

The Church of the Resurrection, Copley Parish Episcopal Church Endowment Fund. Policies and Guidelines

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ENABLING RESOLUTION
ESTABLISHING A GENERAL ENDOWMENT FUND
FOR
THE CHURCH OF THE RESURRECTION, COPLEY PARISH EPISCOPAL
CHURCH
MARYLAND, USA

1 WHEREAS, Christian stewardship involves the faithful management of all of God's gifts - time,
2 talent, the created world, and money, including accumulated, inherited and appreciated assets;
3 and

4 WHEREAS, Christians can give to the work of the Church through a variety of gift vehicles, in
5 addition to cash, including bequests in wills, life income gifts, annuities, trusts, life insurance
6 policies, real estate, securities and other assets; and

7 WHEREAS, it is the desire of this parish to encourage, receive and administer these gifts in a
8 manner faithful to the loyalty and devotion to God expressed by the donors and in accord with
9 the canons of the Episcopal Church and the Diocese of Maryland and the policies of this Parish:

10 THEREFORE BE IT RESOLVED, that this Parish, through action of its Vestry, establishes a
11 new and separate fund to be known as "The Endowment Fund" (hereafter called the "FUND") of
12 The Church of the Resurrection, Copley Parish Episcopal Church, Bridge and Anchor Drives,
13 Joppa, Maryland, USA.

14 BE IT FURTHER RESOLVED that the purpose of the FUND¹ is to enable the PARISH to fulfill
15 its mission more completely by developing its ministries beyond what is possible through its
16 annual operating funds. Distributions from the fund therefore shall be limited to: (i) capital
17 improvements of the PARISH; (ii) outreach ministries and grants; (iii) seed money for new
18 ministries and special one-time projects; (iv) perpetual care of the cemetery; (v) such other
19 purposes as are specifically designated by donors to the PARISH whose gifts are included in the
20 FUND; and (vi) operating expenses – subject to the limitations described in Section 13.

21 BE IT FURTHER RESOLVED that an ENDOWMENT FUND COMMITTEE (hereafter called
22 the "COMMITTEE") is hereby established. The COMMITTEE shall have oversight
23 responsibility of the FUND and its composition and duties are described in the following "Plan
24 of Operation," which may be amended from time to time (see paragraph 13).

PLAN OF OPERATION

1. Composition of the COMMITTEE

25 The COMMITTEE shall consist of a minimum of three (3) and a maximum of five (5) regular
26 members², all of whom shall be members in good standing of The Church of the
27 Resurrection, Copley Parish Episcopal Church. They shall be appointed by the Vestry.
28 Additionally, the Rector and Rector's Warden shall be ex-officio members of the
29 COMMITTEE without votes. No member of the COMMITTEE shall be a current member of
30 the Vestry or employed by the parish. Except as herein limited, the term of each appointed
31 member shall be three (3) years. The Vestry will stagger the terms of members to maximize
32 continuity over time. No member shall serve more than two consecutive three (3) year
33 terms. After a lapse of one (1) year, former COMMITTEE members may be reappointed. In
34 the event of a vacancy on the COMMITTEE, the Vestry shall appoint a member to complete
35 the unfulfilled term. Upon the completion of the term, that person would be eligible for
36 reappointment to a normal three (3) year term.

2. Roles of the COMMITTEE³

37 The COMMITTEE will manage the invested funds and oversee distributions from the FUND in
38 compliance with the approved Spending Rule (*Section B*) and in accordance with the purposes and
39 distribution policies defined in this resolution.

3. Frequency of Meetings

40 The COMMITTEE shall meet at least quarterly, or more frequently as deemed by it in the best
41 interest of the FUND.

4. Quorum

42 A quorum shall consist of a majority of the COMMITTEE. The affirmative vote of a majority
43 shall be necessary to carry any motion or resolution. Ex-officio members are not credited to the
44 above requirement for a quorum.

5. Officers and Duties

45 The COMMITTEE shall elect from its membership a chairperson and a secretary. The
46 chairperson, or member designated by the chairperson, shall preside at all COMMITTEE
47 meetings. The secretary shall maintain complete and accurate minutes of all meetings of
48 the COMMITTEE and supply a copy thereof to each member of the COMMITTEE. Each
49 member shall keep a complete set of minutes to be delivered to his or her successor. The
50 secretary shall also supply a copy of the minutes to the Vestry in a timely manner. The
51 Treasurer⁴ of the church shall maintain complete and accurate books of account for the
52 FUND. The books will be audited as part of the parish annual audit.

