

Endowment Policy
Episcopal Church of the Advent
Cape May, NJ

This endowment policy (the “Policy”) was adopted by the Vestry of the Episcopal Church of the Advent (the “Vestry”) on the ___ day of ___, 2021 to establish and administer a restricted fund to be known as the “ENDOWMENT FUND OF THE EPISCOPAL CHURCH OF THE ADVENT.” (the “Endowment Fund.”).

Preliminary Statement

The Vestry desires to maintain the Endowment Fund to be managed on the terms and conditions provided in the Policy to support certain aspects of the mission and ministry of the Episcopal Church of the Advent of Cape May, NJ (the “Church”) and to provide for the administration of this fund.

Creation of the Endowment Fund

- I. Establishment of the Endowment Fund
 - A. Creation. There is hereby established the Endowment Fund, which shall be a permanently restricted fund for the support of the mission and ministry of the Church in accordance with the terms and conditions of this Policy and associated policies established by the Vestry from time to time.
 - B. Founding Assets. The initial assets will consist of a combination of the Ameriprise Financial Account and the Diocesan Investment Trust Account and are valued at approximately \$132,500.
 - C. Duration. The assets comprising the Endowment Fund are to be held by the Vestry and Managed by the Planned Giving and Endowment Subcommittee of the church’s Finance Committee subject to the terms and conditions of this Policy.
 - D. Endowment Fund Assets. All assets comprising the Endowment Fund shall be held in designated accounts in the collective name of the “Endowment Fund of the Episcopal Church of the Advent.”
- II. Responsibilities of the Vestry
 - A. Appointment of Planned Giving and Endowment Subcommittee of the Finance Committee (the “Endowment Subcommittee”).

The Endowment Subcommittee shall have among its members the Rector, the Finance Committee Chair, the Treasurer, and the Vestry Representative to the Finance Committee. The Endowment Subcommittee shall appoint a Chairperson to lead the meetings and follow-up.

B. Establishment of Gift Policies.

1. The Vestry shall establish Gift Policies that shall provide guidance to the Endowment Subcommittee in accepting gifts to the Endowment Fund.
2. Subject to the provisions of the Gift Policies the Committee may accept contributions to the Endowment Fund.

C. Establishment of Investment Policies.

1. The Vestry shall periodically approve overall Investment Policies as recommended by the Endowment Subcommittee.
2. In establishing Investment Policies, the Vestry shall consider, without limitation:
 - i. The needs of the Church for support from authorized distributions from the Endowment Fund into the General Fund.
 - ii. The levels of risk tolerance, the investment time horizon, the level of diversification and other factors that are to be observed by the Endowment Subcommittee in its management of the Endowment Fund.

D. Establishment of Spending Policy.

1. From time to time, the Vestry shall establish a Spending Policy that shall govern distributions from the Endowment Fund in support of the mission and ministry of the Church.
2. The Spending Policy shall be based on the concept of Total Return to the Endowment Fund. For the purposes of this Policy, the term "Total Return" shall mean the sum of all income earned, including dividends and interest, plus realized and unrealized capital gains or losses, less all M&A Costs (as defined below). The Endowment Subcommittee shall endeavor to administer the distributions from the Endowment Fund in a manner consistent with the fundamental principles of the Investment Policies with respect to Total Return.

3. The Spending Policy shall establish a maximum amount of assets of the Endowment Fund that may be distributed to support the mission and ministry of the Church during each calendar year (“Maximum Annual Grant Amount”).

4. The Maximum Annual Grant Amount for any year shall be expressed as a percentage (from 0% to 5%) of the arithmetic average of the total value of all of the assets in the Endowment Fund on the last business day of each of the twelve calendar quarters ending on December 31 of the previous year (the “Average Total Assets”). The Vestry shall establish the Maximum Annual Grant Amount with a view to the investment objectives for the Endowment Fund set forth above. The Vestry may exceed the Maximum Annual Grant Amount of 5% of the Average Total Assets in the event of a significant capital need.

