$10.1 Million Grant to SMU Promotes Engineering Education.

W.W. Caruth, Jr. Foundation gift targets students in grades K-12 for careers

American engineering education is about to get a Texas-sized boost. A $10.1 million gift to Southern Methodist University from the W.W. Caruth, Jr. Foundation at Communities Foundation of Texas – the single largest gift ever received by SMU’s School of Engineering – will help the United States compete globally in engineering and technology by preparing students to excel in these fields.

The gift will provide enhanced facilities and a national center to foster engineering and technology education in grades K-12 and beyond. It allocates $5.1 million to establish and endow the Caruth Institute for Engineering Education at SMU and $5 million toward the costs of a new building on the site of the original Caruth Hall, the historic home of SMU’s School of Engineering since 1948.

“As we approach our centennial celebration, it is fitting that the Caruth name is once again linked with SMU, because the Caruth family made the original gift of land that helped to assure the university’s location in Dallas,” said SMU President R. Gerald Turner. “This generous new gift from the Caruth Foundation at Communities Foundation of Texas will enable SMU to make Dallas a national center for innovative engineering education and serve as a critical educational asset for North Texas.”

In 2002 Texas Senator Kay Bailey Hutchison helped establish the Institute for Engineering Education at SMU through an initial federal grant. The Institute and School of Engineering have provided leadership in engineering education through national Science, Technology, Engineering and Math (STEM) initiatives.

“The hard reality is that we are falling behind in the pace of discovery and, ultimately, in our ability to compete in a world driven by innovation,” said School of Engineering Dean Geoffrey C. Orsak. “We expect the Caruth Institute for Engineering Education to help overcome this deficit as it becomes a national center of excellence in researching, developing and delivering innovative K-16 engineering education programs.”

The Caruth Institute will serve as a key resource. Continued on page 2
Foundation Grant to Help Fund New Caruth Hall at SMU.

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other math and science education programs, such as the Texas High School Project, a public-private collaboration managed by CFT and funded in part by the Bill & Melinda Gates Foundation, the Michael & Susan Dell Foundation and others.

“The Institute staff will conduct primary research on effective techniques for teaching the math and science foundations for engineering and technology,” said SMU Provost Paul Ludden. “As an initial investment of this gift, SMU will recruit an international authority to fill a distinguished endowed faculty chair and serve as executive director of the Caruth Institute. The endowment also will provide funds to further strengthen SMU’s engineering faculty with additional endowed appointments.”

The Caruth Institute will consolidate and further develop several successful national programs already in place in the SMU School of Engineering:

• The Infinity Project: The nation’s leading high school and early college math and science-based engineering education program, which will be extended into middle and elementary schools.

• The Gender Parity Initiative: A nationally recognized program that supports SMU’s strategy to promote interest in engineering and technology among girls and young women, with the goal to become among the first coeducational American universities to achieve 50 percent gender parity among engineering students.

• Science Readiness Institute: An innovative summer math and science program for North Texas area middle school students that prepares them for rigorous high school study in advanced placement courses.

• Visioneering: Signature National Engineers Week events and curriculum that give middle school students firsthand experience in engineering design. Visioneering received the 2006 Dean’s Council Award for Excellence from the American Society of Engineering Education.

• College Partnerships: An initiative that links community college pre-engineering programs with four-year engineering colleges, endeavoring to ensure seamless transition for students.

“Engineering makes the study of math and science very practical,” said Brent Christopher, president and CEO of CFT. “New products, life-saving medicines, energy-efficient buildings and vehicles, the exploration of space – there is almost no aspect of life that is not touched by engineers. The Caruth Institute at SMU will create the teaching strategies and courses that will empower the next generation of high school students to pursue engineering and to change our world.”

The W.W. Caruth, Jr. Foundation, established as a supporting organization at CFT, supports bold initiatives for education, scientific research, medical advancement and public safety. W.W. Caruth, Jr., who died in 1990, developed and managed the family’s extensive real estate holdings in the Dallas area over four decades. His father, W. W. Caruth, Sr., donated farmland in 1911 that provided the original land for the SMU campus.
Dallas ISD’s path to excellence in urban education advanced this fall when Communities Foundation of Texas joined two other foundations in awarding $1 million grants each to fund the district’s mission to win a prestigious prize for academic improvement.

The W.W. Caruth, Jr. Foundation at CFT, the Texas Instruments Foundation and the Harold Simmons Foundation awarded the grants to help the district achieve academic excellence for all students and ultimately win the nationally coveted Broad Prize for Urban Education by 2010. The journey to attain this recognition has been dubbed the “Road to Broad” (Broad rhymes with Road.)

During an event hosted at the Mabel Peters Caruth Center, officials from the three foundations, Dallas ISD, the City of Dallas and the U.S. Department of Education gathered to celebrate the grants as well as other community support for the Road to Broad effort.

“We celebrate three extraordinary gifts illustrating the community’s belief in and support for Dallas ISD, along with other significant gifts from Dallas individuals and institutions, some of whom began helping us almost two years ago,” said J. McDonald Williams, co-chair of the Dallas Achieves Commission and founder/chairman of the Foundation for Community Empowerment. “Their generous acts of early giving, together with courageous leadership from Dr. Hinojosa and the school board, have launched Dallas ISD’s journey on the Road to Broad.”

The funding will support the execution of the Dallas Achieves Transformation and Implementation Plan, which was formally adopted by the Dallas ISD board of trustees in April. The plan emphasizes academic rigor, aligned common curriculum and instructional improvement, and a comprehensive set of recommendations. It was developed by the Dallas ISD staff and trustees with the Dallas Achieves Commission, an influential group of Dallas business and community leaders.

