

FOCUS

The Independent Catholic Foundation For The Diocese of Altoona-Johnstown

Vol. 10 No. 1

Spring 2010

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

We welcome you to this new format and distribution of our newsletter. In the past it was printed and then distributed via US mail to our constituents. With help from the staff of The Catholic Register we have chosen this new method of telling you about the good works of the Independent Catholic Foundation. With this new distribution vehicle, it is our hope that we can more effectively communicate the impact the Foundation is having in our region and better inform you how it may be utilized in your planned giving.

2009 was an event filled year: The Foundation's main endowment fund was valued at over \$14.5 million (including Treasuries) as of December 31, 2009 which was an increase of \$2.5M over the previous year. This increase was the result of two factors: market performance and approximately \$800,000 in new contributions.

The market performance of our Foundation's investment portfolio has continued to perform well when compared to other foundations and enjoyed a 17.7% return in 2009. Since the beginning of our fiscal year (July 1), we have benefited from over \$500,000 in contributions to new or existing endowments. The Foundation now has 160 individual endowments that support the various ministries and scholarships of our Diocese. Six new endowments have been created in the past six months. In addition, our new honor society, The Saint Simon Society

(see related article) already has eight members. We are flattered by this continued confidence in our Foundation.

2010 promises to be another exciting year for the Independent Catholic Foundation. We will celebrate 20 years of financial support to our Diocesan ministries and scholarships and continue in our goal to match donors with the initiatives they find important. We look for continued ways to serve the philanthropically inclined who want to support Catholic initiatives.

Please pray that God continues to smile on our Diocesan church, His people and the Foundation. We wish you the best in the new decade.

Tom Taricani, President
Bill Hiergeist, Executive Director

Foundation History

In June 2010 the Independent Catholic Foundation will celebrate its 20th Anniversary. It all began as a prayerful dream and vision in 1989 by two Johnstown business men, Frank Pasquerilla and James Saly, with full support of Bishop Joseph V. Adamec. Bishop Joseph had expressed his desire for the involvement of laity in projects such as this. The Foundation has grown to become an organization with 160 individual endowments that are valued at over \$14 million in assets. All parties involved with the Foundation felt that it was very important to become a separate legal entity; so in 1991 the initial Board of Directors was seated and the Foundation was established with seed money from some of its original directors. The charter of the Foundation is one of a 501(c)(3) public charity. In the early years there was a fundraising effort known as the "Blue Ribbon Panel." This helped the Foundation by securing 30 or 40 contributors who in some cases made one time donations, and others multi-year. Early operational money was secured through a loan from the Diocese which over time was fully repaid.

Ongoing capital needs at the high schools, as well as, the need to address the elementary school finances were all original considerations. As a result, there are endowments in place for all of the high schools, as well as endowments for elementary schools.

As the Foundation mission grew, the ministries of Catholic Social Services (now known as Catholic Charities), Sisters of Mercy, and St. Vincent DePaul, became important funds within the Foundation. There is also a Seminarian Endowment Fund created by the Knights of Columbus and some college scholarships, most notably from Tyrone's St. Matthew Parish.

After the foundation actually began, office space was rented in Duncansville with a payroll staff of one-person. The paid director utilized volunteer labor, as well as, part-time help. In 1998, the Foundation returned to a shared office space on the Diocesan campus and at that time the Executive Director's duties combined with the diocesan stewardship director. This helped to

Foundation Marks Anniversary

conserve the financial resources of the Foundation. The early goals were for continuing growth and to be self-sustaining. In March 2009, the Independent Catholic Foundation moved its office to their current location at 320 Frankstown Road in Altoona. This move was to accommodate the Diocesan need for the office space that was being utilized by the Foundation and for us to further accentuate the separate identity from the Diocese. Still with only one full time employee and part-time administrative support, the Foundation continues to grow, prosper and offer financial support to many Diocesan ministries. Guided by the 18 member Board of Trustees, the Foundation continues to serve donors by matching their philanthropic vision to the people, programs, ministries, and institutions that best serve their hope for a better community.

