

# Annual Report 2017

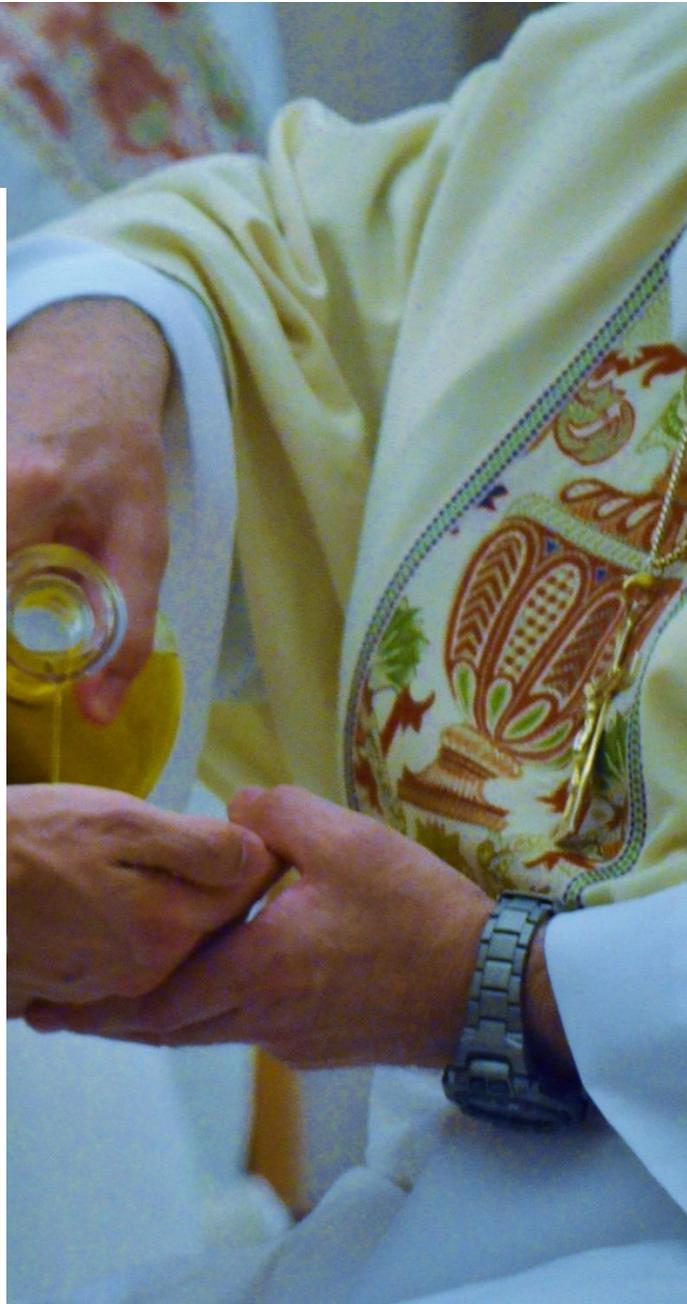
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April 30, 2018

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*Promoting and Strengthening the Roman  
Catholic Church in Eastern Montana*





