

**St. John’s Episcopal Church  
Crawfordsville, Indiana**

**Endowment Fund Policies and Guidelines**

**TABLE OF CONTENTS**

**VESTRY RESOLUTION**

**Enabling Resolution ..... 1**  
Sets up the basic ground rules. Establishes the purposes of the fund and how it will operate. Creates the Endowment COMMITTEE and its composition, how often it will meet, reports required, etc. Puts in place fundamental principles, such as that the endowment will be managed as a “true endowment,” meaning the principal shall not be invaded. It also determines the spending policy for the endowment and how changes in the rules can be made.

**ENDOWMENT COMMITTEE POLICIES**

**Section A: *Investment Policy Statement* ..... 5**  
Describes the committee’s general investment goals and objectives, risk tolerance, and target asset allocation.

**Section B: *Spending Rule Policy* ..... 6**  
Sets up a formula that determines how the funds available for distribution will be calculated and spent.

**Section C: *Disposition of Bequests Policy*..... 7**  
Establishes in advance how the church will handle bequests.

**Section D: *Donor-Designated Funds Policy* ..... 8**  
Sets a minimum for any donor-designated funds and defines how they will be managed.

**Section E: *Gift Acceptance Policy* ..... 8**  
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. JOHN'S EPISCOPAL CHURCH**

**212 S. GREEN STREET, P.O. BOX 445**

**CRAWFORDSVILLE, INDIANA 47933**

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

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

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

THEREFORE BE IT RESOLVED, that this Parish, through action of its Vestry, establishes a new and separate fund to be known as "The Endowment Fund" (hereafter called the "FUND") of St. John's Episcopal Church, 212 S. Green Street, Crawfordsville, Indiana 47933.

BE IT FURTHER RESOLVED that the purpose of the FUND is to enable the PARISH to fulfill its mission more completely by developing its ministries beyond what is possible through its annual operating funds. Distributions from the fund therefore shall be limited to: (i) such purposes as established by the Vestry (ii) capital improvements of the PARISH; (iii) outreach ministries and grants; (iv) seed money for new ministries and special one-time projects; and (v) such other purposes as are specifically designated by donors to the PARISH whose gifts are included in the FUND.

BE IT FURTHER RESOLVED that the ST. JOHN'S PLANNED GIVING COMMITTEE (hereafter called the "COMMITTEE") is hereby established. The COMMITTEE shall have oversight responsibility of the FUND and its composition and duties are described in the following "Plan of Operation," which may be amended from time to time (see paragraph 14).

### **PLAN OF OPERATION**

#### **1. Composition of the COMMITTEE**

The COMMITTEE shall consist of five (5) regular members, all of whom shall be members in good standing of St. John's Episcopal Church. The members shall be appointed by the Vestry. Additionally, the Rector, Senior Warden and Treasurer shall be ex-officio members of the COMMITTEE without a vote. No more than one member of the COMMITTEE shall be a current

member of the Vestry and no member may employed by the parish. Except as herein limited, the term of each appointed member shall be three (3) years. The Vestry will stagger the terms of members to maximize continuity over time. No member shall serve more than two consecutive three (3) year terms. After a lapse of one (1) year, former COMMITTEE members may be reappointed. In the event of a vacancy on the COMMITTEE, the Vestry shall appoint a member to complete the unfulfilled term. Upon the completion of the term, that person would be eligible for reappointment to a normal three (3) year term and also be eligible for appointment to an additional consecutive three (3) year term.

## **2. Roles of the COMMITTEE**

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

## **3. Frequency of Meetings**

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

## **4. Quorum**

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

## **5. Officers and Duties**

The COMMITTEE shall elect from its membership a chairperson at the first meeting of each fiscal year. The Treasurer shall serve as the COMMITTEE secretary. The chairperson, or member designated by the chairperson, shall preside at all COMMITTEE meetings. The secretary shall maintain complete and accurate minutes of all meetings of the COMMITTEE and supply a copy thereof to each member of the COMMITTEE. Each member shall keep a complete set of minutes to be delivered to his or her successor. The secretary shall also supply a copy of the minutes to the Vestry in a timely manner. The Treasurer shall maintain complete and accurate books of account for the FUND. The books will be audited as part of the parish annual audit.

## **6. Reports**

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

## **7. Professional Counsel**

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

## **8. Investments**

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

## **9. Funds for Specific Purposes**

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

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

## **10. Liability of COMMITTEE Members**

Each member of the COMMITTEE shall act in good faith regarding the investment of the assets. Each member shall be liable only for his/her own conduct and shall not be liable for the acts or omissions of any other members. A member is not liable for an action taken as a member or a failure to take an action, unless the member has knowingly breached or failed to perform the duties of a committee member and the breach or failure to perform constitutes willful misconduct or recklessness. No member shall engage in self-dealing or transactions with the FUND in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which his/her personal interests would conflict with the interests of the FUND.

