

FOCUS

The Independent Catholic Foundation For The Diocese of Altoona-Johnstown

Vol. 10 No. 2

Fall 2010

A MESSAGE FROM **THE PRESIDENT OF THE FOUNDATION** *and its Executive Director*

We welcome you to an update of the Independent Catholic Foundation. Last spring, for the first time we used the Catholic Register as the distribution vehicle for this newsletter. This method allowed us to reach a larger audience and we heard many positive comments about the good works of the Foundation. We hope you enjoy this edition of the FOCUS.

These past couple months have been busy; we celebrated the 20th anniversary of the Foundation, recently completed the annual distribution of funds (see related article), and have visited numerous parishes. During

these visits we have had wonderful discussions with pastors and parish committees about how the Foundation may benefit each parish. These visits have resulted in five new endowments since our new fiscal year began on July 1. It is always a pleasure to discuss the good works of the Foundation and welcome the opportunity to continue these visits.

In June the Trustees voted to accept donor advised funds. This will provide new opportunities for individuals or families to establish an endowment and suggest different beneficiaries that will receive the annual distribution of funds. This program allows donors to create a legacy for a loved one or family that will benefit future generations. Additionally, numerous donors have taken advantage of our Saint Simon Society program which continues to serve as a way to honor a loved one.

The Foundation has benefited from the hard work of the Trustees, Finance Committee, portfolio managers

and independent advisors. The value of the portfolio has grown 10.6% in fiscal year 2009-2010. We continue to apply a conservative asset management approach to the portfolio in an effort to grow Foundation funds, while at the same time, minimize the risk of loss.

The future looks bright and exciting for the Foundation. As the Foundation continues to grow, so does our support for our Diocesan church and its ministries. Please pray for the continued success of the Foundation and ask God to continue to smile on our efforts and the people of His Diocesan church.

If you have any questions, or would like to explore ways the Foundation may assist you, please contact the Foundation or any Trustee.

Tom Kristofco, President
Bill Hiergeist, Executive Director

High School Scholarships

Currently the Independent Catholic Foundation administers 50 scholarships that benefit all three catholic high schools located within our Diocese. These represent the greatest number of endowments of any type held by the Foundation. Some were started long ago at the beginning of the Foundation and some have been newly established. This past fiscal-year there have been four new scholarship endowments created to benefit Bishop McCort HS, and one that benefits all catholic schools within the Diocese. With this year's distribution, these scholarships have provided almost \$135,000 in financial aid to the three schools. All of the scholarships were created to honor a family, family member or teacher and are named accordingly. Each scholarship is structured so financial support will be provided forever. With the independent status of all Diocesan high-schools, this support is now more important than ever. Information on establishing a new scholarship or how to contribute to an existing one is available at the Foundation office. For a complete list of all endowments, please visit our web site at www.icfdaj.org.

Welge Scholarships Awarded

The Foundation announced the winners for the 2010 Welge college scholarships. This year's winners are: Ms. Lindsey Billotte a member of St. Michael's in Hollidaysburg who will continue her studies at Shippensburg University; Ms. Kera Lynn Gornick also a member of St. Michael's, is attending Penn State University Park; and Michael McAndrew a member of St. Joseph in Bellwood who is studying at Penn State Altoona. The Welge Endowment Scholarship was established in 1995 to honor Adelaide G. (Heverly) Welge. This annual scholarship provides financial assistance to worthy parishioners of catholic churches in Blair County. The applicant must be entering their junior or senior year at any accredited college. The Foundation Trustees are responsible for the awarding of the Welge Scholarships each year. This year Trustees who live in Blair County were asked to serve as a sub-committee for the review and selection process. The committee was impressed with both the quantity and quality of this year's applicants. A \$500.00 check will be sent to the respective colleges on behalf of the winners to aid in their tuition. An additional eight endowments are held by the Foundation that benefit worthy students from parishes throughout the Diocese of Altoona-Johnstown. The application process for these varies, with most being administered by the individual parish or high-school. Last school year and this current school year, the Foundation distributed over \$95,000.00 under the guidelines of these educational endowments. Information on how to establish a scholarship, or add to an existing one, is available at the Foundation office.

