

Model Donor Agreement

In 2009, St. Paul's Episcopal Church, Cary, N.C., formerly established an endowment fund - money that will be set aside and invested to provide a reliable source of income to the parish for generations to come. Income from the Endowment will help St. Paul's more completely fulfill its mission by developing its ministries beyond what is possible through annual operating funds.

Distributions from the fund shall be used for purposes such as:

- outreach ministries and grants,
- seed money for new ministries and special one-time projects,
- maintenance and enhancement of the physical plant and grounds, and
- purposes that are specifically designated by donors.

Distributions from the Endowment shall not be used to fund typical operating expenses that otherwise would fall under the operating budget.

Management of Endowment Funds

St. Paul's Endowment Board has been charged with managing the Endowment funds, including selecting and monitoring investments, determining the amounts disbursed from the fund, and recommending recipients for those disbursements. St. Paul's Vestry, as the parish's elected governance body, appoints members to the Endowment Board and provides final approval for disbursements.

It is the Endowment Board's intent to manage the Endowment Fund as a true endowment, meaning donated funds are intended to be preserved in perpetuity. Investment income, including interest and dividends, may be reinvested or disbursed.

The Endowment is managed in compliance with North Carolina's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as well as other relevant statutes and regulations governing the operations of charitable organizations. This law replaces the "historic dollar value" standard for determining expenditures with a prudence standard. UPMIFA does not negate the goal of preserving capital, but does allow expenditures from capital to be made. The Enabling Resolution for St. Paul's Endowment limits such expenditures to extreme circumstances and requires the approval of two-thirds of the Vestry.

Investment objectives and considerations when determining to re-invest or disburse investment income are described below.

Investment Objectives

The Endowment Board determines how the funds within the Endowment will be invested. Investment objectives include:

- providing income that can be used to support St. Paul's mission and ministries,

- growing capital, such that the ability of the Endowment to fund St. Paul's mission and ministries increases over time, and,
- managing exposure to risk, ensuring the overall, long-term ability of the fund to provide income and growth under varying economic conditions

Disbursement of Funds from the Endowment

After the Endowment has reached a threshold of \$100,000, annual disbursements may begin. The amount to be disbursed each year will be determined by the Endowment Board considering the investment objectives above, as well as the following considerations:¹

- the duration and preservation of the Endowment;
- the mission and ministry of St. Paul's;
- the purpose of the Endowment;
- general economic conditions;
- the possible effect of inflation or deflation;
- the expected total return from income and appreciation of investments;
- other resources of St. Paul's;
- the Endowment's investment policy

The current target is to disburse annually approximately 4 to 5 percent of the Endowment's total value. Additional investment income above expenses will be re-invested to further grow the Endowment.

Summary of Restricted Funds Policy

Donations to the Endowment may either² be placed in the general Endowment or, provided that the gift is at least \$10,000, may be restricted for a particular purpose. Restriction implies that the income from the gift will be used for the particular purpose. If it is the intent of the donor that the principal of the gift also be expended for that purpose, options other than the Endowment may be more appropriate. Donations to the general Endowment are encouraged since this option provides the church leadership with the most flexibility in responding to future needs as they arise. Donor-restricted gifts must be accepted for that purpose by the Vestry.

If donor-restricted funds are dedicated to a purpose that becomes obsolete or significantly over-funded, and this obsolescence or over-funding is not just of a temporary nature, St. Paul's Vestry may elect to modify the restrictions on such funds; any new restrictions shall take into account

¹ N.C. General Statute § 36E -4.

² N.C. General Statute § 36E -4, Official Comment: If a donor has stated in a gift instrument specific directions as to spending, the BOARD must respect those wishes, but many donors do not give precise instructions about how to spend endowment funds. This statute is a “rule of construction” that provides guidance for giving effect to a donor’s intent when the donor has not been specific.

the original donor intentions and shall be made by a two-third majority of the Vestry. It is recommended that the categories used for donor-restricted funds be broad enough that such modification of restrictions should not be necessary except in the rarest of circumstances.

Modification of restrictions may also be made as a necessary result of changes in the applicable laws that govern the management of endowments.

Reporting

It is the intent of the Endowment Board to operate the Endowment as transparently as possible. Each year, the Board will prepare a report for St. Paul's annual meeting. The annual report will provide an overview of major decisions made by the Board in the previous year. It shall also summarize the investments, investment allocation, performance, and expenditures of the Endowment Fund.

For More Information

The full text of Endowment policies and procedures are available upon request. These documents are also expected to be published on St. Paul's website within the 2010 fiscal church year.

If you have any questions regarding St. Paul's Endowment, please contact St. Paul's rector, George Adamik, or a member of the Endowment Board (Dan Loughlin, Chair, danloughlin@bellsouth.net, 919-661-7898; Doug Riddle, John Hemperly, Kay Burgess, and Mike McInerney).

Donor Information (printed or typed)

Name _____

(optional) *Gift made* *in memory or* *in honor of* _____

Amount of gift: _____ (*estimated if exact amount is unknown*)

If estimated, method of estimation:

Gift type: cash or check

stock

other

If other, please describe: (attach additional sheets if necessary)

Payment schedule: one payment/donation

periodic payments

If periodic, anticipated schedule: (attach additional sheets if necessary)

Donor restrictions: *(optional, and subject to review and acceptance by the Vestry)*

Program/purpose:

Other information:

(optional) Years after which donor-restricted funds may be redesignated to the general Endowment: _____

Publicity/confidentiality:

The Endowment Board may wish to publicize the gifts that have been made to the Endowment. Additionally, donors or families of donors may be invited to participate in specific functions that honor gifts to the Endowment.

The Board may publicize the following: (please check all that apply)

- Donor or estate name
- Designation of "in honor of ..." or "in memory of..."
- Amount (and restrictions, if applicable)
- Other

Communications:

Please contact me about any events or activities for donors to the Endowment

Yes

No

I agree to the stipulations outlined in this gift acceptance agreement. I acknowledge that receipt of my gift by St. Paul's does not constitute acceptance, and that a gift review may be necessary.

Donor signature and date:

Upon receipt and acceptance of this gift, St. Paul's Endowment Board intends to adhere to the stipulations within this gift agreement in the management of donated funds.

Endowment Board Chair signature and date:
