As times have changed, we’ve responded by becoming more transparent, and we’ve begun to educate people on issues of co-responsibility. As lay people, we are taking responsibility. They’ve taken it seriously, especially here in the United States, to work as partners in the Church.

I want to comment about nonprofits in general. As a result of my nonprofit work, I have observed that our budgeting and financial planning are out of proportion with our action. This is happening on both the governance and staff level. We need to start tracking financial statements and paying attention to how money is being spent, and then direct funds to urgent issues.

As Tom Healey pointed out, co-responsibility for Church finances has three major topics. One is best practice in investments. Second is best practice in fundraising and stewardship. And the third is best practice for parish business managers and finance councils. Woven into this topic are the Catholic Standards for Excellence and how they can be a resource for encouraging and highlighting financial best practices. We will also discuss accountability and transparency.

My office raises funds and manages how those funds are used. We work and see the Church from an international perspective, and we coordinate with the Vatican on a regular basis. Money is being allocated throughout Eastern Europe, Latin America, Africa, and the United States. The bishops organize themselves by committee, and those of us who work in Washington staff the committees. I staff a committee called the National Collections Committee that includes nine bishops and six sub-committees totaling 44 bishops.

My committee focuses on accountability, transparency, and donor intent. The committee published a document, approved by the body of bishops, about managing collections in parishes. The document begins with national collections and then discusses how to manage funds on parish and diocese levels, focusing on donor relationships. We discuss fund raising in relation to canon law, civil law, and ethics.

I work with planning at the Bishops’ Conference and also with other Catholic organizations, consulting on their planning processes. We focus on the importance of budgets. We need to conceptually turn it around and say, “How can we be focused on results? How can we hold people accountable, and the institutions...
accountable their actions?” I’m finding resistance to the need to evaluate results and people in the nonprofit and Church worlds. We need to be aware of this resistance, and address it because it is not the best practice.

There’s the hierarchy that has its role in governments and leadership, and there’s a role for lay people. How do those things interact?

In my experience working with Vatican officials and at various bishops’ conferences around the world, I get a vision of things that a lot of people aren’t aware of through my work. I see women working in leadership capacities on the local level, and lay people run many of the official offices. There are different roles and responsibility that exist. As a Roundtable, we have to keep in mind that most bishops would feel they fit as one person among many at the table when the Church is being discussed. There is a hierarchy, and we need to be respectful of that structure while we discern and enact our own role and vocation in this relationship.

I direct your attention to two documents, written in the 90s, by the bishops. One is a “Stewardship Disciple’s Response,” a document about stewardship. The other document is “Go and Make Disciples,” written on evangelization.

The bishops meant for these documents to go hand in hand. If we are good stewards, then we evangelize. The abuse crisis was a moment when we weren’t being good stewards. We weren’t taking responsibility and responding in a way that was credible, and therefore we weren’t evangelizing. And I think we can say that corporately, all of us together that this is a reality that we have to recognize. We need to apply this concept of stewardship and evangelization when we consider finances.

Pope Francis is calling us to follow Christ by being good stewards and to evangelize. At the Bishops’ Conference, it is the staff’s job to implement the plans of the bishops. Those who are often doing the work are lay people, and there’s a co-responsibility of tasks in place. In my work, I follow the lead and direction of the bishops to successfully communicate our message. As the Church comes alive, everyone falls into his or her proper place. This is vital for transparency.

The system must function in its entirety. If we don’t follow the intent of the donor, eventually, the donor is disillusioned and stops giving. A co-responsibility where everyone is in his or her proper role leads to transparency. And that’s where something like the Leadership Roundtable and professionals are necessary. In the Christian life it’s always about unity. It’s about working together. The call deep down is a call of stewardship that leads to unity so that we can evangelize.

The Church has to be an organization that has a higher model. The document distributed by the bishops is calling the Church to be a credible witness that evangelizes.

Brian Hughes

I will discuss stewardship from an investment standpoint.

