



ENDOWMENTS AND FOUNDATIONS

Catholic Foundations in the U.S. Revisited

A sector update with a look at transparency

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NOVEMBER 2021

EXECUTIVE SUMMARY

In June 2021, Giving USA released its annual giving survey for 2020, and it was interesting to see that religious giving was up 1% over 2019 to \$131 billion, which was the largest sector at 28% of all giving¹. COVID-19 had an impact on giving patterns in 2020 as donors reassessed their giving during the pandemic; some nonprofit sectors saw sharp increases in giving while other sectors saw lower levels. The Catholic church had to deal with its challenge of reaching its parishioners. With church attendance limited, many of the Catholic dioceses moved ahead with virtual masses and their online/recurring giving programs. In some cases, Catholic foundations have been a key part of this strategy.

For example, The Archdiocese of Denver, through its Catholic Foundation of Northern Colorado, was adroit at building continued donor support for their weekly “TV Mass.” Their Catholic foundation was a very important part of this plan as a way to raise funds and support the “TV Mass” ministry, which has been around since 1966. They have had a very successful following in Colorado, throughout the U.S., and around the world. Their Catholic foundation is highlighted at the end of each service by one of their priests and a snapshot of the foundation is shown to their viewers; they also have a separate brief video update about the foundation following the service. They often comment at the end of mass:

“The Catholic foundation along with its benefactors are ongoing supporters of this Mass and it would not be possible without your ongoing support. Would you please consider supporting the future of the Church with a planned gift? If so, please contact us at The Catholic Foundation to help you make this happen.”²

At Wilmington Trust, we view Catholic foundations as a key philanthropic sector that is expanding quickly. We continue to provide sector updates on the Catholic foundation sector as part of our valued-added services to our endowment and foundation clients and have listed our Catholic foundation studies below:

IN THIS REPORT:

Executive summary	1
Update of Catholic foundation data: The growth continues	2
A closer look at transparency	7
Investment update: Importance of building a strategic endowment plan	8
Conclusion	11
Foundation spotlights and trends we are following	12
About the author	13

Continued



Diocese of Albany, NY



Archdiocese of Los Angeles, CA



FULCRUM

Archdiocese of Seattle, WA

1. *The Advancement of Religious-Based Fundraising Foundations in the United States: An overview of endowment, fundraising, and fiduciary trends* (2016)
2. *Catholic Foundations Continue to Advance in the United States: An update on the Catholic foundation marketplace* (2019)
3. *Catholic Foundations Revisited: A sector update with a look at transparency* (2021)

In our third study of Catholic foundations, *Catholic Foundations Revisited*, we note that Catholic foundations continue to advance and are a very dynamic sector of philanthropy. Our current research shows that there are approximately 190 (earlier study 182) foundations and that 83% of the 181 dioceses utilize separate foundations. Since 2011, 49 new Catholic foundations have been formed and new foundations are being planned. In our updated report, we find that only 67% of the foundations provide any financial disclosure to the marketplace (this compares to 62% in the 2016 study); this is changing as a greater number of foundations are now providing financials, IRS Form 990s, and annual reports on their websites.

As part of this new report, we reviewed the Catholic foundations in the United States to assess their current assets and growth trends. We spoke with four dioceses that are considering new Catholic foundations. We completed a listing of 190 foundations in the U.S.; this includes a full listing of their asset totals, ranking, and growth rates. We have also tracked the reporting policies of each foundation, which we included. It's estimated that there is over \$12 billion (\$9.5 billion prior) invested in these foundations, with the average foundation assets at \$49.2 million (\$37.9 million prior) (excluding Mother Cabrini Health Foundation), with the median foundation at \$23.1 million (\$20 million prior). Currently, there are 60 foundations (42 foundations prior) that have long-term investment assets of over \$50 million.

We continue to observe that the most successful foundations take a holistic approach to their growth strategies, in that the focus is on both fundraising and investment performance to grow their endowments. We call this a strategic endowment plan (SEP) and review the key components of this plan later in the report. These strategies can help a foundation expand for the long term. As part of our endowment and foundation services for our clients, we can help our clients develop a SEP, which includes a peer review and foundation ranking.

