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2023 Seminarian Endowment Challenge

Over the last ten years Catholic Extension has granted a total of \$26.8 million in funding for seminarian education to 74 different Extension dioceses. While seminarian education has always been an important strategic funding area for Catholic Extension, this growth in requests highlights the increasing gap between a diocese's costs to educate seminarians and a diocese's ability to fund them. In order to meet this cost, Extension dioceses are making difficult decisions to cut services, reduce staff, and draw down the principal of existing endowments, thus risking harm to the long-term health of the diocese.

To help Extension dioceses build capacity to meet this need, Catholic Extension established the Seminarian Endowment Challenge in 2012 to offer matching dollars for funds raised toward seminarian education endowment funds. This initiative seeks to accomplish two important goals:

1. To incentivize the creation or further development of major gift programs in dioceses through incentives for endowment fundraising efforts for seminarian education, and assist dioceses to identify, cultivate, and steward new long-term leadership donors.
2. To help dioceses establish or grow a permanent seminarian endowment asset that will help manage the increased costs over the long term without coming at the expense of current programs or ministries.

In the first ten years of the Seminarian Endowment Challenge, over \$17.5 million in new endowment funds have been created in Extension dioceses to support the long-term need for funding seminarian education in Extension dioceses.

Once again in 2023, this program is available to dioceses in two different forms:

I. Seminarian Endowment Challenge for First Time Participant Dioceses

This program is open to applications from dioceses who have not yet participated in the Seminarian Endowment Challenge before. For first-time participants, a diocese can request a challenge for a matching grant of up to a maximum of \$50,000. The specific matching ratio must be proposed individually by each participant in their application, but must be no less than \$1 raised locally for every \$1 matched (and can be proposed as higher, such as \$2 or \$3 raised locally for every \$1 in matching funds). Catholic Extension's matching funds for this challenge will be invested in the Mission Diocese Fund, LLC, on the diocese's behalf.

In order to qualify for these funds, the following terms must be met:

- Funds raised will be designated only to a permanently restricted endowment fund designated specifically for seminarian education, and raised between January 1 and December 31, 2023. These gifts must be paid or transferred within the time frame established for the program and be received in cash or readily marketable securities and designated to this specific purpose.
- Funds raised must be either new or increased major gifts of \$1,000 or more, or money raised through special fundraising events (fundraising dinners, auctions, etc) specifically designated for this program. The amount matched will be the amount of the increase of a major gift or event compared with the prior year. General direct mail, special collections, or diocesan annual appeals do not qualify.

II. Seminarian Endowment Challenge for Returning Participant Dioceses

This program is open to applications from dioceses who have previously participated in the Seminarian Endowment Challenge from 2012-2022. As a second-time participant, a diocese can request a matching grant of up to \$25,000 maximum. The diocese must set a minimum proposed matching ratio of at least \$2 raised locally for every \$1 matched by Catholic Extension, but may propose a match at an even higher ratio in order to maximize fundraising abilities.

For a second round, dioceses are also encouraged to engage other potential major donors or groups to co-sponsor the challenge by adding in their own matching funds on top of Catholic Extension's amount, expanding the total potential match. For example, if the diocese requests a maximum \$25,000 match from Catholic Extension at a 1:2 ratio, an additional partnered donor sponsor/donor challenge of \$25,000 at the same ratio can increase the total fundraising opportunity to \$50,000 matched on \$100,000 raised. Priority will be given to dioceses who are able to engage additional challenge sponsors, offer higher matching ratios, or otherwise maximize Catholic Extension's second matching investment.

Catholic Extension's matching funds for this challenge will again be invested in the Mission Diocese Fund, LLC, on the diocese's behalf. In order to qualify for these funds, the following terms must be met:

- Funds raised will be designated only to a permanently restricted endowment fund designated specifically for seminarian education, and raised between January 1 and December 31, 2023. These gifts must be paid or transferred within the time frame established for the program and be received in cash or readily marketable securities and designated to this specific purpose.
- Funds raised must be either new donor gifts of \$1,000 or more, reacquisition of lapsed Seminarian Endowment Challenge donors at \$1,000 or more, renewal of \$1,000+ donors at an increased amount (the increase of the gift amount will qualify for matching funds), or money raised through special fundraising events

(fundraising dinners, auctions, etc) specifically designated for this program. The amount matched will be the amount of the increase of a major gift or event compared with the prior year. General direct mail, special collections, or diocesan annual appeals do not qualify. For matches on re-acquisition of donors, dioceses may be asked to submit a plan for future retention of these donors after this second round.

2023 Seminarian Endowment Challenge Timeline:

November 8, 2022	Application period opens for interested participants
December 9, 2022	Application deadline
Jan. 1-Dec. 31, 2023	Qualifying time period for matching funds raised

Frequently Asked Questions:

What is the matching ratio for Catholic Extension's funding?