If you look at the market place in general, you can see what other religious institutions are doing. The Episcopal Church Foundation has pooled its investments for the benefit of the greater organization. They offer a balanced and fixed income portfolio, while incorporating Socially Responsible Investing (SRI). The Evangelical Lutheran Church in America placed six billion dollars in nine funds, incorporating SRI and positive screens. The Jewish Federations pool funds. These are more regional funds, but it gives the opportunity for smaller organizations within the Jewish Federation to consolidate their assets. I was shocked to learn that there was no a great example of a Catholic organization that is doing this on a national or regional basis.

What you should be thinking about in the marketplace from a client standpoint, when buying investments, are common principles. Independence, transparency, access, and scale are key components when making investment decisions. Global reach is important in terms of access. Most of the programs that I’ve seen don’t have access to the talent or networks around the world that give them the ability to be on the ground and know where to invest when it’s needed.

Other elements you want to consider are the Catholic values discussed earlier, and alignment of interests. You want your investment expertise to be sitting on the same side of the table as you and that is difficult to have happen. Diversification across assets is important to maintain.
We’ve learned very quickly that even the organizations that have $50 million, $60 million, $80 million, $100 million, or less, have very vanilla solutions. The reason is they don’t have the resources or the capital to get broad access and the expertise that can build the portfolios that are best in class. What should your institutions, your parishes, your dioceses be thinking about as you make decisions to get the best investment solution?

If you look at how you can access best practices in the marketplace, you will find a variety of solutions. Brokers and investment consultants play different roles. Brokers are typically commissioned. They are partially aligned with the investor’s goals, but at the end of the day, they sell a product and they get a commission. Research into the financial crisis suggests that it was partially caused by this lack of aligned interests. Products were sold that may not have been in the best interest of buyers and purely for the purpose of generating profit or assets under management.

Investment consultants play a very different role. Typically they are non-discretionary, which means they prescribe but they don’t implement. You have to know what you’re getting and you have to be able to have the expertise to implement the information that a non-discretionary advisor’s going to provide. Banks, trust companies, institutions, are great for product, research, global reach, capital, resources and expertise.

Independent advisors represent the best practice around independence. The difference between being independent and being part of a large institution is typically the institution is going to drive what gets sold and what gets pushed. Independent advisors are a place where the investment buyer has an opportunity to work side by side with no general conflicts about selling particular products.

Fund companies represent a solution or an access to investment that isn’t on this list. That is the do-it-yourselfers. Most organizations that we run into, unless they’ve got two to three million dollars or more are somewhere in that do-it-yourself-it role. They either have an investment committee or a finance committee that is charged with implementing an investment policy and they do that by going out and accessing other expertise. The decisions that are made in that investment committee or finance committee, as you can imagine, typically get made on a quarterly basis. The ability to be nimble is certainly lost in that environment. These are the ways that the Catholic community accesses investments.

The last piece here is the product being purchased. Many of the organizations that we run into have strictly stock and bond portfolios built by a portfolio manager. It may be a bank or a trust company, or they access mutual funds so they can get access to diversification. Mutual funds provide access to different asset classes, including alternative funds, hedge funds, private equity, real estate, and hard assets. There are also allocation funds, which where money is invested in a balanced, growth, or fixed income fund.

You run into the obstacles of making sure that you’re aligning the best practices with what is available in the marketplace. The real challenges are in getting access to the right decision makers. The decision making process with the organizations that we are in front of is challenging because you have to identify the right person and understand how they make decisions. Access and powerful introductions is critically important to be successful for this initiative.

Where does investments fit in the prioritization list of the diocese, archdiocese, college, university, or the family foundation? The family foundation has two roles: grant making and managing the assets that provide the grant making. In dioceses, archdioceses, or parishes, there are numerous obligations and prioritized needs that have to happen.

Here’s an example of what we address. Earlier this year we met with an archdiocese and they expressed a strong interest in a pooled investment initiative and went so far as a sit-down meeting. They shared that they were reviewing their existing relationship with an investment consultant, trying to analyze that they were seeing a proper return on their investment. They were ready to move to the next step, a pretty substantial portfolio, and wanted to understand the details of the offering and how the team was built. In the process of scheduling the due diligence meeting my contact said, “Well it’s now that time of the year where we’ve got these other four priorities that are now on my plate, so I’ve got to move this to the back burner so can you call me in July?”

