



The Catholic Foundation
ARCHDIOCESE OF SANTA FE

EXECUTIVE COMMITTEE MEETING
December 19, 2018

Minutes

Members Present: Scott Lardner, Sheila Brown, Greg Edwards, Fr. Graham Golden, Jim Higdon, Don Rigali, Stan Sluder, Tony Strati

Members Absent: John Heer, Dennis Garcia

Staff Present: Ed Larrañaga, Dorothy Sheehi, Lori Nemeth

I. Opening Prayer

Father Graham opened the December 19, 2018 meeting of the Executive Committee with a prayer at 8:43 a.m.

II. Review of September 26, 2018 Meeting Minutes

The Committee reviewed the September 26, 2018 meeting minutes (attached). Minutes were approved as presented.

III. President's Report

- A.** Ed Larrañaga discussed reasons for why the Foundation has now created Donor Advised Non-Endowed Funds, such as building donor relations that lead to additional giving. The option for a pass-through contribution has been formalized with a separate agreement. The new agreements were emailed to Committee members prior to this meeting. The Committee discussed proposed changes to the Fund Policies (attached). Before final approval, it was recommended that wording be added to allow for exceptions as needed. The previous and new administrative fee schedules were also discussed (attached), with no changes recommended.
- B.** The Legacy League Event is scheduled for Friday, March 1 at 11:00 a.m. at San Isidro Parish in Santa Fe. The Archbishop will be celebrating Mass, followed by a reception. All Trustees are encouraged to attend.
- C.** Ed has been meeting with donors in the process of creating 3 new funds – 2 non-endowed donor advised and 1 designated endowment. There was some discussion about the Archdiocese of Santa Fe bankruptcy filing.

IV. Budget & Audit Committee

Dorothy Sheehi reported in Dennis Garcia's absence on the November financial statements (attached). There is a favorable variance in Marketing/Advertising due to a billing error from the printing company on our Annual Report printing.

V. Investment Committee

Jim Higdon reported on the Investment Summary (attached). Grosvenor gave a phone presentation at the November 20 Investment Committee meeting. AndCo committed to continuing the current fee

schedule for 2 years. The investment environment is a reflection of unrest in various places worldwide. Jim discussed a graph on the S&P 500 Index, which is still trending up despite fluctuations.

VI. Real Estate Committee

Ed Larrañaga reported that the real estate broker interested in the Rio Rancho property has not been very responsive to communication, but the deal is still under negotiation. For the Hager property lawsuit, our lawyer filed for dismissal and Judy Ross' lawyer filed against the dismissal.

VII. Board Engagement Committee

Scott Lardner would like to encourage all current committee chairs to have successor chairs committed. Training at the next January Board meeting will focus on the "Grow" portion of our tagline.

VIII. Community Outreach Committee

Father Graham reported that he is meeting with Michele Benavidez in January to start moving forward without a replacement for the Regional Council Coordinator position.

IX. Grant Committee

Sheila Brown reported that Laurie Meyer will be trained as the successor chairperson. The Grant Committee is finalizing revisions to the Grant Policy and Grant Applications. The 2019 Grant Cycle begins in January.

X. Chairman's Report

No chairman's report.

XI. Other Business

No other business.

XII. Closing Prayer

Stan Sluder closed the meeting with a prayer at 10:22 a.m.

The next Board Meeting will be held January 23, 2019 at St. Edwin's Parish in Albuquerque. The next Executive Committee Meeting will be held February 27, 2019.



The Catholic Foundation
ARCHDIOCESE OF SANTA FE

EXECUTIVE COMMITTEE MEETING

December 19, 2018

8:30am – 10:00am

Agenda

- I. Opening Prayer
- II. Review and Approval of September 26, 2018 Meeting Minutes
- III. President's Report
 - A. Fund Update – Policy, Agreements, & Fees
 - B. Legacy League event
 - C. Activity update
- IV. Budget & Audit Committee
 - A. Financial Report
- V. Investment Report
- VI. Real Estate Sub Committee
- VII. Board Engagement Committee
- VIII. Community Outreach Committee
- IX. Grant Committee
- X. Chairman's Report
- XI. Other Business
- XII. Closing Prayer



The Catholic Foundation
ARCHDIOCESE OF SANTA FE

EXECUTIVE COMMITTEE MEETING
September 26, 2018

Minutes

Members Present: John Heer, Scott Lardner, Dennis Garcia, Sheila Brown (call-in), Fr. Graham Golden, Jim Higdon, Don Rigali

Members Absent: Greg Edwards, Stan Sluder, Tony Strati

Staff Present: Ed Larrañaga, Dorothy Sheehi, Lori Nemeth

I. Opening Prayer

Ed Larrañaga opened the September 26, 2018 meeting of the Executive Committee with a prayer at 8:31 a.m.

