



# FINANCIAL UPDATE FROM THE PRESIDENT



Dear Friends,

As the first quarter of 2018 has come to a close, we continue to give thanks for the individuals, churches, ministries and agencies we serve across Texas and New Mexico. We frequently hear stories about how we have helped empower many of you to expand and deepen outreach to your neighbors and, in doing so, transform yourselves and your communities. These stories show the heart of our purpose, but we also know that without maintaining a strong financial foundation we won't have the resources required to live out our calling to help you live out yours.

Our ministry partners need to know they're dealing with a strong organization when they look to us for financial support, leadership platforms and strategic discernment, and we believe transparency is the best way to instill this confidence. TMF's financial stability is described on the following page.

Please let us know if you have questions about our financial outlook or our services. We are here to support you as you continue to bring God's dreams for ministry to life.

Tom Locke

**PRESIDENT**



**Q: How would you currently describe TMF's financial position?**

**A:** The financial integrity of TMF has never been stronger. When analyzing our financial strength, I often fall back on the criteria used by bank examiners, which I learned from my days in banking years ago. They would typically look at five different areas: capital adequacy, which is the relationship of net worth to assets; asset quality; strength of management; earnings; and liquidity.

**In looking at these criteria:**

- Our own undesignated endowment (**capital**) currently stands at \$39 million. When measured against our loans of \$340 million, we are in a very comfortable position and nearly twice our board-directed standard. Additionally, we have \$8.1 million in our endowment dedicated to our Leadership Ministry.
- Our loan **asset quality** remains outstanding, with 30-day loan delinquencies at only one half of one percent of our total portfolio – low even by TMF standards. Our record of never having taken a loss of principal on any loan we originated remains. And again, should a loan loss ever occur, it would be absorbed by our ever-growing undesignated endowment referenced above.
- TMF's **management** team remains consistent, as it has for the past several years, and will only grow stronger through the addition of the very competent and dedicated Heartspring Foundation staff once that joining takes effect in January 2019.
- Last year TMF distributed over \$1 million from our operating budget to aid in the recovery following Hurricane Harvey. Even so, last year's operating budget showed a meaningful surplus, and our net **earnings** for this year are on course again to significantly increase our undesignated endowment.
- **Liquidity** is an area that demanded a great deal of our attention last year, as we worked to make sure we had the dollars available to fund our loan demand, including those requests related to Harvey relief. It is a fact that every ministry of TMF, be it loans or clergy leadership development or grants or congregational visioning, begins with investment into our Methodist Loan Fund. The MLF is the centerpiece and driver of TMF's ability to both provide solid financial services and do the work of church and community transformation. To those of you who are currently investing with us, let me tell you how grateful we and those we serve are for your investment. For those not currently investing with us, please consider doing so, both as a secure investment option, and as a way to partner with us in helping bring about the world of God's imagination as can be accomplished through the United Methodist Church.

As always, the question remains, *what can we do for you?* Please call me or any of our staff if you have any questions.



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Stewarding Potential  
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