

President's Report to Board of Trustees
September 21, 2007

Thank you for your generous and kind introduction. I should probably ask forgiveness for enjoying it so much. We will do this officially at dinner tonight, but, at this time I express appreciation to Terrell Sessums and Charles Cox. This is the last trustee meeting for both. Thank you for your service on the board and we are grateful to you for all that you do.

We are grateful to our trustees who share your time and your talents as we endeavor to provide scholarship assistance that enables United Methodist students to attend the colleges and theological institutions related to our Church. We believe there is something important about the value-centered educational experiences that are offered at our institutions. We particularly welcome our new trustees and hope membership on our board will be a rewarding experience for you as you join with us in this exciting journey.

We are grateful also for your attendance last night at the dinner honoring Bishop and Mrs. Robert Hayes as we established a scholarship in their name at Oklahoma City University. Through your efforts and by using our triple and quadruple formulas, we will provide at least \$20,000 in new scholarship support each year beginning in 2008 to students at OCU. Particular appreciation goes to Cathy Leichter who gave leadership to the dinner. This is the Cathy Leichter board meeting. Cathy was involved in the leadership of the fundraising dinner last night and Cathy has been the one who has worked with Oklahoma City University in our getting to the play and the campus tour tonight. Cathy is hosting us at her house tomorrow night. We are grateful for all that you have done to host us and to make us feel welcome.

We also are grateful to the Oklahoma United Methodist Foundation and to Bill Junk, who is the president. As you heard last night he is on his way to China with his wife to adopt their second daughter. John Crooch, who is the retired president of the Oklahoma United Methodist Foundation, is here. John, we thank you for being here, for the relationship that exists between our two foundations, and for what you have done to help us.

We are also grateful to Byrd Bonner, President of the United Methodist Church Foundation, for being here. When I first came to the UMHEF, Byrd welcomed me graciously, took me to lunch in San Antonio after Ed Benson had flown me around town in his open cockpit bi-plane. I was ready for something kind of settled. We are grateful to Byrd for all that foundation does and for the many ways that you have mentored us and helped us. We look forward to continuing to work together in exciting ministries together.

We are pleased to report that giving to the United Methodist Higher Education Foundation is breaking all previous records! Gifts in 2006 from trustees, private contributions, local churches, and other foundations exceeded gifts to this foundation in any other time in its history. We are grateful for your support that helps make that happen. And, 2007 is on track to exceed 2006! We are well ahead in gifts for this same time last year. 2007 already has exceeded all the gifts received in the entirety of 2005. We hope this can continue, that you assist us in helping to expand our base of friends and supporters as we endeavor to assist

students. We are setting records one year after another in gifts received. Thank you for your help in making that possible.

I also hope that you will take a few minutes, if you haven't done so already, to re-read in the booklet that we have provided you our Grand Vision, our Mission, and our Goals. These are policy statements of this board. They guide our ministry in working with the General Board of Higher Education and Ministry in the leadership development program of our United Methodist Church. What our mission affirms is that we endeavor to make it possible for United Methodist students, who wish to do so, to attend a United Methodist college or theological seminary. We want to give enough scholarship support to help make it financially possible for students to decide that our institutions are not only where they want to go to school, but where they can go to school. Our goal is that we become a deciding factor in where they choose to attend college or seminary. Therefore, it is important that our scholarship support be large enough to make a difference. We endeavor, therefore, to give more money to fewer students. Our quadruple and triple processes help make that happen as our students receive, as a part of the United Methodist Dollars for Scholars program, at least \$3,000 or \$4,000. The same principle of giving enough to make the choice possible applies to our named scholarship programs as we endeavor to provide enough assistance to make a difference. Because we are about the leadership development part of our church, we are interested in helping students who we believe are going to be leaders. Therefore you decided several years ago that we would require a minimum of a "B" academic average and demonstrated financial need as the criteria for receiving this scholarship support. I think that was a good decision. Not only is the amount of our awards crucial, but investing in people who provide dynamic leadership for the Church has also been an important decision in achieving our mission.

