

2011 ANNUAL REPORT



TEAM teaching
equipping
assisting
managing

It is my honor and great privilege to serve Alabama Baptists through the various ministries of your state Foundation. Now in my 11th year at The Foundation, I have seen God's hand at work in the lives of literally hundreds of faithful Alabama Baptists as they have chosen to use some of their earthly resources to make a Kingdom difference through Christ honoring estate planning. These Alabama Baptists will continue to impact the world for Christ through the effective use of a portion of their estate assets even after they are gone.

This year the theme of our annual report is the acrostic **TEAM** . . . this stands for **T**eaching, **E**quipping, **A**ssisting, and **M**anaging. I will briefly comment on each component of this acrostic.

TEACHING – As you will read about in more detail later in this annual report, our team has been busy teaching a Bible study entitled *Stewarding Your “Stuff”* in a number of churches across Alabama. This study reminds us that God is the owner of everything and we are his managers (stewards).

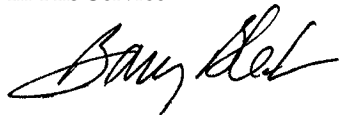
EQUIPPING – Our number one focus in the area of development is to equip the local church to create and maintain an effective estate stewardship ministry. We now have more than a dozen churches involved in this ministry. We have experienced phenomenal, God sized results. To God be the glory!

ASSISTING – Tom Randall and his team continue to “be Jesus” to many senior Alabama Baptist saints as they minister to their needs during the last stages of life. In addition, we assist many Baptist churches, associations and entities with fund management and development.

MANAGING – Your state Foundation is now responsible for managing in excess of \$200 million in assets. As we manage these assets, we constantly are reminded these are God's assets, given by God's people to be used for God's purposes! Accordingly, we utilize an academically sound institutional process to invest these funds. This process involves the use of fifteen professional money managers from literally all across the United States. You will read more about this ministry assignment later in this report.

Our number one priority at The Baptist Foundation of Alabama is to serve Alabama Baptists to the very best of our abilities in our areas of ministry responsibilities. We look forward to serving you in 2012! Please contact us with any questions you may have regarding any of the matters discussed in the annual report. ■

In His Service



Barry Bledsoe, President

“Now to Him who is able to keep you from stumbling, and to present you faultless before the presence of His glory with exceeding joy, to God our Savior, who alone is wise, be glory and majesty, dominion and power, both now and forever, Amen.”

Jude 24 & 25



Barry Bledsoe
TBFA President

The Baptist Foundation of Alabama exists primarily to administer planned gifts benefitting Great Commission ministries and promote Christian stewardship of estate assets. Through its service, The Foundation has grown from an organization with no employees in 1940 to an institution that administers millions of dollars on behalf of Alabama Baptists. From providing estate planning services for churches and individuals to ministering to our state's seniors, The Foundation plays a vital role in sharing the Gospel of our Lord Jesus Christ.

TBFA Staff

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PRESIDENT

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CHIEF OPERATING OFFICER

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CONSTANCE WESTOVER
DEVELOPMENT ADMINISTRATIVE ASSISTANT

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Teaching Stewardship

In 2011, The Foundation introduced a new Bible study – *Stewarding Your “Stuff”*. Bill McCrary led the study in eight churches across the state. The three hour study was most often presented in one hour sessions and served as an excellent Discipleship Training event for a Sunday or Wednesday depending on the desires of the church. Bill was assisted in the first two sessions by Nathan McCarthy and Rodney Bledsoe as they presented a biblical overview of Christian estate stewardship. Barry Bledsoe concluded the Bible study with an emphasis on the practical aspects of Christian estate planning and a unique look at how the Alabama law applied to various estate planning topics.

Materials used to teach stewardship included powerpoint presentations and two books, *Stewarding Your “Stuff” - Wills, Trusts, Taxes and More . . . Estate Planning from a Biblical Worldview* and *A Practical Guide to Estate Planning from a Christian Perspective*. The *Stewarding Your “Stuff”* book helped individuals consider matters related to estate planning from a Biblical worldview. “*A Practical Guide to Estate Planning from a Christian Perspective*” addressed many of the legal documents involved in estate planning.

At the conclusion of the presentation on stewardship of estate assets, couples attending the Bible study, tailored seminar, or other training venue were encouraged to register for a no-cost or obligation phone conference to discuss their estate planning needs. Through the end of 2011, over 140 couples across Alabama responded to the opportunity to discuss their situation in confidence with estate planning experts. By taking advantage of this opportunity to meet both family needs and charitable giving desires through their individual estate plans, these couples recognized that this experience was truly a service to the church member provided by the local church working with The Foundation. Members across the state who attended the presentation and went through the estate planning process have been extremely complimentary of the process and what it has meant to their family.