UPDATE OF CATHOLIC FOUNDATION DATA: THE GROWTH CONTINUES

Catholic foundations have continued to be formed in the past year and some are being formed as of this writing. We expanded our list of foundations and updated the data. According to the United States Conference of Catholic Bishops, there are 181 archdioceses and dioceses in the U.S. (we excluded the 17 eparchies, which are dioceses of the Eastern Catholic Church). Figure 1 provides a summary of this research and provides some key data on the use of foundations.

Continued

Figure 1

Dioceses using separate foundations



Sources: IRS Form 990s, websites, annual reports, excludes eparchies.

In recent periods, some foundations have changed their names to reflect the community mission and independence from the diocese.

There are approximately 190 Catholic foundations in the U.S., which means that 83% of the dioceses have separate foundations. There are 30 dioceses (about 17%) that use multiple foundations such as the Archdiocese of New York (e.g., seven foundations), while most use one foundation. As mentioned earlier, some are full-service Catholic foundations, which oversee all fundraising (e.g., annual appeal, endowment, educational fundraising, etc.), while some are more focused on planned giving or Catholic education. Many of the Catholic foundations have a regional name and focus. In recent periods, some foundations have changed their names to reflect the community missions and independence from the diocese (e.g., Catholic Foundation for Brooklyn and Queens). In our 2019 report we discussed the different types of Catholic foundations.

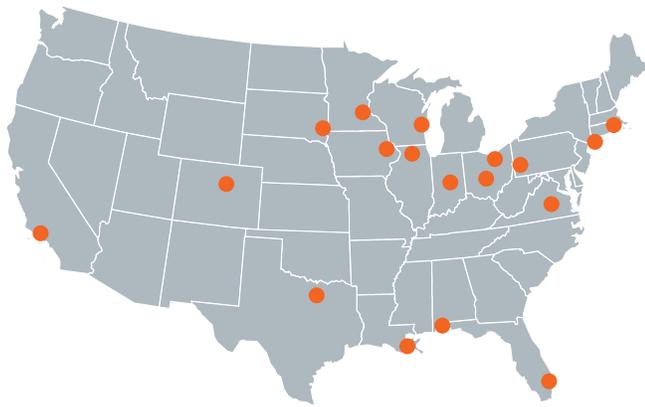
Kristine Ashton Gunnell, Ph.D., a researcher at the UCLA Center for Study of Women and author of *Charity Requires the Head and the Heart: A History of the Daughters of Charity Foundation, 1984–2015* (manuscript in progress), comments on the different types of Catholic foundations:

“While diocesan-sponsored organizations form the bulk of Catholic foundations, there a number of private foundations and public charities that support the Catholic mission. For example, a few communities of religious women have experimented with different types of foundations. Beginning in 1973, the Sisters of Charity of St. Augustine established several health care conversion foundations when their hospitals entered partnerships with for-profit entities. In California, the Daughters of Charity established a foundation in 1984 to enhance their fundraising capabilities and offer greater support for the sisters’ schools, hospitals, and social services. Health care conversion foundations sought to continue the legacy of service that a Catholic hospital brought to its immediate service area and offered grants to projects that matched its interests even if they were not sponsored by the sisters’ religious community. In contrast, the Daughters of Charity Foundation acted as a supporting organization for the province and restricted its grants to Daughters of Charity ministries. Like others in the 1980s, the Daughters of Charity sought to use a structured foundation as a meaningful financial tool to magnify their efforts to promote private giving in an era of declining government support.”

Continued

Figure 2

Sampling of top Catholic foundation locations



States/regions without Catholic foundations

- Arkansas
- New Hampshire
- Virgin Islands

Sources: IRS Form 990s, websites, annual reports, excludes eparchies.

Figure 3

Start dates for foundations

	Prior to 1940	1940–1960	1961–1970	1971–1980	1981–1990	1991–2000	2001–2010	2011–present	Total
# of foundations	2	3	2	10	39	47	38	49	190
% of total foundations	1%	1%	1%	5%	21%	25%	20%	26%	100%

Sources: IRS Form 990s, websites, annual reports, includes foundations with start dates that are available.