II. Review of August 22, 2018 Meeting Minutes

The Committee reviewed the August 22, 2018 meeting minutes (attached). Minutes were approved as presented.

III. President's Report

Ed Larrañaga thanked the Trustees for attending and supporting the Grant Awards Luncheon. He reported that we have received about \$1.4 M total income this quarter, which includes \$1.2 M from the estate of a donor who passed away. The estate gift included property near Estancia, valued at \$34 K for the land and \$28 K for improvements. Ed visited the property and found that it is not in very good condition, with collapsed outbuildings, broken down vehicles, and a large amount of trash to clean up. We will most likely try to sell to a neighboring rancher. In addition to the property in Estancia, we will also be receiving a portion of the sell value of property south of Gibson and east of I-25. Ed met with the Archbishop on the 19th, and he mentioned that he would be willing to meet with any prospective donors. Ed and Michele Benavidez have been well-received at deanery meetings in July and September, including the SE in Santa Rosa, the NE in Las Vegas, and the SW in Mountainair. There was some discussion about how rural parishes have small budgets that are largely spend on heating/electrical bills. If money was available to invest in solar and other upgrades, it would free up money for the parishes to be more self-sufficient.

IV. Budget & Audit Committee

Dennis Garcia reported on the August financial statements (attached). There are only a few timing variances and almost \$50 M in total assets.

V. Investment Committee

Jim Higdon reported on the Investment Summary (attached). Investments are doing well, and the next Committee meeting is scheduled for November 20. The Retired Priests fund has been separated into a fourth account with CBIS. Jim discussed a graph on the consumer price index, which is misleading because the only decades with a dramatic increase are the 70's and 80's.

VI. Real Estate Committee

Ed Larrañaga reported on updates to the Hager property. All parties named in the lawsuit filed by Judy Ross have responded, and legal actions continue. Our realtor Rick Bressen has received some interest in the property.

VII. Board Engagement Committee

Scott Lardner reported on Board Engagement. Prospective trustees Jerry Sais and Agnes Padilla have been approached. Training at the next Board meetings will focus on the “Gather” portion of our tagline.

VIII. Community Outreach Committee

Father Graham reported that candidates are being interviewed for the Regional Council Coordinator position. Michele Benavidez will send out the site visit schedule for anyone who wishes to attend.

IX. Grant Committee

Sheila Brown thanked the staff for all the hard work on making the Grant Awards Luncheon so successful. Sheila would like Ed to ask the Archbishop to encourage the Catholic Center staff for more communication on the CCHD matching grants, so we will have applicants next year.

Ed Larrañaga also reported on the Grant Awards Luncheon. The Annual Report and video both require a long process of design and editing, but the end products turned out excellent. One suggestion for the Luncheon presentation is to find a way to highlight the grants more. Dennis Garcia also suggested a retrospective segment on what has been done with grant money in the past. Our revenue was down \$7,000 from last year due to a lack of sponsorships. John Heer suggested we get the Board more involved again next year. Next year’s theme will be Faith Formation, and the staff is already brainstorming ideas.

X. Chairman’s Report

John Heer would like to revisit the committee meeting schedule and get it sent out to all the Trustees.

XI. Other Business

No other business.

XII. Closing Prayer

Father Graham closed the meeting with a prayer at 9:50 a.m.

The next Board Meeting will be held October 17 at Lewis University in Uptown Albuquerque. The next Executive Committee Meeting will be held November 28.

**THE CATHOLIC FOUNDATION
ARCHDIOCESE OF SANTA FE**

FUND POLICIES

General Policies on Endowment Funds

Endowment funds are established through a written agreement with The Catholic Foundation ("Foundation"). A minimum contribution of \$5,000 is required to create a named endowment fund. Subsequent contributions of any amount may be made to an established fund. Unless otherwise directed to an established fund, endowment contributions of less than \$5,000 will be deposited in the Foundation's general unrestricted endowment fund.