## **11. Holding of Assets, Action to Sell**

Investments in the FUND will be held and managed by the Diocese of Indianapolis until such time as the COMMITTEE directs otherwise.

## **12. Acceptance of Gifts to the FUND**

The Gift Acceptance Policy (*Section E*) establishes the guidelines for the acceptance of a gift to the FUND.

## **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 withdrawals from the principal of the FUND shall not be made but with one exception. 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.

**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 the FUND**

In the event the PARISH ceases to exist, whether through merger, dissolution, or some other event, disposition or transfer of the FUND shall be at the discretion of the Vestry in conformity with the approved congregational constitution and in accord with diocesan canons and the Bishop of the Diocese of Indianapolis.

The foregoing resolution is hereby adopted by the Vestry this \_\_\_\_ day of \_\_\_\_\_, 2015.

St. John’s Episcopal Church  
Crawfordsville, Indiana

|                    |               |
|--------------------|---------------|
| _____ (print name) | Attest: _____ |
| _____ (signature)  | _____         |
| Senior Warden      | Clerk         |

**ENDOWMENT FUND POLICIES AND GUIDELINES**  
**FOR**  
**ST. JOHN'S EPISCOPAL CHURCH**  
**212 S. GREEN STREET, CRAWFORDSVILLE, INDIANA 47933**

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**SECTION A**  
*Investment Policy Statement*

**Purpose**

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

**Responsibility**

The ultimate responsibility for managing the FUND resides with the Vestry which has chosen to delegate portions of its responsibility to the COMMITTEE, which will administer the portfolio of the FUND in accordance with these guidelines, as adopted and amended from time to time. These guidelines shall be reviewed at least annually by the COMMITTEE to determine whether they should be amended or remain unchanged. The COMMITTEE agrees to a consensus model in its decision making process.

**Objectives**

The COMMITTEE has chosen to place the assets of the FUND with the Diocese of Indianapolis and be subject to the investment guidelines of the Diocesan Investment Committee. The assets of the FUND are to be invested with the same care, skill and diligence that a prudent investor would exercise in investing institutional endowment funds. The primary investment goal is total return through capital appreciation, interest income and dividends without undue exposure to risk.

**INVESTMENT GUIDELINES**

**Time Horizon**

The FUND'S investment objectives and strategic asset allocation are based on a long-term time horizon as determined by the Diocesan Investment Committee.

**Risk Tolerance**

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

**Prohibited Investments**

The COMMITTEE expects that Diocesan Investment Committee shall not invest in private placement, restricted stock or other illiquid issues, commodities' futures, arbitrage and other uncovered options, and shall not engage in short sales, margin transactions or other similar specialized investment activities; however, the use of funds 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 Diocesan Investment Committee to attain the FUND's objectives, nor are they intended to exclude the Diocesan Investment Committee from taking advantage of appropriate opportunities as they arise. The Diocesan Investment 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 agrees that the Diocesan Investment Committee may change the asset mix of the FUND as long as that mix meets the overall objectives and is consistent with the policy guidelines established by the Diocesan Investment Committee and communicated to the COMMITTEE on a quarterly basis. The FUND shall be allocated between equity investments and bonds and/or other fixed income securities. The target allocation among equity classes shall be determined periodically (and at least annually) by the Diocesan Investment Committee in consultation with the investment manager(s) to reflect a prudent response to current market conditions.

### **Investment Goals**

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 Diocesan Investment Committee to the COMMITTEE, which will also be communicated 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 automatically 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. 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 with measures taken at the end of each of the preceding twelve quarters.

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 four to six percent with a target of 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.

Expenses incurred by the COMMITTEE 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., subject to the Gift Acceptance policy in Section E.

The bequest may identify the beneficiary as: *St. John's Episcopal Church of the Episcopal Diocese of Indianapolis* or *St. John's Church, 212 S. Green Street, Crawfordsville, Indiana 47933* or *The Endowment Fund of St. John's Episcopal Church* or *The Rector, Wardens and Vestry of St. John's Episcopal Church, Crawfordsville, Indiana* or similar wording.

Bequests with **St. John's 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 assure 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:

The Rector and Senior Warden of the Parish will assess the particular circumstances giving rise to a perceived need to make an exception to the policy. Such circumstances should be judged to be truly extraordinary and that no other financial resources of the Parish are available or are expected to become available in time to fulfill the urgent need. If an exception is deemed appropriate, the Rector and Senior Warden will recommend Vestry approval to use both income and principal of the *unrestricted* endowment for the operating needs of the parish. Final authority for granting such an exception to the policy will require a two-thirds vote of the Vestry in two successive meetings and a two-thirds vote of the congregation at a regular or specially called meeting.