The grant from the Caruth Foundation at CFT helps continue the legacy of W.W. Caruth, Jr., said Charles J. Wylly, Jr., chairman of CFT’s board of trustees. “We all win when each child is given the opportunity to achieve his or her potential,” Mr. Wylly said. “Will Caruth favored bold giving for improving education, and he would have been pleased with what is happening today.”

Dallas ISD Superintendent Michael Hinojosa emphasized the importance and the long-lasting impact of the community’s backing of the district. “It will take the support and effort from everyone in the city, including donors, sponsors, the board, parents, and, of course, district staff and students, to reach the ambitious goals of the Dallas Achieves initiative,” said Dr. Hinojosa. “Thankfully, the donors who were announced today, as well as those who have already contributed, understand our collective commitment to making certain that all Dallas students are college and workforce ready.”

For more information about the Road to Broad mission or the Dallas Achieves Commission, please visit www.dallasachieves.org.

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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 securities that have increased in value since they were acquired?

Due to favorable tax provisions and with 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.

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Plan Now for Year-End Giving.

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

**Take Advantage of the IRA Charitable Rollover**

For the past two years, the ability to transfer IRA assets directly to charitable organizations has been a charitable incentive of the Pension Protection Act of 2006. This incentive permits individuals 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.

At press time, 2007 is the last year that IRA charitable rollovers will qualify for your required minimum distribution, and gifts can only be made from an IRA during lifetime. And, while we expect lawmakers to support a one- or two-year extension of the IRA charitable rollover, why not take advantage of current law before year end?

Qualifying charities 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.

**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 counsel in connection with all charitable and planning matters.

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CFT Distributes Almost $67 Million in Grants in FY07.

Last year was another extraordinary one for grantmaking at Communities Foundation of Texas. CFT distributed almost $67 million in grants, making fiscal year 2007 the third year in a row the foundation has awarded more than $65 million in grants. It also brought CFT’s cumulative grantmaking to more than $850 million.

The grants include those recommended to CFT trustees by donor advisors as well as competitive grants awarded twice yearly from discretionary funds.

“Communities Foundation of Texas supports organizations that address some of our community’s deepest needs,” said Brent Christopher, president and CEO. “Our trustees and staff are inspired by the work these organizations do to make life better in North Texas and beyond.”

Among the discretionary grants awarded were:

- $25,000 to Avance, Inc. to update computers, servers, administrative machinery and software to support the Avance-Dallas Parent-Child Education Program, which serves pre-kindergarten Hispanic children and their parents.
- $30,000 to Baylor Health Care System to purchase 10 “smart pumps” to administer continuous intravenous medications to newborns in the Neonatal Intensive Care Unit at Baylor University Medical Center.
- $100,000 to Dallas Children’s Theater, Inc. to sponsor the Student Matinee Performance Series, the Curtains Up on Reading artist residencies program, the After School Drama Club programs at 10 to 12 inner-city schools, and to purchase lighting instruments for the Baker Theater.
- $25,000 to Dallas Furniture Bank toward the purchase of a truck for pick-up and delivery of furniture to needy families.
- $100,000 to the Senior Source to support the “Coming of Age” campaign to enable the agency to purchase, renovate, equip and endow an administrative center that serves senior adults in Dallas.
- $250,000 to the Woodall Rodgers Park Foundation to complete engineering and architectural studies.

IN MEMORIAM
Some of Our Generous Donors and Friends

| Henry C. Beck         | Robert M. Olnsted       |
| Van C. Ellis          | Harry A. Shuford       |
| Jacqueline Heller     | Gerry Sobel            |
| Margaret H. Hill      | Daniel B. Staut       |
| Jeannette Hollosay    | Martha Weisend        |
| John P. McGovern      | William W. Winspear    |

Noteworthy: New Staff, Trustee Honor, THSP Website

NEW STAFF – Debra Phares has joined CFT’s external affairs staff as director of donor relations. Debra spent 13 years at the Dallas Museum of Art, where she began as a development associate and later managed the corporate membership program and directed the annual fund and foundation program.

Debra Phares

Beginning in 2000, when she was named director of donor relations, Debra managed recognition and stewardship of major individual and corporate donors and coordinated the museum’s endowment campaign, which has raised $159 million.

At CFT, she is working with the Advisory Council and will be introducing new initiatives for donor cultivation and stewardship.

KAREN NICHOLS – Linda Pitts Castard, secretary of CFT’s board of trustees, was among five recipients of Southern Methodist University’s distinguished alumni awards, the school’s highest honor for graduates. She attended SMU as an undergraduate and received a master of business administration degree from SMU in 1999.

NEW WEBSITE – The Texas High School Project, a public-private alliance for educational reform at CFT, has launched its new website, www.thsp.org. The site features a video spotlight on an early college high school and profiles on other THSP grantees. In addition, it outlines the work of THSP and the impact it is making in schools across the state. The site also will allow grantees to share best practices with one another.
Where the Spirit Is Ageless – Anita Hullum of Dallas enjoys a lesson in oil painting with her instructor, Vet, at C.C. Young’s new Center for Arts and Education, known as The Point. The 20,000-square-foot facility features classrooms, a theater, auditorium, resource center, meditation room, cafe and fitness center. Residents of the retirement center and all local seniors are eligible to learn tai chi, take computer classes, enjoy music, explore creative writing and take college courses. C.C. Young’s $6.7 million “Spirit is Ageless” Capital Campaign included $1.13 million in grants from donor-advised and discretionary funds at Communities Foundation of Texas. To learn more, visit www.ccyoung.org.