In summary, the *Stewarding Your “Stuff”* Bible study is a key component in The Foundation’s plan to teach every Alabama Baptist about the joy of Christian estate stewardship and the Kingdom enhancing potential that each one of us controls as a faithful steward (1 Cor 4:2) . . . regardless of estate size. Call (334) 394-2009 today to book a date for the Bible study to be presented in your church. ■

Core Beliefs of Godly Stewardship

- God is owner of all things. He has blessed and entrusted us with select assets unique to every person.
- It is God’s desire that we be good stewards of all the assets He has bestowed upon us.
- God-focused and strategic estate planning is, in most cases, the largest act of financial stewardship one will ever undertake.

Read About Grace Hudspeth’s Commitment to Christian Stewardship



In 2010, Grace Hudspeth stepped into Heaven . . . but she is still building the Kingdom in 2011!

Grace was a long-time member of First Baptist Church, Montgomery and served in many areas of ministry. She had a love for God’s children, and realized her best investment is in the people she will see in Heaven. Grace illustrated God’s design

for stewardship through her estate plan. In 2011 she helped send four students on Choir Tour, and provided materials to help build a church in India. Grace used her earthly resources to make an eternal impact. ■

Grace Hudspeth is merely one example of the hundreds of Alabama Baptists who have recognized that estate planning is most often the single largest act of financial stewardship one will ever undertake. We have many ways to assist Alabama Baptists as they plan their estates. If you have an interest in learning more about this subject, please visit our website at www.tbfa.org and “click” on LegacyLinc, or call us at (334) 394-2025.

We can assist in the following areas:

- Estate Planning
- Wills
- Powers of Attorney
- Advance Directive for Health Care
- Charitable Gift Annuities and Trusts
- Charitable Remainder Trusts
- Endowments
- Scholarships

and more! ■



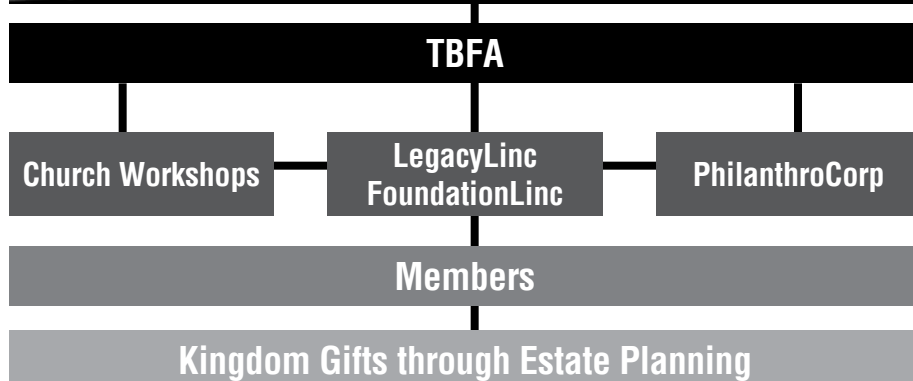
Equipping Churches: Serving Church Members

In 2011, more than a dozen churches experienced success as they pursued an estate stewardship ministry in partnership with The Foundation and PhilanthroCorp. Utilizing various forms of communication from emails, letters from the pastor, seminars, bulletin stuffers, more than 140 couples were served.

The estate planning service utilized by these Alabama Baptists was most often provided by PhilanthroCorp, a Christian estate planning firm in Colorado Springs, CO. PhilanthroCorp does not prepare any legal documents, but at no cost to the church member, they walk them through the estate planning process via a series of one hour private telephone calls. At the end of the process, the church member has a professionally prepared, written plan (no legal documents) they can then take to an attorney for implementation.

A common question is “Why does this process work so well?” It is because the estate planning specialists helping Alabama Baptists have nothing to sell and their fees are paid either by the church or by The Foundation. In addition, the calls with the estate planning specialists are held on the church members’ preferred time. The convenience and professionalism of their service is unsurpassed.

As Jay Wolf, pastor of the First Baptist Church Montgomery, has stated: *“Every Alabama Baptist senior should take advantage of this valuable service. It is simple, efficient and Christ honoring”.* ■



Read about Gil and Barbara Barrow's Estate Stewardship Experience



“It is a comfort to know that our plan is set and that our family won't have to worry with these arrangements. We encourage others to take advantage of this great service.”

