

An isometric illustration of four people working with large, colorful 3D blocks. A woman in a white shirt and blue skirt is placing a pink block. A man in a white shirt and blue pants is climbing a yellow ladder to place a blue block. Another man in a white shirt and blue pants is bending over a green block. A fourth man in a white shirt and blue pants is carrying a blue block. The blocks are in various colors: teal, orange, yellow, red, purple, blue, pink, and green. The background is a solid yellow color.

Innovation and Initiative for Challenging Times





“Despite the economic downturn, you continue to inspire us by your collaborative spirit, and your steady determination to be an essential force behind innovation and initiative in challenging times.”

Innovation and Initiative for Challenging Times

Dear Member of FADICA,

Thank you for your contributions to FADICA's achievements in the past year. These include:

- Your part in the vigorous and thorough discussion on Catholic schools and how they can be strengthened to adapt to and flourish in their changed and urgent circumstances;

- The role you continue to play in encouraging the National Leadership Roundtable on Church Management (NLRCM) in fulfilling its increasingly important role in strengthening the administrative management of church-related institutions and dioceses;

- Your special help to rebuild the ministry of religious women in New Orleans—contributing an astounding \$7 million!

- Your support for Fairfield University in launching a very rich and exciting series of books on the spiritual life;

- Your faith in FADICA's future, as shown in your commitment to the capital campaign, which is now almost at its half-way point;

- Your example and encouragement that inspired four new members to join FADICA.

Our theme this year—*Innovation and Initiative for Challenging Times*—perfectly captures the spirit of our work together in 2008. Despite the economic downturn, you continue to inspire us by your collaborative spirit and your steady determination.

Thank you for being an essential force behind the innovation and initiatives moving Catholic philanthropy forward in these challenging times.



Sincerely,
Francis J. Butler
President





Innovation and Initiative for Challenging Times

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The year 2008 was shaped by startling economic trends that left no one unaffected. In the wake of the burst of the housing bubble, mortgage delinquencies soared and securities backed with subprime mortgages, widely held by financial firms, lost much of their value. The result was a precipitous decline in the capital of many banks and other financial institutions, which tightened credit around the world.

By early November 2008, a broad US stock index, the S&P 500, was down 45 percent from the previous year's high. Americans' savings and investment assets had lost a total of more than \$8 trillion.



The impact of this grave economic crisis will be unfolding for many months to come. It has already taken its toll on the nonprofit and religious world in the form of shrinking university endowments, diminished student aid, accelerated rates of Catholic urban school closures, and longer lines at parish food pantries. A professor of public service at New York University predicted that the crisis will force at least 100,000 US nonprofits to shut their doors in the next two years.

The foundation community felt the impact of the economic decline through the plight of its grantees, and through sizable declines in its own investment portfolios. On average in the course of 2008, family, independent, and public foundations suffered a 28 percent drop in the value of their assets. The

new economic reality has prompted foundations' growing resolve to become extremely focused and goal-driven. If there were ever a time when strategy and clarity regarding objectives was important—when innovation and initiative were at a premium, and when collaboration and the pooling of talent and resources were essential—that time is now.

In 2008, more than ever before, the FADICA network demonstrated the importance of philanthropists working closely together and encouraging one another in a spirit of solidarity. There is a sharp imperative to foster fresh thinking about church-related philanthropy; to seize the economic crisis as an opportunity to find more effective ways to make the best use of the talent and resources at hand; and to work more assiduously with grantees to promote creativity and innovation in coping with these challenging times.

The following narrative offers a closer look at how FADICA is working toward these goals.

“The economic crisis has already taken its toll on the nonprofit and religious world in the form of shrinking university endowments, diminished student aid, accelerated rates of Catholic urban school closures, and longer lines at parish food pantries.”



Catholic Schools: A New Chapter in an Old Story

It is no secret that the Catholic community is fast losing its capacity to operate schools in the country's urban centers. Almost 90 of the 176 Catholic dioceses in the US have reported a net drop in the number of schools. In Baltimore, for example, 46 of the 64 archdiocesan elementary and high schools reported declines in enrollment in 2008. The Diocese of Brooklyn closed 14 of its schools. Boston, once a model Catholic school system with more than 150,000 students, has seen its enrollment fall to some 47,000 students. In Washington, DC, seven archdiocesan schools, faced with extremely low enrollment and unable to continue independently, have been leased out as public charter schools.

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Urban Catholic schools are discovering that finances are not the only factor in their present plight. Increased competition from their public and charter school counterparts, aging buildings, substandard teacher salaries, stronger calls for academic excellence, and growing marketing demands are among other converging pressures that could prove fatal.

Sensing a watershed moment for Catholic education, the members of FADICA convened Catholic school management and education experts for a January 2008 conference to explore the particular demands on leadership with regard to finances and innovation.

National Catholic Education Association (NCEA) President, Karen Ristau, attributed much of the current problem to the lack of commitment and leadership on the part of those pastors, who, she said, consider the responsibility of keeping a school going as too burdensome.



Other speakers charged that the school management approach at the diocesan level is often unhelpful as it is frequently too wedded to models of the past. John Stollenwerk, NCEA board member, reported that significant progress is being made in the Archdiocese of Milwaukee now that the responsibility for the management of the schools has been transferred out of the chancery bureaucracy and made to conform to a more business-oriented formula.

Chicago's Big Shoulders Foundation Chairman James O'Connor stressed the importance of lay involvement and initiative in meeting the Catholic urban school challenge. He said that the problem cannot be solved by a strictly programmatic approach—the system itself has to be changed, he insisted.

On the bright side, Memphis, TN, has become a showcase for the renaissance of inner-city Catholic schools and Dr. Mary McDonald is the driving force behind this success. She told the FADICA audience that only when the Diocese of Memphis revolutionized its approach by moving from a caretaker to an entrepreneurial mode did real change get underway. The process, she said, took six years—and a brand new and independent community partnership—to achieve results.

Entrepreneurial thinking, vision, lay initiative, innovation, a passion for quality and candor—these management virtues were repeatedly underscored as essential ingredients in the recipe that will make for thriving Catholic schools of the future. They lie at the heart of many of the promising initiatives supported by Catholic grantmakers in 2008:

■ In Los Angeles, 13 inner-city Catholic schools have been working with the Specialty Family Foundation of Santa Monica to improve their fundraising, marketing and other operational aspects.

■ The Cassin Educational Initiative Foundation has continued its support of a highly innovative group of 26 Catholic high schools for students from lower income families, the Cristo Rey network. The foundation is now considering a pilot project that will apply Cristo Rey's winning formula to Catholic grade schools serving Latino students.

■ The Mathile Family Foundation, in conjunction with Boston College and the University of Dayton has funded a pilot project at an innovative "community school" at Our Lady of the Rosary parish in Dayton. A community school involves a variety of public-private partnerships to make it an institution where various services and resources lead to improved student learning, stronger families, and healthier communities.



Case Studies in Innovation and Initiative: Church Management

The Catholic schools of the Archdiocese of New Orleans are but one example of new life and growth sprouting thanks to the work of the National Leadership Roundtable on Church Management (NLRCM). Since its inception in 2005, with the help and involvement of FADICA, the NLRCM—a consortium of highly distinguished volunteer experts from both the business and nonprofit worlds—has been developing tailor-made managerial approaches and mobilizing talent to help US dioceses.

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Through its Catholic School Budgeting Project in New Orleans, for example, the NLRCM, in collaboration with McKinsey and Co., redesigned a budget process governing the operations of 86 archdiocesan schools. It successfully introduced a web-based accounting system, operational scorecards, and other management tools that have made the Archdiocese of New Orleans a national leader in school financial operations, cost reductions, and fundraising.

At the end of 2008, the NLRCM was overseeing 15 active consultancies, four of them in the country's largest sees, that are generating tens of millions of dollars in cost savings. Key to the NLRCM approach is the engagement of church leaders who understand that a changing environment and new challenges require more adaptive thinking based on best practices and accountable, transparent stewardship.



At the Roundtable's annual conference keynote speaker Larry Bossidy, author of the best-selling book on management, *Execution, the Discipline of Getting Things Done*, and an active volunteer for the Diocese of Bridgeport, CT, put it succinctly: "The necessity of change is everywhere, including the church. You have to understand your parish and diocesan environment today if you are going to extend the vibrancy of the church."

That is the vision behind the work of the NLRCM—a realistic appreciation of how economic conditions, combined with demographic and social change, impact the vital work of Catholic faith communities. How to cope? The NLRCM is hard at work, demonstrating how fact-based planning, high standards, and the distribution of innovative ideas throughout the church can make a huge difference.

Last year, FADICA's encouragement of those solicitous about the church's future also extended to the eight congregations of women religious in New Orleans committed to rebuilding their ministries to the poor. The New Orleans Recovery Project, a joint venture with the Leadership Conference of Women Religious (LCRW), has rallied foundations, provided grant-writing support to religious communities, and advocated on their behalf with Catholic funding sources.

As 2008 drew to a close, more than \$7 million had been raised, including a \$2 million commitment from Catholic Charities USA. The funds are earmarked for a wide variety of needs, including the restarting of daycare centers for youth. One example is Cub Corner, which is sponsored by the Carmelite Sisters in the West End section of New Orleans.

For older beneficiaries there is the Adult Learning Center on Canal Street, run by the Sisters of St. Joseph; reconstructing a badly damaged school like St. Mary's Academy, the first African American Catholic high school in New Orleans, is a task for the Holy Family Sisters; and the Marianites of the Holy Cross are rebuilding residences for sisters serving the poor.

This three-year effort of FADICA and the LCWR has clearly demonstrated that collaborative philanthropy can rebuild the church's capacity to serve the very poorest members of our communities and generate life-giving hope.





Innovation and Initiative: Jesuit Higher Education's Evolving Reach

For the Jesuit community, 2008 was a special year. It marked the 35th General Congregation—the major planning event for the largest Catholic religious order of men and the occasion to elect a new Superior General. The man chosen was Fr. Adolpho Nicholas, SJ, former head of the Jesuit Conference of East Asia.

Fr. Adolpho's expertise will be important. The Jesuits have their hands full with the rapid growth of their educational, pastoral, and social ministries, especially in developing countries. Fortunately, globalization is making it easier to harness and cross-pollinate the creative and intellectual energies of the myriad Jesuit institutions and ministries around the world.

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Truly a sign of the times, the Jesuits have created a brand new position to oversee and foster more inventive networking and interaction among Jesuit colleges and universities worldwide. Former Santa Clara University President Fr. Paul Locatelli, SJ, a widely respected leader, was appointed by the Jesuit General to inaugurate this future-oriented post.

Members of FADICA had the privilege of meeting with Fr. Locatelli in October 2008 and learned about detailed plans for the 28 Jesuit colleges and universities in the US to collaborate with their 122 counterparts around the globe.

Fr. Locatelli expects that, against the backdrop of developments pointing to more reliance on the laity, Jesuit institutions will step up joint faculty appointments, as well as other collaborative administrative and leadership development policies that, he is certain, will result in a sharper mission focus and higher academic quality. Based in Rome, Fr. Locatelli will oversee the creation of a new database of Jesuit

higher education. He will facilitate the process by which more courses can be offered online and enjoy an international reach; he will promote more immersion experiences for students, faculty, and the boards of institutions; and he will put a premium on integrating classroom learning with the day-to-day experience of the Jesuit social apostolate. "We see globalization," Fr. Locatelli told the members of FADICA, "as the new context of our effort as educators."

The great potential of Jesuit institutions of higher learning to enrich the church's life was illustrated in 2008 by a unique project at Fairfield University, which was launched with FADICA support. The school's Department of Religious Studies has produced eight new popularly written books on the spiritual life of women.

The series draws on the talent of veteran authors, while also showcasing promising new authors. The books also cater to a key demographic—by far, women comprise the majority of volunteers and ministers in American parishes.



Funded by a 10-member cooperative of FADICA members, and published by St. Anthony Messenger Press, the *Called to Holiness* series debuted in Fall 2008 with well-attended conferences at Fairfield University, Georgetown University, and Boston College. The books' themes were drawn from the realities of ordinary life: dealing with the death of a spouse, raising a family and nurturing family members' prayer life, and responding to the richness of God's word in a world of sound bites.

The *Called to Holiness* series is complemented by an interactive website (www.calledtoholiness.org) that serves as a resource for parish groups and individuals. It features additional essays, discussion questions, and the opportunity to enter into a dialogue with the authors. A ninth volume in the series, focusing on prayers for women, is in the planning stages. This elegantly written compilation offers readers a transformative experience for both mind and heart, and gives a much-needed stimulus to fresh writing about Catholic spirituality.





Innovation and Initiative: Promoting a More Generous Church Culture

As the church adjusts to population shifts—and the passing of the torch from one generation of believers to the next—few trends impact the day-to-day life and mission of the church more than charitable behavior.

The enormous infrastructure of parishes, schools, hospitals, and colleges that comprise the Catholic institutional presence in this country testifies to the unparalleled generosity of generations of dedicated working-class and middle-income families. But in recent decades, almost in direct inverse proportion to their dramatic gains in educational and social mobility, Catholics have radically changed their giving habits.

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Recent studies of giving trends have revealed a sharp per capita drop in contributions during the past 30 years. A 2008 study by Notre Dame Professor Christian Smith notes that Catholic giving in the last decades of the 20th century declined sharply. According to Smith, Catholics now have the poorest rate of giving to their church compared to all other US Christian denominations.

Happily, the University of Notre Dame, thanks to a major grant from the Templeton Foundation, has embarked on a massive study of generosity, designed to find ways to promote the creation of a culture of giving. For its part, FADICA will continue to do what it can to explore this vital topic and find effective ways to turn around giving trends.

In a related development, at the end of 2008 FADICA began the planning for a conference on Catholic foundation practices entitled: *Reinventing Catholic Philanthropy*. Invited guest speakers will include foundation advisors, charity experts, as well as award-winning foundation and other not-for-profit leaders. The conference will acknowledge new faith-based philanthropic approaches—ones that are more collaborative and results-oriented, bolder and more innovative, and stronger in terms of capacity-building.

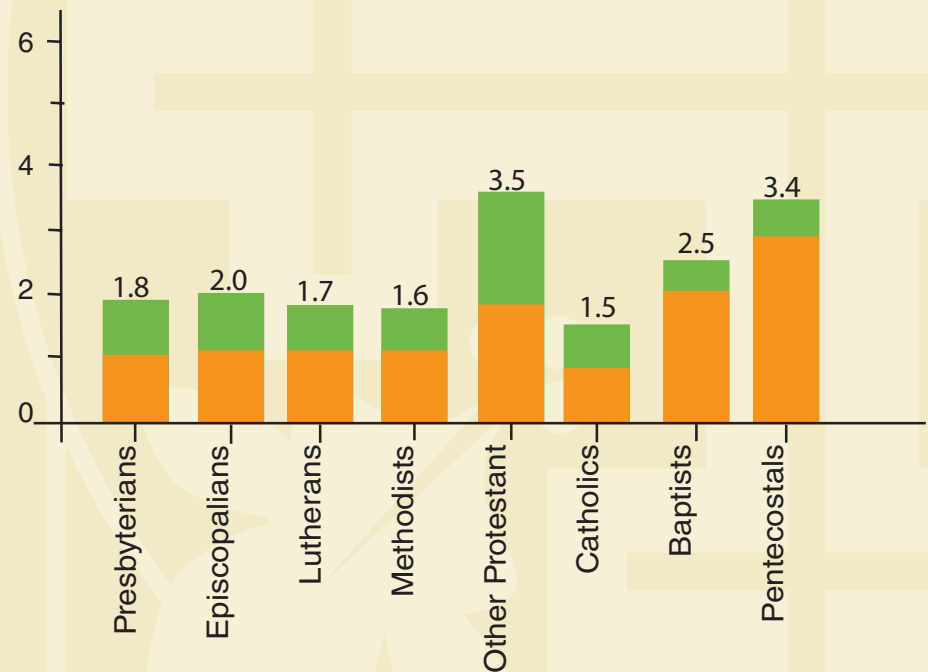
Strengthening FADICA's own capacity to serve its members in the future, the *Faith Shaping the Future Campaign*—a five-year, carefully-designed initiative to put in place an operating endowment for the organization—is reporting solid progress.