Making and keeping investment reviews and education a priority is a challenge.

Investment committees, investment fund managers, products, and donors are the existing relationships we deal with in our process. Donor relationships are often huge benefactors and they believe that they can bring investment talent and make sure that they have the ability to bring their buddy into the picture. These relationships can be very challenging because those benefactors are really critical to the support of that organization.
thing that Catholics do extremely well and that is social ministry. Whether you’re talking about kindergartners saving their pennies, parishioners reaching out to their neighbors, or Catholic Charities, we do social ministry extremely well. Here and afar, the largest provider of social service is the Catholic community.

We also have strong philanthropic support, but I want you to picture an arc that goes from philanthropic intent to meeting a need. We need to make that arc bigger and more efficient. Bigger is a great thing. When Mitt Romney was running for president, there was a lot of talk about how faith-driven he was, or about how formed he was by his Mormonism, and there was a discussion of tithing. The Wall Street Journal did a report on giving by religion. The important number everyone knows about the Mormons is ten percent tithing, and Mormons on average give 7 percent of their gross income. Catholics, on average, give 0.7 percent. By looking at regular Church attendance, and involvement in parish communities, you could argue that it is a much higher number. Average to average, there is room for improvement.

When we look at existing relationships and investment committee relationships from a solution standpoint, we feel that there is something in place that allows us to overcome a lot of these challenges. We believe strongly that with your help and the help of the greater community that we can overcome some of these obstacles. We’ve built a discovery process that addresses shopping and satisfaction stage opportunities.

When you think about the spectrum of buyers, imagine a room of a thousand people, and consider the number of people who have purchased or are considering purchasing a car. We could probably get to 3 to 7 percent. It’s not different in the investment landscape. About 3 to 7 percent of the people that we engage are actively looking for a new solution. The process that we used to find the best solution for a specific group is very different than a group I call satisfaction buyers. These are the groups that are unhappy with their existing portfolio, but they are not ready to go shopping for a new solution. We use a discovery process that allows us to uncover needs as opposed to criteria for determining a particular solution. Access to the right relationships is critically important for moving this process along. We need to prioritize opportunities so we have a process that allows us to say that these are the best opportunities for a particular initiative.

Mary Quilici Aumack

This morning we’ve talked in a thoughtful and hopeful manner about problems: areas of the Church that concern us, areas of our parish life we wish were more vibrant, and communities we wish that we could better engage. There is one We talk about the concept of compound Catholic philanthropy. The sum is larger than it’s parts. It’s about saving pennies, gathering on a Saturday to paint the gym at a local Catholic school that simply has no money, an individual multi-million dollar gift, or, in the case of our foundation, a campaign. Here in the Diocese of San Jose, our bishop and the whole team had a vision of starting to provide long-term permanent financial support of the ministries of its diocese. The way I characterize how the success of the campaign is that someone from St. Simon’s is going to help someone at Most Holy Trinity go to school 200 years from now. This is the basis of what a foundation is all about and that’s what forms the basis of compound Catholic philanthropy.

If you take the idea of providing permanent, reliable financial support through funds to the next level, it’s the model of the community foundation. A community foundation is simply a collection of funds put together by people who care about some common need. Our great neighbor is the Silicon Valley Community Foundation, the largest community foundation in the United States. They have almost two and a half billion dollars. We are exactly the same thing: a collection of funds seeking to provide financial strength for ministries and allowing donors to more effectively match their dollars with their philanthropic intent. We do that in a much narrower context. We’re focused on the health of the Catholic ministries of Santa Clara Valley. That is, parishes, schools, religious orders, hospital foundations, and Catholic charities. Everyone that comprises this incredible network of outreach.

Because these great ministries ask us for money, we have an opportunity to
see pockets of innovative outreach. Everything from the parish where I grew up, about two miles from here, that serves sandwiches to its neighbors six days a week, 52 weeks a year, to a parish in the east side of San Jose in a very poor area that rents buses on the weekend to make sure that seniors can go to Mass. We want to make these programs bigger and stronger.

