

Connecting People Who Care With CAUSES THAT MATTER



ANNUAL REPORT 2016

A LETTER FROM THE PRESIDENT

Dear Friends,

In 1989, Permian Basin Area Foundation began with a noble goal: *Connecting people who care with causes that matter*. In the years hence, we have delighted in serving the philanthropic interests of our donors. By partnering with nonprofit organizations serving our region, the impact on our West Texas communities has been immeasurable.



Mark Nicholas, Board of Governors
Chairman & Guy McCrary, President/CEO

Thanks to the energy, inspiration, and generosity of our many donors, the Foundation is positioned for ever-increasing impact in our region. In this report, you will see how 2016 was built on the successes of previous years and is the threshold in our mission of serving donors and communities of West Texas for the future.

One reason for the Foundation's continued success is also its most cherished asset: the trust of our community. We recognize the value of that trust by striving to maintain the highest standards of integrity, transparency, and fiscal stewardship in all areas of service. Strengthening relationships with donors and nonprofits cultivates greater opportunities for supporting the charitable causes of education and youth programs, health and human services, culture and the arts, and housing and community development.

We invite you or your professional advisor to call on the Foundation to discuss how we may assist in fulfilling your charitable objectives. Creating legacies through planned giving or bequests can often be accomplished in a matter of minutes and provide peace of mind that your wishes will be fulfilled.

On behalf of the Foundation's Board of Governors and staff, I wish you the very best in 2017.

Sincerely,

Guy McCrary
President and CEO

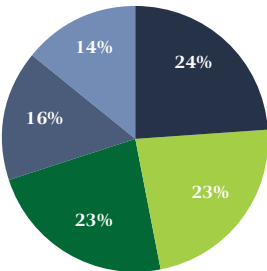
Permian Basin Area Foundation welcomes contributions and planned gifts:

- Cash or receivable income
- Securities, such as stocks and bonds
- Retirement accounts
- Real estate
- Oil and gas interests
- Life insurance
- Charitable trusts

Certain non-traditional assets may be conveyed to the Foundation's supporting organization, *West Texas Heritage Holdings, Inc.*, and still enjoy maximum tax savings.

2016 GRANTS & SCHOLARSHIPS

In 2016, Permian Basin Area Foundation enriched the lives of countless West Texans thanks to the generosity of its donors. In spite of a challenging economy, the Foundation invested over \$8 million in grants to nonprofits and scholarships to students in our local communities. Grants were awarded through donor recommendations, allocations from designated and undesignated funds, and the Foundation's semi-annual competitive grants process. To learn more about grants, visit www.pbaf.org or call Kenda Prather, Grants Administrator, at 432.617.3213.



Competitive Grants and Scholarship Allocations

- Scholarships
- Education & Youth Programs
- Health & Human Services
- Culture & the Arts
- Housing & Community Development

Education & Youth Programs



Big Brothers Big Sisters



Hillcrest School



George W. Bush
Childhood Home



Junior League of Midland



McDonald Observatory



Yucca Blossom
Montessori Community

Photos on Front Cover from top left clockwise: Midland Children's Rehabilitation Center, Casa de Amigos, Buckner Children & Family Services, and Salvation Army

COMMUNITY IMPACT

Health & Human Services



Mission Center Adult Day Service



Alzheimer's Association



Permian Basin Regional Council On Drug and Alcohol Abuse



High Sky Children's Ranch



Ward County Greater Works, Inc.