## Greetings from the Board of the Catholic Foundation of Eastern Montana!

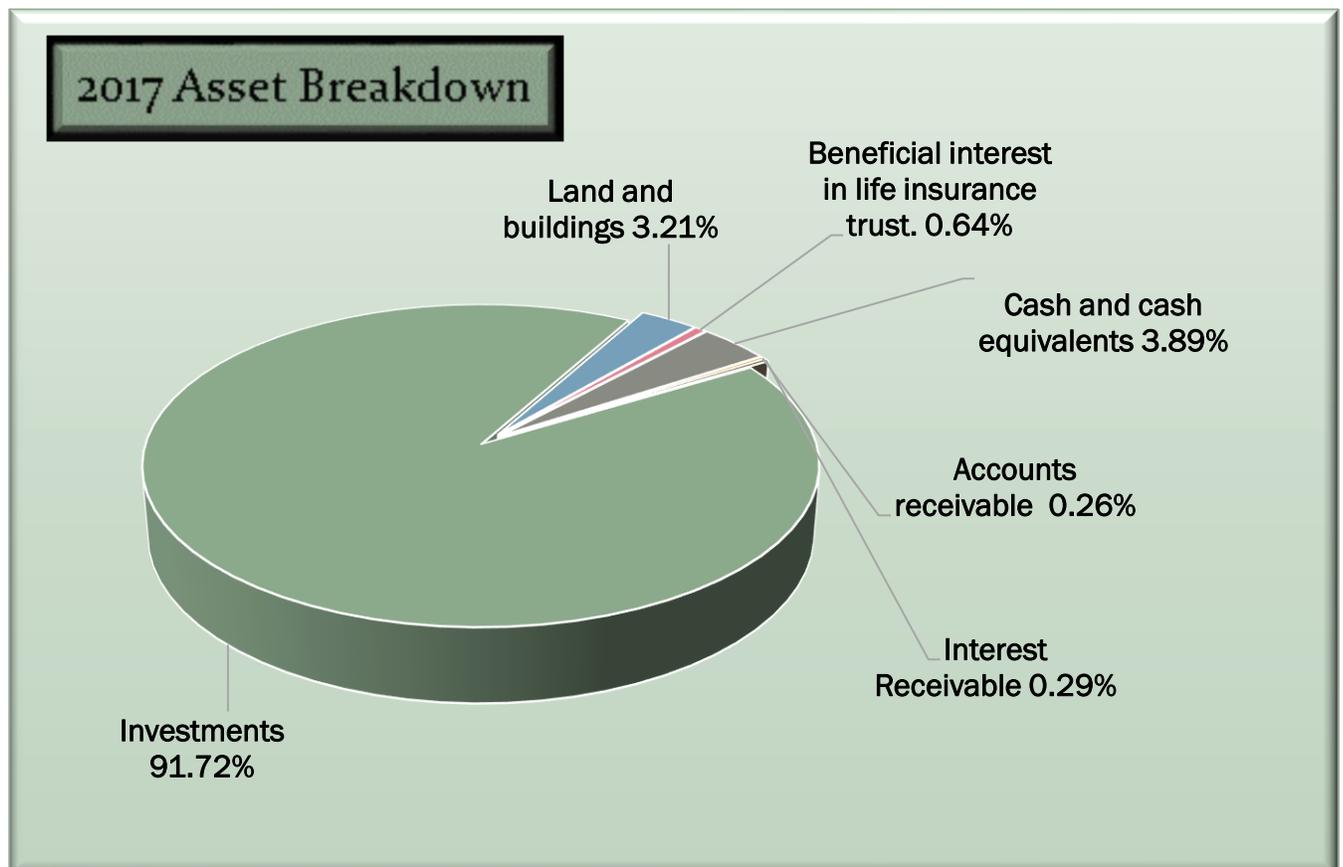
Information regarding endowments and annual distributions for the period of January 1 - December 31, 2017

The Foundation Board and staff are pleased to continue to move the mission of the Foundation forward in the best interests of the Church, our many donors and fund beneficiaries. These endowments are enduring investments that provide funding in good times and bad for our parishes, schools, and ministries. This is crucial to the future of the Catholic Church in our diocese.

I am pleased to report that the Foundation recently received a clean audit of its 2017 financial statements by an independent accounting firm. If you are interested, they may be accessed on the Foundation's website, at [www.catholicfoundationmt.org](http://www.catholicfoundationmt.org).

We now have an updated and very informational website that illustrates possibilities available to build endowments, and therefore, to strengthen our church throughout our diocese. Please check out our new look.

Foundation assets were at \$12,467,861 as of December 31, 2017. Below is the current breakdown of Foundation assets.