Here is the problem: all of these ministries are focused on annual giving, very focused on raising enough money to make sure they don’t have a budget problem this year. Almost none of them pay much attention to building endowments, building financial strength for the future and, on the management of investments. Even large organizations, and sophisticated parishes, are not thinking in terms of permanent financial support, how to sustain this from a fiduciary perspective, and how do they deal with the complexities and cost of fund management. That’s what we do. That’s how we provide support. We are not in direct ministry. We seek to make those who in direct ministry financially stronger and less reliant on annual giving.

Think about types of funds. We have beneficial endowments, a fund that’s meant for one or very few purposes. We have an endowment for a cathedral for the physical health of the building. We have a couple million dollars in an endowment fund that sends out a check every year to the pastor and staff of the cathedral. The last two years they asked us if they could save that fund for two years and paint the church. There are many examples of this type of fund management.

We provide for donor advised funds, a means for a family or an individual to make a charitable donation and get the tax benefit of that and separate that event from the timing of giving out the money. Over time they can decide they want to give to their child’s school or their parish. Our community fund helps them see little pockets of innovative outreach match their investment interests.

We have a sophisticated investment committee. We will deal with all of the accounting and administration so that the Catholic ministries don’t have to think about that. We give organizations the opportunity to not have to think about the administrative details and, possibly over time, to think less about annual giving.

The last kind of fund I want to talk about is the field of interest fund. These are the funds that allow for ministries to apply to us for money. They created a fund that they intend to give to Catholic ministries in Santa Clara County. It is managed by a bank and its administered by an ethical and good-hearted board who will never have the view that we do about what’s going on in Santa Clara Valley from a Catholic ministry perspective.

We have given grants to ESTEEM, other activities in the Catholic community at Stanford, in almost all of the 54 parishes of the diocese, to innovative catechetical programs for very young children, and to five parishes who are doing a cooperative on having a full family-based approach to their pastoral ministry and catechetical programs. We’re making a difference with only one to ten thousand dollars per grant, and we could help direct groups to place funds toward these programs.

One type of interest fund that we have is from a member of the Diocese of San Jose who grew up in the Northwest where her mom was a church organist. She has wonderful memories of going to four or five masses per week. Her family is starting a fund for liturgical music. This fund will be available to parishes through our grants committee. We have three parishes that are going to get together and have a nationally acclaimed music director come and speak about liturgical practice and music. This fund will be available for other donors who wish to support liturgical music. In this way, it will continue to grow.

We have one ultimate measure. Our results will be shown in our deeply broadened and careful grant making. Whether that’s writing a check every day or every year from a parish endowment that goes to the parish to be managed how they think best, or whether it’s giving a grant to a parish for a kindergarten program, need or initiative. It all stems from our desire to increase the financial strength of the ministries that makes them more effective and efficient in their ministry.

If you come from a diocese that doesn’t have a Catholic foundation or you’re starting one, please talk to us. We talk to dioceses and archdioceses across the United States all the time and we are willing to share everything that we’ve learned and our business, and financial models. Mary Dunn is also here and she is the executive director of the Catholic Community Foundation for the Archdiocese of Santa Fe. It’s been around a lot longer than we have, so we encourage you to get involved in the model.
Patrick Markey

People are generous. We have to recognize that and not be afraid to ask people. That’s the first point: don’t be afraid.

The only time our collections dropped is when they weren’t held. When a parish, or a diocese, will let collections happen, people will give. People will give when they feel that something is valid, or worthwhile. How do we maintain giving? Transparency, returning, and telling people what we’re doing with their money is a major piece. We need to have data to demonstrate how money is being used.

Tom Healey

Seven or eight years ago, at the height of the sexual abuse crisis, I think our diocese was very worried about this credibility question. The bishop appointed a group of lay people who looked to look at where all the grants were going, and then report back to every parish their observations and comfort with the process. Because the truth is, even if you get a whole list of things there may be so much information that there’s no insight into the data. So, he started a process to give people confidence and we saw a substantial increase in the collection.