Since our first study, we have updated our geographic coverage of foundations. Most states have started foundations in their various dioceses, and Figure 2 shows a sampling of the largest Catholic foundation locations. At this time, Arkansas, New Hampshire, and the Virgin Islands do not disclose a Catholic foundation.

Most Catholic foundations were formed in recent decades

We explore the history of the foundations to better understand when they were formed (see Figure 3). It is interesting to note that almost 71% of the foundations have been formed since 1991. Since 2011, 49 foundations were formed, and some dioceses are considering adding new foundations. Fundraising efforts were strained in earlier periods, which resulted in the emergence of these foundations as a way for the Catholic church to placate their long-term donors and build back trust.

We also highlight the foundations that have formed since our first study in 2016 in Figure 4. The four new foundations announced since 2018 are the Catholic Foundation for Diocese of Salina, The Catholic Futures Foundation of Northeast Nebraska, The Foundation for the Roman Catholic Diocese of Raleigh, and the Catholic Foundation of Long Island. We spoke with four dioceses that are considering or planning to add a Catholic foundation.

Continued

Figure 4

Foundations formed since our first study in 2016

Diocese	Foundation name	Date started
Diocese of Salina, Kansas	Catholic Foundation for Diocese of Salina	2021
Archdiocese of Omaha	Catholic Futures Foundation of Northeast Nebraska	2020
Diocese of Raleigh, NC	The Foundation for the Roman Catholic Diocese of Raleigh	2019
Diocese of Rockville Center, NY	Catholic Foundation of Long Island	2018
Diocese of Albany, NY	Reigniting Our Faith Foundation	2017
Archdiocese of New York, NY & 7 Other NY Dioceses	Mother Cabrini Health Foundation	2018
Diocese of Fall River, MA	The Catholic Foundation of Southeastern Massachusetts	2018
Diocese of Charleston, SC	Catholic Community Foundation of South Carolina	2017
Diocese of Worcester, MA	Catholic Stewards Foundation	2017
Diocese of San Diego, CA	Catholic Community Foundation of San Diego	2016
Diocese of Marquette, MI	Upper Peninsula Catholic Foundation	2016
Diocese of Springfield, MA	Foundation of the Roman Catholic Diocese of Springfield, Inc.	2016
Diocese of Lansing, MI	Catholic Foundation of the Diocese of Lansing	2016
Archdiocese of Hartford, CT	Hartford Bishops Foundation	2016
Archdiocese of Detroit, MI	The Catholic Foundation of Michigan	2016
Diocese of Marquette, MI	Upper Peninsula Catholic Foundation	2016
Diocese of Kalamazoo, MI	Catholic Foundation of Southwestern Michigan	2016
Archdiocese of Portland, OR	Catholic Schools Endowment Foundation of Oregon	2016
Diocese of Burlington, VT	Vermont Catholic Community Foundation	2015
Diocese of Bridgeport, CT	Foundations in Education	2015

Sources: IRS Form 990s, websites, annual reports, excludes eparchies.

Sister Mary E. Tracy, SNJM, executive director of the Catholic Foundation of Eastern Washington, shares:

“The Catholic Foundation provides a resource like no other to Catholic schools, parishes, and ministries seeking long-term growth and stability. In the Diocese of Spokane, the Catholic Foundation serves as a kind of lifeline for investors as they build their endowments supporting many and diverse missions, including tuition assistance, education for seminarians, parish maintenance, and retirement for priests. As executive director of the Catholic Foundation, I feel honored to work with our investors in securing the future of our diocesan Catholic schools, parishes, and diverse and expanding ministries”

The largest Catholic foundations continue to grow quickly

We also rank the top 10 Catholic foundations (those that disclose their data) in the U.S., which is listed in Figure 5. The largest Catholic foundation is the Mother Cabrini Health Foundation, which was founded in New York state by the eight dioceses to support health care efforts. This is followed by the Catholic Community Foundation of Los Angeles at \$461 million and the Catholic Foundation of Minnesota (Archdiocese of St. Paul) at \$370 million in assets. Most of the largest foundations are Catholic community foundations (versus Catholic health care and education).