6. Reports

53 The COMMITTEE shall report on a quarterly basis to the Vestry and, at each annual meeting
54 of the congregation shall render a full and complete account of the administration of the
55 FUND during the preceding year.

7. Professional Counsel

56 The COMMITTEE, at the expense of the FUND, may provide for such auditing, professional
57 counseling on investments or legal matters as it deems to be in the best interests of the
58 FUND.

8. Investments

59 All funds will be invested in accordance with the investment guidelines established in the
60 Investment Policy Statement (*Section A*).

9. Funds for Specific Purposes

61 At the discretion of the Vestry, the COMMITTEE may establish sub-funds within the FUND for
62 specific purposes.⁵

63 Also, donors may designate their gifts for a specific purpose. Any donor-designated gifts must
64 be approved by the COMMITTEE and the Vestry. They must meet the requirements of the
65 Donor Designated Fund Policy (*Section D*).

10. Liability of COMMITTEE Members

66 Each member of the COMMITTEE shall act in good faith regarding the investment of the
67 assets. Each member shall be liable only for his/her own conduct and shall not be liable for the
68 acts or omissions of any other members. No member shall engage in self dealing or transactions
69 with the FUND in which the member has direct or indirect financial interest and shall at all times
70 refrain from any conduct in which his/her personal interests would conflict with the interests of
71 the FUND.

11. Holding of Assets, Action to Sell

72 All assets are to be held in the name of the Endowment Fund of The Church of the Resurrection,
73 Copley Parish Episcopal Church. Actions to hold, sell, exchange, rent, lease, transfer, convert,
74 invest, reinvest, and in all other
75 respects, to manage and control the assets of the FUND, including stocks, bonds, mortgages,
76 notes, warrants of other securities, are to be made by a delegated member of the COMMITTEE
77 on behalf of the COMMITTEE.

12. Acceptance of Gifts to the Endowment Fund

78 In the absence of a Gift Acceptance Policy of the Parish, the COMMITTEE will establish a Gift
79 Acceptance Policy (*Section E*) through which decisions will be made as to whether a gift to
80 the FUND or to the Parish shall be accepted.

13. Distributions from the Fund

It is the intent of this resolution that the FUND shall be managed in perpetuity as a true endowment. BE IT FURTHER RESOLVED that the distributions from the FUND shall not be made to the operating budget of the Parish except under either of the following circumstances:

1. The annual distribution does not exceed 5% of the average of the preceding 3 year-end (as of December 31) endowment fund balances.

OR

2. In the event that the parish is in dire circumstances, meaning its viability as a continuing church is in jeopardy, the Vestry may use both income and principal of the *unrestricted* endowment for the operating needs of the Parish following a two-thirds vote of the Vestry at two successive meetings and a two-thirds vote of the full congregation at a regular or specially called meeting.

Distributions from the FUND shall be made using a "Total Return Policy" that incorporates a designated percentage of the corpus which will be available for expenditure annually. The COMMITTEE shall formulate a policy defining the spending rules and protocols (*Section B*) with the approval of the Vestry. The policy will provide for the withdrawal and use of funds consistent with the stated purposes of the FUND as defined in the first section of this Resolution. No portion of the FUND shall be "borrowed" including any "temporary usage" for other needs of the Parish.

Note: A true endowment is established if a donor makes a gift and restricts it to the Endowment Fund, often defining its use. If the church promotes its Endowment Fund and receives gifts of any size for the Fund, those funds are equally restricted. If a purpose is announced and donors give to an Endowment Fund for a named purpose, the funds are restricted as to purpose as well. If the church receives an unrestricted bequest that is placed in the Endowment Fund, or if the Vestry decides to put excess funds into the Endowment, those funds remain unrestricted. This part of the Endowment Fund can be spent down by the Vestry within the established distribution rules. This is considered a "quasi" or unrestricted endowment.

14. Amendment of this Resolution

Any amendment to this Resolution shall be adopted by a vote of at least two-thirds (2/3) of the membership of the Vestry at two consecutive, regularly scheduled meetings. Any amendment regarding the use of the corpus of the unrestricted endowment shall be handled within the above-established distribution rules.