Endowment funds are commingled for investment purposes. Income, realized gains/losses, and unrealized gains/losses are allocated pro-rata monthly to each fund. ~~based on the average balance of the fund for the fiscal year.~~

An administrative fee is charged monthly to each fund according to a fee schedule adopted by the Executive Committee. ~~upon recommendation by the Finance Committee.~~ Funds consisting of real estate will also be charged the annual administrative fee, calculated on the value of the property on the date of receipt by the Foundation, or the date of the donor's death in the case of receipt by bequest.

Annual distributions are made from earnings on the investment of the funds in accordance with the Foundation's current distribution policy, as may be modified by individual fund agreements. Earnings from unrestricted and restricted endowments are disbursed through a grant application process. Distributions from designated endowments are made to recipients specifically named in the endowment agreements. To be eligible for a grant or other distribution, an organization, parish, school or ministry must be tax-exempt under §501(c)(3) of the Internal Revenue Code and listed in the most current edition of the Official Catholic Directory of the Archdiocese of Santa Fe.

If the Foundation ceases to be a charitable organization or if the Foundation proposes to dissolve, the assets of each endowment fund will, after payment of any liabilities chargeable to the fund, be distributed in such manner and to such organization(s) in the Archdiocese of Santa Fe that satisfies the requirements of a qualified charitable organization and serves purposes consistent with those stated in the fund agreement.

The Foundation has the power to modify or eliminate any restriction or condition on an endowment fund which becomes incapable of fulfillment or inconsistent with the intentions of the donor, as determined by the Board of Trustees.

Unrestricted Endowment Funds

If a donor wishes to establish a named endowment, but does not place any restrictions on the use of the endowment, an unrestricted endowment fund is created. If

the donor does not request that a separate fund be established, the contribution(s) will be placed in the general unrestricted endowment fund. The unrestricted endowments allow the Foundation to direct income through its grant making program to areas of greatest need.

Contributions of \$5,000 or more received through a donor's estate after death, where the donor's will is silent on the purpose or use of the gift, and no fund agreement has been signed, will be treated as unrestricted endowment contributions. The Board of Trustees may in its discretion designate all or part of the principal and/or income for a specific use. In such cases, the Foundation will make a good faith effort to determine the intent of the donor, and will follow it.

Field of Interest Endowment Funds

A donor wishing to support a specific cause may create a field of interest endowment fund. Income from a field of interest endowment is distributed to programs serving an area of special interest to the donor, i.e. education, human services, seminary education, historic preservation.

Designated Endowment Funds

A donor may establish a designated endowment fund to benefit a specific parish, school, organization or ministry. To qualify as a designated beneficiary of an endowment, a parish, school, organization or ministry must be tax-exempt under §501(c)(3) of the Internal Revenue Code and listed in the most current edition of the Official Catholic Directory of the Archdiocese of Santa Fe. Exceptions may be made by the Foundation's Board of Trustees upon written request.

If any activities intended by a designated organization to fulfill purposes stated in the endowment fund agreement become inconsistent with Catholic social teaching and values, the Board of Trustees will have the power, in its sole discretion, to modify the designation of purposes.

Scholarship Endowment Funds

A donor wishing to set up a fund for scholarships

Donor-Advised Endowment Funds

A donor wishing to make recommendations regarding distribution of earnings each year may create a donor-advised endowment fund. A minimum contribution of \$50,000 is required.

The donor may select beneficiaries from the pool of qualified grant applicants submitting requests for the current year, or may suggest other charitable organizations to receive the distribution provided it fits within the charitable, educational or religious scope of the Foundation and the organization is exempt from Federal income tax under §501(c)(3) of the Internal Revenue Code. The Foundation retains final authority over the

selection of recipients. The advisement period under a donor-advised fund is limited to the lifetime of the donor(s). The minimum distribution from a donor-advised fund is \$500.

General Policies on Donor-Advised Non -Endowed Funds

A donor wishing to make recommendations regarding distribution/s from the balance of the fund throughout each year may create a donor-advised non-endowed fund. A minimum contribution of \$5,000 is required.

