

St. Matthew's Episcopal Church Endowment Fund Charter
798 Hughes Road
Madison, Alabama 35758

Revision 2: May 17, 2022

Section I: Purpose

The Parish of St. Matthew's Episcopal Church, 798 Hughes Road, Madison, Alabama 35758 (the Parish) resolves to establish the St. Matthew's Endowment Fund (the Endowment Fund).

Gifts to the Endowment Fund are theological statements demonstrating one's belief that we are never ultimately owners, but only stewards entrusted by God to use wisely what God has placed in our hands.

Creating an endowment gift for the Parish for use during or beyond our lifetimes is a declaration made to present and future generations of the importance of our faith and trust in God. Just as we have enjoyed the shade of trees we have not planted, we each have an opportunity to provide the financial foundation for the Parish to have a strong and empowering ministry for generations to come.

It is the desire of this Parish to encourage, receive, and administer gifts to the Endowment Fund in a manner faithful to the loyalty and devotion to God expressed by the donors, in accordance with the canons of the Episcopal Church, the Diocese of Alabama, and the mission of the Parish.

Section II: Resolution

The Parish, through action of the Vestry of St. Matthew's Episcopal Church (the Vestry) establishes a new and separate fund to be known as the Endowment Fund.

The purpose of the Endowment Fund is to enable the Parish to fulfill its mission by developing its ministries beyond what is possible through its annual operating funds. Donors to the Endowment Fund may specify how their endowment gifts are to be used, The Board of the Endowment Fund (the Board) shall act as the ombudsman of the donor ensuring donor funds are used for their intended purposes. Distributions from the Endowment Fund shall be restricted to:

- a. Outreach ministries and grants established by the Vestry,
- b. Parish campus improvements, both re-building and new construction,
- c. Seed money for new ministries and special one-time projects approved and directed by the Vestry, and
- d. Such other purposes as are specifically designated by donors whose gifts are accepted by the Endowment Board and entrusted to the Endowment Fund.

Distributions from the Endowment Fund shall not be made to the operating budget of the Parish, nor shall distributions exceed the maximum distribution limits established by the Endowment Fund's Guidelines. Donors who wish to contribute to the operating budget may do so through

gifts to the Parish. The establishment of this Endowment Fund does not prevent the Parish from establishing another institutional fund for the purpose of long-term, continued contributions to the operating budget of the Parish.

Designated funds to the Endowment Fund differ from typical designed donations in the following ways:

- a. Endowment fund designated gifts are usually intended for longer timeline use whereas normal designated giving may be spent immediately.
- b. Endowment fund designated gifts must be approved by the Endowment Board.

Section III: Endowment Fund Guidelines

The Board shall administer the portfolio of the Endowment Fund in accordance with these guidelines, as adopted and amended from time to time. These guidelines shall be reviewed at least annually by the Board to determine whether they shall be amended or remain unchanged. Proposed changes to these guidelines shall be referred to the Vestry for action. The Vestry shall retain approval authority for all investment activities delegated to the Board.

a. The Board of the Endowment Fund

The Vestry will appoint five Parish members, all of whom are in good standing, to serve on the Board. Preferably, appointed Board members will have experience in successfully managing personal or corporate financial affairs. Additionally, the Rector and Senior Warden of the Parish shall be permanent ex-officio members, without voting rights, of the Board. The term of each appointed Board member shall be three (3) years. Upon adoption of this resolution, two (2) members shall be appointed for a term of three (3) years, two (2) members for a term of two (2) years, and one (1) member for a term of (1) year. Thereafter, on an annual basis, the Vestry shall appoint the necessary number for a term of three years. After a lapse of one (1) year, former Board members may be reappointed to serve on the Board. In the event of a vacancy on the Board, the Vestry shall appoint a member to complete the unfulfilled term, upon the completion of which that person would be eligible for reappointment to a normal 3-year term. No member of the Endowment Board shall be a current member of the Vestry or be employed by the Parish except the Rector and Senior Warden being an ex-officio member as stated above. In the event of a vacancy on the Board, the Vestry shall appoint a member to complete the unfulfilled term.

Any regular member of the Board may resign at any time by written notice to the Vestry. A member who fails to attend three consecutive committee meetings without reason may be asked by the other Board members or the Vestry to resign.

b. Meetings of the Board

The Board shall meet as least quarterly, or more frequently as it deems necessary in the best interest of the Endowment Fund.

c. Quorum

The affirmative vote of a quorum shall be necessary to carry any motion or resolution. A quorum shall consist of a simple majority of voting members.

d. Officers of the Board

The Board shall elect from its appointed members a Chairperson and a Secretary. The Chairperson, or in the Chairperson's absence, a member designated by the Chairperson, shall preside at all Board meetings.