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Figure 5

Ranking of largest 10 Catholic foundations in U.S (total long-term investments)

Rank	Prior rank 2019 study	Foundation	Diocese where foundation is located	Date foundation started	Foundation type	Total long-term investments	Date of financial data
1	1	Mother Cabrini Health Foundation	The eight dioceses in the state of New York	2018	Healthcare	\$3.2 billion	12/31/19
2	5	Catholic Community Foundation of Los Angeles	Archdiocese of Los Angeles, CA	1987	Community	\$461 million	12/31/20
3	2	Catholic Community Foundation of Minnesota	Archdiocese of St. Paul and Minneapolis, MN*	1972	Community	\$370 million	6/30/20
4	4	Catholic Education Foundation of Los Angeles	Archdiocese of Los Angeles, CA	1987	Education	\$317 million	12/31/20
5	3	Catholic Foundation of Dallas	Diocese of Dallas, TX	1965	Community	\$260 million	12/31/20
6	6	Catholic Community Foundation in the Archdiocese of Miami	Archdiocese of Miami	1998	Community	\$244 million	6/30/20
7	8	Catholic Community Foundation Inc.	Archdiocese of Indianapolis, IN	1989	Community	\$194 million	6/30/19
8	9	Catholic Community Foundation	Diocese of Cleveland, OH	2000	Community	\$194 million	12/31/20
9	11	Catholic Community Foundation of the Diocese of Richmond	Diocese of Richmond	2014	Community	\$163 million	6/30/20
10	7	Catholic Foundation of the Catholic Diocese of Columbus	Diocese of Columbus, OH	1985	Community	\$153 million	6/30/20

*Located in the Archdiocese of Saint Paul and Minneapolis but serving several dioceses in the state of Minnesota.

Sources: Ranking of foundations that provided their IRS Form 990, annual report, audited financials, or were interviewed. Most recently posted on website or Guidestar.

It is interesting to note that the 10 largest Catholic foundations represent 48% (versus 51% from prior study) of total foundation assets, which includes the \$3.2 billion Mother Cabrini Health Foundation, and that there are 60 (versus 42 prior study) foundations with over \$50 million in assets. Most foundations are growing very quickly, with the Catholic Community Foundation of Los Angeles, for example, up 26% in 2020 compared to the prior calendar year and moved from the 5th largest to the 2nd largest from the last study. The Catholic Community Foundation of the Diocese of Richmond moved from the 11th position to the 9th position.

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Figure 6

Disclosure data/governance: All foundations

	Sample size	# foundations	% of total	2016 study
How many disclose current financial data? (Form 990; annual report; financials)	190	127	67%	62%
How many disclose a current IRS Form 990?	190	58	31%	24%
How many disclose an annual report?	190	68	36%	NA
How many disclose an audited financial statement?	190	71	37%	NA
How many disclose two forms of disclosure?	190	50	26%	20%
How many disclose three forms of disclosure: AR, FS, 990?	190	10	5%	4%
How many disclose no financial information on the foundation?	190	63	33%	38%

Sources: Websites, phone calls.

A CLOSER LOOK AT TRANSPARENCY

While many of the foundations are interested in providing financial information and being transparent as they seek to grow, 33% of the foundations are still not providing financial information on their foundations nor their sites. However, this is lower than the 38% level from our earlier study. A number of foundations mention that they are not required to file as a religious organization.

Foundation transparency is a key trend

We were able to research the Catholic foundation reporting by reviewing websites and calling the foundations (see Figure 6) and found that 67% disclose some type of information, which 33% still do not disclose. The figure shows that 36% provide an annual report, 37% provide an audited financial statement, and 31% an IRS Form 990. We observed that some foundations had increased the level of their reporting options (i.e., some foundations have moved from having an annual report to adding an audited financial statement or IRS Form 990).

The Catholic Foundation of LA (CFLA) plays up its fiduciary role by being transparent in its monthly email. In its September 21, 2020 donor blast email, CFLA spoke about its history and disclosure:

“This is our fifth operating year, with much to celebrate as our assets under management reached a new milestone at \$383 million! We have issued 224 grants so far in 2020 totaling \$24 million—with more in process. It is our Board and Committees that drive our strategy and business practices, always in the pursuit of excellence in client services and transparency in financial reporting. This is our business—to manage philanthropic assets so that our clients can have even more impact on their charity.”³

The CFLA is a good example of disclosure where it provides an annual report, audited financial statements, and the IRS Form 990 on its website. We found that only 5% of foundations include the three sources of financial information, while 26% provide two. The CFLA also recently provided a 2020 Annual Statement of Accountability, which is its annual report.