The donor may select beneficiaries from charitable organizations to receive the distribution provided it fits within the charitable, educational or religious scope of the Foundation and the organization is exempt from Federal income tax under §501(c)(3) of the Internal Revenue Code. The Foundation retains final authority over the selection of recipients. The advisement period under a donor-advised fund is limited to the lifetime of the donor(s). The minimum distribution from a donor-advised fund is \$200.

General Policies on Pass-Through Temporary Funds

The Foundation accepts and holds contributions on a temporary basis for the purpose of making distributions on behalf of the donor. Pass-through temporary funds are established through a written agreement with the Foundation. The minimum contribution required to start a pass-through temporary fund is \$1,000 with a minimum fee of \$50. ~~\$5,000, and the minimum period for holding such funds prior to making any distributions is six months. The Foundation retains all earnings generated by the temporary fund in lieu of charging an administrative fee.~~

General Policies on Charitable Remainder Trusts (CRTs) and Gift Annuities (GAs):

A CRT will only be considered with a minimum contribution of \$100,000 and a GA requires a minimum contribution of \$10,000. Both will be established with a written agreement with the Foundation. Payments can be made monthly, quarterly, semi-annually or annually. Calculations for GAs are made in accordance with the rates and procedures set forth by the Council on Gift Annuities. Donors wishing to establish a CRT will be handled on an individual basis with the Foundation using appropriate experts in establishing the CRT.

The President ~~Executive Director~~ is authorized to enter into CRTs and GAs with the following restrictions:

- 1) Any CRT or GA in excess of \$200,000 is required to be brought to the Investment Committee for approval prior to contract execution,
- 2) No GA will be issued to any individual that is not at least 60 years of age. Before entering into a CRT, the age of the beneficiary will need to be reviewed and approved by the Investment Committee.
- 3) No CRT or GA will be entered into without the beneficiary of the residual being either the Catholic Foundation or an endowment administered by the Catholic Foundation.

- 4) At the time a recipient of a CRT or GA dies, the residual will be reviewed by the Investment Committee and a determination be made if all or a portion of the residual should be retained as a reserve for the CRT/GA asset investment pool assuming that the beneficiary of the residual is the Catholic Foundation without restrictions.

For investment purposes, funds related to CRTs and GAs will be invested in a separate Investment pool. Income, realized gains/losses, and unrealized gains/losses related to the investment pool are allocated pro-rata to each CRT and GA account based on the average daily balance in the account for each month. A monthly administrative fee is charged to each CRT and GA account based on the administrative fee schedule approved by the Executive Committee and/or Board of Trustees. The Investment Committee reviews the net investments versus the funding of these instruments on a quarterly basis.

Endowment Fund Sub-Accounts

A donor wishing to contribute \$5,000 or more to an existing endowment and receive recognition as a major donor to that fund may establish a sub-account. The terms and conditions of the original fund agreement will apply to all sub-accounts of that fund, and no new fund agreements will be executed with sub-account holders. Sub-account holders will, however, be given a copy of the original fund agreement, and asked to acknowledge its terms and conditions. Contributions to a sub-account will not be segregated on the books of the Foundation from other contributions to the same endowment. Sub-account holders will receive a copy of the annual fund statement, but there will be no separate reporting for contributions made by the sub-account holder. Recognition will be given to all sub-account holders for the life of the fund.

General Policies on Operating Funds

Contributions of less than \$5,000 that are not earmarked for an endowment will be added to the operating fund.

**THE CATHOLIC FOUNDATION
ARCHDIOCESE OF SANTA FE**

**ADMINISTRATIVE FEE SCHEDULE
May 2011**

<u>FUND TYPE</u>	<u>ADMINISTRATIVE FEE</u>	
Agency Funds – Existing at July 1, 2010	100 bps	All Sizes
Agency Funds – New after July 1, 2010	125 bps	Up to \$1,000,000
	100 bps	\$1,000,000-\$2,500,000
	75 bps	Over \$2,500,000
Grant Endowments (Incl. Donor –Advised)	150 bps	Up to \$2,000,000
	125 bps	Over \$2,000,000
Intermediate Funds	100 bps	All Sizes
Other Non-Agency	125 bps	Up to \$2,000,000
	100 bps	Over \$2,000,000
Scholarship Funds	175 bps	Up to \$3,000,000
	150 bps	Over \$3,000,000
CRTs/Annuities	175 bps	Up to \$1,000,000
	150 bps	Over \$1,000,000