The individual matching ratio for each participant in the Seminarian Endowment Challenge is proposed by each diocese as a part of the application process. The diocese can determine its fundraising goal and propose a matching ratio that the diocese believes it will be able to leverage as an incentive to meet that goal. The matching ratio must be no less than \$1 raised for every dollar matched by Catholic Extension for first-time participants, and no less than \$2 raised for every \$1 matched by Catholic Extension for second-time participants, but can be higher (\$2 or \$3 raised for every \$1 matched by Catholic Extension) if the diocese believes it can be successful in leveraging the matching opportunity to obtain a higher overall total of gifts.

How do we sign up and how many dioceses will be able to participate?

Applications for all participation in this program will open on November 8, 2023. The program will be open to dioceses who respond meeting the application criteria by Wednesday, December 11, with the final participants selected in December.

How are participant dioceses determined? What is the selection criteria?

Catholic Extension will review all applications received by the established deadline and make decisions regarding 2023 challenge participants from a list of criteria including (but not limited to): Quality of fundraising plan, quality of long-term stewardship and development of donors engaged by this challenge, current level of seminarian education costs funded by an endowment, current need for seminarian education funding, the strength of the projects proposed to achieve the match, a diocese's previous participation and success in the Seminarian Endowment Challenge, and general Catholic Extension grant funding criteria.

Our diocese already does an annual appeal (either direct mail or as a special offering) for seminarian fundraising. Would this count toward this match?

This program would only match funds raised by personal development asks of \$1,000 or more, or net revenues from qualifying fundraising events. The reason for this is that challenge grants have proven to help motivate individual donors to make larger gifts and create a much higher return on fundraising costs than direct mail appeals. The goal of the program is to encourage the identification, cultivation, and stewardship of individual major gift donors who can continue to support the diocese with leadership level gifts for many years after the Endowment Challenge.

We have a donor in our diocese who has previously given \$1,000 or more to seminarian education. If they give again, would this count?

Catholic Extension will match the increased amount in their donation from the prior year. For example, if the challenge inspires the donor to increase their gift to seminarian education from \$1,000 to \$2,500, and designate that increase to the endowment fund, Catholic Extension will match the \$1,500 increased amount. For first-time donors of \$1,000 or more, Catholic Extension will match the entire gift. These gifts must come within the time frame established for the program and be received in cash or readily marketable securities and designated to this specific purpose.

We already have a fundraising event (dinner, etc) that benefits seminarian education. Can the proceeds from these events be used to count for this match?

If your diocese already has an established event benefitting seminarian education endowment, Catholic Extension will match the increase in net proceeds raised at the event for the coming year over your previous net income. This program is meant to be an incentive to spark additional fundraising activities and not simply match existing annual events. By matching the increased amount in net revenues over last year it will inspire attendees and donors to increase their participation toward the event's success.

How will grants for this Seminarian Endowment Challenge be invested?

Catholic Extension's matching funds from this challenge will be contributed on your behalf to the Mission Diocese Fund, LLC, a pooled investment fund formed for the benefit of Extension dioceses. These funds will be invested as long-term assets and may provide regular income for funding seminarian education. For those dioceses who are already members of the Mission Diocese Fund, the matching grant will be deposited into a seminarian education sub-account. If your diocese is not already a member of the Fund, you must complete the subscription documents to become a member of the Mission Diocese Fund, LLC. The funds that you raise toward this matching challenge can also take advantage of the opportunity to be invested in the Mission Diocese Fund as well, if you choose not to, they must be invested in another permanently restricted account for seminarian education with the intent to remain a long-term investment. For more information about the Mission Diocese Fund, contact Catholic Extension.

Why do we need to establish a target fundraising goal? What happens if we do not meet that number?

Catholic Extension is asking dioceses to commit to a target fundraising goal for the year to assist us in our financial planning and ensure that the challenge funds requested can be available to the dioceses upon fulfillment of the challenge. Each diocese must reach 2/3 of their target fundraising amount in order to activate the match from Catholic Extension. If the diocese does not reach 2/3 of the set fundraising target amount by the expiration date, the funds will be ineligible for a match from Catholic Extension.

Can dioceses who were a part of the 2012-2022 Seminarian Endowment Challenge participate again?

Yes, previous participants in the Seminarian Endowment Challenge may submit an application to participate again, but only under the guidelines for returning participant dioceses. This includes a minimum matching ratio of 1:2 or greater and a maximum matching grant amount of \$25,000 from Catholic Extension.

What is the schedule for this challenge and Catholic Extension's matching payment?

In order to qualify for this challenge, all funds must be received in cash or readily marketable securities (no future pledges) between January 1 and December 31 of 2023. Catholic Extension will provide our matching grant in December 2023, once the diocese has submitted their verification documentation and completed the necessary paperwork for membership in the Mission Diocese Fund.

The Seminarian Endowment Challenge does not constitute an offer to sell any interests in the Mission Diocese Fund, LLC ("Fund"), or the solicitation of offers to buy such interests. Any offer to sell or solicitation of any offer to buy interests in the Fund is only made by the offering memorandum that has been prepared by the Fund. A copy of the offering memorandum may be obtained by contacting Catholic Extension.