

2015 Annual Report

The Foundation's 2015 results were influenced by economic conditions at home and abroad. US GDP grew by 2.4%, the same as 2014, signaling a prolonged recovery. Slumping energy prices, continued weakness in manufacturing, and the impact of a strong US dollar on exports all dampened growth. Despite improving unemployment, the labor force participation rate fell to a 38-year low in 2015. After monitoring economic activity for months and providing mixed signals along the way, the Federal Reserve Bank raised its inter-bank borrowing rate for the first time in seven years.

The global slowdown spawned headwinds that took their toll on our 2015 investment performance. Twice in the second half of the year equities moved into correction territory, dampening investors' spirits. By year's end, broad-market measures of fixed income and equity performance were flat, masking the volatile ride earlier in the year. The Foundation's five investment funds were not immune from these conditions. Our Equity Dividend Fund, heavy in value-oriented stocks, struggled to find direction throughout the year. Our Higher-Yield Fund faced tough market conditions as investors scrambled for safety. Our energy-heavy Alternative Investments Fund struggled, yet managed to outperform its benchmark. The shining star was our Equity Growth Fund, which outpaced the overall market and its benchmark by more than 2%.

Investment markets aside, the Foundation ended 2015 with 439 accounts under its management valued at more than \$40 million. Incoming gifts continued the positive trajectory that began in 2010. Donors opened five new accounts totaling approximately \$1 million. Several augmented Christian education or benefitted congregational ministries. Two endowments were opened by Texas District congregations with whom we had no previous account relationship. We view this as a growing indication that the Foundation's purpose and value-added services are becoming more widely known throughout the District. We also assisted a long-time client family by adding a charitable remainder unitrust to its estate plan.

Most important of all, 2015's distributions to ministries and individuals were approximately \$1.8 million. Although this amount fell short of 2014 and our record-setting 2013, it represents what we are all about: supporting ministry in the Texas District and beyond. Approximately three-quarters of this amount directly benefitted District ministries, its congregations and schools, and Concordia University Texas. The balance went to Synodical ministries and Christian charitable organizations. Details of our 2015 distributions are as follows:

