

# THE *nesc*ene

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## SPECIAL 2003 YEAR END INSERT

The National Executive Service Corps was founded just over 25 years ago by Frank Pace, Jr. former U.S. Budget Director, Secretary of the Army, and, later, President of General Dynamics Corporation.

We dedicate this issue to him and thank him for his vision. To date, NESC has conducted nearly 2,000 consulting projects for non-profit organizations throughout the tri-state area.



### NESC'S MISSION

*"To make a meaningful contribution to our communities by strengthening the management of America's non-profit organizations, schools, and government agencies through high-quality, low-cost consulting services."*

## PRESIDENT'S CORNER

### BOARD NAMES ACTING CO-CHAIRS

I am very pleased to advise you that A. Wright Elliott and Eleanor Holtzman have agreed to serve as acting co-chairs of the Board of NESC. They will be assisted by Jack Fontaine, who agreed to be nominated as Vice Chair. These three key executives presently serve on our Board of Directors. In my opinion, they will constitute a terrific new leadership team for NESC.



Marvin B. Berenblum  
President & CEO

Wright Elliott, a retired Executive Vice President of The Chase Manhattan Corporation, ably served NESC as Chairman from 1998-2001. He will concentrate his activities on external relations with key grantors and clients. Eleanor Holtzman, a former President and CEO of NESC who presently serves as Chairperson of our Senior Advisory Committee, will focus more on client relations and marketing. Jack Fontaine, Counsel of Hughes, Hubbard & Reed, LLP and a retired former President of Knight-Ridder, a major media company, will devote his considerable skills to Board organization and development efforts.

The Board is expected to ratify the new management team at its next meeting in New York on June 16.

As we warmly welcome the return of Wright and Eleanor to their important new leadership positions, we wish to thank our former Chairman, Nat Sutton for his many contributions to NESC during a very challenging period.



Eleanor Holtzman



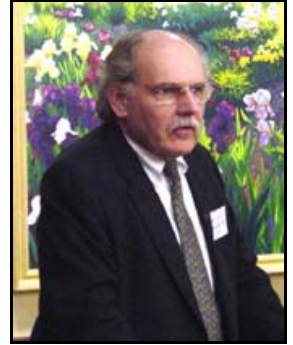
A. Wright Elliott

#### INSIDE THIS ISSUE:

<i>NESC Reception at McGraw-Hill</i>	<b>2</b>
<i>'Round the Regions</i>	<b>3-4</b>
<i>Greenwich YMCA Consultancy</i>	<b>4</b>
<i>Schneider Named VP Development</i>	<b>4</b>
<i>Congregational Business Conference</i>	<b>5</b>
<i>Strategic Alliances</i>	<b>6</b>
<i>Executive Search</i>	<b>6</b>
<i>Planned Giving</i>	<b>7</b>
<i>Upcoming Event</i>	<b>8</b>
<i>2003 Year-End Highlights</i>	<b>INSERT</b>

## ROCKEFELLER BROTHERS FUND'S BENJAMIN SHUTE ADDRESSES NON-PROFITS AT NESC RECEPTION HOSTED BY THE MCGRAW-HILL COMPANIES

**New Realities in Funding** was the subject of a candid talk by Ben Shute, Secretary of the Rockefeller Brothers Fund to guests attending the NESC Reception on March 16, hosted by The McGraw-Hill Companies. Approximately 120 people braved a late winter storm to attend the two hour event that included a panel discussion by three NESC clients involving recently completed consultancies: Queens Theatre in the Park; United Spinal Association; and The City University of New York. All three were highly complimentary of the assistance provided by the NESC consultants.



*Benjamin Shute*

Ben Shute, the guest speaker and a former educator joined the Rockefeller Brothers Fund as Treasurer in 1992. In addition to serving as Secretary for the \$700 million Fund, he is also the program officer for its Democratic Practice grantmaking program in the U.S. Founded in 1940 by the sons of John D. Rockefeller, Jr., the Fund's mission is to promote social change that contributes to a more just, sustainable, and peaceful world. Grant programs are organized around four themes: Democratic Practice; Sustainable Development; Peace and Security; and Human Advancement.

Mr. Shute admitted that the three-year stock market setback that began in late 2000 has impacted on the Fund's ability to fund new projects. Moreover, there are now fewer multiyear grants being offered due to the Trustees concern about continuing fiscal uncertainties. Like many other major foundations, the Rockefeller Brothers grant requests are now subject to increased oversight. A greater emphasis is placed on quantifying the likely impact of the proposal on the community. As Marv Berenblum, NESC President and CEO, eluded during the Q&A period that followed Ben's remarks, the new reality of funders is "If we can't measure it, we don't fund it."

Attendees were told that while most non-profits may be stressed by declining financial support from foundations and government, they have been coping through the current fiscal crisis. Although the new realities of accountability, evaluation, and measurement are becoming facts of life in the non-profit world, a greater diversification of funding sources has helped. Mr. Shute and the three panelists, as well as other attendees, agreed that individual gifts, venture philanthropy, earned income and corporate sponsorships are becoming increasingly important funders.

## PAULA PACE, DAUGHTER OF NESC FOUNDER FRANK PACE, SEES HER FATHER'S VISION OF PUBLIC SERVICE EMBODIED IN TODAY'S NESC

### SPEECH KEYNOTES NESC'S VOLUNTEER RECEPTION



*Reception speakers, left to right, are Marvin B. Berenblum, Paula Pace, and economist, Dr. Robert Goodman*

NESC held a holiday reception to honor and thank its consultants for all their hard work and dedication at Morgan Stanley's world headquarters, high atop Broadway's dazzling lights. Nearly 100 people attended the event.

The consultants and their guests were greeted by NESC Board Chairman Nat Sutton and President and CEO Marv Berenblum. The keynote speaker was Paula L. Pace, Esq., daughter of NESC's founder, the late Frank Pace. Paula described her father in loving terms and presented a picture of him as a man of vision, pragmatism, and a strong sense of leadership.

She gave highlights from his "amazing career," from high school in Little Rock, Arkansas, to Princeton, Harvard Law, and on to his appointment by President Harry S. Truman to be the Director of the Bureau of the Budget "at the ripe old age of 35," and Secretary of the Army at 38. His lack of business experience at that time led to his decision to enter the business world, and he soon became Executive Vice President of General Dynamics Corporation. "Within two years," Paula said, "he was catapulted into the CEO position with the untimely death of its founder." However, Paula admitted, her father felt his first failure, when GD lost over \$4 million on a failed commercial enterprise. That failure "could have undone him," she said, "but somehow it fueled his zeal for public service."

*...CONTINUED ON PAGE 5...*

## 'ROUND THE REGIONS

### NEW JERSEY



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### GERALDINE R. DODGE FOUNDATION

New Jersey is pleased to report that NESC's consultancies under its first grant from the Dodge Foundation are progressing well. In October 2003, NESC was awarded a \$20,000 Dodge grant to provide capacity building consulting services for up to five non-profits. All located in Morris County, these organizations face an interesting variety of challenges from staff and board transitions, to growing pangs, to the establishment of a planning culture. Each non-profit was assigned its own team of New Jersey consultants, focusing exclusively on areas they identified as critical to advancing the effectiveness of their organization.

To launch the grant, participating agencies were invited to a meeting at the Dodge Foundation offices in Morristown to hear a presentation by members of NESC that included Ms. Gladysz, Bob Ehinger and Alberta Edwards. Those interested in availing themselves of the NESC services then received an organizational assessment by the consultants to define the respective assignment and develop a letter of engagement as the starting point for each consultancy. These agreements were strictly between NESC and the client which assured confidentiality to each organization under the terms of the grant.

David Grant, Executive Director of the Dodge Foundation indicated that Dodge sees the Morris County engagements as a trial grant to test the possibility of a further partnership with NESC which could expand the program elsewhere in New Jersey.



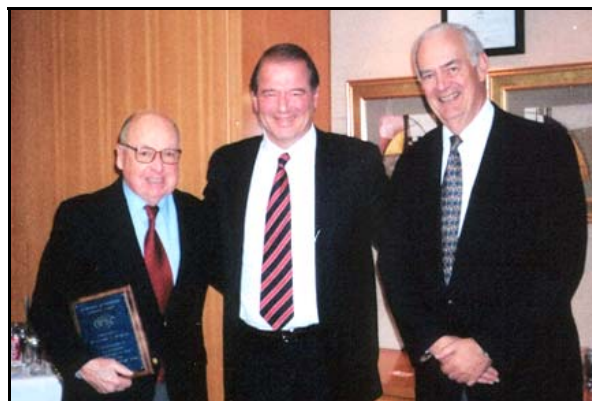
*NESC New Jersey Consultants  
Attending Holiday Party*

### BILL BURKE, DIRECTOR EMERITUS HONORED BY NESC SOUTHWEST CONNECTICUT REGION

At a recent Southwest Connecticut meeting held above the world's largest trading floor at UBS in Stamford, Marv Berenblum, NESC President, honored Bill Burke, who is retiring from his position as Co-Director of the Southwestern Region.

Bill has a BA from St. Mary's College, an M.E. from the Illinois Institute of Technology, a PhD from Loyola. He participated in the Business Executive Development program at the Cornell Graduate School of Business. Bill joined NESC on 1985, following careers in the Navy and in business, where he was Vice President of Texas US Chemical Co.

In addition to his management of the Southwest Connecticut Region, Bill has participated personally in over 15 NESC projects since 1994. He has set a fine example for those of us who wish to serve our communities as volunteer consultants to non-profit organizations. Although Bill is now technically retired, his new position as Director Emeritus will provide him with ample opportunity to continue his contributions to the cause. We wish him well in this new role.



*Bill Burke, left, accepts a plaque from  
Marv Berenblum upon his retirement as VP,  
Co-Director of NESC SWCT Region.  
Al Atherton, right, becomes Regional Head.*

## 'ROUND THE REGIONS

...CONTINUED FROM PAGE 3...

### SOUTHWEST CT



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#### **FOURTH CONSULTANCY OBTAINED FOR GREENWICH YMCA**

Al Atherton, VP/Regional Director, Southwest Connecticut Region is pleased to announce that the Greenwich Family YMCA is actively planning to expand and upgrade its facilities, in order to enable it to better serve the needs of the Greenwich and its neighboring communities. One item under consideration is the construction of an Olympic-size swimming pool, which will allow the Y to greatly enhance the scope of its aquatic programs. Key to this decision is a knowledgeable projection of the extent to which growth in membership and program participation can be expected to accrue from such an expansion.

NESC has performed consultancies for the Greenwich YMCA three times in recent years. As a confirmation of the ability of SWCT to attract new business from successful past performance, the YMCA has sought NESC's help once more in 2004. NESC was engaged to review and validate a number of studies that have been done to define the Greenwich YMCA's penetration area in terms of geography and population. The study was also needed to confirm community support for expansion of the Y's facilities in general and of its aquatic facilities in particular.

A central part of this study will be an analysis of the information obtained from interviews with the Executive Directors of other YMCA's in the local area that have recently expanded their facilities. Consultants are also interviewing local swim coaches to determine the support that may be expected from neighboring organizations for the Y's aquatics programs.

Kurt Schaffir of Greenwich, CT, who has participated in a phenomenal 24 projects for NESC over the past 10 years, leads this consultancy. Assisting Kurt are Bob Havemeyer, Peter Schieferdecker and John Toner, all Greenwich residents.

### EXTERNAL AFFAIRS

#### **George H. Schneider Named Vice President for Development**

George H. Schneider, a former Director of Development for Science and Technology for The Catholic University of America, joined NESC in February.

"George brings expertise in fundraising management, special events and educational development," according to Marvin B. Berenblum, President and CEO of NESC. "His background encompasses a variety of nonprofit service areas, including museums, higher



*George H. Schneider*

education, health care and community services."

His prior positions include Director of Foundation Grants and Corporate Events for Sacred Heart University, and Director of Corporate and Foundation Relations for Manhattan College.

He reports to Larry Lerner, Senior Vice President for External Affairs.

## PAULA PACE RECOUNTS ...Continued from Page 2...



*"My father saw the retired executive as an untapped resource," said his daughter, Paula Pace*

Public service became his passion, according to Paula, and "he saw the retired executive as a great untapped resource. He envisioned bringing the skills and strong sense accountability of the business world to government projects through the International Executive Service Corps, launched by him with David Rockefeller in the mid-sixties, and then to the not-for-profit world in 1977 with the establishment of the NESC."

She believed her father would have been thrilled to see the success and growth of NESC over 25 years, and the high quality of consultants the organization still attracts.



*Frank Pace, Jr. Founder of the National Executive Service Corps in 1977*

The other speaker at the NESC consultants' reception was Dr. Robert Goodman, Senior Economic Advisor and a Managing Director of Putnam Investments, who gave an optimistic picture of the U.S. economy over the next decade. "Dr. Bob," as he likes to be called, is a frequent guest on CNN and host of CNBC's "Squawk-Box."

## CONGREGATIONAL BUSINESS CONFERENCE

NESC and The Interchurch Center co-sponsored the Congregational Business Conference at The Interchurch Center, in New York City on April 24, 2004. Religious leaders and administrators from all denominations were in attendance.

A Keynote Presentation by Ed Redfern, Jr., Head of the NESC's Religion Sector, was added to the conference this year to facilitate discussion among the attendees about Business Best Practices for Church Administration. Panel members included Kurt Barnes, CFO and Treasurer of the Episcopal Church, USA; Stephanie Bailey, formerly Interim Chief Administration Officer of the Riverside Church, New York City; James Williams, Director of NESC's Leadership Development; and Cathy Quarles, Vice President of JP Morgan Chase's Community Lending Program for small to medium sized houses of worship.

The workshops discussed topics such as: Legal Issues; Insurance; Financial Audits; Responsibilities of the Congregational Treasurer; and IRS requirements. Over 85 people registered for the event, representing 30 houses of worship, including Central Synagogue of New York, a first time attendee by a non-Christian denomination.

NESC feels that our participation in the Conference enhances our partnership with The Interchurch Center and facilitates our business development efforts with the religious community in New York City.



*Ed Redfern, Jr., SVP Religion Sector Head*



*L to R: Kurt Barnes, CFO/Treasurer, Episcopal Church U.S.A., Stephanie Bailey, Former Interim Chief Administration Officer, Riverside Church, James Williams, VP, NESC, Cathy Quarles, VP Community Development, JP Morgan Chase*



*Hans Vogel, CFO, Interchurch Center*

## STRATEGIC ALLIANCES: THE WAVE OF THE FUTURE

By Jonathan Goldfarb

Strategic partnerships are an integral component of NESC's operating philosophy. Such affiliations enable each partner to more successfully accomplish its mission.

"We see relations with current and perspective corporate and strategic partners expanding in number and in the depth of the relationships," says Marv Berenblum, CEO and President of National Executive Service Corps. "Corporate partners are pleased to host NESC meetings and fund some programs that align with their public-service objectives, and may also be a pipeline to potential future NESC volunteer consultants."

The United Way, for example, is an organization that NESC is involved with at many levels. NESC shares space with United Way in Hartford (where the relationship goes back many years), and in Stamford, and discussions about joint activities are underway in Long Island, Westchester, and New Jersey. United Way fre-

quently refers consulting engagements for the organizations that it assists to NESC, and Marv Berenblum is on United Way's Planning Board.

National Executive Service Corps partners with the Staten Island Bank in its efforts to strengthen the economic vitality of that borough. The bank provides substantial funds to finance NESC consultancies for Staten Island non-profits, and encourages its grantees to utilize this service. NESC is also currently involved in a project with Staten Island Bank to develop exhibits that will attract children participating in athletic programs into arts institutions.

Similarly, in New Jersey NESC has received a grant from the Dodge Foundation (see Page 3) to fund consulting assignments on capacity building for as many as five non-profit organizations in Morris County. This initiative may be expanded.

Another example is The Interfaith

Center, a group whose mission is to provide service and operational assistance to the more than 80 non-profit tenants (mostly in the religion area) of its 650,000 square-foot office structure in Manhattan. NESC has significantly improved its visibility and stature in the religion sector by partnering on a number of programs at the center. Volunteer consultants have made presentations on NESC's specific core competencies at series of noontime seminars on Best Practices for Non-profit Organizations that began in October of 2003 (see Page 5). In addition, a Congregational Business Conference was held recently. Other programs are being planned.

Desirous of enhancing the viability of the non-profit sector, McGraw-Hill, Morgan Stanley, and UBS (in Stamford) have hosted NESC receptions, and may do so again. On June 10 JPM/Chase will sponsor a seminar on planned giving and estate planning for NESC volunteers.

## STRENGTHENING THE MANAGEMENT OF NONPROFITS

News from NESC Executive Search

Finding the right person for the right job is critical to sound management. NESC has particular expertise in helping non-profits do just that.

"During the past year we have filled 10 key positions", said Paul Barrett, SVP for Executive Search. "Our retained searches have ranged from President/Chief Executive Officers, Executive Directors, Chief Financial Officers and Directors of Development".

