grants that are intended to make sure the tax laws are being used consistently and appropriately. Some of the rules enacted within the legislation govern donor-advised funds, scholarship funds and supporting organizations at community foundations. Other rules relate only to private foundations. Still other rules relate to all charitable giving, such as the new requirement that even small cash contributions must be documented in order for you to claim a charitable deduction. The legislation also creates a special two-year window for making charitable gifts from your IRA under certain circumstances (see related story, page 4).

The primary focus of the new rules is to make sure donors, fund advisors and their families do not receive any money or more than “incidental” benefits from a charitable fund to which they are linked. For example, grants cannot be made to individuals from donor-advised funds. Scholarship funds, which do make grants to individuals, must use a process and a committee approved by the CFT board. And, certain concentrations of business ownerships that are held as assets in donor-advised funds now must be liquidated over a specified time period.

In order to ensure compliance with the new legislation, CFT has begun a comprehensive review of fund

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People Power

As he walked down the street, a senator was tragically hit by a speeding truck. At the Pearly Gates, God met him and said, “I have to confess that it’s unusual to have a politician up here, so I’m not quite sure what to do with you. In fact, I’m willing for you to spend a day in heaven and a day in hell, then let you make up your own mind about where to spend eternity.”

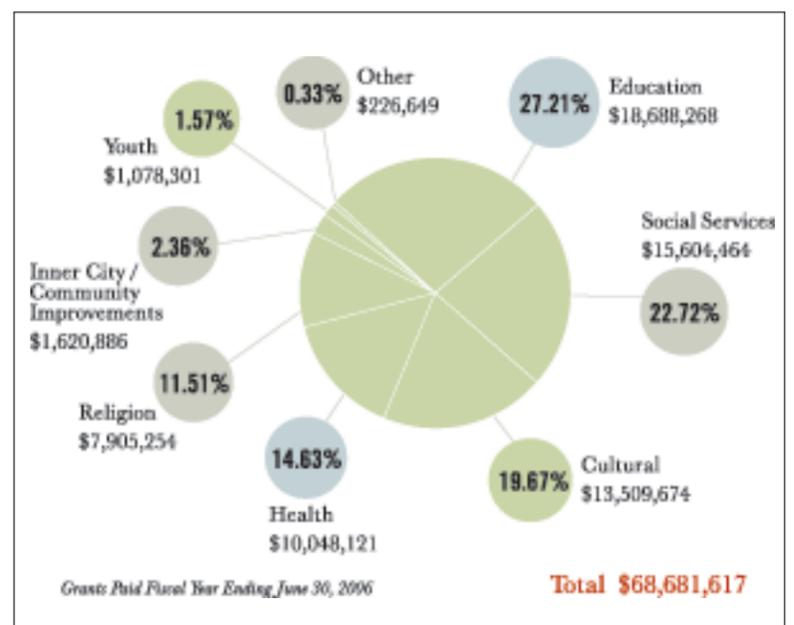
So, the senator went down to hell, where he met up with many of his old friends who were having a big party. He spent the day eating great food, dancing and telling jokes. The next day, he went up to heaven, where he joined a very contented group of souls moving from cloud to cloud, playing harps and singing.

When the senator first saw God again, he said, “Well, I’m surprised, but I think I would be better off in hell.” So, he was promptly returned below, where instead of the party scene, he faced a burning, barren wasteland. As the devil came over to him, the senator stammered, “W-w-what happened to the wonderful party that was going on when I came here yesterday?”

The devil smiled and said, “Yesterday, we were campaigning. Today, you’ve voted.”

Regardless of your feelings about the recent elections, we all know that campaign promises can ring hollow. Believing that some-

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The generosity of CFT donors makes a difference in virtually all aspects of life in our community.

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one will fulfill a promise depends on trust—trust that the person has integrity, commitment and ability.

Nonprofits in our community represent a lot of promises about how to make life better. What are the keys to those promises? Financial resources are vitally important, yet not enough on their own. Adam Meyerson, president of The Philanthropy Roundtable, recently pointed out that our government spends over \$400 billion a year on education, but 38 percent of fourth graders still cannot read. The other key is human resources: people who have smart ideas, commitment to hard, ethical work, and the ability to combine them with sufficient financial resources to achieve great results.

We're fortunate in Dallas to have many outstanding professionals working with our nonprofits. During this season when we stop to be thankful, we need to thank them. Across North Texas, nearly 260,000 people are employed by nonprofits. They enable their respective organizations to fulfill their promises every day: to the person who is cold and homeless, to the student learning about her world, to the frightened child waiting for someone to say, "You're safe."

