

# Welcome to *Catholic Philanthropy Now*

A National Catholic Community Foundation Webinar

*Thank you for joining.*



# Dana Robinson

## Chairman of the National Catholic Community Foundation Board of Trustees

Mr. Robinson retired as a Senior Vice President and Senior Relationship Manager of Hawthorne, PNC Family Wealth. Mr. Robinson is actively engaged in several civic and philanthropic endeavors and currently sits on the Boards of the Raskob Foundation, the John B. Lynch Foundation, Wilmington University, The National Catholic Community Foundation, and American Federation Peuri Cantores.



Advancing the Kingdom

# Welcome!



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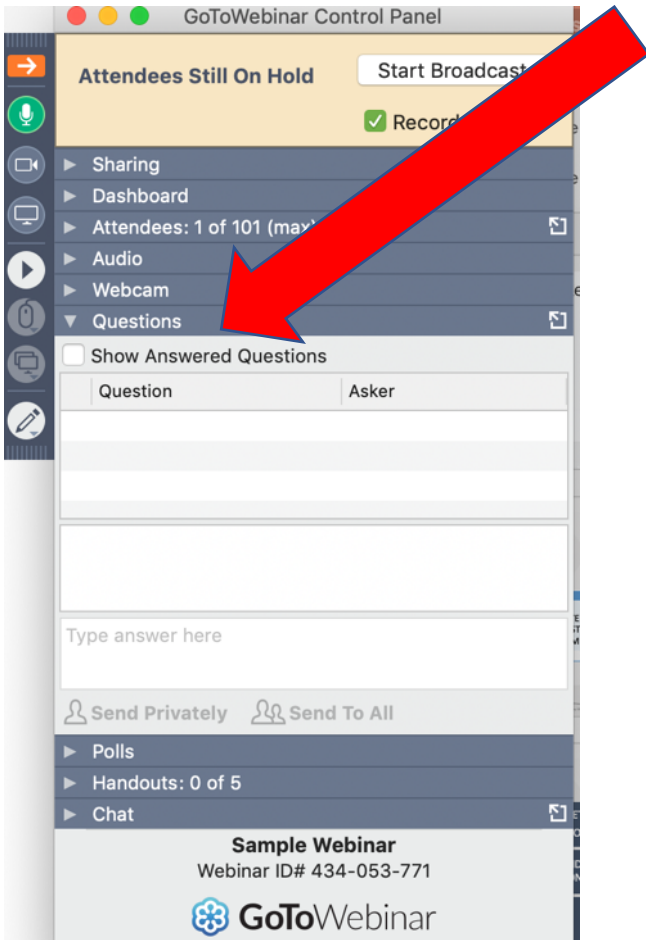
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through philanthropy"*



## Valerie Mullen Pletcher, NCCF Trustee

Valerie is nonprofit innovation specialists with over two decades of experience helping philanthropists and nonprofits fulfill their shared missions. Her expertise in nonprofit fundraising education, marketing, and management have made her a frequent guest speaker and trainer at conferences and workshops; including as a keynote speaker at the 2017 Japan Association for Fundraising conference.

Valerie holds a B.A. from West Chester University and an International Advanced Diploma in Fundraising in addition to certificates in Nonprofit Management and fundraising programs. She is a licensed consultant with the Nonprofit Standards of Excellence, TM, and currently leads the development and launch of a national philanthropy and engagement effort and international program for FOCUS, The Fellowship of Catholic University Students. Valerie serves as an NCCF Trustee, a Director of the Inscape Center for Personal Vocation, is a member of the John Carroll Society and the AFP DC Chapter, and teaches 8<sup>th</sup> grade Confirmation at St. Mary of Sorrows in Northern VA where she lives with her husband, Matthew, and three children, Mary, Maggie and Marlana.