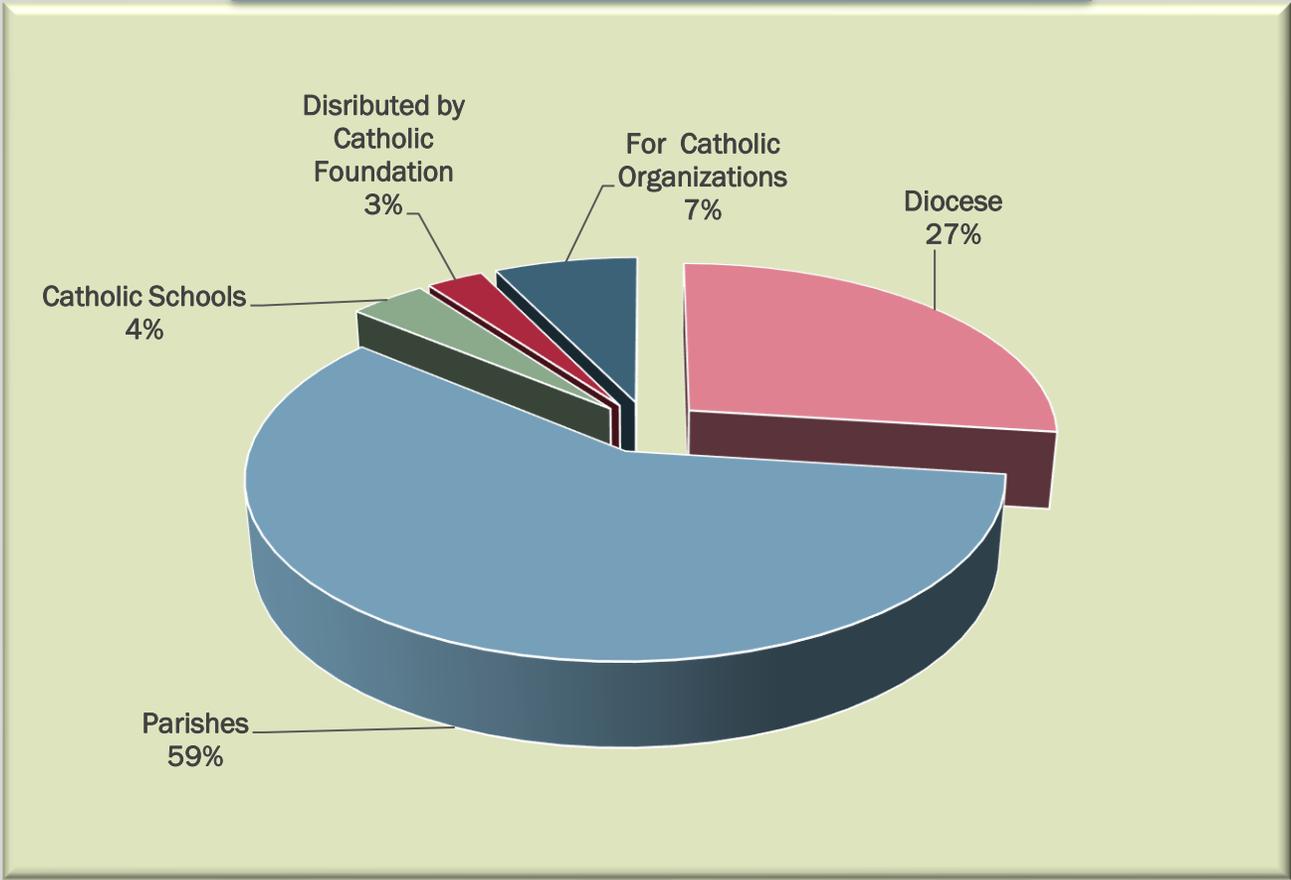


**Net Assets rose from \$11,369,975 in 2016 to \$12,467,861 in 2017 – a gain of nearly \$1,100,000**

The primary function of the Catholic Foundation of Eastern Montana is to build endowments that provide consistent and reliable income streams – on a forever basis – for our parishes, our diocese, our Catholic schools, the Foundation, and other Catholic organizations located within the geographical borders of our vast diocese. These perpetual sources of income will help ensure a strong future of ministry and growth for our Catholic faith.

A major service the Foundation provides is *Planned Giving*. In 2017, approximately \$250,000 was donated by parishioners through the establishment of planned gifts. The chart below shows which entities benefited through the Catholic Foundation of Eastern Montana in 2017.

