

Solidarity in the Congregation

Our Efforts at Economic Collaboration



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Treasurer General

I have been asked to speak today about the economic collaboration that has been growing among us in the Congregation. I am willing to do that.

Let me begin with the three presentations you heard during this meeting, all of which in some way made reference to our growing spirit of economic solidarity or economic collaboration: the Treasurer General's report, the report from

the Director of the Vincentian Solidarity Office, and the presentation by the Director of International Development. What may not be so evident is that all three offices participate in a financial plan that is operative in the Curia. As best as I can, I would like to present that plan.

The plan, inaugurated by Father Maloney, has a vision; it has goals; and it has strategies. The vision simply stated is this: that those provinces with minimal income to meet their expenses might be able to stabilize their financial resources in the near future.

There are three integrated goals set forth to realize this vision of financial stabilization in provinces that are struggling financially. First, the plan aims at strengthening the cash flow position of these provinces. In other words, the supply of money flowing into these provinces is less than the demand for money to flow out of them. So, they need an increase of cash inflow in order to pay their bills. Second, the plan seeks to enable provinces to undertake capital improvements to support their mission, even as they are facing debts every day. Capital improvements are equivalently various small or large projects beyond ordinary expenses and would include, for example, obtaining computers for a school program. Finally, the

third goal talks in terms of securing long-term financial stability in these provinces.

Let us go back to the first goal: improving the cash flow situation of these provinces. Father Maloney, at the beginning of his term, felt keenly the lack of resources in the Curia for helping provinces. Provinces would appeal to him for assistance and he found himself unable to provide significant help to them. Furthermore, at this time he was also trying to launch a new project: namely, the establishment of new international missions. These missions too, he realized, would need financial support, if they were going to serve their areas effectively.

While wondering, and no doubt praying, about how to supplement the Curia's cash shortage, a very important event occurred at that time. Father Maloney met with a representative of a charitable foundation. The foundation let him know that it was willing to help him.

Their conversations led to a strategy for the first goal, the strengthening of the cash needs of the Curia, so it could provide more significant help for the new international missions and for provinces appealing for aid. The strategy was to set up an endowment fund, known as IMF: 2000.

The foundation, it is important to note, in its offer to help build this endowment fund set forth two conditions: first, its name was not to be revealed; second, before granting foundation money, it wanted the Curia to raise the same amount of money the foundation was willing to give. Thus, the foundation was really offering what is known as a matching grant.

Father Maloney took up the challenge to find matching funds. He made an appeal to a number of provinces to collaborate with him in providing these funds. As a result of his efforts, donations from some European Provinces, along with donations from the five Provinces in the United States, enabled the Curia to set up over two five-year periods not one, but two endowment funds to provide financial support for the new international missions and for provinces experiencing financial difficulties. Today, IMF: 2000 and IMF: 2004, have a market value of nearly \$12 million. The income from these endowments, as I mentioned in my earlier talk, provided 46% of the total amount distributed this year in the Mission Distribution Fund — in other words, over \$600,000 of the \$1.3 million distributed.

Struggling provinces still have cash flow problems, but some of their burden has been lightened because of the economic collaboration of the European and American provinces, who gave of their resources to provide matching funds for this endowment.

We return now to the second goal: enabling provinces to make capital improvements. The strategy for implementing this goal was to set up a Vincentian Solidarity Office and a Vincentian Solidarity Fund. The very clear report from Brother Peter we heard at this meeting filled us in on the large projects and the micro-projects financed by the Vincentian Solidarity Fund, since its inception. My point here is to reaffirm that Brother Peter's work integrates into the Curia's economic collaboration plan. He does not work independently of the Curia, although full decision-making power over the awarding of project grants has been delegated to him.

Finally, we return to the third goal: the establishing of long-term financial stability for provinces. The strategy for attaining this goal is the construction of endowment funds or, as we call them, patrimonial funds. The distinctive features of endowment funds, as many of you know, are these: The principal or corpus of the fund is not to be liquidated; that is, converted into cash in order to meet current expenses. Only the return — namely, interest, dividends and capital gains on the investment — can be used and the return on the investment must be used only for the purposes for which the fund was established. To use the return from these endowment funds for any other purpose is a serious violation of justice. We asked donors to help with a particular cause. They helped, and now we are bound in justice to do precisely what they willingly helped us to do.

A number of patrimonial funds have been established. Some are completed, some are in the process of being completed, and some are just beginning. These funds, from the perspective of civil law, have different "owners," if you will; that is to say, speaking from an accounting perspective, these funds are reported on various balance sheets. Thus, in some cases the "owner" of the patrimonial fund is the sponsoring province of a mission from which a new province originated. For example, the Province of Holland has a patrimonial fund for Ethiopia. The Province of Ireland has a patrimonial fund for the Vice-Province of Nigeria. The Province of Naples has a patrimonial fund for the Province of Saint Justin De Jacobis.

Then there are provinces that have formed a relationship with financially struggling provinces and have set up a patrimonial fund or are in the process of doing so. Thus, the USA South Province has a patrimonial fund for the Province of North India. The Eastern Province of the United States is currently constructing a patrimonial fund for seven different provinces, which it hopes to have completed by the year 2010. The Province of Turin is currently building a patrimonial fund for Madagascar. The money handed over to these funds derives predominantly from the generosity of the various

sponsoring provinces, and, in some cases, from the generous matching funds of the charitable organization.