Sadosky Scholarships Announced

for Bishop McCort Catholic High School

A new scholarship endowment for Bishop McCort Catholic High School in Johnstown was endowed earlier this year. The endowment created and funded by the children of Charles and Isabel Sadosky will be used to provide financial assistance to students entering or attending the High School. Because of the way this scholarship endowment was created, scholarships will be offered every year forever. Additionally, the funding was structured so that the scholarships will begin with the 2010-11 school year. The Sadosky children created this scholarship to honor their parents and because of the family's gratitude to BMCHS for the positive impact in their lives. The family felt this was a fitting way to express their gratitude to the priests, sisters, teachers and administrators of the school.

The Independent Catholic Foundation For The Diocese of Altoona-Johnstown

Over \$413,000 returned to Diocesan Ministries

Acting on the recommendation of the Finance Committee the Board of Trustees of the Foundation announced a 4% distribution of funds for the fiscal year that ended June 30. This distribution, based on a percentage of the monies in the investment portfolio, totaled \$413,460.00. This amount is calculated as a percentage of the total value of over 163 individual funds that comprise the Foundation's endowment assets. The valuation for this calculation was over \$14.3 million. Once again the diocesan schools and its students were

the main recipients of the funding. Bishop Guilfoyle Catholic High School, Bishop McCort Catholic High School and Bishop Carroll Catholic High School together with the various parish grade and middle schools received over 40% of this total. When college scholarships are added in, the funding for educational pursuits is well over half of the total funds distributed. Almost 20% was returned to the parishes for their initiatives. Additionally, support was provided for our Diocesan seminarians and other diocesan ministries.

Contributions increase over last fiscal year, *Thanks!*

For the fiscal year that ended this June 30, the Foundation received over three-quarters of a million dollars in contributions. We arrived at this total through the establishment of 10 new endowments and contributions to existing endowments ranging from \$18.00 to \$250,000.00. Among the hundreds of individual gifts, there were four around \$50K, one at \$100K and one of \$250K. Contributions to an existing endowment can be made in any amount at any time. For a complete list and description of each endowment, please visit our web site.

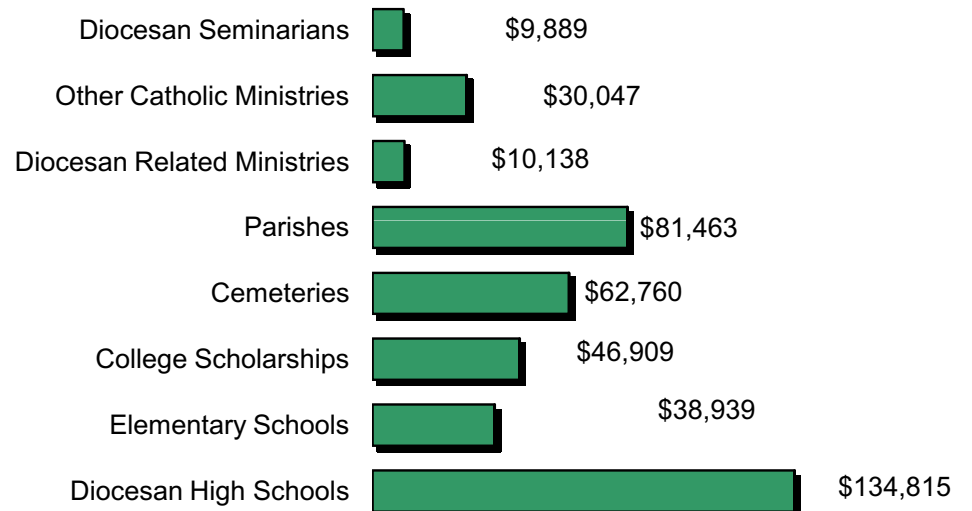
Saint Simon Society

The Foundation's honor society is happy to announce it now has fourteen members. Named after St. Simon who helped Christ carry his cross, the society presents an opportunity to honor a loved one, family member or colleague. Additionally, it represents a commitment to help sustain the Foundation and ensure its growth. Membership is available to someone

