The St. Philip’s Church Endowment Fund Policy

This policy is created to manage **all** endowment funds given to or created by St. Philip’s Episcopal Church (Church).

All named endowments, with the exception of bequests that create annual pledge endowments, must be established through a signed legal document that codifies the agreement between the Donor and the Church. (**See the attached Endowment Fund Agreement as an example of such a legal document**). The Finance and Facilities Ministry Board (Board) will provide and manage all endowment agreements. A summary of all endowment agreements (with requested confidentiality maintained) will be reported in the Annual Report to the parish.

Endowment Categories

The following categories of endowments are elements of the Church’s Master Endowment Fund (Master Endowment Fund):

Named Endowments: Gifts of $50,000 or More

These funds may be general or specific purpose gifts and, with the approval of the Board, may be named at the donor’s direction to honor or memorialize an individual, family, organization, or cause

<u>Specific Purpose Endowments Intended to Meet Expenses Included Within the Annual Church Budget:</u> The donor may direct that the income or principal (see Distribution of Individual Fund Income) from their endowment be used to support a specific Church expense (e.g., clergy salaries, the Altar Guild, etc.). . If the income from the endowment is directed to support line-item expenses included within the annual budget Board approval is not required.

Specific Purpose Endowments designed to provide funds or support projects <u>not included</u> within the annual budget must be approved by the Board and Vestry.

<u>Unrestricted or General Endowments</u> Donors may choose to have the income or principal (see Distribution of Individual Fund Income) from their endowment support general fund expenses as determined annually by the Board.

Named Annual Pledge Endowments: Gifts of Less than $50,000

Parishioners are encouraged to create endowments designed to support their annual pledges in perpetuity. (Such endowments, as distinguished, from pledge bequests, require an endowment agreement as noted earlier.) If the annual income/pledge distribution equals or exceeds a minimum of $1,000 annually (as estimated by the Board at the time of donation), donors are invited to name their annual pledge. An example is the John and Mary Smith Family Annual Pledge.

Donors contemplating annual pledge bequests will be provided with a Letter of Intent that asks that they indicate the purpose of their endowment. The donor will then be asked to submit this document in a sealed envelope that lists their name and the purpose of their pledge endowment. As noted earlier, endowment income designed to support ongoing budget expenses will not require Board approval. All other bequests will require both Board and Vestry approval.

Named Endowments

Donors of named endowment are encouraged to make lump sum endowment gifts. With the Board's approval, however, a fund can be established with the understanding that gifts will be made over time on an agreed to schedule. Once total gifts reach $50,000 the donor may then name the endowment as detailed earlier in this document.

All named endowments valued at $50,000 or more, must be established through a signed legal document (Endowment Fund Agreement) that codifies the agreement between the donor and the Church. The Board will provide and manage all endowment agreements.

General Unnamed Endowments

The Church welcomes gifts designated for the support of ongoing Church expenses. These gifts can be designated as follows.

Existing endowments: Donors may contribute to existing funds. No naming rights will be conferred unless the amount contributed meets the minimum naming requirement and is gifted to an as yet unnamed fund.

Special Project Endowments: From time-to-time the Church may create special project endowments designed to encourage donors to support identified or future institutional needs. For example, special project endowments might include funds designed to purchase new pews as needed, the creation and support of a columbarium, support for campus maintenance expenses, etc. Endowments not designed to meet currently budgeted expenses must be approved by F&F and referred to the Vestry for final approval.

Additional Gifts

Any person (whether an individual, corporation, trust, estate, or any other organization or entity) may make a gift to the Church for the purpose of supporting a specified endowment, named or unnamed, by designating that the gift should be added to the designated Fund. The form of the gift, and any conditions associated with the gift, must be acceptable to the Board. Any funds conveyed and accepted in this manner shall be added to the principal of the Fund. All such gifts, bequests, and devises to the Fund shall be irrevocable.

Investment Management

All gifts to the Master Endowment Fund will immediately become the exclusive property of the Church. Responsibility for the management of the Master Endowment Fund resides exclusively with the Board. To that point, the Board, will create/update, as it deems appropriate, a policy that details an investment strategy to include direction on types of investments and general risk policies that will govern the management of the Master Endowment Fund.

All endowment gifts will be deposited in the Master Endowment Fund. As authorized by the Board and directed by the Church's investment policy, the Board will be responsible for the management of this fund until its value exceeds $1,000,000. When the fund value exceeds $1,000,000, the Board will engage a professional investment firm that will manage the fund as directed by the Church's investment policy.

Master Endowment Investment Income Distribution

Given that the Master Endowment Fund will be made up of a number of different accounts of varying values, investment income will be distributed on a fund share basis. For example, an account valued at 6% of the value of The Master Endowment will receive 6% or a pro-rata share of the fund's annual investment income. The Board reserves the right to develop and implement a revenue reinvestment program designed to protect each named fund from inflation (e.g., in a year in which the Master Endowment Fund earned 6%, 4% would be distributed to each Endowment as expendable income and 2% would be reinvested in each individual Endowment).

Distribution of Individual Fund Income

As consistent with its Endowment Fund Agreement, investment income will be used annually to support the activity(~~ies~~is) as originally designated by the donor. For example, annual income from the "Jones Choir Endowment" would be used to support choir expenses as determined by the designated fund manager. Exceptions, to include those for Special Project Endowments, must be approved by the Board.

As a general rule, income from each endowment will be distributed at the end of each calendar year and expended at the direction of the Board and in accordance with the signed legal agreement between the Donor and the Church. The Board may, however, opt to distribute fund income as the investment year progresses. Further, with donor approval, the Board will be authorized to expend fund principal as required to support the fund's target purpose. Specific language to this effect must be included in each endowment agreement

Gift Recognition

With donor approval, endowment gifts will be recognized in the following ways.

- All endowment gifts will be recorded in the Church's gift book by donor name and endowment designation
- Gifts of $10,000 or more will be listed on a plaque by donor name and endowment designation. This plaque will be prominently displayed in the Fellowship Hall.
- Gifts of $25,000 or more will be listed on the above referenced plaque and on a separate plaque to be hung, where possible, close to the area that benefits from the gift (e.g., in the choir room).
- Gifts of $50,000 or more will create a named endowment and the donor's name and that of the endowment will be listed on the plaque displayed in the Fellowship Hall.
- All endowments that have "active" funds will be listed in the Annual Report to the Parish.

Termination

Each endowment established by and managed by The Board on behalf of The Church shall continue as long as the need therefore exists, adequate funding is available for its purposes, or until the Church is dissolved or is terminated. The Board, in consultation with the Vestry, shall have the authority to determine whether there is a continuing need for an endowment, and whether there is adequate money or property available for its purposes. As specified in each endowment fund agreement, if the Board terminates an endowment, any remaining funds shall be applied in such amounts and for such purposes as the Board in good faith determines to approximate most nearly the original charitable and benevolent purposes of the endowment. If, in the good faith opinion of the Board, the original or charitable and benevolent purposes of this Fund cannot be determined, or are impractical or impossible of fulfillment, then any remaining funds shall be applied in such amounts and for such purposes as the Board, with the consent of the Vestry, determines to be consistent with the general charitable and benevolent purposes of the Church, as set forth in its corporate charter.

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