15. Disposition or transfer of FUND

110 In the event the PARISH ceases to exist, whether through merger, dissolution, or some
111 other event, disposition or transfer of the FUND shall be at the discretion of the Vestry in
112 conformity with the approved congregational constitution and in accord with diocesan
113 canons and the Bishop of the Diocese of Maryland, USA. It may be appropriate to consult
114 with the Episcopal Church Foundation to determine the manner in which Fund obligations
115 will be met after the PARISH ceases to exist.

116 The foregoing resolution is hereby adopted by the Vestry this 12th day of
117 February, 2015.

118 The Church of the Resurrection, Copley Parish Episcopal Church
119 Maryland, USA

Attest:

120 ____ Stephen Franzoni____ (print name) _____

121 _____(signature) _____ Linda Bullock____
122 Senior Warden Clerk

ENDOWMENT FUND POLICIES AND GUIDELINES
FOR
THE CHURCH OF THE RESURRECTION, COPLEY PARISH EPISCOPAL
CHURCH
MARYLAND, USA

SECTION A
Investment Policy Statement

Purpose

123 This Investment Policy Statement establishes the philosophy, guidelines and investment
124 objectives for managing the investments of the FUND.

Responsibility

125 The ultimate responsibility for managing the FUND resides with the Vestry which has chosen to
126 delegate portions of its responsibility to the COMMITTEE, which will administer the portfolio
127 of the FUND in accordance with these guidelines, as adopted and amended from time to time.
128 These guidelines shall be reviewed at least annually by the COMMITTEE to determine whether
129 they should be amended or remain unchanged. The COMMITTEE may choose to employ an
130 outside investment manager.

Objectives

131 The assets of the FUND are to be invested with the same care, skill and diligence that a prudent
132 investor would exercise in investing institutional endowment funds. The primary objective will
133 be to provide long-term growth of principal and income without undue exposure to risk.

INVESTMENT GUIDELINES

Time Horizon

134 The FUND'S investment objectives and strategic asset allocation are based on a long-term time
135 horizon.

Risk Tolerance:

136 Because of its long-term time horizon, the FUND can tolerate some interim fluctuation in market
137 value and rates of return in order to achieve its objectives. High level risk, high volatility and
138 low quality rated securities, however, are to be avoided.

Prohibited Investments:

139 The COMMITTEE shall not invest in private placement, restricted stock or other illiquid issues,
140 commodities' futures, arbitrage and other uncovered options, and shall not engage in short sales,
141 margin transactions or other similar specialized investment activities; however, the use of funds
142 that use these investment activities in a constructive manner are permitted.

Portfolio Diversification:

The investment objectives should be achieved through a diversified portfolio, which may include but is not limited to, large-cap, mid-cap, small-cap U.S equities, international equities (both developed and emerging markets), bonds and cash. Mutual funds, common trust funds, exchange traded funds, and notes representing any of these asset classes may be used.

Investment Discretion:

These guidelines are not intended to restrict or impede the efforts of the COMMITTEE to attain the FUND's objectives, nor are they intended to exclude the COMMITTEE from taking advantage of appropriate opportunities as they arise. The COMMITTEE shall have discretion and flexibility to implement the objectives and policies herein set forth.

Asset Allocation

Because securities markets may vary greatly throughout a market cycle, the COMMITTEE may change the asset mix of the FUND within the following ranges as long as that mix meets the overall objectives and is consistent with the policy guidelines herein set forth. The FUND shall be allocated between equity investments and bonds and/or other fixed income securities.

The strategic target allocation shall be within the following ranges:⁶

	<u>Low</u>	<u>Target</u>	<u>High</u>
EQUITIES:	20%	40%	50%
FIXED INCOME:	50%	60%	80%
CASH:	0%	0%	20%

The target allocation among equity classes shall be determined periodically (and at least annually) by the COMMITTEE in consultation with the investment manager(s) to reflect a prudent response to current market conditions.

Investment Goals

While maintaining the asset mix within the above guidelines, the COMMITTEE accepts a risk level for the FUND's overall investment program that is intended to produce a total annual return adequate to cover these components: expenditures from the FUND (as determined annually by the COMMITTEE under the Spending Rule Policy), inflation and growth of the FUND.

Reporting

The quarterly report provided by the COMMITTEE to the Vestry will include the fund value, any changes in the asset allocation strategy, and the investment performance. The report shall reflect compliance with the objectives, policies and guidelines set forth herein.