who has contributed \$1,000.00 in their name, or in the name of an honoree. Funding for this can occur over a period of two years. A mass was offered for all members last May 12th, the feast day of St. Simon, by Fr. Brad Baldwin, TOR; this mass will be offered annually. Information on the Saint Simon Society can be found on our web site or at the Foundation office.

On-Line Giving...

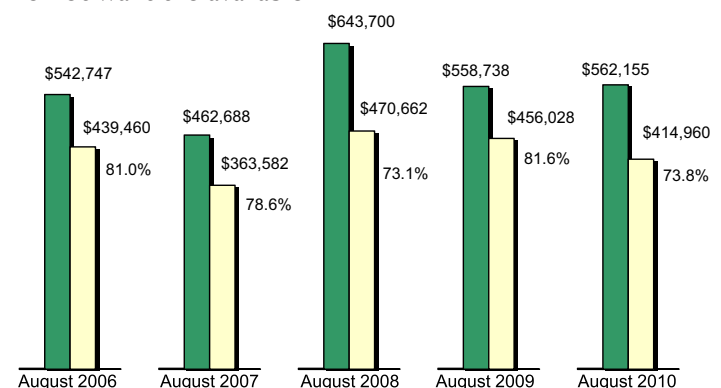
You may contribute a one-time donation or recurring monthly donations to any endowment or directly to the Foundation through our web-site. We partner with Network for Good for the on-line giving process. Their secure web-site is a safe and easy way to process your donation any time of the day or night. Visit our web-site at www.icfdaj.org for a list of all endowments and for a link for on-line giving.



More funds were available...

Once again this year, the amount that was distributed to beneficiaries was less than what was available. At the end of the fiscal year (June 30) as part of the distribution process, each recipient (or beneficiary), is asked how much of the funds available they would like to receive. This year less than three-quarters of the available funds were requested. The reason for this varies with the type of endowment. Endowment wording specifies exactly how the funds are to be spent. Almost all of the funding for schools and scholarships were requested; the only exception was if there were no eligible candidates for a particular scholarship. Usually funds for a parish are fully distributed. An example of funds that might not be needed would be a cemetery endowment. If regular income for the cemetery was sufficient for maintenance and upkeep (from the sale of plots, donations, etc.) then the pastor in communication with the cemetery and finance committees might decide they do not want the available

funds, or only want part of it. In this case, the funds that would have been distributed are reinvested with the principal of the fund, thus ensuring more growth and a larger distribution in the future. "That's the beauty of this" said one of the pastors, "we are not forced to take the funds if they are not needed". There is no better example of the need for long range planning than a cemetery perpetual care fund that will be needed forever. Cemetery committees are especially passionate about perpetual care for the cemetery where "Mom and Dad are buried" added Bill Hiergeist. "We are flattered by this vote of confidence with parishes knowing the Foundation will be there forever" commented Foundation President Tom Kristofco. Parish councils and cemetery committees or individuals are invited to inquire about the advantages of establishing a perpetual care fund. Currently there are 40 cemetery endowments held by the Foundation.



