

FOCUS

The Independent Catholic Foundation For The Diocese of Altoona-Johnstown

Vol. 9 No. 1

Spring 2009

THANK YOU!

Endowment Distributions: Fiscal Year 2008

The distribution amount, based on a percentage of the main endowment fund, totaled almost \$463,000.00. This amount is derived from over 150 individual endowments that comprise the Foundation's total endowment fund. 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 schools received over half of this

total. When the college scholarships are added in, the funding for educational pursuits is over 66%. Almost 10% was returned to the parish cemeteries for their perpetual care. Additionally, support was provided for our Diocesan seminarians and other diocesan ministries.

The Foundation continues to accept donations, in any amount, for its current endowments, as well as for the establishment of new endowments. Information on the Foundation or its endowments is available at 201-2080.

Distributions by Category

	Amount	% of Total
Diocesan High Schools	\$143,891	31.10
Elementary Schools	\$111,737	24.10
College Scholarships	\$ 53,528	11.50
Cemeteries	\$ 45,277	9.80
Parishes	\$ 40,385	8.80
Diocesan Related Ministries	\$ 33,113	7.20
Other Catholic Ministries	\$ 13,609	2.90
Diocesan Seminarians	\$ 21,427	4.60
Total Distributions	\$462,967	100%

**YOU CAN CONTRIBUTE TO ANY OF THESE CATEGORIES IN ANY AMOUNT.
FOR INFORMATION: 814-201-2080**

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 17 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, but must be utilized for the intended purpose of the person(s) or parish that created an endowment fund that is administered based upon an irrevocable legal agreement.

Among its overall goals and objectives, the Independent Catholic Foundation is to:

- † Provide a source through which donors can make living and testamentary gifts to benefit their charitable objectives and sustain the works of parishes, schools, agencies, ministries and outreach programs of the diocese and other Catholic entities supported by its donors.
- † Serve as a depository for charitable funds, mainly in the form of permanent restricted endowments. Additionally, unrestricted gifts will be encouraged for use as needed by the Foundation.
- † Invest according to a prudent policy that closely balances risk versus reward with safety and provides an adequate mix of investments to generate both consistent growth and income.

FROM THE FOUNDATION PRESIDENT AND EXECUTIVE DIRECTOR

Since its inception in 1990, the Independent Catholic Foundation has supported a number of initiatives within the Diocese through many sharing their treasure, time and talent. The Foundation is grateful for the spiritual and financial support that its many Board members and benefactors have bestowed on us through the years. As the current President of the Board and the Executive Director of the Foundation, we thought it was a good opportunity to provide a "State of the Foundation" letter with so much happening.

The Foundation's main endowment fund was valued at slightly over \$12.0 million as of December 31, 2008. As you are well aware, 2008 was a challenging year for investments and the impact on the Foundation's endowment was no exception. While the value of the main endowment was down in 2008, its performance is within the top fifth percentile among peer groups. The endowment benefited from more than \$423K in gifts during the first six months of its fiscal year (July 1 to December 31, 2008) and a Finance and Distribution Committee which meets

regularly. The committee closely monitors the fund's performance through consultation with our independent consultant, Cornerstone Advisors, and the endowment's asset advisor, BNY Mellon.

As you know, the Foundation derives its income as a percentage of the value of the main endowment; this downturn means our administrative income is down proportionately. We have taken steps to reduce our expenses and are reworking our budget. With Board approval, we initiated a small campaign to help support the administrative operation of the Foundation with present and past trustees in December. We appreciate those who participated and hope that everyone will keep the Foundation in mind when considering their charitable giving.

As if the market downturn was not enough, the Foundation wished its long-time leader, Joe Scialabba, well as he left for a new career challenge in August. Through perseverance, challenges can create opportunities. We are very fortunate to have an enthusiastic Executive

Director who is able to commit 100% of his time to the Foundation. Because of facility limitations, the Diocese asked if we could find alternative office space in early 2009. Again, through perseverance, we found new office space in Altoona which will enhance the long term goals of the Foundation. However, this would not have been possible without the support of many former and current Board members. We have had trustees offer invaluable support from supplying equipment and furniture to consultation assistance to help establish this new location in the near term. The newly redesigned web site at www.independentcatholicfoundation.org will remain the same, but our telephone number and mailing address will soon change.