The campaign has almost reached the halfway point toward its \$10 million objective. This success reflects special gifts from nearly half of the FADICA membership, a reassuring sign that the culture of Catholic philanthropy will have a permanent home for generations to come.

Last but not least, FADICA was pleased to welcome several new members in 2008. These included the Barrett Bateman Foundation of Nashville, TN; the Gerald and Henrietta Rauenhorst Foundation of Naples, FL; the Joseph Family Foundation of Diamond Bar, CA; and the Catholic Church Extension Society of Chicago, IL, a religious grantmaker focused on rural and underserved sections of the country.

Figure 1

Total, religious, and nonreligious giving as a percent of household income, by U.S. religious group. Bottom of bars is religious giving portion, top of bars is nonreligious giving portion, percent is mean total giving as percent of income. (Source: Center on Philanthropy Panel Study, in PSID, 2000.)



Financials

Statements of Financial Position
December 31, 2008 and 2007

Statements of Cash Flows
December 31, 2008 and 2007

ASSETS	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	\$ 394,621	\$ 429,195
Investments, at market	831,934	1,433,851
Accounts receivable	118,759	7,500
Net promises to give, discounted	373,007	515,911
Inventory	14,696	19,873
Interest receivable	4,966	8,067
Prepaid expenses	1,436	562
Total Current Assets	1,739,419	2,414,959
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	114,935	103,967
Accumulated depreciation	(79,940)	(67,730)
Total Property and Equipment	34,995	36,237
OTHER ASSETS		
Cash and cash equivalents - endowment	819,321	2,052,658
Investments - endowment	2,255,446	1,324,891
Rent deposits and other assets	5,507	4,307
Total Other Assets	3,080,274	3,381,856
TOTAL ASSETS	\$ 4,854,688	\$ 5,833,052
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,810	\$ 10,492
Accrued expenses	17,165	27,227
Deferred revenue	22,700	31,000
Pass-through grants payable	55,000	8,000
Total Current Liabilities	100,675	76,719
TOTAL LIABILITIES	100,675	76,719
NET ASSETS		
Unrestricted	363,914	583,916
Temporarily restricted	3,024,271	4,264,695
Permanently restricted	1,365,828	907,722
Total Net Assets	4,754,013	5,756,333
TOTAL LIABILITIES AND NET ASSETS	\$ 4,854,688	\$ 5,833,052

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CASH FLOWS FROM OPERATING ACTIVITIES

	2008	2007
CHANGE IN NET ASSETS	\$ (1,002,320)	\$ 2,692,576
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,210	12,153
Unrealized loss on investments	1,274,851	49,054
Realized gain on sale of investments	588,246	(38,462)
Loss on disposal of fixed assets	-	981
Donations of fixed assets	-	2,675
Non cash contributions-stocks	(100,184)	-
(INCREASE) DECREASE IN OPERATING ASSETS		
Accounts receivable	(111,259)	15,000
Promises to give	142,904	(305,294)
Inventory	5,177	(19,873)
Interest receivable	3,101	44
Prepaid expenses	(874)	1,952
Rent deposits and other assets	(1,200)	(2,400)
INCREASE (DECREASE) IN OPERATING LIABILITIES		
Accounts payable	(4,682)	4,493
Accrued expenses	(10,062)	26,817
Deferred revenue	(8,300)	19,000
Pass-through grant payable	47,000	3,000
Net Cash Provided By Operating Activities	834,608	2,461,716

CASH FLOWS FROM INVESTING ACTIVITIES

Property and equipment purchases	(10,968)	(18,496)
Proceeds from sale of investments	2,050,065	853,266
Purchases of investments	(4,141,616)	(2,052,030)
Net Cash Used In Investing Activities	(2,102,519)	(1,217,260)

NET INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS - END OF YEAR

(1,267,911)	1,244,456
2,481,853	1,237,397
\$ 1,213,942	\$ 2,481,853

“The foundation community has begun to feel the impact of the economic decline through the plight of its grantees, and through sizable declines in its own investment portfolios.”