But, according to Tom Tierney, founder of The Bridgespan Group of consultants for nonprofits, change is coming. Largely because of the retirement of baby boomers, he predicts that the nonprofit sector will need 640,000 new leaders in the next decade. That equates to 50 percent of all the MBA graduates in America for each of those years. And, while the talent pool for nonprofit leadership may be shrinking, human needs are not.

So, what should your response be? Don't shy away from continuing to provide critical charitable gifts. But, also take advantage of every opportunity to encourage capable people to consider roles in the nonprofit community. They are the ones who make the promises of nonprofit organizations into realities.



Brent E. Christopher
President and Chief Executive Officer

Arts Magnet School Meets CFT Challenge Grant.

With the help of a special \$500,000 challenge grant from Communities Foundation of Texas, Booker T. Washington High School for the Performing and Visual Arts is well on its way to celebrating a new campus in the downtown Dallas Arts District.

The community responded to last November's challenge grant with \$554,568 in gifts to the campaign to build new facilities for the highly acclaimed arts magnet school. Among the gifts were \$100,000 grants from JP Morgan Chase and the Lowe Foundation.



Classes at the new arts magnet campus are scheduled to begin in January 2008.

CFT's challenge grant provided impetus to an already successful campaign, said I.D. (Nash) Flores III, chairman of the Arts Magnet Building Campaign. The school's Advisory Board still hopes to raise \$6.5 million to complete the \$47 million campaign by May 2007.

In September, the arts magnet premiered a new movie about the school at CFT's Mabel Peters Caruth Center. The movie featured notable Booker T. Washington graduates Norah Jones, Edie Brickell and Erykah Badu. 🌟

CFT responds to donor questions about grantmaking

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agreements and the grantmaking procedures of the foundation. As CFT conducts this review, it will work with donors to keep the processes straightforward, to add value through their relationship with the foundation, and to ensure that their funds fulfill their charitable purposes.

When it comes to charitable giving, collaborating with CFT is still simple and effective. While the review is taking place, here are a couple of answers to common questions:

Q. I've been approached by my college and want to make a campaign grant to be paid over several years. What are my first steps if I want to recommend making the grant through my donor-advised fund?

A. Contact CFT early, because a grant actually would need to be a campaign commitment made by the foundation. When we receive your grant recommendation, it goes to the board of trustees for approval and then can become a

commitment for payment over several years through your donor-advised fund.

Q. I want to support one of my favorite charities by purchasing a table at their annual gala. Can grants of this type be made through a donor-advised fund?

A. The new law is not clear about the response to this question. CFT continues to adhere to its policy that only the charitable portion of an event sponsorship can be approved and granted through a donor-advised fund. The non-charitable portion (such as the value of a meal or other personal benefits) must be paid directly to the organization by the individual donor. Under the new law, it is important for you to notify CFT if any grant request may result in your receiving benefits. We are happy to answer any other questions you have about this policy, and to help make sure an organization to which you are recommending a grant qualifies as a 501(c)(3). Please contact the grants department at (214) 750-4222. 🌟

Event Honors Dallas Legend.

CFT recognizes Ebby Halliday Acers for 30-plus years of service to foundation

This September, when Communities Foundation of Texas hosted a special meeting of its Advisory Council, all eyes were on the guest of honor – a 95-year-old known as much for her energy and service to the community as for her success in real estate.

CFT’s Board of Trustees presented Ebby Halliday Acers a resolution recognizing “the guidance, counsel and boundless energy she gave to the foundation in shaping its future, for which she received no compensation other than the satisfaction of knowing that her efforts would aid countless individuals in Dallas, throughout Texas and across the country by making our world a better place through the

power of philanthropy.”

“We pay tribute to one of the most special persons in the life of the foundation,” said Charles J. Wyly, Jr., chairman of the board of trustees. “We celebrate her devotion and service as well as her friendship.”

Ms. Acers served on CFT’s Board of Trustees from 1977 to 1998, including a year as chairman of the Distribu-

“We pay tribute to one of the most special persons in the life of the foundation.”

tion Committee in 1987. From 1988 to 2006, she served as chairman of the Advisory Council. She continues to be recognized as a Trustee Emeritus.

CFT is pleased to announce the establishment of the Ebby Halliday Acers Society. “This society will honor those who have served CFT with distinction for years and have demonstrated the

selfless dedication, tireless spirit and boundless enthusiasm embodied by Ebby,” said Brent Christopher, CFT president and CEO. “For the Society’s inaugural inductee, there could be no other choice than its namesake – Ebby Halliday Acers.” 🌟



Photograph by Kristina Bowman

Trustee Emeritus Ebby Halliday Acers with Trustee Joel Williams

CFT in Top 10 Again Among Community Foundations Nationwide

Communities Foundation of Texas ranks 10th among more than 700 community foundations nationwide in both annual gifts received and grants paid, according to a recent annual survey by the Columbus Foundation.