We are confident these exciting changes will benefit all involved with the Foundation. Please pray that God continues to smile on the Foundation, the Diocese of Altoona-Johnstown, and all of His people. 2009 will be an exciting year.

Tom Taricani, *President*
Bill Hiergeist, *Executive Director*

THE INDEPENDENT CATHOLIC FOUNDATION — *Our Mission* —

The mission of the Foundation is to provide funding for this Diocesan Church, so that the Lord's work may continue within the Diocese of Altoona-Johnstown.

ICFs NEW & IMPROVED — *Website* —

Visit our recently updated web-site. Among the new additions is a list of all of the Foundation's endowments and last FY year's audit:

www.independentcatholicfoundation.org

BOARD OF TRUSTEES

July, 2008 to June, 2009

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

Vincent J. Barbera, Esq. (Term Expires 2010)
St. Peter, Somerset

Robert G. Datsko (Term Expires 2009)
Holy Name, Ebensburg

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

Michael A. Fiore (Term Expires 2009)
St. Michael, Hollidaysburg
Immediate Past President

Ray M. Fisher (Term Expires 2010)
St. John the Evangelist, Bellefonte

Monica M. Garver (Term Expires 2010)
St. Rochus, Johnstown

Rocco D. Gillott (Term Expires 2010)
Blessed Kateri Tekakwitha, Spring Mills

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

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

Anthony J. Kamnikar (Term Expires 2010)
St. John Gualbert, Johnstown

Thomas J. Kristofco (Term Expires 2010)
St. Michael's, Hollidaysburg
Vice President

Thomas J. Murray (Term Expires 2010)
Good Shepard, State College

Serena Stevens (Term Expires 2009)
St. John the Evangelist, Lakemont
Treasurer

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

Mark W. Thomas (Term Expires 2010)
St. Thomas, Bedford

John J. Wolf (Term Expires 2010)
St. Therese of the Child Jesus, Altoona

WHY ENDOWMENTS?

Endowments may be the best way to provide a perpetual fund for parishes, schools, ministries and other Catholic organizations within the Diocese of Altoona-Johnstown. Endowments offer a solid base of funds that are available throughout the diocese now and forever. Gifts to the Foundation not only further the work of the Church, but also may provide the donor with other benefits:

Perpetuity-Endowments continue forever and only income is distributed to the donor designated charity.

Public Accountability- Timely reporting and audits assure openness of all Foundation activities.

Tax Advantages- Properly planned endowments can save income taxes, avoid capital gains on long held, highly appreciated assets, and may reduce federal estate taxes.

Memorial Opportunities- Donors may memorialize a loved one, a cause or their parish with a restricted endowment. Additionally, scholarships can be created in a family's name.

Professional Management:

Trustees and external advisors exercise strict fiduciary responsibility of all Foundation assets.

NEWS

Bill Hiergeist assumed the duties of Executive Director of the Foundation on November 3, 2008. He replaces Joe Scialabba who was named Vice President for Institutional Advancement at Mt. Aloysius College. Hiergeist comes to the Foundation from Penn State Public Broadcasting where he worked in development and corporate support. Bill and his wife Judy are the parents of two grown daughters. They are members of St. Matthew's Church in Tyrone. Bill is a 4th Degree Knight of Columbus, a Penn State Alum, and a graduate of Leadership Blair County (LBC). For the Blair Chamber of Commerce, He currently chairs the LBC Youth committee and is a member of the LBC Steering committee. Cathy McKee will continue to assist the Foundation with administrative responsibilities.

KNIGHTS OF COLUMBUS COUNCILS CONTINUE TO SUPPORT SEMINARIANS

Through their annual "Seminar Sweepstakes Tickets" the 41 K of C Councils in the Diocese of Altoona-Johnstown have since 1995, contributed almost \$200,000 to their endowment fund held by the Foundation. The distributions from this endowment are used to support the men studying for the priesthood from our diocese. This endowment can be added to in any amount by anyone. Contact the Foundation office for details.