Bequests designating the **Endowment Fund** as beneficiary are automatically transferred to the Endowment Fund upon receipt. If the bequest was given for a designated purpose, then the value



of the assets will be applied to establish a designated fund of the Endowment Fund, as provided for in Section D, below. If the bequest to the Endowment Fund is otherwise undesignated, the assets will be directed to that portion of the corpus of the Endowment Fund where earnings are unrestricted.

## **SECTION D** *Donor-Designated Fund Policy*

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

If the gift is additive to and subject to the restrictions of a previously established Donor Designated Fund managed by the COMMITTEE, it may be accepted without Vestry approval.

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

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

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

## **SECTION E** *Gift Acceptance Policy*

### **Purpose**

This gift acceptance policy is guided by the principal that all gifts to the Parish will be used to glorify God. It is intended to provide guidelines to representatives of St. John's who may be involved in the acceptance of gifts, to outside advisors who may assist in the gift planning process, and to prospective donors who may wish to make gifts to the St. John's. This policy is intended to be followed closely but does allow for some flexibility on a case-by-case basis. The Parish will accept unrestricted gifts and gifts for specific purposes provided that such gifts are not inconsistent with its stated mission, purpose priorities and intent. The Parish will not accept gifts that are unduly restrictive in purpose, difficult to administer, inconsistent with the mission of the parish or gifts subject to donor control. In addition, the Parish will not accept gifts of:

1. Closely held stock transfers that are subject of buy-sell agreements.
2. Documents wherein the Parish is named Trustee.
3. Gifts involving bargain sales or other documents wherein the Parish would be required to assume an obligation.
4. Options of futures contracts or any investment vehicle that would expose the Parish to undue risk.
5. Transactions with potential conflict of interest that may invoke IRS sanctions.

This policy applies to gifts of all kinds, both cash and non-cash.

For gifts not directly to the FUND the Vestry will determine the acceptability and disposition of the asset type consistent with the mission of the Parish. Gifts that could result in a loss of Church reputation, time or money will not be accepted.

For gifts to the FUND the COMMITTEE will determine the acceptability and disposition of the asset type consistent with the mission of the Parish. Gifts that could result in a loss of Church reputation, time or money will not be accepted.

Acknowledgement of all gifts to the Parish and compliance with current governing IRS regulations concerning the acknowledgement of such gifts shall be the responsibility of the Vestry or the COMMITTEE in the case of gifts to the FUND.

### **Gift Review Committee**

Any questions which may arise in the review and acceptance of gifts to St. John's will be referred to the full Endowment Fund COMMITTEE.

### **Use of Legal Counsel**

The Vestry and the COMMITTEE may seek the advice of legal counsel in any matters relating to gift acceptance. Use of legal counsel should not be construed as gift acceptance but as a means of investigation of the appropriateness of the gift.

### **Cash**

- 1) Checks shall be made payable to St. John's Episcopal Church. In no event shall a check be made payable to an individual who represents St. John's or the church in any capacity.

### **Publicly Traded Securities**

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

### **Closely Held Securities**

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

### **Real Estate**

- 1) Any gift of real estate must be reviewed by the COMMITTEE. Due diligence and a majority vote are required to accept the gift.

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

### **Life Insurance**

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

### **Tangible Personal Property**

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

### **Deferred Gifts**

- 1) St. John's encourages deferred gifts in its favor through any of a variety of vehicles:
  - a) Charitable gift annuity (or deferred gift annuity)

- b) Pooled income fund
  - c) Charitable remainder trust
  - d) Charitable lead trust
  - e) Bequest
  - f) Retained life estate
- 2) St. John's (or its agent) shall not act as an executor (personal representative) for a donor's estate. A member of the parish staff serving as personal representative for a member of the parish does so in a personal capacity and not as an agent of the parish.
  - 3) St. John's (or its agent) shall not act as trustee of any charitable remainder trust.
  - 4) St. John's may invite prospective donors to consider gift vehicles offered by The Episcopal Church Foundation (specifically, Charitable Remainder Trusts, Charitable Gift Annuities and the Pooled Income Fund).
  - 5) When donors are provided planned gift illustrations or form documents, these will be provided free of charge. For any planned gift related documents, materials, illustrations, letters or other correspondence, the following disclaimer shall be included:

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

- 6) All information obtained from or about donors/prospects shall be held in the strictest confidence by St. John's staff and volunteers. Neither the name, the amount, nor the conditions of any gift shall be published without the express written or oral approval of the donor and/or beneficiary.
- 7) 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.
- 8) The Vestry, upon the advice of the COMMITTEE, reserves the right to decline any gift that does not further the mission of the parish. Also, any gifts that would create an administrative burden or cause the parish to incur excessive expenses may be declined.

### **Changes to Gift Acceptance Policies**

These policies and guidelines have been reviewed and accepted by the Vestry and any changes or deviations require prior Vestry approval.

Adopted by the Vestry

Date June 17, 2015

Carole Meyer  
Clerk of the Vestry