

The Episcopal Church of the Good Shepherd Endowment Fund

Policies and Guidelines

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ENABLING RESOLUTION
ESTABLISHING A GENERAL ENDOWMENT FUND
FOR
The Episcopal Church of the Good Shepherd
VENICE, FLORIDA

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 Southwest 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 The Episcopal Church of the Good Shepherd, 1115 Center Road, Venice, Florida 34292.

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) capital
17 improvements of the PARISH; (ii) outreach ministries and grants; (iii) seed money for new
18 ministries and special one-time projects; and (iv) such other purposes as are specifically
19 designated by donors to the 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 five (5) regular members, all of whom shall be
27 members in good standing of The Episcopal Church of the Good Shepherd. They shall be
28 appointed by the Vestry. Additionally, the Rector and Senior Warden shall be ex-officio
29 members of the COMMITTEE without votes. No member of the COMMITTEE shall be a
30 current member of the Vestry or employed by the parish. Except as herein limited, the term of
31 each appointed member shall be three (3) years. The Vestry will stagger the terms of members to
32 maximize 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 the
34 event of a vacancy on the COMMITTEE, the Vestry shall appoint a member to complete the
35 unfulfilled term. Upon the completion of the term, that person would be eligible for
36 reappointment to a normal three (3) year term. The church Treasurer will be a regular member
37 of the Committee.

2. Roles of the COMMITTEE

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

3. Frequency of Meetings

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

4. Quorum

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

5. Officers and Duties

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

6. Reports

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

7. Professional Counsel

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

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 Episcopal Church of the
73 Good Shepherd. Actions to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest,
74 and in all other respects, to manage and control the assets of the FUND, including stocks, bonds,
75 mortgages, notes, warrants of other securities, are to be made by a delegated member of the
76 COMMITTEE on behalf of the COMMITTEE.

12. Acceptance of Gifts to the Endowment Fund

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

13. Distributions from the Fund

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

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

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

14. Amendment of this Resolution

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

15. Disposition or transfer of FUND

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

113 The foregoing resolution is hereby adopted by the Vestry this 22 day of
114 April, 2014.

115 The Episcopal Church of the Good Shepherd
116 Venice, Florida

117 KEN HARRISON (print name)

118 [Signature] (signature)
119 Senior Warden

Attest: BETTEANN JAMES

[Signature]
Clerk

ENDOWMENT FUND POLICIES AND GUIDELINES
FOR
The Episcopal Church of the Good Shepherd
VENICE, FLORIDA

SECTION A
Investment Policy Statement

Purpose

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

Responsibility

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

Objectives

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

INVESTMENT GUIDELINES

Time Horizon

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

Risk Tolerance:

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

Prohibited Investments:

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

Portfolio Diversification:

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

Investment Discretion:

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

Asset Allocation

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

152 The strategic target allocation shall be generally within the following ranges:

	<u>Low</u>	<u>Target</u>	<u>High</u>
155 EQUITIES:	40%	60%	70%
156 FIXED INCOME:	30%	40%	60%
157 CASH:	0%	0%	20%

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

Investment Goals

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

Reporting

165 The COMMITTEE will periodically (at least once per year) provide a report to the Vestry that
166 will include the fund value, any changes in the asset allocation strategy, and the investment
167 performance. The report shall reflect compliance with the objectives, policies and guidelines set
168 forth herein.

SECTION B
Spending Rule Policy

169 There will be no distributions from the Fund for three years. Thereafter, when the Fund reaches
170 a minimum of \$100,000, the distributions will be in the range of 3% to 5%. Money will be
171 distributed from the FUND upon written request of the Vestry and with the approval of the

172 COMMITTEE for those uses which conform to the purposes and restrictions established by
173 donors or incorporated in the Enabling Resolution.

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

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

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

SECTION C *Disposition of Bequests Policy*

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

193 The bequest may identify the beneficiary in one of two general ways: *The Endowment Fund of*
194 *The Episcopal Church of the Good Shepherd or any variation using Good Shepherd, Venice,*
195 *Florida.*

196 Bequests with The Episcopal Church of the Good Shepherd as beneficiary can be of two general
197 types:

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

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

207 In such instances the following procedure will apply:

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

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

SECTION D *Donor-Designated Fund Policy*

220 A separate and designated fund within the FUND may be established for gifts in the amount of
221 \$25,000 or more. The Vestry must vote to accept the gift for the purpose(s) described by the
222 donor, or it has the responsibility to reject the gift.