**Beneficiaries of Planned Giving in 2017**  
(see endowment list below graph)



**Which Endowments Benefitted from  
Planned Gifts from Parishioners in 2017?**

For Diocesan-Wide:

- Seminarian Education Endowment
- Priest Retirement Endowment
- Youth and Young Adult Ministry Endowment
- Tribunal Endowment
- Great Falls Central Catholic High School Endowment

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For Specific Parishes:

- Holy Spirit (Great Falls) Endowment
- Mary Queen of Peace (Billings) Endowment
- St. Leo the Great (Lewistown) Endowment
- St. Mark (Belt) Endowment
- St. Mary (Columbus) Endowment
- St. Mary (Malta) Endowment
- St. Mary (Rocky Boy) Endowment
- St. Matthew (Sidney) Endowment
- St. Michael (Absarokee) Endowment
- St. Pius X (Billings) Endowment
- St. Raphael (Glasgow) Endowment
- St. Rose of Lima (Stanford) Endowment
- Sacred Heart (Miles City) Endowment

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For Catholic Schools:

- Sacred Heart (Miles City) Endowment

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For Distribution by Foundation:

- Greatest Needs Endowment
- Parish Assistance Endowment

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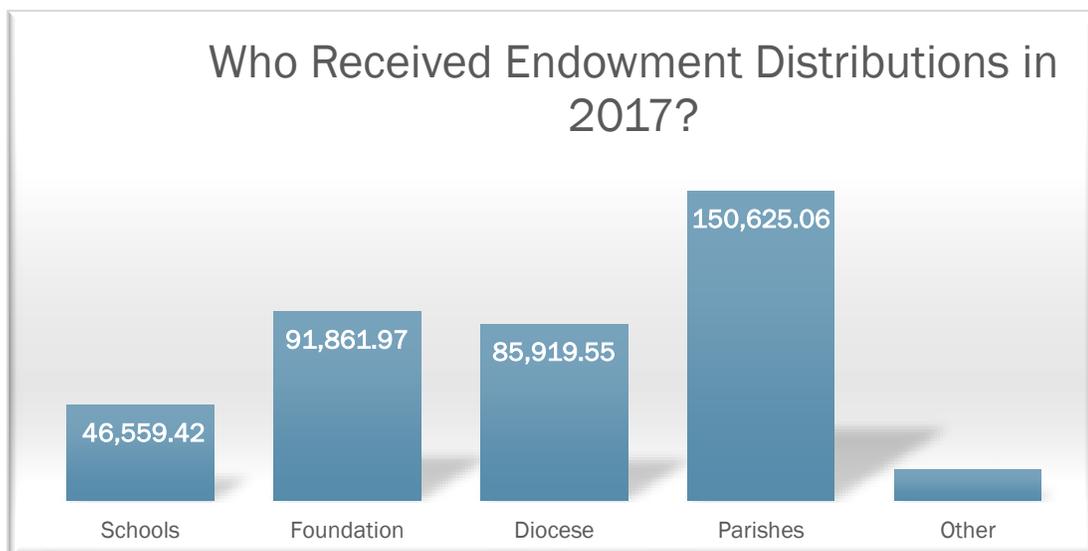
For Catholic Organizations in the Diocese:

- St. Vincent de Paul (Billings)
- Poor Clares of Montana (Great Falls)

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## Earnings Distributions from Individual Endowments

The Foundation's endowment policy calls for annual distributions to fund holders of 3% to 4.5% of an endowment's 12-quarter rolling average fund balance (ending with December 31 of the most recent fiscal year). We are happy to report that for 2017, the payout, as determined by the Catholic Foundation Board of Directors, is 4.5%. (Tom Mathews, the Foundation Board's Finance Committee Chair, explains a bit more about the 2017 investments later in this document.) Remaining unrealized gains or losses have been attributed to each individual endowment. *Please note:* The Foundation's distribution policy also requires that funds with a balance of less than \$10,000, or which were newly-established in 2017 (less than one year old), reinvest 100% of their distribution.



Please contact Judy Held, President, if you have questions or would like to schedule her to make a presentation to your church and parishioners. Judy can be reached at (406) 727-6683, ext. 120 or by e-mail at [judy@catholicfoundationmt.org](mailto:judy@catholicfoundationmt.org).