We have been extremely pleased with our experience with PhilanthroCorp in creating an estate plan of our choosing. They have been most helpful in guiding and advising us through the entire process. It was very convenient to be able to complete everything over the phone and PhilanthroCorp always called at the scheduled time. They helped us evaluate the things most important to us, so that we were able to include kingdom-honoring charities and organizations – in addition to our family – in our plan.

PhilanthroCorp's team was informative and professional, answering all of our questions, helping us to reduce the tax burden and giving us the name of a trusted local attorney. It is also important to note that each phone conversation was followed up with written material in the mail in an extremely timely manner. For us, the entire process took a little less than three months, at which time we met the lawyer and signed the final papers. ■

— Gil & Barbara Barrow

LegacyLinc and FoundationLinc

LegacyLinc and FoundationLinc are two of the best online resources The Foundation had to offer churches in supplementing their own estate stewardship ministry. The Foundation and PhilanthroCorp assisted churches in incorporating these two online resources onto the church's own website. Church members, at their own leisure and in their own home, could access a variety of information, including the Estate Plan Organizer, which was an early step for them to begin the estate planning process.

LegacyLinc was offered to larger churches at a specific cost, where FoundationLinc (a scaled down version of LegacyLinc) was offered to the smaller churches at no cost. *The Kingdom Stewardship Alliance* website, www.kingdomstewardshipalliance.org, was built with the church in mind. Geared toward equipping the church, the site had the essentials to begin a successful stewardship ministry. Items available on the site include FoundationLinc, samples of posters/ad/bulletin inserts that could be modified for each church and other marketing guidance. ■



2011 Distributions - \$12,028,516

**Amount disbursed per category / Percentage of total disbursement*

4%

Baptist Colleges, Universities & Seminaries – \$494,880

7%

Scholarship Awards – \$833,224

7%

Miscellaneous & Non-Baptist Ministries – \$897,412

14%

Alabama Baptist Children's Homes – \$1,638,531

16%

Client Payments – \$1,915,011

24%

Churches and Associations – \$2,867,343

28%

Alabama Baptist Ministries – \$3,382,115

Read about Robert Franklin Parker's Scholarship Fund to Assist Christian Students



There are more than 150 available scholarship funds provided by donors through The Baptist Foundation of Alabama. Each scholarship fund is unique with requirements set by the donor who established the fund.

The Robert Franklin Parker Memorial Scholarship Fund was put in place for the purpose of honoring his life.

Mr. Parker loved his Lord, his wife, his children and grandchildren. He enjoyed serving his church and community in many volunteer positions. He had a zest for living and wanted that for everyone.

He also loved people, especially young people just starting their life's journey. He encouraged them to attain

his or her "best" through seeking God's direction and through education, both of which Mr. Parker valued as a privilege and a necessity.

This scholarship assists deserving students who are pursuing a Master of Business Administration or Law degree from an accredited institution and are in financial need. Prospective recipients must demonstrate academic excellence, high moral character, strong leadership skills, along with the desire to impact the professional community in a Christ-like manner. ■

Elder Care

In 2011, The Eldercare Ministry of The Foundation continued to be one of our most important ministries. On a daily basis, decisions were made to enhance the quality of our clients' lives by insuring they received quality medical care, enjoyed financial security, received good nutrition and resided in living situations commensurate with their desire and their physical and/or mental condition.

For many of our clients The Baptist Foundation serves as a client's health-care proxy and power of attorney. In the event of a client's inability to make decisions, The Foundation is able to

work with the medical profession on the patient's behalf or handle any financial matters required. In addition upon a client's death, The Foundation may step in to make notifications and work with the family to arrange the funeral and burial.

We were truly blessed to have Marie Barnes, a professional harpist, provide the entertainment for our annual Christmas Luncheon in Montgomery. It was wonderful to share this experience with our clients and from the numerous comments we heard, we know they enjoyed everything from the table decorations to the music to the wonderful meal. ■

The Investing Process

The Baptist Foundation of Alabama is responsible for managing in excess of \$200 million. We meet this responsibility by utilizing an academically sound, institutional investment process. We have five overriding principals that govern our decision making. They are:

1. Asset allocation is the most important decision made in structuring a portfolio.
2. Downside market protection is more important than upside market participation.
3. Transparency is essential.
4. Limiting investing fees is integral to our process.
5. Investments are socially screened by Christian/Biblical morals and principals.