Finally, our current Superior General, Father Gregory Gay, saw the need to begin a new patrimonial fund. This one was to appear on the balance sheet of the Curia. The charitable foundation, referred to earlier, has offered to provide a matching grant for this fund as well. Nine provinces were originally included in the Curia's patrimonial fund. Also, as Father Carl Pieber mentioned in his presentation, \$2.5 million is also designated in this fund for assistance to three international works under the direct supervision of the Superior General, namely, JMV, MISEVI, and AMM. Actually, two of the nine provinces included in this fund, through a special donation given, recently reached the goal set for them, leaving only seven provinces as participants in the Curia's patrimonial fund.

The Curia contributes \$100,000 annually to this patrimonial fund. The Curia looks to others to join with it in supporting this new fund, but believes it cannot keep asking the same provinces to keep giving over and over; it therefore has looked to other provinces for help. These new provinces are mainly from Europe, but, happily we report, for the first time there is a contribution coming in from Latin America.

Three types of relationships exist between the Curia and these newcomers to the collaboration or solidarity program. First, some of these new donor provinces have submitted a written document, pledging to contribute to the Curia's patrimonial fund, and these provinces have been faithful to their commitment. Second, other new donor provinces have been contributing faithfully to the fund, but without a formal written document. Finally, there are others who have stepped forward with a promise to help, but for various reasons have not been able to provide the details covering the amount of assistance they hope to provide.

And now, I must add this point: While the donors to the new patrimonial fund have been generous, it is also the case that the funds coming in from these new sources have not been sufficient to match the potential grant offered by the foundation. The Curia has shared with the foundation the challenge it has been experiencing in finding matching grants. The foundation, while understanding the Curia's challenge, nonetheless has preferred to hold fast to its requirement for matching funds. It therefore has asked the Curia to consider setting up an international development office as a possible means for obtaining these matching funds. In response to the request, Father Gregory has appointed Carl Pieber as the international development officer. Carl is trying, with your cooperation, to get this office off the ground. Carl's first priority is to

find matching funds for the Curia's patrimonial fund and possibly for other patrimonial funds to be established in the future.

Let me conclude with three observations. First, I hope you have been able to detect from this presentation how there has been an expansion of provinces joining or promising to join in on this program of financial collaboration. But I also want to mention that the Curia's plan is not the only example of financial collaboration in the worldwide Congregation. The Province of Toulouse, which I mentioned last week, also contributes to provinces with financial needs. Toulouse, as far as I know, puts no restrictions on the funds it distributes, but my guess is that its distribution is compatible with the Curia's first goal, namely, the strengthening of the cash flow position of these provinces. Other provinces help with CIF; others contribute to the international AMM; and still others, in a quiet way, provide assistance to provinces in need, especially if there had been a previous relationship to these provinces. Every conference has at least one of its provinces sending a donation to help at least one activity in the Congregation.

Second, it has been mentioned to me, or has gotten back to me, that there are provinces looking to join in on what has been moving forward. Perhaps this presentation might assist provinces in finding a way to enter into this spirit of economic collaboration. If a province wants to help, it need only think of the three goals. Would a province like to help another province find relief for its immediate cash flow problems? If so, it can contribute to the Curia's Mission Distribution Fund. Would a province like to help another province to introduce some capital improvements, supportive of its mission? If so, it can contribute to the Vincentian Solidarity Fund. Would a province prefer to contribute to the long-term goal of financial stability for struggling provinces? If so, it can speak with Carl Pieber about sending a contribution to the new patrimonial fund or it can contact the Superior General or me directly.

Finally, I want to offer a comment on a potentially difficult and sensitive topic: the transfer of a portfolio from one province to another. Technically, we are speaking here about transferring civil title or civil ownership of the investment portfolio.

Probably all of us need to recall now and then a few points. First, from our perspective as a Congregation in the Church, we do not own these patrimonial funds. These funds have been entrusted to us for our care and preservation and growth in order to respond to the needs of the poor now and in the future. We do not own the patrimony of the poor; we exercise responsible stewardship over their patrimony.

Second, again from our perspective of being a Congregation called to serve the poor, the transfer of funds should not be perceived as a gift to another province. The transfer of funds to other provinces is an extension of our sharing stewardship over the patrimony of the poor entrusted to the whole Congregation. In this expanded notion, provinces, which know well the struggles attached to poverty, can become stewards themselves over resources entrusted to them for the pastoral benefit of the people given to them.

The third concluding observation I wish to make may have a little bite to it. It would seem that there are two components to good financial stewardship. The first component is to have something over which to exercise stewardship: namely, money. The other component of stewardship, however, is the exercise of responsible, disciplined financial management over what has been entrusted to us.

To date, much effort has been put into obtaining money for provinces in need. The new frontier, however, is to encourage and help provinces learn management techniques. For example, those unfamiliar with investing endowment funds or accounting for endowment funds would benefit from having at least one confrere learn and develop skills in this area. Investments are far more complex than checking and savings accounts. Perhaps some here would have some best practices on good financial practices. I would be happy to hear from them. I would be especially happy to hear from provinces anticipating the reception of a patrimonial fund as to how they might collaborate in learning how they might adopt sound policies geared toward the practice of sound fiscal management.

Thank you for your time. Thank you for your collaboration.