# Housekeeping



Go To Meeting Tools  
Q&A In your Menu



All attendees are in  
listen only mode

# Webinar Learning Objectives

- **Review the fundamentals and standards of Catholic charitable giving and investing. Learn how individuals and organizations can align charitable giving with Catholic standards.**
- **Through the lens of NCCF review donor advised funds and charitable gift annuities. Explore how these tools for charitable gift investing can aid your philanthropy goals and how nonprofits, religious orders and individuals can benefit.**
- **Hear about the real-world impact of great Catholic philanthropy from an NCCF donor and beneficiary.**
- **Share insights from the session to apply to your individual Catholic philanthropy investing and planning.**



# Guest Speakers



Dana Robinson  
Chairman of the  
NCCF Board of  
Trustees



Julia Boerth  
Relationship Manager  
PG Calc



William Fenton  
Senior Director of Gift  
Planning  
Cross Catholic Outreach



Jim Dugan, CFA  
Brown Advisory



Josephine Everly  
CDO  
The Leadership  
Roundtable



Christopher Lowney  
Best-selling author, public  
speaker, and leadership  
consultant



# Socially Responsible Investing

Faith-based investment strategies

Investment Standards



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# Jim Dugan, CFA

## **Portfolio Manager Brown Advisory**

Jim is a portfolio manager at Brown Advisory focusing on institutional clients. He also provides specialized municipal finance advice to clients and has over 30 years of investment experience. Jim co-founded Cavanaugh Capital Management (CCM), where he served as the president and chief investment officer for 20 years prior to its merger with Brown Advisory in 2010. Prior to CCM, Jim was a portfolio manager for USF&G and related insurance companies



# Stewardship of Investment Assets in the Catholic Tradition

- *Parable of the Talents*
- *14<sup>th</sup> Century German Stained Glass Panel*
- *Church of St. Etienne*



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# Discussion Topics

- Socially Responsible Investing
- Stewardship in the Roman Catholic Tradition
- Structure of Stewardship
- Practical Considerations

# Socially Responsible Investing (SRI)

- Use of social, ethical and/or environmental criteria to inform investment decisions
  - Similar nomenclature/themes includes:
    - ESG (Environmental, Social, Governance) Investing
    - Mission-aligned investing
    - Sustainable Investing
    - Impact investing
- Origins of SRI in the United States is reported to have begun in 1758 when the Quakers prohibited members from participating in the slave trade
- Religious-based SRI themes often sought to avoid “sin stocks” – alcohol, gambling and tobacco
- One does not “give up” returns by being socially-responsible

# “Socially Responsible” Can Be Relative

## Fund: BLES

- The fund explicitly bars “any company that has any degree of participation” in what it describes as “the LGBT lifestyle,” referring to lesbian, gay, bisexual, and transgender individuals. Specifically, it avoids companies that “advance” the issue of gay marriage, which was approved by the U.S. Supreme Court in 2015

## Fund: EQLT

- To invest in companies that didn’t discriminate on the basis of gender identity or sexual orientation, “for fiduciaries to fulfill their obligation for broad exposure without supporting companies that don’t support workplace equality,”

Source: MarketWatch



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# Stewardship in the Catholic Tradition

- Many U.S. organizations turn to the 2003 Socially Responsible Investment Guidelines promulgated by the United States Conference of Catholic Bishops (USCCB)
  - *“USCCB does not endorse the services or products of any financial advisors and investment firms.”*
- In contrast to the USCCB, the national offices of some other denominations will publish a “thou shall not own” list of securities
- Non-U.S. Catholic entities may have their own variations
- Religious communities of women and men may adopt a slightly different set of guidelines that may reflect the character and interests of their Order

# Fundamental Principals from USCCB Socially Responsible Investment Guidelines - I

- **Principle 1: Exercise responsible financial stewardship over its economic resources**
  - In practical fiscal terms, this means obtaining a *reasonable rate of return* on its investments.
  - In some areas there is a fiduciary role that requires caution in terms of risk.
- *However, what is a “reasonable rate of return” is going to vary by institution and degree of risk assumed.*
- *What is “risk” in an investment portfolio?*
  - *Volatility*
  - *Actual losses*
  - *Not earning enough to meet:*
    - *Inflation*
    - *Budgetary needs*

# Fundamental Principals of USCCB - II

- **Principle 2: Exercise ethical and social stewardship in its investment policy via three strategies**
  1. Do no harm (avoid evil)
  2. Active corporate participation
  3. Positive strategies (“Promote the Common Good”)
  
- *However, “active corporate participation” only applies to equities where one has rights as a stockholder.*
- *A bondholder does not have rights of ownership and cannot sponsor or vote on corporate resolutions*