FADICA Membership Listing 2008

Amaturo Family Foundation
Fort Lauderdale, Florida

Assisi Foundation of Memphis
Memphis, Tennessee

Barrett Bateman Foundation
Nashville, Tennessee

Big Shoulders Fund
Chicago, Illinois

Boisi Family Foundation
New York, New York

Robert Brunner Foundation
New York, New York

Burkitt Foundation
Houston, Texas

Cassin Educational Initiative Foundation
Menlo Park, California

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Catholic Church Extension Society
Chicago, Illinois

Connelly Foundation
West Conshohocken, Pennsylvania

Cushman Foundation
New York, New York

Carrie Estelle Doheny Foundation
Los Angeles, California

Donahue Family Foundation
Pittsburgh, Pennsylvania

Mary J. Donnelly Foundation
Pittsburgh, Pennsylvania

Doty Family Foundation
Rye, New York

Mary K. & James D. Farley Fund
Hobe Sound, Florida

Fidel Götz Foundation
Furstentum, Liechtenstein

Goizueta Foundation
Atlanta, Georgia

William H. Hannon Foundation
Santa Monica, California

William R. & Virginia Hayden
Foundation
San Gabriel, California

Healey Family Foundation
New York, New York

Conrad N. Hilton Foundation
Reno, Nevada

Erica P. John Fund, Inc.
Milwaukee, Wisconsin

Joseph Family Foundation
Diamond Bar, California

Thomas & Dorothy Leavey Foundation
Los Angeles, California

Leonardt Foundation
Westlake, California

Frank J. Lewis Foundation
Riviera Beach, Florida

Loyola Foundation
Fairfax, Virginia

MGR Foundation
New York, New York

Mathile Family Foundation
Dayton, Ohio

William M. & Miriam F. Meehan
Foundation
New York, New York

Morey Charitable Trust
Tiburon, California

W. O'Neil Foundation
Chevy Chase, Maryland

Opus Philanthropy Group
Minnetonka, Minnesota

I.A. O'Shaughnessy Foundation
Bloomington, Minnesota

Porticus North America Foundation
New York, New York

Raskob Foundation for Catholic Activities
Wilmington, Delaware

Gerald & Henrietta Rauenhorst
Foundation
Minneapolis, Minnesota

SC Ministry Foundation
Cincinnati, Ohio

Scanlan Foundation
Houston, Texas

Arthur J. Schmitt Foundation
Wilmette, Illinois

Semper Charitable Foundation
St. Helena, California

Serving Hands International Foundation
San Diego, California

Specialty Family Foundation
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Stichting Porticus
Amsterdam, The Netherlands

Strake Foundation
Houston, Texas

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San Francisco, California

Vatterott Foundation
Naples, Florida

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Geoffrey T. Boisi
Boisi Family Foundation

Andrea Hattler Bramson
Loyola Foundation

B. J. Cassin
Cassin Educational Initiative Foundation

Sally Duffy, SC
SC Ministry Foundation

Forrest N. Jenkins
Assisi Foundation of Memphis

Kathleen L. McCarthy
The Thomas and Dorothy Leavey
Foundation

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Meehan Foundation

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The background of the slide features a repeating pattern of stylized, light-colored flowers and crosses on a warm, golden-yellow background. The flowers have simple, rounded petals and small circular centers. The crosses are composed of thick, slightly irregular lines, giving them a hand-drawn or folk-art appearance. The pattern is distributed evenly across the slide, with some elements partially obscured by the text.

“We must realize that this is a new time: as church, we have never been here before. We must break new ground. This needs to be a time of great creativity, a time for risk taking. Growth and change are never easy.”

Archbishop James V. Weisgerber



FADICA

Foundations and Donors Interested in
Catholic Activities, Inc.
1350 Connecticut Avenue, NW
Suite 825
Washington, DC 20036
www.fadica.org