Continued

Figure 7

Endowment investment observations*

	2021 Study \$	2019 Study \$	2016 Study \$
Total foundation assets/(# of all foundations)	\$12 billion (190)	\$9.5 billion (181)	\$4.6 billion (143)
Average foundation assets/(# of LT foundations)	\$49.2 million (173)**	\$38.1 million (164)**	\$33.6 million (138)
Median foundation assets/(# of LT foundations)	\$23.1 million (182)	\$20.0 million (173)	\$16.6 million (138)

* Assumes listed on website. ** Excludes the \$3.5B NY Mother Cabrini Health Foundation.

Sources: IRS Form 990s, websites, annual reports.

“The most successful endowment committees recognize that an endowment fund can be grown more effectively and quickly through additional contributions than through investment returns.”
 —Lutheran Community Foundation

In the report, the new CFO commented on transparency:

“I was delighted to join the CCF-LA family in 2020 and continue to be impressed with the organization’s level of commitment to transparency and its unwavering desire to always do the right thing.”⁴

**INVESTMENT UPDATE:
 IMPORTANCE OF BUILDING A STRATEGIC ENDOWMENT PLAN**

Just like secular community foundations have grown their endowments over the years, the Catholic dioceses have observed the importance of building endowment funds for the stability and future mission of the church.

Overall, we estimate (see Figure 7) that there is currently over \$12 billion of total assets invested in Catholic foundations in the U.S, versus \$9.5 billion in the prior study, which is a result of new foundations being formed, increased fundraising, transfers, and investment performance.

As part of our ongoing coverage of Catholic foundations, we are able to ascertain investment assets for each of the foundations in the U.S. We estimate that the average foundation is at approximately \$49.2 million, with the median foundation at \$23.1 million; the foundations range from under \$1 million to \$3.2 billion. In our 2016 report, we reviewed Catholic foundation investment strategies including a discussion on the different investment models utilized. They vary from a stand-alone investment consultant (all the services are separate, or unbundled) to a fully-bundled solution (all services included under one price and one relationship) using a discretionary manager called an Outsourced Chief Investment Officer, or OCIO.

Many of the Catholic foundations report that they have restricted investments (endowments), which means that their foundations are comprised of funds that donors have restricted and are perpetual in nature. This shows that the foundations are having success in their planned giving marketing strategies, which focus on bequests, charitable gift annuities, charitable trusts, and endowments, just to name a few. Other foundations have shown growth in agency funds, which are funds that are related to other Catholic entities.

Continued

Figure 8

Catholic foundations: Sampling of most recent growth rates

Growth rate ranking	Catholic foundation	U.S. region	Most recent annual growth rate
1	Foundation	Midwest	252%
2	Foundation	Midwest	159%
3	Foundation	Southwest	137%
4	Foundation	Midwest	95%
5	Foundation	Southwest	94%
6	Foundation	Southwest	89%
7	Foundation	Northeast	75%
8	Foundation	Southwest	65%
9	Foundation	Midwest	64%
10	Foundation	Midwest	63%

Sources: IRS Form 990s, websites, annual reports. Sample of 60 foundations.

Assumes: This list includes foundations over \$50M and looks at their most recent published information.

Growth: New assets from donors, sale of property, transfers and market appreciation.

Margaret Keightley, executive director of the Catholic Foundation of Richmond, shares:

“A key strategy with regard to endowment building is to put parishes, schools, and ministries front and center. This, in turn, creates a spirit of collaboration with our pastors and has reaped huge rewards as they understand that when they or their donors start a fund in the CCF, it is to their benefit. This approach, combined with a successful execution of our investment strategy, is largely responsible for our rapid growth.

Our goal is that our endowment funds will facilitate the improvement of the quality of life across our Catholic community and facilitate philanthropy at the highest level. Going forward, we plan to increase our assets under management by empowering all of our front-line fundraisers to have endowment conversations with all of our stakeholders, be they donors, parishes, schools, or other Catholic organizations. We also hope to expand our donor advised funds and increase our number of charitable gift annuities.”

