



St. JOHN'S ENDOWMENT FUND
POLICIES AND GUIDELINES

St. John's Episcopal Church
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St. John’s Episcopal Church Endowment Fund Policies and Guidelines

TABLE OF CONTENTS

VESTRY RESOLUTION (to be adopted by the Vestry)

Enabling Resolution	1
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ST. JOHN’S ENDOWMENT COMMITTEE POLICIES

Section A:	<i>Investment Policy Statement</i>	6
	Describes the committee’s general investment goals and objectives, risk tolerance, and target asset allocation.	
Section B:	<i>Spending Rule Policy</i>	7
	Sets up a formula that determines how the funds available for distribution will be calculated and spent.	
Section C:	<i>Disposition of Bequests Policy</i>	8
	Establishes in advance how the church will handle bequests.	
Section D:	<i>Donor-Designated Funds Policy</i>	9
	Sets a minimum for any donor-designated funds and defines how they will be managed.	
Section E:	<i>Gift Acceptance Policy</i>	9
	Defines the types of gifts the parish may receive and how it will handle them. Applies to all gifts, not just gifts to the endowment fund.	

ENABLING RESOLUTION

ESTABLISHING A GENERAL ENDOWMENT FUND FOR ST. JOHNS’S EPISCOPAL CHURCH MELBOURNE, FLORIDA, 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 Central Florida and the policies of this
10 Parish:

11 THEREFORE BE IT RESOLVED, that this Parish, through action of its Vestry, establishes a
12 new and separate fund to be known as “The Endowment Fund” (hereafter called the “FUND”) of
13 St. John’s Episcopal Church, 610 Young Street, Melbourne, Florida, USA.

14 BE IT FURTHER RESOLVED that the purpose of the FUND 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) Building &
17 Property improvements of the PARISH; (ii) Mission outreach, (iii) Youth programs, (iv) special
18 one-time projects; and (v) such other purposes as are specifically designated by donors to the
19 PARISH whose gifts are included in the FUND.

20 BE IT FURTHER RESOLVED that the distributions from the FUND shall not be made to the
21 operating budget of the PARISH except to fulfill the purposes described above.

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

PLAN OF OPERATION

1. Composition of the COMMITTEE

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

2. Roles of the COMMITTEE

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
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 the
48 COMMITTEE and supply a copy thereof to each member of the COMMITTEE. Each member
49 shall keep a complete set of minutes to be delivered to his or her successor. The secretary shall
50 also supply a copy of the minutes to the Vestry in a timely manner. The Treasurer of the church
51 shall maintain complete and accurate books of account for the FUND. The books will be audited
52 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 of
54 the congregation shall render a full and complete account of the administration of the FUND
55 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 FUND.

8. Investments

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

9. Funds for Specific Purposes

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

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

10. Liability of COMMITTEE Members

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

11. Holding of Assets, Action to Sell

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

12. Acceptance of Gifts to the Endowment Fund

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

13. Distributions from the Fund

79 It is the intent of this resolution that the FUND shall be managed in perpetuity as a true
80 endowment. BE IT FURTHER RESOLVED that the distributions from the FUND shall not be
81 made to the operating budget of the Parish except to fulfill the purposes described in this
82 resolution with one exception. In the event that the parish is in dire circumstances, meaning its
83 viability as a continuing church is in jeopardy, the Vestry may use both income and principal of
84 the unrestricted endowment for the operating needs of the Parish following a two-thirds vote of
85 the Vestry at two successive meetings and a two-thirds vote of the full congregation at a regular
86 or specially called meeting.

87 Distributions from the FUND shall be made using a “Total Return Policy” that incorporates a
88 designated percentage of the corpus which will be available for expenditure annually. The
89 COMMITTEE shall formulate a policy defining the spending rules and protocols (*Section B*)
90 with the approval of the Vestry. The policy will provide for the withdrawal and use of funds
91 consistent with the stated purposes of the FUND as defined in the first section of this Resolution.
92 No portion of the FUND shall be “borrowed” including any “temporary usage” for other needs
93 of the Parish. Neither shall the FUND be used as collateral for any other loan.