**THE CATHOLIC FOUNDATION
ARCHDIOCESE OF SANTA FE**

Administrative Fee Schedule (bps)

Fund Type	Minimum Investment	\$0 - \$1,000,000	\$1,000,001 - \$2,000,000	\$2,000,001 or greater
-----------	--------------------	-------------------	---------------------------	------------------------

Endowments (Perpetual)

Unrestricted	\$5,000	150	150	125
Field of Interest	\$5,000	150	150	125
Designated	\$5,000	125	125	100
Competitive Scholarship	\$5,000	175	175	150
Donor Advised - Endowed	\$50,000	150	150	125

Endowments (Non -Perpetual)

Donor Advised - Non-Endowed	\$5,000	100	100	100
Pass-through	\$1,000	100	100	100

Charitable Annuity / Trust

Charitable Gift Annuity	\$10,000	175	150	125
Charitable Remainder Trust	\$100,000	175	150	125

Agency

New after July 1, 2010	\$5,000	125	100	75
------------------------	---------	-----	-----	----

Note: If the fund balance exceeds tier maximum, entire fund is charged lower fee.

THE CATHOLIC FOUNDATION of the ARCHDIOCESE OF SANTA FE
COMPARATIVE OPERATING INCOME STATEMENT
November 30, 2018

	Annual Budget	Budget YTD	Actual YTD	Variance Fav/(Unfav)	
REVENUE					
Administrative Fees	530,000	221,550	232,394	10,844	
Contributions - Cash	30,000	12,500	8,661	(3,839)	(a)
Grant Awards Luncheon (net)	43,170	43,170	37,217	(5,953)	(b)
Total Revenue	603,170	277,220	278,272	1,052	
EXPENSES					
Salaries	355,540	148,630	148,162	468	
Payroll Taxes	25,430	10,590	10,426	164	
Employee Benefits	53,910	24,005	23,714	291	
Marketing/Advertising	29,650	22,225	19,107	3,118	(c)
Community Awareness and Cultivation	5,500	4,100	4,317	(217)	
Board Engagement Events	2,500	220	-	220	
Conferences and Seminars	3,500	500	-	500	
Development	9,400	5,350	5,708	(358)	
Equipment Maintenance/Repair	1,600	1,150	881	269	
General Office Supplies	2,500	1,050	1,347	(297)	
Banking Fees	600	250	62	188	
Miscellaneous	770	535	736	(201)	
Office Equipment	850	550	106	444	
Office Lease	34,475	14,242	14,242	-	
Postage and Handling	1,700	550	1,090	(540)	
Professional Affiliations/Memberships	500	125	-	125	
Professional Fees	22,500	20,735	20,375	360	
Program Expense	3,145	1,200	1,177	23	
Software Maintenance/Upgrades	20,450	14,750	14,378	372	
Telephone/Fax	6,400	2,690	2,452	238	
Travel/Entertainment	4,000	1,690	1,800	(110)	
Total Expenses	584,920	275,137	270,080	5,057	
Capital Expenses	3,800	-	-	-	
NET INCOME (DEFICIT)	14,450	2,083	8,192	6,109	

(a) Variance due to timing.

(b) Variance primarily due to fewer corporate sponsorships than budgeted.

(c) Variance due to timing and savings on annual report design and printing.

The Catholic Foundation
Balance Sheet as of November 2018
with Comparative Totals for Prior Year