Our mission, however, remains what it has always been: that we raise, administer, manage, and distribute funds that will benefit the educational institutions of our church. It is the implementation of that mission, since 1964, that has enabled our successes and enables today our ability to assist students. We seek to help our colleges and seminaries as we help put students in the front door through scholarships. You have heard me say many times that our institutions really only need three things: friends, funds, and freshmen. We endeavor to be their friend, and we help provide the funds that will enable them to have more freshmen. In doing so, we also make an important difference in the leadership development mission of our Church. It is essential as we endeavor to continue serving and continue moving forward in the implementation of our vision that we remain faithful to the four-pronged mission that we have had since 1964.

In 2004 when I came to work for the foundation, I was assigned four primary responsibilities that you as the board wanted the president to accomplish: to increase the visibility of the foundation across the Church and particularly among our colleges and universities, theological schools, and other constituents; secondly, to improve financial transparency and accountability; thirdly, to remake the composition of the board of trustees to resemble more closely that of a not-for-profit board; and fourth, as we accomplished these things, to increase giving and financial support. You wanted to see us move the foundation back to its original four-pronged theme: administering, distributing and taking care of funds and also to be

involved in a very intentional effort to raise additional scholarship funds. We have endeavored to take seriously what it meant to raise money and the implications of how that impacted all other aspects of our work.

It is essential in having greater **visibility**, that we **develop a constituency**. Having some kind of constituency also is essential to increasing gift support. Our primary constituents should be those who have received scholarship support in the past. For this to occur, however, the students need to know who provides their scholarships. Then they would have an interest in providing support to our scholarship funds, so that other people could also benefit from that scholarship support. It is very unlikely that they are going to respond to our future letters asking for money if they do not know we are the persons providing them current scholarship support. Therefore, you decided, as a matter of policy, that scholarships should be remitted on our checks and award letters to institutions and students on our letterhead. This is now being done with the resulting recognition by institutions, students, parents, and local churches that the foundation is a source of support for those students. We have shared with you, in the notebooks that you have today, letters of thank you from students and parents for that support. It is the first time that we have been getting those letters because this is the first time that people have been aware that we were the organization providing those scholarship funds. We will continue to share these letters with you because I think you should read them. As you learn more about the students we are supporting, you understand the importance of what we are doing and the difference that we are making in the lives of some highly qualified people.

It is important also that early on you identified for the staff those you considered to be our constituents. You indicated that our constituents were our students, the presidents and CEOs of our institutions, the General Board of Higher Education and Ministry, the parents of our students, annual conference foundations, members of this board, and persons who believe in the mission of church-related higher education and the quality theological education that is essential for providing good pastoral leadership for our churches. You also said that we need to focus on the local churches that are providing students for our institutions. Those decisions narrowing, refining, and identifying our constituents have enabled us to focus our efforts and increase visibility among that important constituency. We have worked hard in developing relationships with these groups and individuals. We believe that we are in a business of relationships and we must develop relationships across the denomination and across the different lines within the denomination. We communicate with our churches, we meet with our presidents, and thanks to Walter McKelvey we are going to be meeting with our theological presidents this fall. We are going to stay in touch with our students and we participate in the professional organizations. We believe maintaining those relationships is important as we endeavor to make our organization visible within The United Methodist Church. We also are providing information to our colleges and seminaries each year about the amount of assistance we are providing for their students. This is the first time we have been able to do this. That information is provided you behind the Scholarships & Awards Committee tab in your notebooks. We invite you to review it and see now a complete report of the aid provided to every United Methodist college and theological school. Our presidents have responded to us very graciously now that they have that information and are aware of what we are doing.

We also have re-worked our publications. We developed a tri-fold brochure that we have never had before that we can include in mailings, and give to people that describes our mission and work. The Annual Report has begun to emphasize the students who receive the aid. As you look at that report, you will see that it revolves less about foundation board meetings and more about students who receive our assistance. The semi-annual newsletter deals with board issues, but the Annual Report deals with students. We have also re-worked our Web site and invite you to look at it. We have asked the Communications-Public Relations Committee at this meeting to take a very careful look at that Web site. It is hard for me to judge what a student is going to find appealing. I am way too old for that, but we are hoping that we can get the input from our communications committee to help us make these judgments. We want it to be more user-friendly.

Our involvement with United Methodist Leadership Scholars emphasis in the Southeast also has raised our visibility not only with the College of Bishops, but also certainly among the presidents. We welcome that opportunity to continue that kind of involvement.