In 2011, the Dow Jones Average (stocks) had over 100 investing days of over 100 point swings, positive and negative. The bond market continued to pay lower income yields as bonds became the common asset class investors moved money into due to fear. Investing and maintaining positive investment performance was a difficult task as these

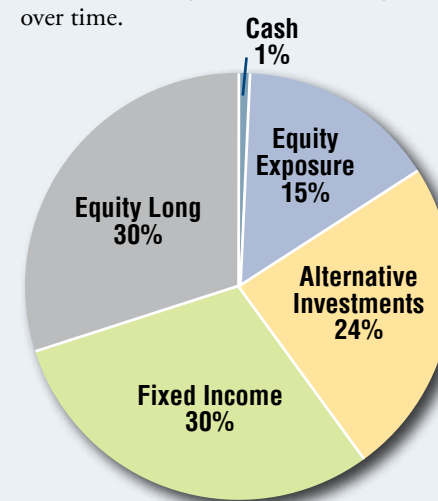
markets created high levels of volatility. This combination of volatile markets and geopolitical unrest produced multiple reasons for The Foundation to maintain its defensive investing posture throughout the year. In this investing environment the Balanced Fund was up 1.30% for the year and the Bond Fund returned 4.91%. All four of the Funds offered and managed by The Foundation produced solid returns with less risk, half the risk in some cases, to their comparable benchmarks. As The Foundation looks into 2012 and sees continued geopolitical unrest, coupled with economic and political struggles in the U.S., we plan to maintain the protective posture in the portfolio's allocations.

Institutional investing for individuals and organizations requires portfolio customizations that match the needs of each client. The Foundation works with each client individually and coordinates this process of portfolio allocation. This allows the client to invest in pre-structured allocations or a mix of securities built to address each specific need. Portfolio allocations span the full spectrum of risk tolerances, from simple CDs and bonds to actively traded stocks and commodities. ■

2011 Investment Options Include:

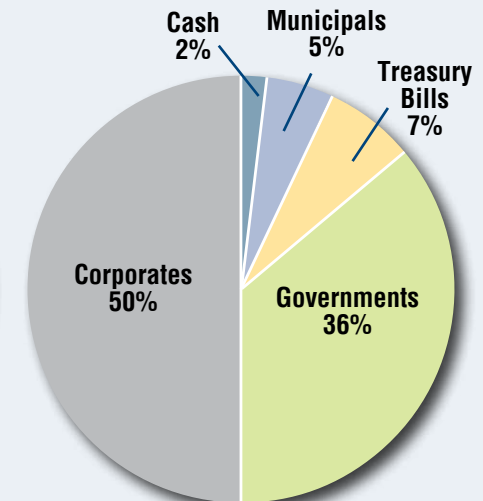
BALANCED FUND

A diversified portfolio of stocks, bonds and alternative investments suited for long-term investors such as individuals, churches and endowments requiring annual spending, but seek real growth over time.



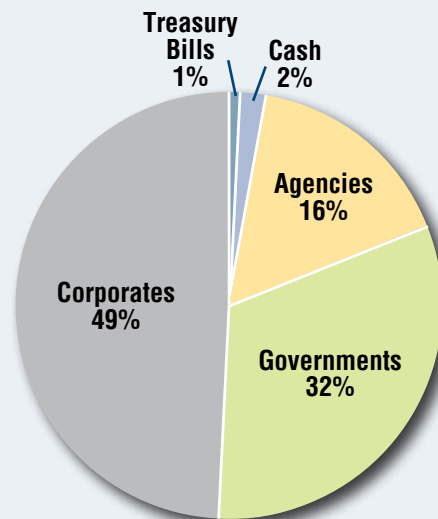
INCOME FUND

A diversified portfolio of bonds invested to earn income while combating risk to principal. This fund is an alternative to traditional money market funds and short term CDs.



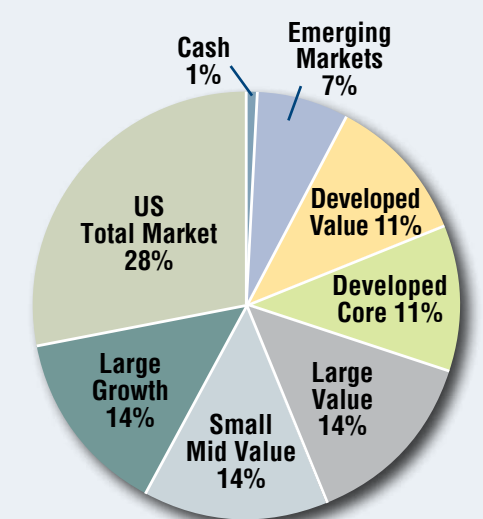
BOND FUND

A diversified portfolio of government and corporate bonds invested in intermediate maturities. This fund focuses on income and return of principal.



EQUITY FUND

A diversified portfolio of stocks invested in long-only U.S. and International companies. This fund is managed for total return.



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