In its annual survey of community foundations, the Columbus Foundation reported that CFT made grants totaling \$68.7 million in its last fiscal year (ending June 30, 2006) and received gifts of more than \$98 million.

ranked 13th for the market value of its combined assets with a total of \$700 million at the end of the last fiscal year. For its overall size, CFT was the only community foundation in Texas ranked among the top 20 in the nation.

Top 10 Community Foundations by Grants Made Last Year

1. New York Community Trust	\$142,064,232
2. Greater Kansas City Community Foundation	140,702,000
3. Greater Houston Community Foundation	109,388,008
4. Community Foundation of Silicon Valley	101,055,831
5. Peninsula Community Foundation (Calif.)	94,325,151
6. Foundation for the National Capital Region	93,296,206
7. California Community Foundation	76,404,160
8. Chicago Community Trust	75,988,536
9. San Francisco Foundation	74,803,793
10. Communities Foundation of Texas	68,682,000

CFT was one of only two community foundations in Texas ranked among the top 10 for grants, behind the Greater Houston Community Foundation, which administered grants for Hurricane Katrina relief. CFT also was

The Columbus Foundation, which has sponsored and prepared the annual survey since 1988, reported donations to community foundations totaling \$5.6 billion in 2005, a 34 percent increase over the previous year’s \$4.2 billion. Grants totaled \$3.2 billion, up from \$3 billion in 2005.

In another survey, CFT ranked 198th on the “Philanthropy 400” list of all the nation’s largest charities based on gifts received in 2005, according to *The Chronicle of Philanthropy*. 🌟

Plan Now for Year-End Giving.

Gifts of appreciated stock can benefit charities and save tax on income and capital gains

Gifts of appreciated securities, mutual fund shares and closely held stock can be extremely beneficial – both to you and to the charities supported through Communities Foundation of Texas.

As you evaluate your portfolio, why not consider the benefits of a charitable gift of appreciated securities that have increased in value since they were acquired?

Due to favorable tax provisions and careful planning, a year-end gift of appreciated securities held for more than one year would enable you to claim an income tax deduction on the fair market value and also avoid capital gains tax on the appreciation. By gifting appreciated stock to the foundation, the stock is deductible

at the fair market value and no capital gains tax would be due. The federal government encourages charitable giving by allowing you to deduct up to 30 percent of adjusted gross income each year when a gift is made of appreciated securities. In addition, if you are unable to use the entire amount of the allowable deduction in one year, the excess tax deduction can be carried over for five additional years.

To illustrate the benefits of gifting appreciated securities, assume you want to give \$50,000 to CFT before year-end, which can be funded either with cash or appreciated stock. You are in the 33 percent income tax bracket, and the stock

value is \$50,000 with a cost basis of \$10,000. Because you have held the stock more than a year, your charitable deduction would be based on the fair market value on the gift date. By using the appreciated stock instead of cash, you save an additional \$6,000 (*see table*). A higher federal tax bracket would further improve your results. 🌟

Type of Gift	Cash	Stock
Value of gift	\$50,000	\$50,000
Income tax savings (33% tax bracket)	(\$16,500)	(\$16,500)
Capital gains tax savings (15% x \$40,000 gain)	0	(\$6,000)
Net cost of gift	\$33,500	\$27,500

New Law Presents Opportunity To Donate IRA Assets

The Pension Protection Act of 2006, signed into law this summer, focuses mainly on pension reform but also contains provisions related to charitable giving. One charitable incentive in the new law permits individuals who have reached age 70½ to exclude from income up to \$100,000 per year in retirement plan assets if contributed to a qualifying charity. In 2006 and 2007, IRA charitable rollovers will qualify for your required minimum distribution, and gifts can only be made from an IRA during lifetime.

Qualifying charities under the law include scholarship funds, designated funds, field-of-interest funds and unrestricted funds at CFT. While donor-advised funds are not eligible charitable beneficiaries of IRA rollovers, give

us a call if you would like to learn more about the legislation or how we can assist you in planning your charitable giving through a gift from your IRA. 🌟



Year End Is Almost Here

To learn more about how CFT can help you achieve your year-end goals, call Jackie Franey, director of gift planning and donor relations, or Dwight Clasby, vice president, external affairs, at (214) 750-4222, or e-mail them at jfraney@cftexas.org or dclasby@cftexas.org.

Let Us Know When You Give Stock

As noted above, the transfer of appreciated stock to Communities Foundation of Texas is one of the best ways to be charitable and avoid paying capital gains tax. But the foundation does not automatically learn the name of the donor when a stock transfer is made to the foundation's brokerage account. So, please be sure to give us a call when gifting stock to the foundation. Simply call Steve Orr, vice president, investments, or Kristine Thomas, controller, at (214) 750-4222. 🌟

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.