MARC

Culture & the Arts



The Chris Kyle Memorial



Globe of the Great Southwest



Chinati Foundation

Housing & Community Development



Keep Midland Beautiful

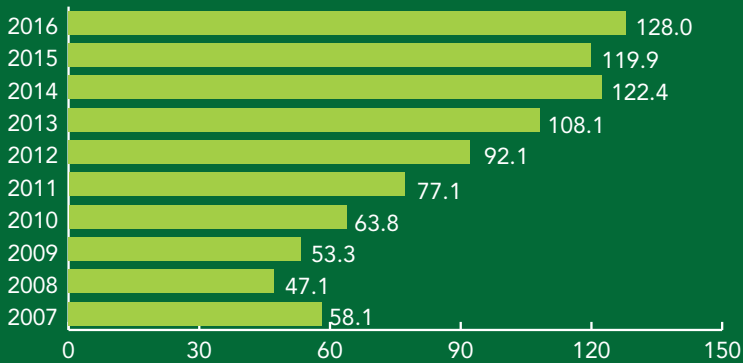


Recording Library Of West Texas

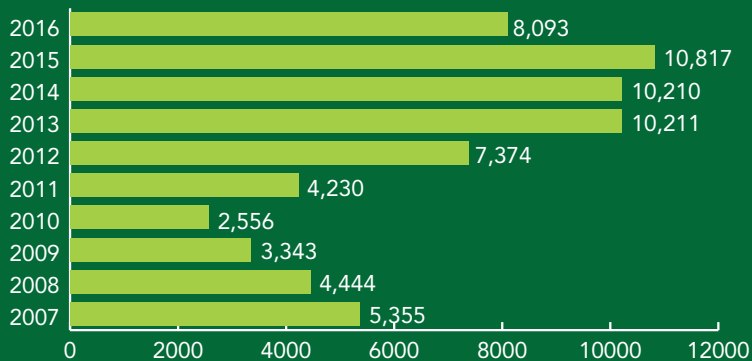


Habitat for Humanity

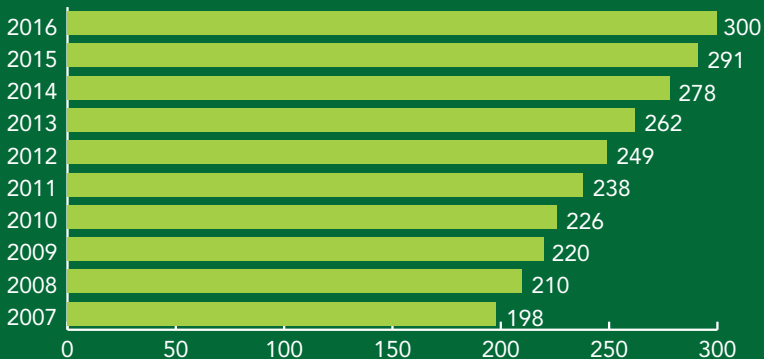
Assets (millions)



Grants, Scholarships and Distributions (thousands)



Number of Permanent Funds



FINANCIAL HIGHLIGHTS

Consolidated Statements of Financial Position

	2016	2015
Cash and Cash Equivalents	4,454,158	3,259,916
Bequests Receivable	-	144,363
Beneficial Interest in Remainder Trust	1,075,856	1,055,097
Beneficial Interest in Lead Trust	1,235,277	1,084,738
Investments	104,348,330	98,315,820
Oil and Gas Royalties	16,152,787	15,398,043
Real Estate	428,148	329,813
Mineral Classified Properties	60,240	60,240
Limited Partnership Interest	34,950	34,950
Total Other Assets	257,948	194,414
TOTAL ASSETS	<u>\$128,047,694</u>	<u>\$119,877,394</u>
Grants and Scholarships Payable	641,600	95,000
Funds Held for Agencies	17,108,496	15,606,037
TOTAL LIABILITIES	<u>\$17,750,096</u>	<u>\$15,701,037</u>
Unrestricted Net Assets	100,042,537	94,302,963
Temporarily Restricted Net Assets	8,209,853	7,829,122
Permanently Restricted Net Assets	2,045,208	2,044,272
TOTAL NET ASSETS	<u>\$110,297,598</u>	<u>\$104,176,357</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$128,047,694</u>	<u>\$119,877,394</u>

Consolidated Statements of Activities

	2016	2015
Contributions	4,239,023	5,427,969
Less Amounts Received for Agencies	(1,223,302)	(878,407)
Investment Income, Net of Agency Transactions	2,233,124	2,168,078
Net Investment Gains (Losses), Net of Agency Transactions	4,951,274	(5,123,072)
Royalty Income	3,766,233	6,218,740
Change in Value of Royalties, Trusts and Bequests	1,073,269	2,529,654
Other Income	237,826	148,461
TOTAL REVENUES, GAINS AND SUPPORT	\$15,277,447	\$10,491,423
Grants and Scholarships	8,093,083	10,817,244
Less Amounts Granted to Agencies	(799,867)	(545,477)
Program Services	378,516	316,503
Fundraising	183,360	252,516
General and Administrative Expenses, Net	1,271,436	1,141,468
Other Expenses	29,678	32,170
INCREASE (DECREASE) IN NET ASSETS	\$6,121,241	\$(1,523,001)

Financial information on this page has been summarized from the audited financial statements of Permian Basin Area Foundation.

Auditors Report: Permian Basin Area Foundation financial statements for the years ended December 31, 2016 and 2015 were audited by Johnson & Sheldon, PLLC of Amarillo, Texas, an independent public accounting firm. Copies of the audited financial statements are available upon request at the Foundation office.

SCHOLARSHIPS

During its 20th Annual Scholarship Dinner in July 2016, the Foundation announced nearly 300 scholarship awards. Scholarship funds totaling \$595,501 will help ensure that deserving young men and women have the resources necessary to pursue their academic goals.



Grace King with a few scholarship recipients

"It is a great honor to be selected as an award recipient. The scholarship from Permian Basin Area Foundation served as a keystone to build my confidence and led me to deeper study in geophysics." – Qifan Liu, Scholarship Recipient

To learn more about scholarships, visit www.pbaf.org or call Sherri Heiting, Scholarships Administrator, at 432.617.3213.

Board of Governors 2016

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Kenda Prather
Grants Administrator

Sherri Heiting
Scholarships & Donor Relations

Cari Whitaker
Finance & Accounting Associate

Meagan Harris
Office Administrator

Raymond Williams
Administrative Associate

Vicki Rice, the Foundation's Administrator of Scholarships and Donor Relations for many years, retired in February 2017. We wish her all the best!



Excellence. Accountability. Impact.™

Permian Basin Area Foundation facilitates the creation of permanent charitable funds in partnership with many donors and provides grants to address community needs and enrich the quality of life in the Permian Basin.