Taking a holistic approach to endowment/foundation management

One key observation from our study is how there has been significant growth at many of the Catholic foundations, which is shown in Figure 8. As with all types of public charities (fundraising foundations), the most successful foundations grow themselves most effectively by focusing on both their fundraising and investing strategies, hand-in-hand. This is crucial because over the next decade, future portfolio returns are expected to be lower than historical returns, which will limit the growth of the investments from an internal performance perspective. It will be crucial to look externally to grow the endowment through new gifts. Thus, the fundraising side of the program will have a great impact for endowments/foundations as a key way to grow. For example, planned giving strategies are a very important way to increase endowment/foundation funds.

Continued

Figure 9

**Strategic endowment plan summary:
Endowments & foundations**

History of the foundation

- Why and how was the foundation started?
- What is the objective of the foundation?
- What is the asset level goal of the foundation?

Increasing the foundation assets through fundraising

- What are the different ways to grow the foundation assets?
- How can fundraising benefit a foundation?
- How do your peer organizations build endowments?

Increasing the foundation assets through investment management

- What are the growth expectations of the endowment/foundation?
- Are these realistic given current markets?
- Are the investments on track?
- Does the current asset allocation make sense?

Endowment game plan

- What type of endowment disclosure:
 - Is there a named endowment process?
- Are we receiving value-added services from our advisor?
- Do we complete an annual peer analysis to compare the Catholic foundation against other foundations?
- Have we considered an investment advisory RFP process?
- What are the endowment/foundation trends we are following?

Mark Henry, president of the East Texas Catholic Foundation, comments on taking a strategic approach to growing the endowment:

“The East Texas Catholic Foundation (Foundation) employed a strategically developed multi-pronged development approach to nearly double its assets under management (AUM) over a four-year period from \$14.2 million (July 2017) to \$28.2 million (July 2021). We led with an ambitious planned giving program that generated \$18 million in planned gifts that will ensure a strong financial foundation down the road when the planned gifts are realized. With the financial future thus secured, we shifted focus to developing blended gifts, current cash donations, and investment gifts to grow the Foundation’s current AUM. Through strategic cultivation of planned giving donors and other benefactors we were able to generate current donations through charitable gift annuities, new parish endowment funds, designated funds, and other outright gifts to significantly increase East Texas Catholic Foundation’s AUM. The success in generating current gifts enabled the Foundation to generate necessary operating funds to pay for new administrative costs incurred when the Foundation recently completed its strategy to become operationally independent from the diocese. The Foundation becoming operationally independent was an important milestone in the life cycle of our relatively young Foundation (6 years old) and made possible by the generosity of friends and supporters who agreed to step-up and support the Foundation with current gifts.”

Developing an endowment plan: The strategic endowment plan

One way to memorialize the growth strategy of a foundation is to develop a comprehensive game plan or a strategic endowment plan (SEP). The SEP provides a summary of the nonprofit endowment/foundation’s history as well as its goals and future growth strategies. The SEP complements the investment policy statement and gift acceptance policy. It also encourages a dialogue between the finance staff and development staff, which is a very important relationship. The SEP can also be helpful to recently started foundations as a way to memorialize their growth plan. Some nonprofits have an influx of funds and are seeking advice on how to position these funds for the future. Figure 9 provides an example of some of the areas that can be included in a SEP.

Pete Waldron, president, Catholic Foundation of Eastern Pennsylvania, commented on using a strategic endowment plan:

“Nonprofits leaders can no longer back burner discussions on starting endowment funds. Organizations with healthy, growing endowment funds will thrive. Those without endowments will continue to struggle or close. A strategic endowment plan is a roadmap that helps nonprofit leaders focus on where they need to go, and how they will get there, in building a healthy endowment fund that creates future financial stability.”