SECTION B
Spending Rule Policy

Money will be distributed from the FUND upon written request of the Vestry and with the approval of the COMMITTEE for those uses which conform to the purposes and restrictions established by donors or incorporated in the Enabling Resolution.

Funds available for distribution will be determined by using a total return principle, i.e., return derived from dividends and interest as well as realized and unrealized capital gains.⁷ The funds available for distribution during any one year will be limited to a percentage of the market value of the corpus that is based on a three-year rolling average,⁸ with measures taken at the end of each of the preceding twelve quarters. The market value for this purpose will be taken net of the fees for investment management.

The percentage of the FUND made available for distribution shall be determined each year by the COMMITTEE and will normally fall in the range of three to five percent. In so doing, market performance of the portfolio will be an important consideration. It will be the goal of the COMMITTEE to grow, or at least maintain, the purchasing power of the FUND taking inflationary effects into account.

Any unexpended funds from those available for distribution in a given year will be accrued and will continue to be considered available for distribution in subsequent years unless otherwise designated by action of the COMMITTEE with the approval of the Vestry. Expenses related to the management and administration of the FUND will be deducted from the funds available for distribution.

SECTION C *Disposition of Bequests Policy*

This policy statement governs the disposition of *bequests* which, for purposes of this statement, will mean any type of gift in which the assets are transferred upon the death of the donor. The assets may be in any form, such as cash, securities, personal property, real property, etc.

The bequest may identify the beneficiary in one of two general ways: *The Church of the Resurrection, Copley Parish Episcopal Church of the Episcopal Diocese of Maryland* or some other wording such as *The Church of the Resurrection, Copley Parish Church, Maryland, USA*; or *The Endowment Fund of The Church of the Resurrection, Copley Parish Episcopal Church* or similar wording.

Bequests with **The Church of the Resurrection, Copley Parish Episcopal Church** as beneficiary can be of two general types:

a. Restricted: The donor has identified a specific purpose(s) to which the funds should be directed. The Vestry will guarantee that the use(s) to which those funds are applied is faithful to the donor's wishes. The funds may be directed to their designated purpose(s) either as an endowment, in which case they normally would become a designated fund within the Endowment Fund, or by direct expenditure of the funds through the Treasurer of the Parish.

b. Unrestricted: The expectation is that such a bequest will be transferred to the Endowment Fund. Such transfers are intended to be held in perpetuity. This policy specifically acknowledges that from time to time truly extraordinary needs of the parish may arise to necessitate an exception to this policy.

In such instances the following procedure will apply:

210 The Rector and Rector's Warden of the Parish will assess the particular circumstances giving rise
211 to a perceived need to make an exception to the policy. Such circumstances should be judged to
212 be truly extraordinary and that no other financial resources of the Parish are available or are
213 expected to become available in time to fulfill the urgent need. If an exception is deemed
214 appropriate, the Rector and Rector's Warden will make a recommendation. Final authority for
215 granting such an exception to the policy will rest with the Vestry.

216 Bequests designating the **Endowment Fund** as beneficiary are automatically transferred to the
217 Endowment Fund upon receipt. If the bequest was given for a designated purpose, then the value
218 of the assets will be applied to establish a designated fund of the Endowment Fund, as provided
219 for in a separate policy. If the bequest to the Endowment Fund is otherwise undesignated, the
220 assets will be directed to that portion of the corpus of the Endowment Fund where earnings are
221 unrestricted.

SECTION D

Donor-Designated Fund Policy

222 A separate and designated fund within the FUND may be established for gifts in the amount of
223 \$25,000⁹ or more. The Vestry must vote to accept the gift for the purpose(s) described by the
224 donor, or it has the responsibility to reject the gift.

225
226 If accepted, the assets are merged with other assets of the FUND for investment purposes, but the
227 identity and designated purpose of each fund is preserved individually.

228 The fund is established effective the last day of the quarter in which the gift is received. The
229 value is determined either by the actual value, if received by the FUND in cash, or the market
230 value of the assets determined on the date the fund is established.

231 Income, realized gains or losses, and unrealized gains or losses are allocated quarterly to each
232 fund based on its market value relative to the total market value of the FUND at the end of the
233 previous quarter. New gifts are then added and withdrawals are subtracted to arrive at the new
234 value of the designated fund on the last day of the quarter. Expenditures are limited to the
235 purposes specified in the designation and are governed by the FUND's Spending Rule.