# USCCB Investment Policies - I

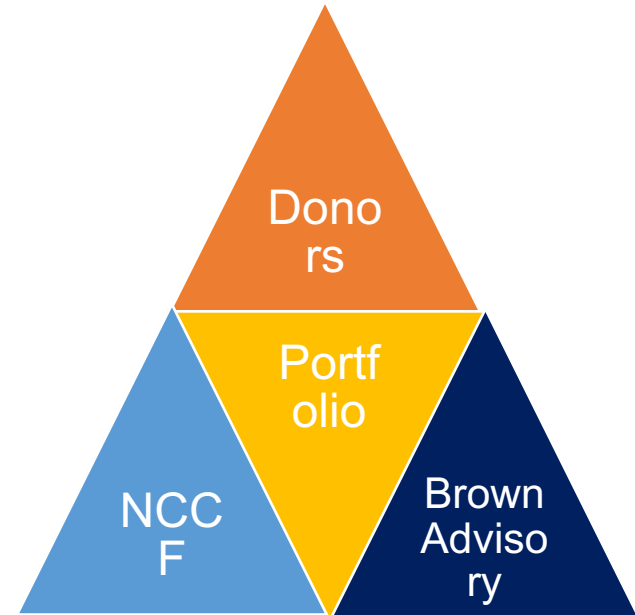
- Protecting human life
  - Abortion (*absolute exclusion*)
  - Contraceptives (*will not invest in companies that manufacture contraceptives or derive a significant portion of its revenues from the sale of contraceptives, even if they do not manufacture them*)
  - Embryonic Stem Cell/Human Cloning
    - Embryonic stem cell research
    - Fetal tissue research or stem cell research derived from embryos
    - Human cloning
  
- Promoting human dignity
  - Human rights
  - Racial discrimination
  - Gender discrimination
  - Access to pharmaceuticals
  - Curbing pornography

# USCCB Investment Policies - II

- Reducing arms production
  - Production and sale of weapons – “avoid investment in firms primarily engaged in military weapons production or the development of weapons inconsistent with Catholic teaching on war (e.g., biological and chemical weapons, arms designed or regarded as first-strike nuclear weapons, indiscriminate weapons of mass destruction, etc.)”
  - Antipersonnel landmines
  
- Economic justice
  - Labor standards
  - Affordable Housing/Banking
  
- Protecting the environment
  - Encourage energy conservation and the development of alternate renewable and clean energy resources
  - *Note: there is no requirement for divestment of fossil fuels*
  
- Corporate responsibility
  - Encourage companies to report on social, environmental, as well as financial performance

# Structure of Stewardship

- **NCCF Board and Investment Committee**
  - Define purpose and objectives
  - Establish policies and guidelines
  - Appoint investment manager
  - Review performance
- **Brown Advisory**
  - Execute investment program within policy guidelines
  - Provide input and suggestions to Investment Committee





# Charitable Gift Annuities

Under this program, a donor makes a contribution of cash or securities to NCCF and, in return, receives an income guaranteed for his or her life.



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# Julia Boerth

## Relationship Manager, PG Calc

Julia supports charities with all aspects of the administration of their planned giving programs. In addition to ensuring accurate and timely gift payments, Julia is responsible for maintaining high quality relationships with her clients, providing technical assistance and consultation to development and finance staff regarding existing and potential charitable gift annuities, charitable remainder trusts, and pooled income funds. In addition to her work in planned giving, Julia has over twenty years of experience serving the public, nonprofit, and philanthropic sectors.



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## What is a Charitable Gift Annuity?





## Profiles of Donors

- General attraction:

- ✓ Security of fixed payments
- ✓ Charitable deduction
- ✓ Tax free income



- Immediate gift annuities:

- ✓ Mid-70s and older
- ✓ Ability to give minimum
- ✓ Fiscally conservative, uncomfortable with debt
- ✓ Someone wanting to provide for another individual



## Profiles of Charities

- Planning & Infrastructure
  - ✓ Donor base
  - ✓ Board approval
  - ✓ Patience to support deferred giving
- Commitment for Long-haul
  - ✓ Part of strategy - not answer for immediate cash needs
  - ✓ Staff dedicated to CGAs
  - ✓ On-going marketing
  - ✓ Monitoring





## Charitable Gift Annuity



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**Charity and Donor Benefit**



# Types of Funds

You have a choice of four funds

## Donor Advised Funds



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## Josephine Everly

Josephine Everly is Chief Development Officer of Leadership Roundtable, facilitating philanthropic gifts and grants to advance the mission of our organization and its programs and initiatives. She is an educator, writer, researcher, and speaker with over 20 years of experience in fund development for Catholic universities, community foundations, medical schools and hospitals. She has served as counsel to bishops, Catholic foundations, nonprofits and other organizations.