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

14. Amendment of this Resolution

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

15. Disposition or transfer of FUND

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

112 The foregoing resolution is hereby adopted by the Vestry this ____ day of
113 _____, 2013.

114 St. John's Episcopal Church
115 Melbourne, Florida, USA

Attest:

116 _____ (print name) _____

117 _____ (signature) _____

118 Senior Warden

Clerk

ENDOWMENT FUND POLICIES AND GUIDELINES
FOR
ST. JOHN'S EPISCOPAL CHURCH
MELBOURNE, FLORIDA, USA

SECTION A
Investment Policy Statement

Purpose

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

Responsibility

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

Objectives

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

INVESTMENT GUIDELINES

Time Horizon

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

Risk Tolerance:

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

Prohibited Investments:

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

Portfolio Diversification:

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

Investment Discretion:

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

Asset Allocation

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

151 The strategic target allocation shall be within the following ranges (plus or minus 5%):

152	GROWTH FUND:	40% - 80%
153	INCOME FUND:	80% - 40%
154	CASH:	0% - 20%

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

Investment Goals

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

Reporting

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

SECTION B
Spending Rule Policy

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

168 Funds available for distribution will be determined by using a total return principle, i.e., return
169 derived from dividends and interest as well as realized and unrealized capital gains. The funds

170 available for distribution during any one year will be limited to a percentage of the market value
171 of the corpus that is based on a five year rolling average, with measures taken at the end of each
172 of the preceding twelve quarters. The market value for this purpose will be taken net of the fees
173 for investment management.

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

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

SECTION C *Disposition of Bequests Policy*

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

187 The bequest may identify the beneficiary in one of two general ways: *St. John's Episcopal*
188 *Church of the Diocese of Central Florida* or some other wording such as *St. John's Church,*
189 *Melbourne, Florida;* or *The Endowment Fund of St. John's Episcopal Church* or similar
190 wording.

191 Bequests with **St. John's Episcopal Church** as beneficiary can be of two general types:

192 **a. Designated:** The donor has identified a specific purpose(s) to which the funds should be
193 directed. Bequests designating the Endowment FUND as beneficiary are automatically
194 transferred to the Endowment FUND upon receipt. The Vestry will guarantee that the use(s) to
195 which those funds are applied is faithful to the donor's wishes. The funds may be directed to
196 their designated purpose(s) either as an endowment, in which case they normally would become
197 a designated fund within the Endowment Fund, or by direct expenditure of the funds through the
198 Treasurer of the Parish.

199 **b. Undesignated:** The Vestry will determine if Undesignated gifts will be transferred to the
200 Endowment FUND, Annual parish operating budget or parish Restricted Funds outside of the
201 Endowment Fund.
202

SECTION D
Donor-Designated Fund Policy

203 A separate and designated fund within the FUND may be established for gifts in the amount of
204 \$25,000 or more. The Vestry must vote to accept the gift for the purpose(s) described by the
205 donor, or it has the responsibility to reject the gift.
206

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

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

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

SECTION E
Endowment Gift Acceptance Policy

Purpose

217 This gift acceptance policy will provide guidelines to representatives of St. John's who may be
218 involved in the acceptance of gifts, to outside advisors who may assist in the gift planning
219 process, and to prospective donors who may wish to make gifts to the St. John's Endowment
220 Fund. This policy is intended only as a guide and allows Endowment gifts to St. John's that will
221 be referred to The Gift Review Committee. The Committee, unless otherwise designated by the
222 vestry, will be comprised of the full Endowment Fund COMMITTEE.
223

224 All information obtained from or about donors/prospects shall be held in the strictest confidence
225 by St. John's staff and volunteers. Neither the name, the amount, nor the conditions of any gift
226 shall be published without the express written or oral approval of the donor and/or beneficiary
227

228

229

Cash

- 230 1) All gifts by check shall be accepted by St. John's regardless of amount.
231 2) Checks shall be made payable to St. John's. In no event shall a check be made payable to an
232 individual who represents St. John's or the church in any capacity.

Publicly Traded Securities

- 233 1) Readily marketable securities, such as those traded on a stock exchange, can be accepted by
234 St. John's.
235 2) The value of the gift of securities is the average of the high and low prices on the date of the
236 gift.
237 3) A gift of securities to St. John's is usually liquidated immediately.