Board of Trustees - July 1, 2010 to June 30, 2011

John H. "Jack" Anderson
(Term Expires 2011)
Our Lady of Mercy Chapel, Cresson

Vincent J. Barbera, Esq.
(Term Expires 2013)
St. Peter, Somerset

Hampton H. "Hap" Durbin
(Term Expires 2011)
St. Therese of the Child Jesus, Altoona

Michael A. Fiore
(Term Expires 2012)
St. Michael, Hollidaysburg

Monica M. Garver
(Term Expires 2013)
Resurrection, Johnstown

Rocco D. Gillott
(Term Expires 2013)
Blessed Kateri Tekakwitha, Spring Mills

Rita Halverson
(Term Expires 2011)
St. Peter, Somerset

William M. Hiergeist
(Ex-Officio)
St. Matthew, Tyrone

Roy Holtz
(Term Expires 2011)
St. Augustine, Dysart

Anthony J. Kamnikar
(Term Expires 2013)
St. John Gualbert, Johnstown
Treasurer

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St. Michael, Hollidaysburg
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Dino Persio, Esq.
(Term Expires 2012)
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Joe Scialabba
(Term Expires 2012)
Most Holy Trinity, Huntingdon
Vice President

Serena Stevens
(Term Expires 2012)
St. John the Evangelist, Lakemont
Treasurer

Thomas J. Taricani
(Term Expires 2011)
Our Lady of Victory, State College
Immediate Past President

John J. Wolf
(Term Expires 2013)
St. Therese of the Child Jesus, Altoona

Laura Zimmerman
(Term Expires 2013)
Our lady of Victory, State College

If you have questions about remembering a parish in your gift planning, please consult your attorney or financial planner. Of course, this planning is best accomplished when it includes family members and your Pastor. Additionally, one of the Foundation Trustees may be a resource also. Our Trustees include Attorneys, Certified Financial Planners, CPAs, Realtors, Bankers and successful business owners.

Foundation Welcomes new Trustee

At the June meeting the Foundation Trustees welcomed Laura Zimmerman as its newest member. Laura and husband Dr. Andrew Zimmerman live in State College and are members of Our Lady of Victory Parish. Laura spends much of her time with their two daughters but also assists her husband in his dental practice.

The Trustees also thanked trustees Ray Fisher whose term had expired, and Tom Murray who had moved out of the Diocese, for their many years of service

Suggestions Welcome!

If you have a suggestion that you think would benefit the Foundation and the ministries it supports, let us know. Additionally, if you want us to present information at a parish activity, or need a speaker we can provide that too.

Year End Giving

As we approach year-end, please remember the Foundation or any of our 163 endowments as you consider your philanthropic plans for the balance of 2010.

Visit our web site to choose your favorite ministry, or create your own endowment.

How to Give

- Outright Gifts of cash, appreciated real property, personal property, closely held stock or publicly traded securities. Gifts are tax deductible to the extent allowed by applicable law.
- Wills and Bequests that provide cash or other property for a specified amount, a percentage of the estate, or remainder of the estate after all other bequests and obligations are satisfied.
- Charitable Gift Annuities or Trusts
- Qualifying Retirement Accounts such as pension funds and IRAs. In example, recent federal legislation has provided additional tax incentives for these types of donations.
- Insurance



Independent Catholic Foundation
For The Diocese of Altoona-Johnstown
320 Frankstown Road, Altoona, PA 16602

Donor advised funds:

These are individual endowments created with provisions for the person(s) or family who created the endowment to determine where the annual distribution goes. The recipient or beneficiary may change each year, or there may be multiple beneficiaries with each distribution. A donor advised fund offers the opportunity to easily create a low cost, flexible method for charitable giving as an alternative to direct giving or the costly and cumbersome private family foundation. Donors receive maximum tax advantages with the administrative duties and expenses passed on to the holder of the endowment (ie: Independent Catholic Foundation), and the donor may remain anonymous if they choose. Recipients must be approved by the Board of Trustees and must align with the teachings of the Catholic Church. These are a very attractive alternative to a private family foundation. The Foundation Gift Acceptance Committee encourages contributions of \$25,000 or more to begin a donor-advised fund, but will consider minimum gift/pledge levels of \$10,000 with limits to the number of beneficiaries required annually.