# Donor Advised Fund – A Definition

“A philanthropic vehicle established at a public charity. It allows donors to make a charitable contribution, receive an immediate tax benefit, and then recommend grants from the fund over time, generally to other public charities.”

# History of Donor Advised Funds

- 1931 New York Community Trust creates first donor advised fund
- 1969 Tax Reform Act provides first regulatory recognition of funds held by a foundation that are contributed by multiple donors
- 1972 Treasury issues a regulation that creates public support test for a public charity including community foundations
- 1986 National Foundation, Inc. v. U.S. held that a donor advised fund sponsor qualifies for exemption under 501(c)(3)
- 1991 Fidelity Charitable Gift Fund receives public charity status

# History of Donor Advised Funds

## 2006 Pension Protection Act provides more regulatory structure to Donor Advised Funds

- Legal definition of DAF in IRC for first time
- List of prohibited payments to donors (e.g., grants, loans, compensation)
- New rules about permissible grants (e.g., scholarships must be operated separately)

“Inurement” is an arcane term for “benefit.” The inurement prohibition forbids the use of the income or assets of a tax-exempt organization to directly or indirectly unduly benefit an individual or other person that has a close relationship with the organization or is able to exercise significant control over the organization.

# 4 Types of Sponsoring Organizations

- Commercial (Fidelity, Schwab, etc.)
- National (National Catholic Community Foundation, National Philanthropic Trust, American Endowment Foundation)
- Community Foundations (including Diocesan Catholic Foundations and Jewish Federations)
- Single Issue Organizations (higher education)

# Donor Advised Funds Growth Metrics

Donor Advised Funds - Growth Metrics						
		2015	2016	2017	2018	% Change
<b>Donor Advised Funds</b>						
	Number of DAFS	266,584	284,965	469,331	728,563	173%
	Assets	\$77.63	\$85.15	\$112.10	\$121.42	56%
	Grantmaking	\$14.26	\$15.75	\$19.70	\$23.42	64%
<b>Private Foundations</b>						
	Number of Foundations	<i>80,000*</i>				
	Assets	\$728.83	\$752.50	\$823.81	\$872.65	20%
	Grantmaking	\$43.73	\$45.15	\$49.50	\$54.03	24%

Source: National Philanthropic Trust. Italics indicates an estimate based on historical data from Candid/The Foundation Center.

\*The most recent estimate available for the number of independent foundations is 79,489 in 2015, Candid/The Foundation Center.

# Benefits to Donors – Ease and Convenience

- Easy to establish
- Can establish with complex gifts – securities, business interests, art, real estate
- Easy to Use – online access for grant recommendations
- Gifts are tax deductible as gift to public charities; earnings are exempt
- Fund advisor receives recognition just as with a direct gift – or can choose to give anonymously

## Contribute and Deduct



1. The donor contributes to her/his DAF and receives a deduction

## Recommend



2. The donor recommends a grant; the sponsor conducts due diligence

## Give and Celebrate



3. The grant is issued by the sponsor or can be delivered by the donor



# Benefits to Donors – Financial

- Significant cost savings compared with private foundations

	DAF	Private Foundation
Minimum to Establish	As low as \$5,000	Minimum \$5 million*
Administrative fees	50 to 100 basis points	Up to \$25,000 for start-up and ongoing tax filings
Minimum distribution per year	None	5%
Penalties	None	30% on undistributed income; add'l 100% if not distributed within 90 days**

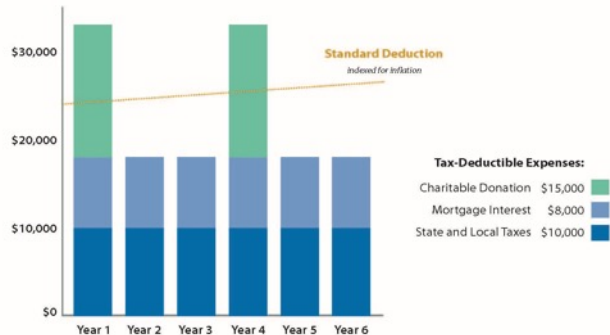
- Investment flexibility – opportunity to recommend a third party investment advisor
- Can fund with a wide range of assets – securities, business interests, art, real estate.