Closely Held Securities

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

Real Estate

- 247 1) Any gift of real estate must be reviewed by the Gift Review Committee.
- 248 2) Normally, the donor is responsible for obtaining and paying for an appraisal of the property.
249 The appraisal will be performed by an independent and professional agent.
- 250 3) The appraisal must be based upon a personal visitation and internal inspection of the property
251 by the appraiser. Also, whenever possible, it must show documented valuation of
252 comparable properties located in the same area.
- 253 4) The formal appraisal should contain photographs of the property, the tax map number, the
254 assessed value, the current asking price, a legal description of the property, the zoning status,
255 and complete information regarding all mortgages, liens, litigation or title disputes.
- 256 5) St. John's reserves the right to require an environmental assessment of any potential real
257 estate gift at the expense of the donor.
- 258 6) The property must be transferred to St. John's prior to any formal offer or contract for
259 purchase is made.
- 260 7) The donor may be asked to pay for all or a portion of the following:
261 a) Maintenance costs
262 b) Real estate taxes
263 c) Insurance
264 d) Real estate broker's commission and other costs of sale
265 e) Appraisal costs
- 266 8) For gift crediting and accounting purposes, the value of the gift is the appraised value of the
267 real estate. This value may be reduced, however, by the costs of maintenance, insurance, real
268 estate taxes, broker's commission and other expenses of sale.

Life Insurance

- 269 1) An Endowment gift of a life insurance policy must be referred to the Gift Review Committee.
- 270 2) St. John's can be named a contingent beneficiary or the beneficiary of a percentage of a life
271 insurance policy
- 272 3) The vestry will accept **ownership** of a life insurance policy as a gift only if St. John's is
273 named as the owner and beneficiary of 100% of the policy.
- 274 4) If the gift is a paid-up policy, the value for gift crediting and accounting purposes is the
275 policy's replacement cost.
- 276 5) If the policy is partially paid-up, the value for gift crediting and accounting purposes is the
277 policy's cash surrender value. (For IRS purposes, the donor's charitable income tax deduction is
278 equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash
279 surrender value.)

Tangible Personal Property

- 280 1) Any Endowment gift of tangible personal property shall be referred to the Gift Review
281 Committee prior to acceptance.
- 282 2) Gifts of jewelry, artwork, collections, equipment and software shall be assessed for their
283 value to St. John's. Their value may be realized either by being sold or used in connection
284 with the parish's exempt purpose.
- 285 3) Depending upon the anticipated value of the gift, a qualified outside appraiser may be asked
286 to determine its value.
- 287 4) St. John's shall adhere to all IRS requirements relating to valuation and disposition of gifts of
288 tangible personal property and will provide appropriate forms to the donor and IRS.

Deferred Gifts

- 289 1) St. John's encourages deferred gifts in its favor through any of a variety of vehicles:
290 a) Charitable gift annuity (or deferred gift annuity)
291 b) Pooled income fund
292 c) Charitable remainder trust
293 d) Charitable lead trust
294 e) Bequest
295 f) Retained life estate
- 296 2) St. John's (or its agent) shall not act as an executor (personal representative) for a donor's
297 estate. A member of the parish staff serving as personal representative for a member of the
298 parish does so in a personal capacity and not as an agent of the parish.
- 299 3) St. John's (or its agent) shall not act as trustee of any charitable remainder trust.
- 300 4) St. John's may invite prospective donors to consider gift vehicles offered by The Episcopal
301 Church Foundation (specifically, Charitable Remainder Trusts, Charitable Gift Annuities and
302 the Pooled Income Fund).
- 303 5) When donors are provided planned gift illustrations or form documents, these will be
304 provided free of charge. For any planned gift related documents, materials, illustrations,
305 letters or other correspondence, the following disclaimer should be included:

306 ***St. John's strongly urges you to consult with your attorney, financial and/or tax***
307 ***advisor to review this information provided to you without charge or obligation. This***
308 ***information in no way constitutes legal or financial advice.***

- 6) St. John's will seek qualified professional counsel in the exploration and execution of all
planned gift agreements. The parish recognizes the right of fair and just remuneration for
professional services.
- 309 7) The Vestry reserves the right to decline any gift that does not further the mission of the
310 parish. Also, any gifts that would create an administrative burden or cause the parish to incur
311 excessive expenses may be declined.