*The "Montana Endowment Tax Credit" is still well and alive in 2018, but we need to tell more of our Catholic parishioners about this wonderful tax incentive which expires in 2019. Providing information about endowment giving to parishioners is only benefits us all, so please be sure to take advantage of the services the Foundation offers you in this regard.*

Thank you for the trust you place in the Catholic Foundation of Eastern Montana. On behalf of the entire Board of Directors and staff, we are pleased to be working with you and on your behalf to build a stronger and increasingly efficient and effective organization.

Sincerely Yours in Christ,

Reverend Daniel J. Wathen





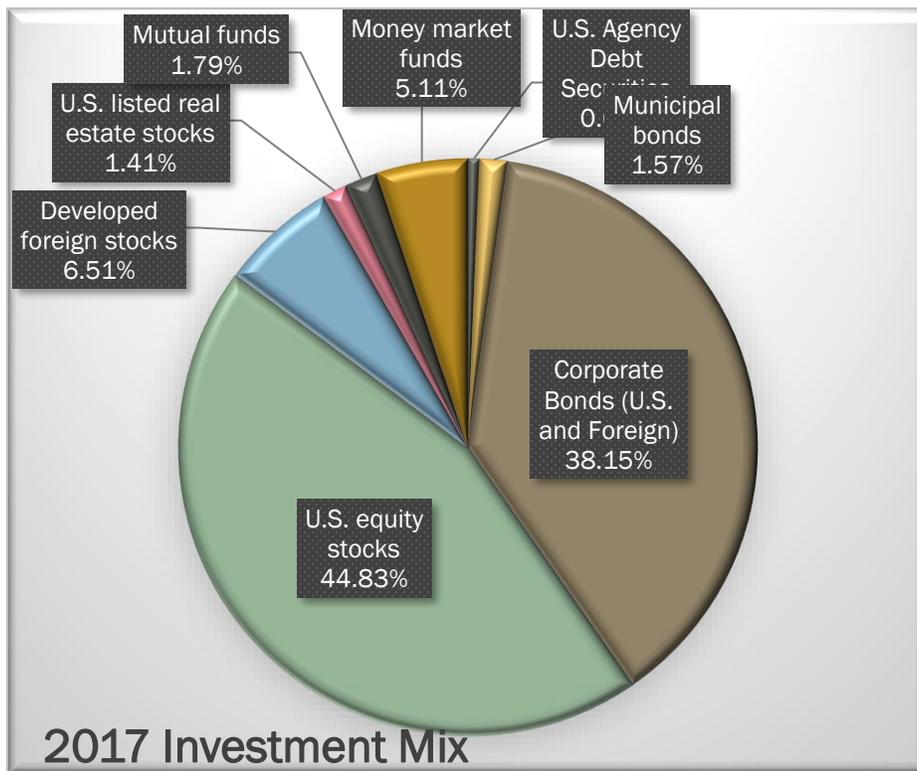
# HOW WERE YOUR FUNDS INVESTED?

*By Tom Mathews, Finance Committee Chair*

For the year under review (2017), it was a very bullish market, meaning that the returns were very good in the stock market. Both the DOW and the S & P 500 indexes climbed over 20%!

Unfortunately, as the year went along, the Federal Reserve started to increase interest rates which had a negative effect on the bond market. As rates go up, existing bonds become less valuable and are sold or listed at a lower price to compete with the newer issuances.

The Foundation attempts to provide a more stable return with less risk to the stakeholders by limiting the percentage of investments to no more than 60% in equities (the stock market) and no more than 40% in fixed assets (the bond market).



It sure would have been a wonderful year to have 100% invested in the stock market, but just as we have seen in the last 60 days, we would have given almost half of that back. Thus, the Foundation looks to take a long-term approach, with reduced risk by limiting the exposure in both the stock and bond markets.

If the S & P 500 Index provided a return of approximately 20%, and the U.S.

Intermediate Treasury Fund provided a rate of 2.32%, an expected rate of return (before any investment fees or commissions) would have been approximately 13%. This is assuming a 60/40 investment mix as previously stated.