SECTION E

Gift Acceptance Policy

Purpose

236 This gift acceptance policy will provide guidelines to representatives of The Church of the
237 Resurrection, Copley Parish who may be involved in the acceptance of gifts, to outside advisors
238 who may assist in the gift planning process, and to prospective donors who may wish to make
239 gifts to The Church of the Resurrection, Copley Parish. This policy is intended only as a
240 guide and allows for some flexibility on a case-by-case basis. The gift review *process* outlined
241 here, however, is intended to be followed closely.

Gift Review Committee

242 Any questions which may arise in the review and acceptance of gifts to The Church of the
243 Resurrection, Copley Parish will be referred to The Gift Review Committee. The Committee,

244 unless otherwise designated by the vestry, will be comprised of the full Endowment Fund
245 COMMITTEE.

Cash

- 246 1) All gifts by check shall be accepted by The Church of the Resurrection, Copley Parish
247 regardless of amount.
248 2) Checks shall be made payable to The Church of the Resurrection, Copley Parish. In no event
249 shall a check be made payable to an individual who represents The Church of the
250 Resurrection, Copley Parish or the church in any capacity.

Publicly Traded Securities

- 251 1) Readily marketable securities, such as those traded on a stock exchange, can be accepted by
252 The Church of the Resurrection, Copley Parish.
253 2) The value of the gift of securities is the average of the high and low prices on the date of the
254 gift.
255 3) A gift of securities to The Church of the Resurrection, Copley Parish is usually liquidated
256 immediately.

Closely Held Securities

- 257 1) Non-publicly traded securities may be accepted after consultation with the Gift Review
258 Committee. The fair market value will be the value used by the donor in the preparation of
259 the donor's tax return.
260 2) The Gift Review Committee will explore methods for liquidation of the securities through
261 redemption or sale **prior to acceptance**. The Gift Review Committee will try to determine:
262 a) Any restrictions on transfer
263 b) Whether and when an initial public offering might be anticipated
264 3) No commitment for repurchase of closely held securities shall be made prior to completion of
265 the gift of the securities.

Real Estate

- 266 1) Any gift of real estate must be reviewed by the Gift Review Committee.
267 2) Normally, the donor is responsible for obtaining and paying for an appraisal of the property.
268 The appraisal will be performed by an independent and professional agent.
269 3) The appraisal must be based upon a personal visitation and internal inspection of the property
270 by the appraiser. Also, whenever possible, it must show documented valuation of
271 comparable properties located in the same area.
272 4) The formal appraisal should contain photographs of the property, the tax map number, the
273 assessed value, the current asking price, a legal description of the property, the zoning status,
274 and complete information regarding all mortgages, liens, litigation or title disputes.
275 5) The Church of the Resurrection, Copley Parish reserves the right to require an environmental
276 assessment of any potential real estate gift.
277 6) The property must be transferred to The Church of the Resurrection, Copley Parish prior to
278 any formal offer or contract for purchase is made.
279 7) The donor may be asked to pay for all or a portion of the following:
280 a) Maintenance costs
281 b) Real estate taxes
282 c) Insurance
283 d) Real estate broker's commission and other costs of sale

- 284 e) Appraisal costs
285 8) For gift crediting and accounting purposes, the value of the gift is the appraised value of the
286 real estate. This value may be reduced, however, by the costs of maintenance, insurance, real
287 estate taxes, broker's commission and other expenses of sale.

Life Insurance

- 288 1) A gift of a life insurance policy must be referred to the Gift Review Committee.
289 2) The Church of the Resurrection, Copley Parish can be named a contingent beneficiary or the
290 beneficiary of a percentage of a life insurance policy
291 3) The vestry will accept **ownership** of a life insurance policy as a gift only if The Church of the
292 Resurrection, Copley Parish is named as the owner and beneficiary of 100% of the policy.
293 4) If the gift is a paid-up policy, the value for gift crediting and accounting purposes is the
294 policy's replacement cost.
295 5) If the policy is partially paid-up, the value for gift crediting and accounting purposes is the
296 policy's cash surrender value. (For IRS purposes, the donor's charitable income tax deduction is
297 equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash
298 surrender value.)