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. Recent federal legislation has provided additional tax incentives for these types of donations.
- Insurance

In all instances it is advisable to speak with legal counsel, a financial advisor and/or a tax consultant. No information contained in this brochure or on the Foundation website should be considered legal advice.

The Independent Catholic Foundation (The Foundation for the Roman Catholic Diocese of Altoona-Johnstown) is an independent nonprofit corporation certified as a 501(c)(3) entity. All activities and management of the Foundation are under the leadership and guidance of the Board of Trustees.

Federal Tax ID #25-1625390



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of
Independent Catholic Foundation for the
Diocese of Altoona-Johnstown
126 Logan Boulevard
Hollidaysburg, PA 16848

We have audited the accompanying statements of financial position of Independent Catholic Foundation for the Diocese of Altoona-Johnstown (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Independent Catholic Foundation for the Diocese of Altoona-Johnstown as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Young, Oakes, Brown & Company, P.C.

September 26, 2008

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Members: American Institute of Certified Public Accountants • Pennsylvania Institute of Certified Public Accountants • PAI North American Network

Independent Catholic Foundation for the Diocese of Altoona - Johnstown

Historical Performance Summary

Time Period	Aggregate Return	IPS Benchmark Return	Market Value Beginning of Period	Market Value End of Period
Third Quarter 2002	-2.7%	-4.4%	\$8,380,475	\$8,076,714
Fourth Quarter 2002	3.2%	4.3%	\$8,076,714	\$8,253,794
Year 2002	0.4%	-0.3%	\$8,380,475	\$8,253,794
First Quarter 2003	0.2%	-0.5%	\$8,253,794	\$8,277,525
Second Quarter 2003*	4.6%	7.6%	\$8,277,525	\$9,511,659
Third Quarter 2003	0.9%	1.0%	\$9,511,659	\$9,549,976
Fourth Quarter 2003	5.3%	5.7%	\$9,549,976	\$10,057,805
Year 2003	11.4%	14.2%	\$8,253,794	\$10,057,805
First Quarter 2004	2.1%	2.1%	\$10,057,805	\$10,219,978
Second Quarter 2004	-0.5%	0.0%	\$10,219,978	\$10,150,027
Third Quarter 2004	-0.1%	-0.1%	\$10,150,027	\$10,245,176
Fourth Quarter 2004	6.2%	6.5%	\$10,245,176	\$10,818,845
Year 2004	7.8%	8.7%	\$10,057,805	\$10,818,845
First Quarter 2005	-1.4%	-1.6%	\$10,818,845	\$10,618,221
Second Quarter 2005	1.6%	2.0%	\$10,618,221	\$10,740,193
Third Quarter 2005	2.5%	2.9%	\$10,740,193	\$11,129,609
Fourth Quarter 2005	1.7%	1.6%	\$11,129,609	\$11,266,352
Year 2005	4.4%	4.9%	\$10,818,845	\$11,266,352
First Quarter 2006	3.7%	3.9%	\$11,266,352	\$11,725,532
Second Quarter 2006	-0.9%	-1.0%	\$11,725,532	\$11,581,298
Third Quarter 2006	3.5%	3.9%	\$11,581,298	\$11,835,395
Fourth Quarter 2006	4.7%	5.2%	\$11,835,395	\$12,572,247
Year 2006	11.5%	12.3%	\$10,818,845	\$12,572,247
First Quarter 2007	1.9%	1.8%	\$12,572,247	\$13,077,100
Second Quarter 2007	4.0%	3.3%	\$13,077,100	\$13,752,925
Third Quarter 2007	2.7%	1.8%	\$13,752,925	\$13,673,673
Fourth Quarter 2007	1.1%	-0.6%	\$13,673,673	\$14,404,210
Year 2007	10.0%	6.3%	\$12,572,247	\$14,404,210
First Quarter 2008	-4.1%	-4.6%	\$14,404,210	\$14,199,683
Second Quarter 2008	-0.9%	-1.3%	\$14,199,683	\$14,333,821
Third Quarter 2008	-5.5%	-6.3%	\$14,333,821	\$13,244,374
Fourth Quarter 2008	-9.3%	-11.2%	\$13,244,374	\$12,006,516
Year 2008	-18.5%	-21.6%	\$14,404,210	\$12,006,516
Since Inception Cumulative	25.8%	21.6%	\$8,380,475	\$12,006,516
Since Inception Annualized	3.6%	3.0%	\$8,380,475	\$12,006,516