NESC is currently completing a retained search for the Executive Director of the New Orleans Jazz and Heritage Foundation which sponsored the New Orleans Jazz Festival, one of the largest music festivals in the world. NESC was selected from a field of over 30 other Executive Search firms.

## IRA'S AND QUALIFIED RETIREMENT PLANS: Help Your Heirs & NESC

If you do not prepare now, the funds in your IRA pension could be a heavy tax burden to your heirs.

Anyone receiving these funds as an heir to your estate will pay income taxes on them. In addition, state and federal taxes can exceed 60% of the value of the IRA account. When you combine the estate taxes with your beneficiary's probable income taxes, there will be little left to spend or reinvest. If proceeds are left to a surviving spouse, these taxes are deferred, not avoided. However, tax consequences can get worse if proceeds are left to grandchildren, and you do not have any remaining generation-skipping, transfer tax exemption to allocate to the transfer.

Your estate and income tax consequences can be significantly reduced if you establish a Charitable Remainder Trust (CRT). The trust allows you to divide your pension into three trusts: for your heirs, for the charity, and for payment to the IRS. In this way, only a third of your pension would go to the IRS in taxes. The rest can be reserved for your heirs and any charity (ies) you choose, minus the estate taxes. The hypothetical examples below suggest ways in which this strategy may apply to you:

Example I assumes that the donor has a \$1.2 million qualified retirement plan with the donor's heirs named as beneficiaries. As shown in the chart, the donor's heirs will net 32% or \$389,287, after taxes, while the IRS gets 68% of the residual from the donor's plan, or \$810,713.

In Example II, all the proceeds go to charity. In this instance the donor's estate should realize the value of the IRA as a deduction against any IRS obligation. The deductibility of the "gift" to any 501 (c) 3, be it NESC or any other qualified charity, depends largely on how your estate is structured and valued.

In Example III, the donor designates a Charitable Remainder Trust as a beneficiary with the result that heirs receive \$428,266, the charity receives \$302,040, and the IRS gets \$469,694, or approximately 39%.

### Summary of Examples

**The following is a summary of what heirs, charity and the IRS will each get from the plan under the three examples.**

*Based on \$1.2 million qualified IRA retirement plan.*

	Heirs	Charity	IRS	Percentage of Plan passing to donor's intended beneficiaries	<i>(Heirs and Charity)</i>
<b>Example I</b>					
<i>All to Heirs</i>	\$389,287	\$0	\$810,713	32%	(\$389,287 of \$1,200,000)
<b>Example II</b>					
<i>All to Charity</i>	\$0	\$1,200,000	\$0	100%	(\$1,200,000 of \$1,200,000)
<b>Example III</b>					
<i>All into CRT</i>	\$428,266	\$302,040	\$469,694	61%	(\$703,306 of \$1,200,000)

These examples are based on several assumptions (i.e., form of CRT, payout of CRT, term of CRT, income and growth of CRT, gross estate and tax bracket of donor, current applicable federal rate, etc.) They may or may not be applicable to everyone's situation. The above is an illustration only and should not be considered legal or tax advice. It is recommended that you consult your own legal or tax advisors for the rules applicable to your individual situation.

For more information on this concept or any other aspect of capital gifts, please contact:

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The *NESCene* is a publication of the National Executive Service Corps, senior advisors to the non-profit world.

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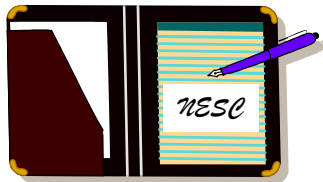
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We thank Marc J. Reiss for a donation that made this issue possible.

**IN MEMORIAM**

The National Executive Service Corps records with sorrow the passing in March 2004 of Robert S. Hatfield, its Chairman and Chief Executive Officer from 1988-1995. Formerly Chairman of The Continental Group, Inc., Bob provided visionary leadership to the NESC which enabled our organization to establish its position as "Senior Advisors" to the nonprofit community. We remember our former Chairman with great affection, and extend our warm condolences to the Hatfield family.

*A similar announcement by the NESC appeared in The New York Times.*



**MARK YOUR CALENDARS WITH THIS UPCOMING EVENT!**

**Thursday, June 10, 4:00 p.m.:** Financial Planning Seminar by JP Morgan Chase and NESC at the National Association for the Specialty Food Trade, Inc., 120 Wall Street, 27th Floor



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