Continued

Figure 10

Current U.S. Catholic foundation statistics

- 190 separate Catholic foundations are in the U.S., which represent 181 dioceses; more foundations being formed
- 83% of dioceses have separate foundations
- 30 dioceses utilize multiple foundations for different purposes
- Total U.S. long-term foundation investments are over \$12 billion
- Average and median foundations size are \$49.2 million and \$23.1 million, respectively
- Top 10 foundations have 48% of all assets, with 60 foundations with over \$50 million
- Three largest foundations: Mother Cabrini; Los Angeles, CA; St. Paul, MN
- Many foundation assets are growing quickly
- A holistic approach is helping foundations grow
- States/regions having no Catholic foundations: Arkansas, New Hampshire, Virgin Islands
- There are examples of greater disclosure and transparency

The Catholic Community Foundation of LA's recent chairman's letter shows the way it has used the concept of taking a holistic approach to grow its foundation. The letter speaks about the work of both the investment committee and development committee as key drivers to the significant growth of the foundation:

*"The work done by our board, especially in the committees, was essential to these results. The Investment Committee and the Development & Marketing Committee met more frequently than their usually quarterly meetings to oversee the financial markets and their strategic development goals for 2020."*⁵

CONCLUSION

This updated research report shows that Catholic foundations continue to be a fast-growing sector in philanthropy in the United States. Catholic foundations have been evolving over the past few decades and have followed in the footsteps of other types of religious organizations, as well as secular community foundations. They are continuing to provide more disclosure to their donors. See highlights in Figure 10.

Patrick Grace, executive director, Catholic Community Foundation in Cleveland, OH, speaks about the future of Catholic foundations as well as the importance of transparency:

"As dioceses continue to respond to the pastoral, educational, and health and human services needs in their respective communities, Catholic foundations have evolved and grown to help meet and connect the needs of a changing donor demographic within our parishes and dioceses to fulfill the mission of the church. The efficiencies and efficacy of Catholic foundations, engaging lay leaders, boards, volunteers, etc. in collaboration with pastoral leaders and donors provides a great response to the increasingly sophisticated challenges of philanthropy. Without question Catholics are more generous now than ever, but we also mirror changes in the secular world of philanthropy which includes a shrinking donor base. Of course, the critical importance of accountability, transparency, and governance has evolved over the past several decades as donors demand a higher level of transparency and want to know the impact of their generosity upon those we serve. The church is not immune to the cultural, societal, and attitudinal challenges of the faithful which have also required diocesan leaders to reconsider how best to resource and support its mission."

We believe the most successful foundations will continually adapt and refine their strategic growth plans for the future, which will look at both investment performance and fundraising. Flexibility will be important as they evolve in a changing philanthropic arena, as will transparency in their marketing plans as donors and families seek more financial foundation information.

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FOUNDATION SPOTLIGHTS

Catholic Foundation of Eastern PA: Peter Waldron, President

We are one of the youngest Catholic Foundations started in November 2013 with an initial gift of \$308,000 to open our first endowment fund. The organizing group selected the full independent model of operation (no diocesan oversight or involvement in the daily operations and the Bishop or his representative do not serve on the board). It was slow growth for the first 3.5 years until the board hired its first executive director/president in September 2017. In four years, the foundation has gone from 14 partners, 16 endowment funds, and \$3.3 million in managed assets to 58 partners, 89 endowment funds, and \$24.7 million in managed assets. We will open our 100th endowment fund shortly and we are working on a path to reach \$35 million in managed assets by the end of our fiscal year.

The Catholic Foundation in the Archdiocese of Dubuque: Michele Brock, Executive Director

The Catholic Foundation in the Archdiocese of Dubuque's mission is to multiply charitable resources for maximum benefit to our Catholic community. We do this through our charitable planning, investing, and grantmaking services. A lot of our recent growth can be attributed to nearly all of the pastors and leaders of Catholic organizations in our community taking time to meet, understand, and refer others on how the foundation can help in bridging donors' wishes with long-term needs of various ministries. As we grow, we focus on efforts to increase awareness among individuals and allied professionals, leading to where the foundation is known as a trusted resource for philanthropic services that make a significant, enduring impact on our Catholic ministries.

CATHOLIC FOUNDATION TRENDS WE ARE FOLLOWING

New Foundations: New foundations have been formed, and a number of dioceses are developing strategic plans to form new foundations. Some dioceses are starting new foundations to manage their annual appeals as a way to separate their funds. We spoke to four dioceses that are considering starting a new foundation.

Branding: More foundations are rebranding and developing broader missions as a result of legal and donor concerns. Some foundations have been branded as community foundations and removed "diocese" from their names. We saw one diocese merge its foundations under one foundation brand.