* Transition quarter

Time Period	Aggregate Return	60% S&P, 40% LB Aggregate
Rolling Three-Year Return	0.0%	-2.6%

INDEPENDENT CATHOLIC FOUNDATION FOR THE
DIOCESE OF ALTOONA-JOHNSTOWN
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2008 AND 2007

	2008	2007
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 793,240	\$ 489,504
Investment Income Receivable	63,255	50,408
Total Current Assets	\$ 856,495	\$ 539,912
<u>Investments</u>	14,582,540	14,127,935
TOTAL ASSETS	\$15,439,035	\$14,667,847
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 10,000	\$ 11,538
Annuities Payable	53,129	81,210
Distributions Payable	452,978	434,688
Pass Through Contributions Payable	656,615	406,615
Total Current Liabilities	\$ 1,172,722	\$ 934,051
<u>Net Assets</u>		
Unrestricted	\$ 69,609	\$ 55,050
Temporarily Restricted	3,084,311	3,276,252
Permanently Restricted	11,112,393	10,402,494
Total Net Assets	\$14,266,313	\$13,733,796
TOTAL LIABILITIES AND NET ASSETS	\$15,439,035	\$14,667,847

See Accompanying Notes and Independent Auditor's Report

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INDEPENDENT CATHOLIC FOUNDATION FOR THE
DIOCESE OF ALTOONA-JOHNSTOWN
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total	2007 Total
Revenues, Gains, Losses, and Reclassifications					
Contributions and Bequests	\$ 3,215	\$ 38,674	\$ 1,528,160	\$ 1,570,049	\$ 671,611
Investment Income	22,323	52,837	174,574	249,734	338,788
Net Gain (Losses) on Investments	0	(164,204)	(610,067)	(774,271)	1,343,180
Annual Dinner	21,440	0	0	21,440	38,513
Foundation Fees and Other	177,599	0	0	177,599	160,038
Net Assets Released from Restrictions	502,016	(119,248)	(382,768)	0	0
Total Revenues, Gains, Losses, and Reclassifications	\$726,593	(\$ 191,941)	\$ 709,899	\$ 1,244,551	\$ 2,552,108
Expenses					
<u>Program Services</u>					
Distributions and Annuity Payments	\$502,016	\$ 0	\$ 0	\$ 502,016	\$ 478,256
<u>Support Services</u>					
General and Administrative	175,668	0	0	175,668	175,951
Fundraising	34,350	0	0	34,350	33,452
Total Expenses	\$712,034	\$ 0	\$ 0	\$ 712,034	\$ 687,659
Change in Net Assets	\$ 14,559	(\$ 191,941)	\$ 709,899	\$ 532,517	\$ 1,864,449
<u>Net Assets - Beginning of Year</u>	55,050	3,276,252	10,402,494	13,733,796	11,869,347
<u>Net Assets - End of Year</u>	\$ 69,609	\$3,084,311	\$11,112,393	\$14,266,313	\$13,733,796

See Accompanying Notes and Independent Auditor's Report

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

Thank You!

**A GIFT TO A PERMANENT ENDOWMENT FOR YOUR PARISH,
SCHOOL OR FAVORITE MINISTRY IS A GIFT FOREVER!**

For More Information:

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

Bill Hieregeist, Executive Director (814) 201-2080 (814) 201-2092 (fax)

**Please note new address & phone numbers for
the Independent Catholic Foundation Offices**

320 Frankstown Road
Altoona, PA 16602

www.independentcatholicfoundation.org