In the area of **financial transparency and accountability**, we have employed a CPA as our Accounting Manager. This has helped in the budgeting process, in reporting and auditing processes, and has also helped us make a little money on some services we were providing. As you know, particularly those of you on the Budget & Finance Committee, our budgeting process is now much more transparent. You can see the sources of income, and you can see how those funds are expended. We are providing monthly and quarterly financial reports. Every member of the Budget & Finance Committee now receives a monthly financial report. That information is also provided to all trustees on a quarterly basis. You have ample opportunity to ask us about our financial situation. The Treasurer also makes semi-annual visits to our office to monitor our finances, review our financial records and to spot check items the auditors have asked that the Treasurer review.

We also are now able to make reports to you on scholarship expenditures. We know how much is spent in each program, who receives those funds, and how much goes to each institution. That report is provided to you. Our Investment Committee is also reviewing the investment strategy process and will be bringing a report to you.

Third, in the area of **remaking our board of trustees**, you indicated that you wanted this board to more closely resemble the boards of our colleges or other United Methodist Church foundations. The nominating committee accepted that challenge, has developed and implemented a process to accomplish that goal. As I look around this room I see about half the board members have come from that new process. We have tried to find leaders across the Church who will serve the ministry that we are about. Let me remind you that your participation in this process is essential. We need you to continue recommending persons to us who will be good members of this board and good trustees of this foundation.

We have made progress in remaking our board, but I would suggest to you that we could not have made that progress had we not addressed the other issues you raised as important in 2004. Involved trustees want financial transparency and accountability. A more involved

and energized board expects us to control our funds and to provide assurance that gifts are being used in the most ethical way possible. Sarbanes-Oxley requires it, but you also expect it and you rightfully should. You also expect us to be visible within the Church and within our institutions. So I would suggest that our ability to solve the first two issues of 2004 has helped us recruit and work with a more involved board of trustees.

All of these changes have led to **increased gifts and larger individual contributions**. As we indicated to you earlier, we are experiencing financial support for the mission and work of this foundation at record levels. Richard Bailey, our Gift Planner and who you will meet later, has more to do than he can say grace over. We are grateful for that.

Our receipt of gifts has increased for a lot of reasons. In the first place, you have been helpful. You have been generous in your support and we are grateful. But we have also been intentional in seeking gift support. As you all know from your own personal experience, we will ask you for a gift. The matching gifts aspect of the United Methodist Dollars for Scholars program has also had significant appeal. The fact that we can match a gift by three or four times has real appeal to our donors. We are grateful to our partners in our conference foundations and institutions that have helped make that possible. I also suggest to you that our good stewardship of gifts and our financial transparency has also encouraged contributions. Knowing who receives our assistance, how much they receive, and what colleges or seminaries benefit has also been helpful. Our financial accountability and transparency and the management of our scholarship process has encouraged donations.

We also have endeavored to be faithful to the request of the donor and to the mission of the foundation. We have been careful to ensure that funds go only to persons at United Methodist institutions. We also are careful that the stipulations of the donors and their gift agreements are fulfilled. Our funds have not been used to supplant institutional assistance but rather we have used those funds to broker increased institutional commitment to qualified students. We can be proud of a record not only in gift growth, but the careful management of those gifts, as well as the resulting increasing level of assistance to students at our United Methodist related institutions. If this success is to continue, however, we must continue adding prospective donors to our database and our friend pool. We hope that you will continue suggesting potential donors to us and us to potential donors. We are asking our Resource Development Committee to give special attention to the whole area of increasing our donor pool.

All this has led to **more funds available to more students**. This year, 2007, we added one hundred scholarships to the United Methodist Dollars for Scholars program to what we awarded in 2006. Our recommended budget to the Budget & Finance Committee for 2008 adds another one hundred and thirty one students to the Dollars for Scholars program over what we are doing in 2007. What this means, with our matching capability, is that our scholarships in 2007 increased by \$300,000 over 2006. By the conclusion of 2008 our scholarship support will have increased by \$700,000 over 2006. I think that is something that we can all point to with significant pride. With your continued support, we can continue these traditions each year. I think you can say this foundation is not a part of the “go back to Egypt” crowd.