Types of Donor-Advised Funds

Permanent Endowment: These are permanently restricted with an annual distribution as determined by the Trustees; all endowments have the same percentage distribution. Principal cannot be distributed, except as required by law. The Foundation is advised each year who will be the beneficiary of the annual distribution and the Foundation mails the checks to them.

Provisional or Temporary Endowment: An Endowment is created that allows the interest (annually) and up to and including the 50% of the original principal to be distributed. This has all of the tax and expense advantages to the donor as a permanent endowment. There are stipulations in place for minimum distributions and timing of same. Additionally, there may be provisions for different administrative fees.

The details of each situation vary. For more information, please contact the Foundation office.

Bill Hiergeist, Executive Director
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(814) 201-2080 (phone)
(814) 201-2092 (fax)
Director@icfdaj.org

Year-End Gifting

One of the best ways to quickly and efficiently make year-end gifts to the Foundation or any of its 163 endowments is through the gift of stock. Not only do these funds benefit your chosen endowment, but they also provide a valuable benefit to you as the donor. Given the volatility in the market, however, it's important to consider the tax cost, or purchase price, of your stock in order to receive the maximum tax benefit for your gift.

If the stock has appreciated in value since it was purchased, you can receive the maximum benefit by donating the stock directly to the Foundation. This allows you to (1) avoid the long-term taxable gain you would incur by selling the stock and (2) deduct the full value of the stock as a charitable contribution on your taxes, assuming you itemize.

Clearly, there is a double benefit to gifting appreciated stock to the Foundation. However, given the market volatility, it is possible that you might hold stock that has depreciated in value. If this is the case, it's better to sell the stock first and then transfer cash to the Foundation. This way, you can realize the long-term loss

from the sale and deduct the full value of the stock as a charitable contribution, assuming you itemize.

If you are considering making a large donation of stock or cash to the Foundation, it is important to note that you can also use the above referenced strategies to establish a donor advised fund with the Foundation.

This article is intended to provide general information regarding year-end gifting. Please consult with your accountant to determine how your gifts to the Foundation would affect your specific tax situation.

Sale of an Appreciated Stock (NOT Recommended)

	Purchase Price	Sale Price	Gain
ABC Company Stock	\$1,000	\$10,000	\$9,000
15% Long-Term Tax Liability	\$1,350	= \$9,000 x 15%	
Gift to Charity	\$8,650	= \$10,000 - \$1,350	
Charitable Deduction	\$8,650		

Gift of an Appreciated Stock (Recommended)

	Purchase Price	Transfer Price	Gain
ABC Company Stock	\$1,000	\$10,000	\$0
15% Long-Term Tax Liability	\$0		
Gift to Charity	\$10,000		
Charitable Deduction	\$10,000		

Sale of a Depreciated Stock (Recommended)

	Purchase Price	Sale Price	Loss
ABC Company Stock	\$15,000	\$10,000	(\$5,000)
Cash Gift to Charity	\$10,000		
Long-Term Loss Offset	\$5,000		

This article provided by Stephen D. Nieli, CFA; Portfolio Officer, BNY-Mellon

Separate from, but committed to, the Diocesan Church

The Foundation is an independent entity – legally separate from the Diocese of Altoona-Johnstown – committed to the long-term strength and viability of Catholic institutions within the eight-county diocese. The Foundation is overseen by a board of trustees comprised of 18 lay men and women. The Diocese (as a legal entity) and the Diocesan Bishop have no role in the management of the Foundation, which is a 501(c)(3) nonprofit organization [a public charity]. Endowment funds held by the Foundation can not be attached for the Diocesan operating funds or any needs of the Diocese.

For More Information:

Individuals, businesses, organizations or parishes are welcome to inquire about the Independent Catholic Foundation by contacting any Trustee or our office. Executive Director, Bill Hiergeist can be reached at the Foundation office. All inquiries are held in the strictest confidence.

Please visit our up-dated web-site. You will learn much about our Foundation by visiting:
www.independentcatholicfoundation.org –OR– **www.icfdaj.org**