\*American Endowment Foundation

\*\*IRS 4942

# DAFs – a Donor’s Perspective

- Getting organized
- Complex assets
- Succession planning – multiple DAFs may be established
- Family philanthropy – in tandem with family foundations
- Donor education/giving analysis
- Being part of a “family” of donors
- Bunching:



This chart depicts a scenario of a married couple, filing jointly, who usually gives \$5,000 a year to charity. It shows the tax benefits the couple receives from bunching their charitable contributions into a \$15,000 donation every three years. In this example, the couple itemizes in years 1 and 4 and takes the standard deduction in the other years.

www.gamers.com/philanthropy Now May 19, 2020

# DAFs – an Organizational Perspective

- **Businesses**
  - ✓ Corporate Advised Funds (smooth out marketing budget/CSR/Nonprofit Support)
- **Ministries, 501c3s, Religious Orders**
  - ✓ Pooled donations/multiple donors
  - ✓ Bequests
  - ✓ Extraordinary or Complex gifts

# DAFs – A Fundraiser’s Perspective

- Acknowledge the growing prevalence and mention on all your materials that you accept these gifts
- Appropriate gift acknowledgment and booking
- Consider a prompt on your website – giving from DAFs
- DAF donors are repeat donors – get to know them and tailor your asks
- DAF succession strategies – next gen, planned giving
- Sponsor organization engagement
- Qualification strategy re-do: DAF holders probably have more charitable resources at their disposal.

# DAF Distribution Restrictions

- No grants to individuals
  - Cannot reimburse expenses
- Gala gifts
  - Bifurcated gifts
  - Some sponsors will approve distribution for deductible portion
  - OK if donor does not attend
  - No grants to individuals
- A Note about Pledges
- Sponsor restrictions
  - In keeping with the teachings of the Roman Catholic Church

# Eighth Face of Philanthropy: the intelligent, organized, passionate, impact-driven DAF-holder

Insights, as revealed by [Fidelity Charitable's 2020 Giving Report](#) of over 123,000 DAFs:

- Giving is significant and broadly distributed. The average gift was \$4,092, and accounts, on average, supported 10.4 nonprofit organizations.
- Anonymity is not a priority: 92% of fund distributions include donor names and addresses.
- Unrestricted giving is a priority: 60% of recommendations were designated as “where needed most.”
- Giving is consistent. While current events, such as disasters, do inform donors, giving remains consistent year-over-year, with the largest percentages of grants going to religion, human services, education, and health.

# Working Together – A DAF Donor Story

Richard, a parishioner, wanted to install a kiosk in his cathedral so that tourists could donate. The cost of the kiosk exceeded Richard's liquidity. But Richard was about to divest a portion of his real estate holdings.

A DAF was the perfect philanthropic tool – for Richard and the cathedral.

We'll discuss how the parish/cathedral, the local Catholic foundation (sponsoring organization), and Richard's accountant and attorney collaborated to make Richard's dream a reality.



# Voices of the Vineyard

## Nonprofits



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# The Beneficiary

# William E. Fenton, Jr.

**Senior Director of Gift Planning  
Cross Catholic Outreach**

William has worked with Cross Catholic Outreach since 2010, he has been active with non-profit organizations for over 40 years. He currently is on the boards of the Notre Dame Alumni Club and the Order of Malta, American Association, South Florida area.





# The Philanthropist

NCCF Catholic Philanthropy Now May 19, 2020

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# Christopher Lowney

**Best selling author, public speaker, and leadership consultant**

Chris Lowney is vice chair of the board of CommonSpirit Health, America's largest nonprofit health system with \$29 Billion in revenues and more than 150,000 employees. He is a one-time Jesuit seminarian and later served as a Managing Director of J.P. Morgan & Co on three continents. He is a popular keynote speaker who has lectured in more than two-dozen countries, on leadership, business ethics, decision-making and other topics. He is the author of six books and has co-authored two more.







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Thank you for attending!