Elizabeth A. Donnelly

Trustee, Mary J. Donnelly Foundation

In relation to your Africa collection, how much specific information do you put up on the website as to where the money is going?

Patrick Markey

We don’t do enough. We have to improve. When I talk about accountability and transparency, I speak in first person. We list what our grant policies and requirements are, as foundations, and make it clear whom we’re going to give the money to and for the purpose for giving. Then we post lists of the recipients of the funds from that collection. In the materials to promote the collection we try to tell as many stories as we can. The other thing that we’d like to take advantage of is using social media to tell more stories. That’s part of the feedback that all of us that run foundations or the more that we can tell people stories of what happened, it not only shows an accountability for the funds but it also evangelizes. It reminds us that we’re not a parochial Church. We are universal Church. Those collections call us to something more. They always call us to not just our own parochial problems but to global issues.

Rev. Brendan McGuire

Vicar General,
Diocese of San Jose

One of my experiences working with pastors is that they are fundamentally untrained on how to ask for money. They are terrified to actually have to go out and ask for money. They get no training in seminary at all with regards to stewardship. It is simply a complete lacuna and I don’t know how we address that. The part of the thing that is missing is the articulation by the pastor for a vision for which people will give. Can you speak a little bit about how to help pastors articulate clarity of vision?

Mary Quilici Aumack

One thing that we talk a lot about is that the universe of stewardship. Stewardship starts with the worship experience. The parishes that do the best at asking for money don’t start there at all. The pastors that do the best start with this concept of a robust worship experience, a welcoming environment, and overt welcoming. A network of invitation to get involved, and then once you get involved your propensity for giving is exponentially larger. Pastors who understand that are still going to be better at growing
Put it in the bulletin. Most people don’t have to hear too much and they’ll give. They just have to be prepared for it.

Tom Healey

When we start seeking funds, almost none of us like asking, and we tell our pastors that. I have to convince myself that what I’m asking for is so worthwhile. If you don’t ask too often, you’re approaching somebody who in many ways, is already convinced. You’re asking them to participate in something they have already said yes to. Now it’s a question of how much, not if. Asking should be quick, thoughtful, and not done too often.

Geoff Boisi

Founding Chair,
The Leadership Roundtable

Fr. Jack Wall of Catholic Extension has done this at the parish and national level better than anybody else. He articulates the mission specifically and describes how it gets back to evangelization issue consistently. He breaks it down so you understand the function of where that money is going to and how it’s going to impact the mission. People are investing in the mission and they’re investing in him because they have confidence in his abilities. He personifies what people like about the Church.

Individuals who are successful at this have surrounded themselves with competent people who are going to use and invest that money in an intelligent way, and then transparency comes in terms of results.

Patrick Markey

Certainly there must be training for people that are in leadership positions, and often there’s not enough. At the Mid-Atlantic Congress, there’s an opportunity for bishops to come and learn about management and leadership. This is the right track to take. We’re doing something similar in Eastern Africa right now through the Bishops’ Conference by working with the University of Notre Dame to offer leadership courses for Church personnel. We’ve already trained about 60 bishops in the same kind of thing, and now we’re reaching out to vicar-generals and then taking it to the next level.

I would say that’s not the pastor’s job. If we’re co-responsible then maybe that’s my job or your job. I’m happy if the pastor mentions giving, we’re halfway to home. He’s the gatekeeper, so if he’ll let it happen, somebody else can talk about it.

the envelope because they’ve created an essence of stewardship in their communities. We need both to train the pastors and complement the pastors in the area of stewardship. It’s important for leaders to recognize their strengths and areas of weakness. It’s a combination of training, but you never mandate that the pastor do it alone.

It includes everything from nurturing pastorally to balancing the books in a professional way, and managing people, personalities, and volunteers. It’s impossible for pastors to do this alone. The Leadership Roundtable is very much about constructive support for the pastor, making this job possible. I still think that there needs to be actual overt training for the pastors in stewardship. Not just asking for money, but the broad concept of stewardship.