The Foundation has three investment houses that it uses. **The overall rate of return for the Foundation’s investments, after commissions and fees, was 11.08%.**

2017 will thus be viewed as an excellent year for the return on investment. The Foundation has thus decided to pay out the maximum amount of 4.5% to stakeholders who meet the minimum requirements. Why not pay more? The foundation set distribution rates

at 3% to 4.5%. Thus, even in an off year, we need to try and pay a minimum of 3% to our stakeholders. Also, the long-term goal of the foundation is to build endowments that provide a consistent and reliable income stream on a forever basis. By retaining a portion of the earnings, each and every stakeholder should see an increase in their investment at the Foundation.



*“... the long-term goal of the foundation is to build endowments that provide a consistent and reliable income stream on a forever basis.”*

This year, the Foundation will distribute to **70** different fund holders. We currently manage **102** various endowments.

If you have any questions regarding your distribution or the returns on your funds, please feel free to contact Judy Held at (406) 727-6683 Ext. 120 or Tom Mathews at (406) 604-7040 or by E-mail at [tmathews@oppbank.com](mailto:tmathews@oppbank.com).

## *Catholic Foundation Highlights of 2017*

- *Managed 101 Endowments on behalf of the greatest need, 43 churches, 6 Catholic schools, 5 Catholic organizations, and 4 diocesan-wide ministries*
- *Received nearly \$200,000 in endowed gifts **outside** of planned giving*
- *Processed 22 gifts of stock for current, offertory or campaign support of parishes and for contributions to Care and Share*
- *Helped Catholics give more than \$310,000 for current needs of the Church (not endowed)*
- *Administered 49 Charitable Deferred Gift Annuities and 6 direct “IRA Rollover” gifts*
- *Visited seven parishes to make presentations about stewardship, endowments and planned giving, at the request of pastors and parish councils*
- *Helped two families launch endowments for their parishes in their family names*
- *Provided the following services for the Diocese:*
  - *Administration of the Care and Share Annual Catholic Appeal*
  - *Grant-writing and reporting (for diocesan and parish needs)*
  - *Diocesan stewardship ministry, (including providing several parish presentations regarding stewardship/discipleship and coordinating the Diocesan Stewardship Council)*
  - *Current and outright giving and appeals*

## The Catholic Foundation of Eastern Montana has a Grand Announcement!



*Judy Held—President*

*Endowments create  
consistent streams of  
income to the Catholic  
Church that will  
continue forever!*

To reach Judy Held:

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[judy@catholicfoundationmt.org](mailto:judy@catholicfoundationmt.org)

Catholic Foundation of Eastern Montana  
PO Box 1345  
Great Falls, MT 59403

Beginning July 1, 2018, Foundation staff will begin focusing solely on building permanent endowments for parishes, the Diocese, Catholic schools and other Catholic organizations located in our diocese (as approved by the Bishop). The future is getting brighter!

We will also continue to provide a complete range of “planned giving” services to all Catholics and supporters of our Faith throughout our diocese. Planned giving helps Catholics make current and deferred gifts for the benefit of the Church, while also receiving some excellent financial benefits (such as increased tax and/or lifetime income payments). Since planned giving helps Catholics leverage their charitable donations for the good of God’s Church, let’s tell everyone!

Friends, I am now in my 25th year of nonprofit development. That’s 25 wonderful years of working with good-hearted, faithful people to help them realize the joy of giving! I am also an unequivocal, outspoken believer in the *power of endowment*.

When we pool our resources and invest them for the long-run...for our churches, our schools, our ministries, our diocese...we are the wise stewards that have magnified and multiplied God’s blessings for the good of His Kingdom! (Matthew 25) Just imagine what could be accomplished through all the many ministries of our Church if funding wasn’t an ongoing issue. Endowments help solve that issue!

Please – can we work together? I hope you will allow us the privilege of helping you and your supporters. Amid all the tax changes at the federal level, the Montana Endowment Tax Credit remains a strong financial incentive for Catholics to make planned to permanently-restricted endowments at the Catholic Foundation of Eastern Montana. It is set to expire in 2019, so it is imperative we tell everyone about it now.

On that note, I would love to come to your parish to provide education regarding endowments and planned giving. I am also very happy to call upon individuals you may recommend. Think of me as an outreach member of your team and contact me to discuss how I can be of service.

May God bless you and all you do in His name throughout the remainder of this year!

Sincerely in Christ,

A handwritten signature in white ink that reads "Judy Held".