223
224 If accepted, the assets are merged with other assets of the FUND for investment purposes, but the
225 identity and designated purpose of each fund is preserved individually.

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

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

SECTION E *Gift Acceptance Policy*

Purpose

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

Gift Review Committee

239 Any questions which may arise in the review and acceptance of gifts to Good Shepherd's will be
240 referred to The Gift Review Committee. The Committee, unless otherwise designated by the
241 vestry, will be comprised of the full Endowment Fund COMMITTEE.

Cash

- 242 1) All gifts by check shall be accepted by Good Shepherd's regardless of amount.
243 2) Checks shall be made payable to Good Shepherd's. In no event shall a check be made
244 payable to an individual who represents Good Shepherd's or the church in any capacity.

Publicly Traded Securities

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

Closely Held Securities

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

Real Estate

- 259 1) Any gift of real estate must be reviewed by the Gift Review Committee prior to acceptance.
260 The Gift Review Committee will retain the services of an attorney specializing in Real Estate
261 matters.
262 2) Normally, the donor is responsible for obtaining and paying for an appraisal of the property.
263 The appraisal will be performed by an independent and professional agent.
264 3) The appraisal must be based upon a personal visitation and internal inspection of the property
265 by the appraiser. Also, whenever possible, it must show documented valuation of
266 comparable properties located in the same area.
267 4) The formal appraisal should contain photographs of the property, the tax map number, the
268 assessed value, the current asking price, a legal description of the property, the zoning status,
269 and complete information regarding all mortgages, liens, litigation or title disputes.
270 5) Good Shepherd's reserves the right to require an environmental assessment of any potential
271 real estate gift.
272 6) The property must be transferred to Good Shepherd's prior to any formal offer or contract for
273 purchase is made.
274 7) The donor may be asked to pay for all or a portion of the following:
275 a) Maintenance costs
276 b) Real estate taxes

- 277 c) Insurance
278 d) Real estate broker's commission and other costs of sale
279 e) Appraisal costs
280 8) For gift crediting and accounting purposes, the value of the gift is the appraised value of the
281 real estate. This value may be reduced, however, by the costs of maintenance, insurance, real
282 estate taxes, broker's commission and other expenses of sale.

Life Insurance, Annuities and IRAs.

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

Tangible Personal Property

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

Deferred Gifts

- 304 1) Good Shepherd's encourages deferred gifts in its favor through any of a variety of vehicles:
305 a) Charitable gift annuity (or deferred gift annuity)
306 b) Pooled income fund
307 c) Charitable remainder trust
308 d) Charitable lead trust
309 e) Bequest
310 f) Retained life estate
311 2) Good Shepherd's (or its agent) shall not act as an executor (personal representative) for a
312 donor's estate. A member of the parish staff serving as personal representative for a member
313 of the parish does so in a personal capacity and not as an agent of the parish.
314 3) Good Shepherd's (or its agent) shall not act as trustee of any charitable remainder trust.
315 4) Good Shepherd's may invite prospective donors to consider gift vehicles offered by The
316 Episcopal Church Foundation (specifically, Charitable Remainder Trusts, Charitable Gift
317 Annuities and the Pooled Income Fund).

318 5) When donors are provided planned gift illustrations or form documents, these will be
319 provided free of charge. For any planned gift related documents, materials, illustrations,
320 letters or other correspondence, the following disclaimer should be included:

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

324 6) All information obtained from or about donors/prospects shall be held in the strictest
325 confidence by Good Shepherd's staff and volunteers. Neither the name, the amount, nor the
326 conditions of any gift shall be published without the express written or oral approval of the
327 donor and/or beneficiary.

328 7) Good Shepherd's will seek qualified professional counsel in the exploration and execution of
329 all planned gift agreements. The parish recognizes the right of fair and just remuneration for
330 professional services.

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