Tangible Personal Property

- 299 1) Any gift of tangible personal property shall be referred to the Gift Review Committee prior
300 to acceptance.
301 2) Gifts of jewelry, artwork, collections, equipment and software shall be assessed for their
302 value to The Church of the Resurrection, Copley Parish. Their value may be realized either
303 by being sold or used in connection with the parish's exempt purpose.
304 3) Depending upon the anticipated value of the gift, a qualified outside appraiser may be asked
305 to determine its value.
306 4) The Church of the Resurrection, Copley Parish shall adhere to all IRS requirements relating
307 to valuation and disposition of gifts of tangible personal property and will provide
308 appropriate forms to the donor and IRS.

Deferred Gifts

- 309 1) The Church of the Resurrection, Copley Parish encourages deferred gifts in its favor through
310 any of a variety of vehicles:
311 a) Charitable gift annuity (or deferred gift annuity)
312 b) Pooled income fund
313 c) Charitable remainder trust
314 d) Charitable lead trust
315 e) Bequest
316 f) Retained life estate
317 2) The Church of the Resurrection, Copley Parish (or its agent) shall not act as an executor
318 (personal representative) for a donor's estate. A member of the parish staff serving as
319 personal representative for a member of the parish does so in a personal capacity and not as
320 an agent of the parish.
321 3) The Church of the Resurrection, Copley Parish (or its agent) shall not act as trustee of any
322 charitable remainder trust.
323 4) The Church of the Resurrection, Copley Parish may invite prospective donors to consider gift
324 vehicles offered by The Episcopal Church Foundation (specifically, Charitable Remainder
325 Trusts, Charitable Gift Annuities and the Pooled Income Fund).
326 5) When donors are provided planned gift illustrations of form documents, these will be provided
327 free of charge. For any planned gift related documents, materials, illustrations, letters or other

328 correspondence, the following disclaimer should be included:

329 ***The Church of the Resurrection, Copley Parish strongly urges you to consult with your***
330 ***attorney, financial and/or tax advisor to review this information provided to you without***
331 ***charge or obligation. This information in no way constitutes legal or financial advice.***

332 6) All information obtained from or about donors/prospects shall be held in the strictest confidence
333 by The Church of the Resurrection, Copley Parish staff and volunteers. Neither the name, the
334 amount, nor the conditions of any gift shall be published without the express written or oral
335 approval of the donor and/or beneficiary.

336 7) The Church of the Resurrection, Copley Parish will seek qualified professional counsel in the
337 exploration and execution of all planned gift agreements. The parish recognizes the right of fair
338 and just remuneration for professional services.

339 8) The Vestry, upon the advice of the Gift Review Committee, reserves the right to decline any gift
340 that does not further the mission of the parish. Also, any gifts that would create an
341 Administrative burden or cause the parish to incur excessive expenses may be declined.

¹ The purposes can be adapted to your church's particular circumstances; however, you want to be specific enough to give donors a clear sense of how the funds will be used, but at the same time general enough to allow future vestries to respond to the needs of their time.

² Smaller churches may have a COMMITTEE of three members. The important principle embedded in the suggested COMMITTEE composition is to appoint members who do not have the responsibility of balancing the annual budget. There is an intentional check and balance between short-term and long-term interests built into this structure.

³ The endowment COMMITTEE manages the investments, oversees distribution of the funds for the purposes agreed upon, and makes sure that the rules are followed, but does not determine specifically how the funds will be used. That is a vestry decision.

⁴ Often the treasurer of the church serves as treasurer of the endowment fund; however, the best practice would be for the endowment fund to have its own treasurer.

⁵ Some endowment funds establish sub-accounts or "pockets" within the endowment to encourage donor interest, such as funds for outreach, scholarships, music, Christian education, etc. While these may encourage donor interest they also restrict the use of the funds for specific purposes which over time may or may not conform to the current needs of the church.

⁶ The COMMITTEE, usually in consultation with their investment advisor, establishes a target asset allocation between equities and fixed income and ranges for each based on time horizon, risk tolerance, annual spending rule, and market conditions among other factors. A more detailed IPS will set ranges for sub-asset classes as well. The target and ranges shown here are for illustration only.

⁷ A "total return" spending policy establishes value based on income, dividends, **and** capital appreciation (depreciation). An "income only" policy considers only the interest earned and dividends paid.

⁸ Some churches use a five-year rolling average to smooth out the ups and downs of the market. Churches just starting out that do not have a multi-year average sometimes apply their spending rule to 90% of the first year's net average value.

⁹ The minimum gift required to establish a donor-designated fund can be higher or lower than the \$25,000 listed here. The purpose of the minimum is to avoid accepting multiple small gifts that are restricted by the donor and which require separate accounting.