Disclosure: More foundations are adding their first financial reports to websites and some are expanding to two sources of reporting.

Structure: Some foundations operate closely to the diocese, even though they promote their independence from the church. Some foundations are moving towards the independent foundation model. We observed one foundation being branded as the "Independent Catholic Foundation."

Governance: Some foundations have been reviewing and updating their bylaws as they monitor trends at other foundations.

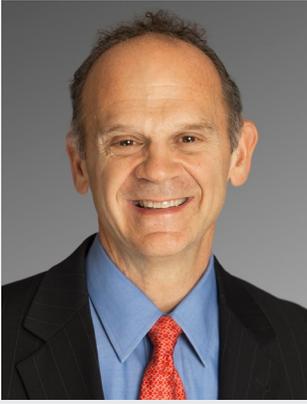
Legal Structure: Some foundations have been set up as a trust structure.

Agency Funds: Many foundations have been growing quickly due to their agency funds, which are related to other Catholic entities.

Growth: Foundations continue to grow quickly, especially through fundraising. Planned giving has been growing due to COVID and interest in estate plans.

Foundation Data: Catholic foundations continue to seek more Catholic foundation industry information and comparative data to help them be more successful.

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Our full-service approach for Catholic foundations:

- Outsourced chief investment officer (OCIO)
- Investment management/ Catholic & ESG investing
- Custody
- Catholic foundation education & research
- Catholic foundation peer review
- Catholic foundation board education

ABOUT THE AUTHOR

Walter specializes in working with endowments, foundations, and nonprofit organizations to help them grow, evolve, and weather changing financial and economic environments. He works closely with his clients on their investment, philanthropic, endowment management, and planned giving objectives. As director of the Endowments & Foundations Practice for the Wealth markets, Walter is responsible for working with market leaders and wealth advisors in each region to lead the growth of this important business and to create a coordinated and consistent approach to working with our clients.

With more than three decades of experience in the financial services industry, much of which focused on nonprofit and institutional clients, Walter has a unique perspective on the changing needs of the endowment and foundation marketplace. He has authored original research that has been covered by the financial press on a number of nonprofit sectors, including health care organizations, community colleges, public libraries, private schools, and religious organizations. Reports include:

• [Endowment & Foundations Update: Key 2021 Trends](#)

• [Community College Foundations Revisited](#)

• [Catholic Foundations Continue to Advance in the United States](#)

• [Trends in Healthcare Philanthropy and the Use of Separate Foundations](#)

• [Fundraising and Endowment Strategies for Independent Schools in New York](#)

• [Overview and Insights on Public Library Foundations](#)

Walter holds an MBA from Babson College, a master's degree in philanthropy from New York University, and a bachelor's degree in economics from Bates College. He is a CFA® charterholder and a member of the CFA Institute. He is also a member of the New York Society of Securities Analysts, the Philanthropic Planning Group of Greater New York, and the Healthcare Finance Management Association.

Passionate about philanthropy and perpetuating the ability of nonprofits to impact their communities, Walter is a trustee and treasurer of Fisher College (Boston) and serves on the Forest Hills Gardens Corp. Finance Committee. He is also an adjunct professor at NYU where he teaches endowment concepts and practices.

Our National Endowments and Foundations Team assists not-for-profit organizations throughout the Northeast and nationally in working to meet their investment and philanthropic needs. The team can provide value-added services that go beyond the investment relationship, such as an ongoing Philanthropic Speaker Series, nonprofit sector white papers, and specialized peer reviews. They work with the firm's endowment clients either as a full-service investment advisor or as a single investment solution provider. The team has helped clients complete a competitive analysis (peer review) and strategic endowment plan, which is part of its full-service, value-added approach.

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SOURCES

- ¹ Giving USA Report 2021.
- ² Listed on the Catholic Foundation of Northern Colorado website.
- ³ Catholic Community Foundation of Los Angeles, Sept. 20, 2020 email.
- ⁴ Catholic Community Foundation of Los Angeles, 2020 Annual Statement of Accountability.
- ⁵ Catholic Community Foundation of Los Angeles, 2020 Annual Statement of Accountability.

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