Note: This article was compiled using information from a presentation by long serving trustee Mark Thomas

The Independent Catholic Foundation For The Diocese of Altoona-Johnstown

A note from our

independent advisor

Over the past year, the Independent Catholic Foundation realized a total return on its investment portfolio of 17.7%. While this is exceptional on an absolute basis, relative to other foundation and endowments of our size, we performed slightly below the median due to our conservative asset allocation. For the year ending December 31, 2009, the foundation's assets grew from \$12 million to over \$14.2 million.

Longer term, our investment strategy, which emphasizes risk-adjusted returns and downside protection, has performed very well during this period of severe stress in the financial markets. Over the last four years, our fund has averaged 4.1% per year, placing us in the top 15% of all foundations across the country with less than \$100 million in assets. Our risk statistics remain extremely low with volatility about 20% below that of the market and our risk-adjusted returns are also in the top quartile. On average, we participated at about 95% of the market during up markets but only about 80% during down markets. This is an excellent up market/down market capture ratio.

The foundation invests in a diversified manner covering all of the major investment styles. Money is allocated to large and small U.S. companies, international stocks, fixed income and also alternative investments which generally do not move in the same direction and magnitude as the gyrations of the stock market. The Investment Committee which oversees these funds has developed policies that are conservative relative to other foundations in order to protect the assets under their care during market declines.

At the present time, we remain cautious in our allocation and skeptical in our macro-economic views. While we wait for the economic climate to strengthen, we will continue to manage a prudent investment process and meet our fiduciary responsibilities to our parishes and all of those dependent on these funds to continue their good works.

This information was provided by:
M. "Skip" Cowen, Cornerstone Advisors

What are... *Endowments?*

Endowments are akin to individual "**saving accounts**" in which the principal, or original money deposited, is invested and remains on deposit forever. The endowment is created for a specific purpose such as scholarships, parish support, masses for living and/or deceased family members, or a favorite ministry of the person who creates the endowment. The money deposited is invested in a combination of stocks (equities), cash, fixed income and "alternatives". The income from the growth of these funds (similar to interest earned) is then paid to the parish / school / ministry / scholarship once per year. The investment goal is to have these funds, or endowments grow at approximately 7% annually with a lesser percentage returned to the beneficiary. The pay-out percentage for fiscal year 2009 was 4% of the value of each endowment. In this manner the original donation will continue to grow forever with the annual pay-out increasing over time. This allows for the donation to have an impact over a longer period of time than if it were spent all at once. Education is the largest recipient of this annual payout from the Foundation. Educational pursuits that include the three diocesan high schools, parish schools and college scholarships benefitted from over **\$291,000 (or 63.8%)** of the total monies distributed in fiscal year 2009.

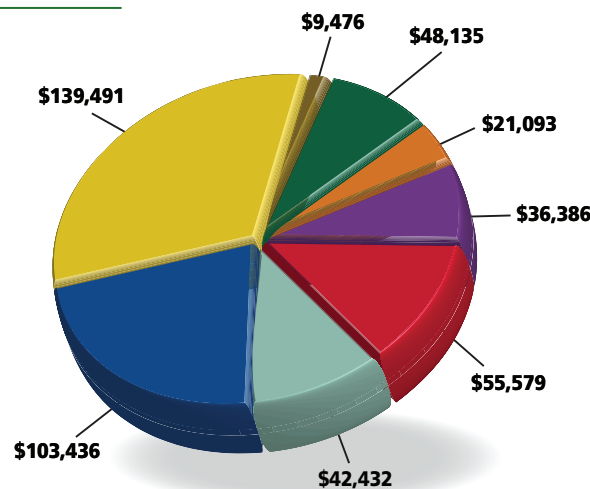
Within our Foundation there are different types of endowments. Individual endowments are usually, but not always created to provide scholarships; education endowments that benefit a school and/or its students; Parish endowments that will benefit individual parishes or parish initiatives; Cemetery endowments that provide perpetual care for the named cemetery; Seminarian endowments that benefit those studying for the Priesthood; and several others that fund music or other Diocesan programs. Soon the Independent Catholic Foundation will be able to accept Donor Advised endowments. New endowments can be created for **\$10,000.00** and can be funded over several years; there is no minimum funding requirement for a parish associated endowment. Existing endowments can be added to at any time and by any amount. Please visit our web-site for a complete list of our existing endowments.