Junior League of Dallas Honors CFT Trustee Linda Pitts Custard.

The Junior League of Dallas recently selected Communities Foundation of Texas trustee Linda Pitts Custard as the recipient of its Lifetime Achievement Award, recognition the organization grants only once every five years.

Mrs. Custard received the award for her “spirit of selfless giving” at the Junior League’s 85th anniversary celebration at the Morton H. Meyerson Symphony Center. “Her advocacy for the arts, education and social services fulfills the goals of the League and inspires so many

others to improve the quality of life for our fellow citizens through community service,” said Lynn McBee, president of the JLD.

In her 40 years with the League, Mrs. Custard has served as president and served on the executive committee, the board of directors and on all 16 committees. She also chaired the JLD Ball in 1973 and was the first Junior League president to attend Leadership Dallas.

Mrs. Custard, who joined the CFT board of trustees in 1997, also serves on the boards of Southern Methodist University, the Dallas Center for the Performing Arts, Salvation Army Advisory Board, the Dallas Theater Center, the Hockaday School, Susan G. Komen Breast Cancer Foundation and the Dallas Opera.



Linda Pitts Custard

CFT’s immediate past chairman, Ruth Altshuler, received the first Lifetime Achievement Award in 1996.

In conjunction with its 85th anniversary, the JLD is awarding \$85,000 in grants to Texas Scottish Rite Hospital for Children, Friends of the Dallas Public Library and Parkland Foundation. CFT made a gift to the grant fund in honor of Mrs. Custard. 🌿

THSP Names Three New Directors

The Texas High School Project has added three new directors to its management team: Ana Tilton, chief program officer; Todd Foster, finance and administration; and Sylvia Martinez, communications.

“We are fortunate to add such distinguished professionals to the Texas High School Project,” said John Fitzpatrick, executive director of THSP, a partnership involving the Bill & Melinda Gates Foundation, the Michael & Susan Dell Foundation, the Texas Education Agency and Communities Foundation of Texas.

Dr. Tilton most recently served as a partner with New-Schools Venture Fund, a philanthropy firm working to improve public education. Her career in school reform also has included positions with New American Schools and Edison Schools, Inc. Before joining the private sector, Dr. Tilton taught in Denver and served as a school superintendent in California. She received her master’s degree in bilingual/multicultural education from the University of Colorado and a doctorate in educational policy and administration from the University of Southern California.

Before joining CFT, Mr. Foster led a program for clergy recruitment and development for the Episcopal Church. His corporate career included global banking with Citigroup, business development for Travelocity and product development for HQ Global Workplaces. Mr. Foster earned a bachelor’s degree at Vanderbilt University and an MBA in finance from Emory University. He is pursuing a master of divinity degree at Southern Methodist University’s Perkins School of Theology.

An award-winning journalist, Ms. Martinez returned to Dallas from New York, where she was head writer and segment producer for the AIM Tell-A-Vision Group’s Maximas Productions. She previously served as editor-in-chief of *Latina Magazine* and as education editor at the *Dallas Morning News*. Her journalistic career began with reporting positions at the *Austin American-Statesman*, Cox Newspapers Washington Bureau, the *Beeville Bee-Picayune* and *Goliad Advance-Guard*. Ms. Martinez is a graduate of the University of Texas at Austin. 🌿

Noteworthy

PUBLIC SAFETY – Trustees of Communities Foundation of Texas, in collaboration with the Dallas Police Department, have selected RAND Corporation to conduct a study of the needs of the DPD and identify approaches that will help the department fight crime and improve public safety. Funding for the RAND study, which will be completed within a year, will be made possible by the W.W. Caruth, Jr. Dallas Police Special Project Fund at CFT. The money is part of the second phase of a \$15 million Caruth Foundation grant through CFT that was announced in August 2005.

PLANNED GIVING – Jackie W. Franey, CFT’s director of gift planning and donor relations, recently conducted a seminar at The College of William and Mary National Planned Giving Institute, Williamsburg, Va. Her topic was marketing and working with professional advisors.

HIGH SCHOOL REFORM – CFT ranks No. 1 among all recipients in the nation of education grants from the Bill & Melinda Gates Foundation. As of November, CFT has received grant commitments of \$65.45 million. The Gates Foundation is

the largest private source of funds for the rapidly growing Texas High School Project, a public-private partnership. (See story at right.)

GRANTS STAFF – Donors calling about grant recommendations are getting acquainted with Kelly Donohue, who joined CFT this summer. A graduate of Southern Methodist University, Kelly previously worked as finance coordinator for the Kay Bailey Hutchison for Senate Committee. She replaced Racheal Eckhoff, who moved to Austin to resume her college studies. Let Kelly know how she can help you. 🌿

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