III. Responsibilities of the Endowment Subcommittee

A. Management and Investment of the Endowment Fund. The Endowment Subcommittee shall be responsible for negotiating the terms of, and accepting gifts to, the Endowment Fund in accordance with the provisions of this Policy and the Gift Policies established by the Vestry from time to time. The Endowment Subcommittee shall be responsible for investing the assets of the Endowment Fund in accordance with the provisions of this Policy and the Investment Policies established by the Vestry from time to time. The Endowment Subcommittee also shall be responsible for administering permitted distributions from the Endowment Fund in accordance with the provisions of this Policy and the Spending Policies established by the Vestry from time to time.

B. Investment Managers and Investment Consultants. The responsibilities of the Endowment Subcommittee shall include the following, without limitation:

1. Prudently and diligently selecting qualified investment professionals, including Investment Managers(s) and Investment Consultants.
2. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objectives progress.
3. Developing and implementing proper control procedures: For example, replacing Investment Manager(s) due to fundamental change in investment management process, or failure to comply with established guidelines.

C. Reporting. At each Annual Parish Meeting following establishment of the Endowment Fund, the Endowment Subcommittee shall present a written report including, without limitation, the current balance of the principal, investment performance, the amount of distributions for the previous calendar year and a copy of the most recently concluded audit or review of the Endowment Fund.

D. Annual Review. All of the assets comprising the Endowment Fund and all additions thereto and distributions therefrom shall be subject to an annual review by a qualified individual selected by the Endowment Subcommittee.

E. Access. Copies of the most recently concluded audit or review and the accountant's report thereon shall be made available promptly on request by any person eligible to vote at meetings of the Church and any person who has contributed to the Endowment Fund.

V. Fundamental Investment Principles

A. Standard of Care. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person in a like position would exercise under similar circumstances in a manner the members of the Endowment Subcommittee reasonably believe to be in the best interest of the Church.

B. Investment Strategy. The investment strategy of the Endowment Fund is to emphasize Total Return.

C. Limitation. Under no circumstances may funds constituting any portion of the Fund be invested other than as set forth in this Policy or loaned or otherwise advanced to defray costs which are not within the scope of distributions authorized in this Policy.

VI. Distributions from the Endowment Fund

A. Administrative Expenses. Distributions from the Endowment Fund may be made to defray the reasonable costs associated with the management and administration of the Endowment Fund ("M&A Costs"), including:

1. Reasonable costs associated with investment management consultants, investment managers, the costs of preparing proposals and illustrations for prospective donors of planned gifts and professional legal and accounting services, including the cost of the Investment Manager(s) or Investment Consultant(s) ("Administrative Expenses").
2. Administrative costs associated with the Planned Giving Program of the Church ("Planned Giving Program Expenses"), including but not limited to costs associated with printing and mailing expenses, the costs associated with hosting an annual event to honor persons who have made a bequest, planned or other major gift to the Church, and professional services.

B. Mission and Ministry Grants. Other than permitted distributions of Endowment Fund assets for Administrative Expenses and Planned Giving Program Expenses, distributions from the Endowment Fund may be made only for the following purposes:

1. Capital needs of the Church that are beyond the reasonable scope of the annual operating budget of the Church.
2. To supplement the operating costs of the Church to offset a budgeted deficit.

C. Prohibited Distributions.

1. No distributions from the Endowment Fund shall be made that would result in a violation of the provisions of this Policy or the Spending Policy or Investment Policies.

VII. Miscellaneous

A. Governing Law. This Policy and the Endowment Fund created hereunder shall at all times be governed exclusively by the laws of the State of New Jersey and be in conformity with the Canons of the Diocese of New Jersey.

B. Liability. No person exercising administrative or managerial duties under this Policy shall be liable except for such person's own intentional misconduct or bad faith.

C. Amendments. This Policy may be amended as approved from time to time at a duly called meeting of the Vestry by the affirmative vote of at least three-fourths of the total number of members of the Vestry.

IN WITNESS WHEREOF, this Policy is made by Vestry of the Episcopal Church of the Advent of Cape May, NJ.

THE VESTRY OF THE EPISCOPAL CHURCH OF THE ADVENT OF CAPE MAY, NJ.

Attest:

Senior Warden

Clerk of the Vestry

Junior Warden

Clerk of the Vestry

Rector

Clerk of the Vestry