

Statement of Endowment Policy

Approved by the Vestry
on (Date)

I. Introduction

Throughout its history the Church has received gifts and bequests of funds intended to provide for the future of the Church. Over time these funds have become known as the Church’s Endowment Fund (“Fund”). The Vestry of the Church, in its desire to preserve and protect the future of these funds and any similar funds that might be received in the future, hereby adopts this Statement of Endowment Policy.

II. Endowment

The Church’s Endowment Fund includes all those funds that are true endowment funds and those funds which are “quasi-endowment” funds. A detailed listing of these funds can be found in the attached Appendix. To clarify, true endowment funds are funds where the donor has stipulated that the original principal is to be maintained in perpetuity and only the income generated by the fund can be distributed. Generally, true endowment funds are created and governed by some form of legal document (*i.e.*, trust agreement). Quasi-endowment funds are funds that the Vestry has determined will be retained and invested similar to endowment funds.

It is the policy of the Church that all gifts and bequests in excess of \$10,000 that are not a part of annual giving will become part of the Church Endowment Fund unless otherwise directed by the donor and will, therefore, become subject to this and any other policies that provide for the distribution, designation, investment, or other aspects of the Fund.

III. Distributions

Due to the fluctuating nature of the income stream generated by the Church Endowment Fund and the desire to maintain the purchasing power of the Fund over time, the Vestry of the Church has adopted and hereby readopts a “Total Return” policy with respect to annual distributions from the Fund. Simply stated, this policy is to distribute no more than 5% of the average market value of the Fund on an annual basis.

Sample Endowment Policy “B”

More specifically, the 5% is calculated before the start of the fiscal year based on the average of the prior thirteen calendar quarters’ total market value of the Fund ending with September 30. This way an exact distribution can be used in preparing the coming year’s operating and capital budget.

This distribution policy applies to the entirety of the Church Endowment Fund and in no way overrides the terms of any true endowment funds. Nor does it preclude any donor from creating true endowment funds in the future. It does mean that in years when the income generated by true endowment funds is less than 5%, an amount greater than 5% will be taken from quasi-endowment funds. Likewise, in years when the income generated by true endowment funds is greater than 5%, it will mean that an amount less than 5% will be taken from quasi-endowment funds.

IV. Designation

The amount distributed from the Church Endowment Fund will be used to enhance the Church’s operating and capital budget beyond what is possible through the monies raised during the annual stewardship campaign. Specifically, annual distributions from the Church Endowment Fund will be used for capital maintenance and improvements, and program and ministry needs, including such things as Christian Education, Music, Worship, and Outreach.

This designation policy applies to the entirety of the Church Endowment Fund and in no way overrides any designations that may have been placed on funds by their donor. Nor does it preclude any donor from designating funds in the future.

V. Amendment

This policy may be amended by a three-fourths affirmative vote of the entire Vestry, including the Wardens and the Rector, at any meeting for which 21 days’ prior written notice outlining the proposed changes to this policy has been provided to the Vestry. Notice of any approved amendment to this policy will be provided to the entire congregation on a timely basis except for amendments dealing with changes to the Appendix.