We also have administered some other programs. The United Methodist Leadership Scholars initiative, which we reported to you earlier and that you have in your notebook, is a program of the Southeastern Jurisdiction and has its own steering committee. Ruth Knox, who is a member of this board, also is a member that steering committee. This, too, is about leadership development and we have, at their invitation, provided staff support for the initiative. We budgeted \$100,000 for that program for scholarships in 2007 and are asking for \$100,000 again in 2008. We continue now to work with the College of Bishops in the southeast to raise endowment funds to cover the operational costs of that program, as well as to increase scholarship support. Bishop Edwards is a part of the College and when we made the presentation this summer was very helpful to us in that presentation. We also have developed a Web site and we invite you to review it. There are two sites, one involves data collection of students and the other is about some exciting things that are happening at our colleges and in our denomination. The site is <http://umls.umc.org> and we invite you to go to that site and take a look.

You also know that we have been involved in a very short-term project in the emphasis of global ethics, which is a concern of Eugene Decker. We created a steering committee of presidents to look at what we are doing across our institutions in teaching and preparing students to act ethically in a global economy. The Division of Higher Education has given support for this emphasis and it will be the topic of the Higher Education Institute in 2008. We are grateful to Dr. Wanda Bigham for her help and we are going to step away from that emphasis. We are not a program agency but are glad that is moving on and that some exciting things are happening in that area. All these things have led certainly to increased visibility.

The development of God's gift of intellect is an important part of the Western ethos as well as our Wesleyan tradition and faith. Intellect is an important part of faith. Both are given to us by God. Our institutions are about helping students develop both their intellect and their faith. We, as Wesleyan folk, understand that there is an important linking of knowledge and vital piety. Therefore, we can understand that there is no inherent dichotomy between faith and intelligence and faith and intellect. In Deuteronomy 6:5 the lawgiver admonishes that we are to love God "with all your heart and with all your soul, and with all your might." In Matthew 22, however, Jesus changes that important Hebrew doctrine. Jesus says, "Love the Lord your God with all your heart, with all your soul, and with all your mind." That is an important difference. Our students have the opportunity to study at places that teach and link intellect and faith, that teach their students that they are to love God with all their mind, just as they love their intellect. If ultimate truth is faith then why are we afraid of the search for truth? Therefore, we are about the business of helping persons grow both in their faith and in their intellect. Our theological schools emphasize the importance of an intellectually prepared clergy. They help students realize how essential it is that clergy go into the pulpit every Sunday, ask important theological questions and help congregations wrestle with those questions about the nature of faith. Our institutions do this in a learning process that makes no apologies for being related to The United Methodist Church nor for approaching learning and campus life from a Christian perspective. We understand that our seminaries are not

simply about studying religion, but are about preparing people for ministry. I think that is important as well.

Our colleges and theological institutions teach that the love of God, however, is not an end in itself, but that our love of God takes us to love our neighbor as ourselves. When Jesus is asked the question in Matthew, what is the greatest commandment: “Love the Lord your God with all your heart, with all your soul, and with all your mind.” But he didn’t stop with that short answer. He also said, “And the second is like it, love your neighbor as yourself.” The two must go together and our institutions help us do this work. We know that it is important not only to grow in our intellect, to grow in our love of God, but to recognize that both of these occur so that we can be about God’s business as we serve God’s children. Our institutions link information with knowledge, and knowledge with faith, and take that knowledge, that intellect, that faith and use it to make God’s world a better place. We help students recognize that here on earth God’s work must truly be our own.

It is our privilege in this foundation to help make this experience possible for students at the undergraduate and at the theological levels. We join you in thanking God for giving us that privilege.

Thank you, also, for your encouragement and support in our ministry together. I believe from the core of my being that what we are doing is important because we are helping make the difference in the lives of people as we enable them to attend institutions that link knowledge and faith, and then to take that knowledge and faith and teach how to use it to serve the Lord.

You have heard me say before, and you will hear me say as long as I can talk to you, that when you invest in scholarships, you invest in the life of that student. But you also touch the life of every life that student will touch. The impact is unknown. It is like throwing a rock into a lake and watching the ripples throughout the lake. We touch untold numbers of people that were helped by investments in our students. I suggest to you today that we are about helping people make good investments as they invest in other people.

Thank you for the opportunity that you give the staff and to me for this exciting opportunity. I think we can all be proud of what we have accomplished. You, as a board, have made good decisions. Your decisions have helped bring us to a good place and we have improved significantly. We are poised to make even more significant contributions in the future. I thank you for where we are, and for where we have the potential to move. We are not going back to Egypt, but are to continue going forward.

Thank you for this opportunity.