

**Frederick Presbyterian Church**  
**Endowment Fund Policy**  
**Revised January, 2006**

This revised policy replaces the basic document and amendment one approved August 14, 1997.

I. PURPOSE

- A. The Frederick Presbyterian Church Endowment Fund, to be known as the Endowment Fund, exists to provide members and friends of the Church the opportunity to witness their Christian faith to future generations through gifts and bequests, and to provide funding for the mission ministry, special projects, and the ongoing viability of the church.
- B. Challenging purposes of the Endowment Fund are:
  - 1. To glorify God through a commitment to continue, extend, and perpetuate the life, mission and ministries of this church for the benefit of present and future generations.
  - 2. To provide the opportunity for all members to perpetuate their annual giving, initiating a long-range plan to grow generation upon generation, thereby endowing a caring and sharing Church forever.

II. DEFINITIONS

The Endowment Fund consists of 3 parts. The **restricted funds** consist of gifts from bequests or memorials that the capital, income, or combinations of both have been designated for a specific purpose. They will be handled in accordance with the specific legal request and instructions of the donor. **Undesignated funds (Holy Spirit Fund)** consist of funds from bequests, contributions, or memorials that may be spent or invested as designated by the session. The **Property Capital Allocation Fund (PCAF)** consists of funds from bequests or memorials, and funds designated from the operating budget or rental income from church properties held in escrow for periodic capital improvements, maintenance, or replacement of church properties.

III. FINANCE MINISTRY

The Finance Ministry (the “Ministry”) is formally established by the session and, as such, is chaired by a member of the Session, accountable to that body as the Trustees of the Frederick Presbyterian Church (PCUSA) Inc. The functions of the Ministry in regard to the Endowment Fund are to:

- A. Oversee the endowment fund and related investments.
- B. Report to Session /Trustees on a quarterly basis and communicate to the

congregation annually or as needed.

C. Oversee the following subcommittees whose duties are as listed:

1. Endowment committee

- establish endowment program
- promote endowments
- maintain records
- report to the Finance Ministry

2. Investment committee

- manage funds
- develop an investment strategy
- educate and inform the congregation

#### IV. FINANCE MINISTRY RESPONSIBILITIES

- A. The Ministry, and/or its subcommittees, shall establish and maintain a program to encourage and acquaint church members with the opportunity of giving property or monies or other gifts to the church through gifts, bequests, devices, memorials, life insurance plans or trusts, and annuities with lifetime income to the donor.
- B. Certain funds or property donated to the Frederick Presbyterian Church may come into possession of the Ministry subject to certain restrictions placed thereon by the donor or testator, including but not limited as to the use of income/or principal and type of investment. Said funds or property shall be designated as "restricted funds" but must first be accepted by the Trustees, and shall then be administered, invested and distributed in accordance with the restrictions fixed by the donor or subject to other provisions in this paragraph. In the case of ambiguity, impossibility, impracticability or failure, in whole or part of the designated purposes or changed conditions, the Trustees shall direct application of such funds to such purposes as will, in their opinion, most nearly fulfill the wishes of the donor or testator. Notwithstanding any other provisions herein, the Trustees may refuse to accept any gifts or devices on any ground and for any reason, whether restricted or unrestricted.
- C. Because of the nature of the Ministry and its activities, extraordinary sensitivity must be exercised concerning the privacy of the donor. Prior to the release of the identity of any donor outside the Ministry, the Ministry shall receive permission from the donor. If the donor wished privacy, then all public records will be annotated by the phrase "A Friend of the Frederick Presbyterian Church" or similar wording as appropriate.
- D. The Ministry or its designated subcommittee shall be empowered to authorize reasonable expenses for professional services, financial or legal. They shall be allowed to incur reasonable operating expenses which shall be expended from investment income of the Endowment Fund.

- E. All promotion, use and administration of The Endowment Fund shall be carried out with the goal of advancing the Christian mission of the Frederick Presbyterian Church, USA.
- F. Other responsibilities related to the Endowment Fund may be assigned to the Ministry by the Session.

## V. INVESTMENT AND MANAGEMENT

- A. Investment of Endowment Fund assets shall be the responsibility of the Ministry or its designated Investment subcommittee.
- B. The Ministry or its designated subcommittee shall take possession of all property delivered to them.
- C. The Ministry or its designated subcommittee shall have power to sell or otherwise dispose of, or convert the value of such property to a form of investment which they determine is appropriate to fulfilling the purpose of the Endowment Fund.
- D. Any funds or gifts received as an endowment or bequest shall be placed in the Endowment Fund.
- E. Funds received shall be invested by the designated subcommittee, which may utilize the services of professional managers, a bank or trust department or in such other manner as determined by the Ministry to insure safety, yield and liquidity. The terms of any gift, device or bequest made for a specific purpose shall require that they be held, distributed and disbursed as directed by the donor.
- F. The Ministry or its designated subcommittee shall prosecute, defend, compromise, settle or abandon claims in favor of, or against the Endowment Fund subject to Session review and approval.
- G. In no event shall the Session, or any designated committee or any member thereof be held liable for any neglect or wrongdoing of any agent or agents selected with reasonable care, nor for any acts of any banking, trust, or investment company or foundation in its investment management capacity nor for the performance of funds in which the Endowment Fund's principal is invested, nor for any loss or damage except through their own gross or neglect, fraudulent acts or willful default.
- H. The Session shall not be required to give bond or any surety upon a bond for the faithful performance of any provision hereunder.

## VI. INVESTMENT POLICY

The Investment Committee shall develop an annual investment strategy and plan, and shall present the plan and strategy via the Finance Ministry to the Session for its approval.

## VII. USE OF THE ENDOWMENT ACCOUNT MONIES

**Restricted Funds:** Funds that are designated as restricted shall be invested in identifiable securities held inviolate until distributed according to the wishes of the donor.

**Holy Spirit Fund:** Funds may be spent on mission programs, specific projects, or to cover shortfalls in the operating budget with approval of the Session. The session may authorize a loan from the Holy Spirit Fund if such loan is used for the acquisition of property or to make capital improvements to the church and its properties. Such a loan shall be repaid in a reasonable length of time at a fair interest rate.

**Property Capital Allocation Fund:** This fund consists of money held in escrow to be used to purchase, maintain, and/or replace church property, and for major capital projects. The property Ministry will review the recommended principal level on an annual basis.

## VIII. AMENDMENTS, REVISIONS AND PROCEDURES

The provisions of these guidelines establishing the Endowment Fund may be revised or amended from time to time by the Session. Any amendment or revision shall not affect gifts, devices, or bequests made to the Endowment Fund prior to such change. All such donations to the Endowment Fund shall be administered for the purposes in effect at the time the donation was made. It is the responsibility of the Session to authorize all procedures and to select from the available options any needed to administer the provisions of these guidelines.

## IX. GLOSSARY of TERMS

Bequest - An item of value or cash transmitted to the Trustees through a Will.

Endowment - A fund designated for a specific purpose.

Memorial – A gift(s) given in remembrance of an individual with or without designation of use.

Restricted Fund – An endowment, bequest or memorial.

Permanent Restricted - The portion of a restricted fund which cannot be spent.

Temporary Restricted - A donation which may be spent in full, or the income from a permanent restricted fund.

Session - Active Elders of the Frederick Presbyterian Church who also serve as trustees

of the corporation.

APPROVED BY THE SESSION OF THE FREDERICK PRESBYTERIAN CHURCH

Clerk of Session: \_\_\_\_\_

Date: \_\_\_\_\_