National Catholic Community Foundation

[www.nccfcommunity.org](http://www.nccfcommunity.org)

(410) 923-3222

1321 Generals Highway, Suite 202

Crownsville, MD 21032

# Take Action *Resources*

**Share your organizations story - *Voices of the Vineyard***

<https://nccfcommunity.org/voices-of-the-vineyard/>

Email your story to [Rfusick@nccfcommunity.org](mailto:Rfusick@nccfcommunity.org)

**List your organization in our catalog**

<https://nccfcommunity.org/catalog-of-ministries/>

Use this form to be added - <https://nccfcommunity.org/wp-content/uploads/2019/09/Ministry-Catalog-Form.pdf>

**Read and follow *Advancing the Kingdom* by Dana Robinson**

<https://nccfcommunity.org/advancing-the-kingdom/>

**Read about the NCCF Board of Trustees**

<https://nccfcommunity.org/who-we-are/board-of-trustees/>

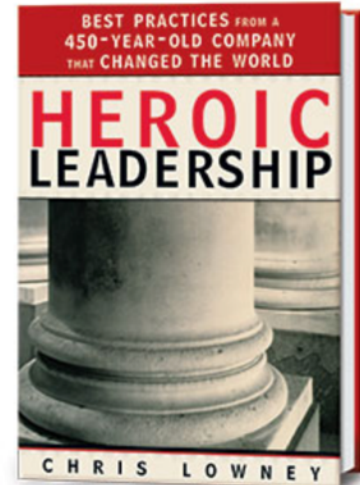




# Speaker Resources

**Christopher Lowney**

[www.chrislowney.com](http://www.chrislowney.com)



**Everyone Leads: How to Revitalize the Catholic Church**

**Heroic Leadership: Best Practices from a 450-Year-Old Company that Changed the World.**

# Catholic Investing Resources

**James M. Dugan, CFA**

[jdugan@brownadvisory.com](mailto:jdugan@brownadvisory.com)

(410) 537-5303

[www.brownadvisory.com](http://www.brownadvisory.com)



USCCB Socially Responsible Investment Guidelines

<http://www.usccb.org/about/financial-reporting/socially-responsible-investment-guidelines.cfm>

Brown Advisory – Endowments and Foundations Practice

<https://www.brownadvisory.com/us/endowments-foundations>





## Resources

- American Council on Gift Annuities: [www.acga-web.org](http://www.acga-web.org) provides a wealth of information on CGAs
- 2017 Survey of Charitable Gift Annuities: [www.acga-web.org/resources/acga-surveys](http://www.acga-web.org/resources/acga-surveys) Learn from other charities about their programs, donors, and more.
- Charitable Gift Annuities: *The Complete Resource Manual* [www.pgcalc.com/service/charitable-gift-annuities-complete-resource-manual](http://www.pgcalc.com/service/charitable-gift-annuities-complete-resource-manual) This definitive resource is vital for new and experienced gift planners.



# Additional Donor Advised Fund Resources

- Webinar: [Attracting Gifts from DAFs: How Charities Do It](#), Chronicle of Philanthropy, February 27, 2020.
- Article: Everly, J. [Donor Advised Funds – the New Paradigm in Philanthropy](#), Advancing Philanthropy, April 1, 2020; to request reprints, email [philanthropyjo@gmail.com](mailto:philanthropyjo@gmail.com)
- Research: [Fidelity Charitable 2020 Giving Report](#), March 17, 2020.



Josephine Everly, MA  
Chief Development Officer, Leadership Roundtable  
Adjunct Instructor, St. Mary's University of Minnesota, Philanthropy and Development Program  
[josephine@leadershiproundtable.org](mailto:josephine@leadershiproundtable.org)  
(504) 473-5823

# Speaker Resources

## **William Fenton**

Senior Director of Gift Planning

Cross Catholic Outreach

2700 N. Military Trail, Suite 240

PO Box 273908

Boca Raton, FL 33427-3908

[www.CrossCatholicLegacy.org](http://www.CrossCatholicLegacy.org)

[wfenton@crosscatholic.org](mailto:wfenton@crosscatholic.org)



The background is a dark, semi-transparent stained glass window. It features several panels with religious imagery. The central panel shows a man with a halo (likely a saint) holding a child. To the right, there's a scene with a man and a woman. Below that, a man is shown in a wheelchair or similar device, being attended to by others. The overall tone is solemn and reverent.

# With Special Gratitude

- **All NCCF Trustees, Recipients, Donors**
- **Edward Robinson**, President, National Catholic Community Foundation
- **Chad McEachern**, NCCF Trustee, President & CEO, Edmundite Missions
- **Leslie B. Mollsen**, NCCF Trustee, American City Bureau, Inc.
- **Renee L. Fusick**, NCCF Director