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.

Distributions

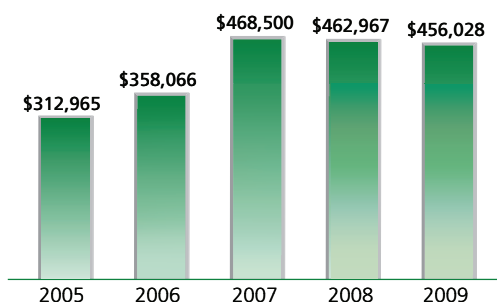
The parishes and various ministries of the Diocese continue to benefit from the generosity of the many people who contribute their time, talent and most importantly their treasure to the Independent Catholic Foundation. In the past five years the Foundation has distributed over \$2M. The annual distribution, based on a percentage of the market value of the individual endowment is offered to the beneficiary each August. They have the choice of taking all, some or none of the available funds; this \$2M only represents what was actually paid out.



Distribution Breakdowns for 2009

- **Diocesan Seminarians** (\$9,476)
- **Other Catholic Ministries** (\$42,432)
- **Diocesan Related Ministries** (\$21,093)
- **Parishes** (\$36,386)
- **Cemeteries** (\$55,579)
- **College Scholarships** (\$48,135)
- **Elementary Schools** (\$103,436)
- **Diocesan High Schools** (\$139,491)

Distributions By Year



Second Century Scholarship Fund

The Second Century Scholarship Fund, administered by the Diocesan Development Office, is a separate 501(c)(3) non-profit organization that accepts contributions and distributes needs-based scholarships among eligible students attending Catholic pre-schools, elementary schools and high schools in Blair, Bedford, Cambria, Centre, Clinton and Somerset Counties.

Since 2001, area businesses have contributed more than \$4 million dollars to the fund through the Pennsylvania Educational Improvement Tax Credit Program (EITC). Businesses from large corporations to family-owned companies and partnerships may be eligible to earn significant tax credits against six Pennsylvania business taxes.

This innovative legislation allows a business to re-direct a portion of its tax dollars from Harrisburg to support students in the local community. For example, a \$500.00 scholarship can be awarded for a little as \$50.00 once the tax credits are earned.

For complete program details, including official DCED guidelines and applications, please visit the fund's web site at www.SecondCenturyFund.org.

Please note, this program is not affiliated with the Foundation, but we present it here to inform you about this Catholic organization within our Diocese of Altoona-Johnstown

Foundation Honor Society

Saint Simon Society

The trustees for the Independent Catholic Foundation have announced the establishment of an honor society within the Foundation named the Saint Simon Society. This society will recognize an individual for whom a contribution to the Foundation has been made in the amount of \$1,000.00. This contribution can be made by an individual, their family, a group of friends or employees. Membership can be funded over two years with membership beginning when fully funded. The honoree can be living or deceased, and of course someone can join in their own name. Named after Saint Simon of Cyrene who helped Christ carry his cross on the way to Calvary, membership will help the Foundation in two ways. One half of the contribution will be put into the general fund for current use, with the second half being put into an endowment that will support the Foundation forever. Recognition will include a member listing in future editions of FOCUS and a separate page within the Foundation web-site. Additionally, a mass will be offered annually for member's intentions or for their remembrance, in the case of a deceased member. The mass will be offered annually on May 12th, the feast day of Saint Simon. Members who join within the first year will be recognized as "charter members". Early inquires have included parishes who want to honor their Pastor.

Information on the society or the details on how to join can be obtained by contacting the Foundation office at (814) 201-2080, or via e-mail at Director@icfdaj.org.



2008-2009 **Audit Complete**

The Foundation's annual audit for fiscal year 2008-2009 was completed by the accounting firm of Young, Oaks, Brown & Company. Please visit our web-site at

www.icfdaj.org

to view their report. If you want a printed copy, please contact the Foundation office at **(814) 201-2080**

or via E-mail at **Director@icfdaj.org**

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

For More Information:

Individuals, businesses, organizations or parishes are welcome to inquire about the 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.

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

320 Frankstown Road Altoona, PA 16602

www.independentcatholicfoundation.org