	Current Year	Prior Year
Assets		
Assets		
Cash and cash equivalents - operations	\$518,154.90	\$474,339.16
Cash and cash equivalents - endowment	\$110,980.73	\$105,270.84
Furniture and equipment, less accumulated depreciation	\$25,272.69	\$20,901.15
Other Assets	\$10,554.57	\$8,453.56
Total Assets	\$664,962.89	\$608,964.71
Investments		
Real estate	\$2,502,269.88	\$2,521,590.06
Marketable securities	\$43,511,475.75	\$44,752,597.08
Total Investments	\$46,013,745.63	\$47,274,187.14
Total Assets	\$46,678,708.52	\$47,883,151.85
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$46,529.80	\$46,059.27
Grants distributable	\$96,344.04	\$58,457.98
Charitable remainder annuity trusts and gift annuities	\$2,477,578.86	\$2,503,240.89
Agency obligations	\$15,600,529.27	\$16,521,398.76
Total Liabilities	\$18,220,981.97	\$19,129,156.90
Net assets:		
Unrestricted	\$8,325,531.23	\$8,748,676.72
Temporarily restricted	\$657,548.99	\$1,728,246.80
Permanently restricted	\$19,474,646.33	\$18,277,071.43
Total Net assets	\$28,457,726.55	\$28,753,994.95
Total Liabilities and Net Assets	\$46,678,708.52	\$47,883,151.85

The Catholic Foundation
Income Statement for July 1, 2018 - November 30, 2018
with Comparative Totals for Prior Year

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Agency</u>	<u>Split Interest</u>	<u>Total</u>	<u>Prior Year</u>
Public support and revenues							
Contributions	8,661	60,481	1,199,279	158,674	9,895	1,436,989	4,840,597
Investment income	83,510	59,872	0	79,142	0	222,524	196,034
Realized gain (loss) on investments	553,299	300,517	0	546,475	0	1,400,291	326,043
Unrealized gain (loss) on investments	(1,010,474)	(704,982)	0	(953,350)	0	(2,668,806)	2,187,931
Administrative fees	174,468	0	0	0	0	174,468	156,732
Administrative fees on agency obligations	57,926	0	0	0	0	57,926	56,827
Other income	69,475	0	0	0	0	69,475	76,975
Total Public support and revenues	(63,134)	(284,113)	1,199,279	(169,060)	9,895	692,868	7,841,138
Expenses							
Grants and distributions	1,118	27,226	0	73,329	0	101,674	271,034
Salaries	148,162	0	0	0	0	148,162	145,171
Professional fees	31,073	15,453	0	69,998	0	116,524	112,376
Rent and office lease	14,242	0	0	0	0	14,242	13,982
Employee benefits and payroll taxes	34,140	0	0	0	0	34,140	28,510
Printed materials	19,107	0	0	0	0	19,107	17,539
Promotion and public relations	42,283	0	0	0	0	42,283	36,032
Office expense	19,371	0	0	0	0	19,371	16,063
Telephone/fax	2,452	0	0	0	0	2,452	1,985
Postage	1,090	0	0	0	0	1,090	528
Conventions and seminars	0	0	0	0	0	0	234
Insurance	263	0	0	0	0	263	261
Administrative fee expense	0	174,468	0	0	0	174,468	156,732
Total Expenses	313,301	217,148	0	143,327	0	673,775	800,446
NET SURPLUS/(DEFICIT)	(376,434)	(501,261)	1,199,279	(312,387)	9,895	19,092	7,040,693

THE CATHOLIC FOUNDATION
of **THE ARCHDIOCESE OF SANTA FE**
INVESTMENT SUMMARY December 19, 2018

Return on Foundation's Portfolio

Total investment portfolio at September 30, 2018 (excluding land) was \$43.7M.

Endowment Fund (\$39.8M): -0.4% 12mos—0.9% below index, +4.7% annualized prior 5 yrs—0.7%pts below index.

CRT/GA Fund (\$3.1M): -2.8% 12mos—2.5%pts below index, +4.8% annualized prior 5 yrs—0.3%pts below index.

Intermediate Fund (\$0.7M): -1.1% 12mos—0.8%pts below index, +4.0% annualized prior 5 yrs—0.7%pts below index.

Actions of Investment Committee (last 11/20, next 2/19/19)

Phone presentation by Grosvenor—about 5% annual return since 2010.

AndCo committed to current fee schedule for 2019 & 2020.

Reallocated investment in TIAA-CREF to CBIS Core Equity Index for both CRT/GA and Intermediate funds.

Investment Environment

ARE WE HAVING FUN, YET?

S&P 500 Index SPX

Chart Range: 1D 5D 10D 1M 3M 6M YTD 1Y 2Y 3Y 5Y 10Y All Custom

Indicators: Chart Overlays Lower Charts Events News

Compare: Symbol ADD

Frequency: Weekly

Display: Line

Clear Settings

US:SPX Simple Moving Average Edit x