The Secretary shall maintain complete and accurate minutes of all meetings of the Board and supply a copy to each member of the Board. The Secretary shall also supply a copy of the minutes to the Vestry in a timely manner. The Endowment Board Secretary shall keep a record of all minutes and make a copy available to his or her successor.

e. Accounting of the Fund

The Treasurer of the Parish (Treasurer) shall have unlimited access to all accounts maintained by the Board and maintain complete and accurate books of account for the Fund. At the discretion of the Vestry, the books shall be audited annually by a certified public accountant or other qualified person. Such person shall not be a member of the Board.

f. Reports of the Board

The Board shall report on a quarterly basis to the Vestry. At the annual meeting of the congregation, the board shall render a full and complete account of the administration of the Endowment Fund during the preceding fiscal year.

g. Outside Consultants and Managers

The Board, at the expense of the Endowment Fund, may provide for such professional counseling on investments or legal matters as it deems to be in the best interest of the Endowment Fund. The Board may choose to employ an outside investment manager. All costs incurred with managing the Endowment Fund shall be paid for with proceeds earned by the Endowment Fund and declared available for expenditure.

h. Objectives of the Board

The assets of the Endowment Fund are to be invested with the same care, skill, and diligence a prudent person would exercise in investing institutional endowment funds. The primary objective will be to achieve a reasonable total return on the assets, while limiting the risk of exposure, to ensure the preservation of capital.

i. Liability of Board Members

Each Board member shall manage and invest the assets of the Endowment Fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Personal liability of Board members is limited to acts or omissions committed in bad faith or involving intentional misconduct. Each member shall be liable only for his or her own intentional misconduct, or for his or her own acts or omissions in bad faith and shall not be liable for the acts or omissions of any other Board members.

j. Conflicting Financial Interests of Board Members

No member shall engage in any self-dealing in exercising his or duties to the Endowment Fund. A Board member shall not participate in transactions with the Fund in which the member has direct or indirect financial interests and shall refrain from any conduct in which his or her personal financial interests would conflict with the interest of the Endowment Fund.

1. A member's direct financial interests extend beyond those assets in his or her name to include those assets of a spouse and dependent children. Direct financial interests also include those interests of employers or persons who employ the member, spouse, and his or her dependent children. Employers or those persons who employ the member, spouse or dependent children include employers, boards, partnerships, and other related entities.
2. Indirect conflicts include the interests of a member's close relatives and friends, business associates, non-dependent children, outside boards on which a member serves as a non-officer and any other interest that may create an appearance of a conflict of interest for the member. The member shall bring any such appearance of a conflict to the Board's attention and the Board shall determine whether the member's participation in the matter creates an actual conflict on the part of the member. The Board may consult an attorney for advice on the matter. The Board's decision will be recorded in the minutes. The decision shall not set precedent for other members or situations, as each situation will be considered on its own facts and merits.

k. Holdings and Transactions

All assets are to be held in the name of the Endowment Fund of St. Matthew's Episcopal Church, 798 Hughes Road, Madison, Alabama 35758. Individual transactions to conduct business, as approved by the Endowment Board, may be carried out by the Chairperson, his or her designee, or delegated to individual Board members on an annual, term, or rotating basis. Such transactions include, but not limited to, trading stocks, conducting real estate transactions, registering personal property, hiring inspectors and appraisers, and all other transactions necessary to conduct the business required in the management of the Endowment Fund. All delegations, regardless of the term, will be recorded and signed by the Chairperson.

l. Acceptance of gifts to the Endowment Fund

At the discretion of the Vestry, the Board may be delegated the authority to establish a gift review and acceptance policy for gifts offered to the Endowment Fund. Should the Vestry choose to delegate such authority to the Board, the Board shall conduct careful reviews of all gifts, except those of cash or publicly traded securities, to determine whether acceptance of the gift serves the best interests of the Parish. Any guidelines established for conducting such a review will be incorporated in the gift review and acceptance policy.

m. Asset Allocation

It is expected that most assets held by the Endowment Fund will be in the form of real property, cash, and securities. Any personal property accepted as a gift may be sold immediately and proceeds used to purchase real property or securities. Real property donated to the Endowment Fund may be held indefinitely for the purpose of appreciation, to produce income, or used in accordance with the wishes of the donor. There is no limit on the allocation of real property to the total assets of the Endowment Fund.

Because securities markets may vary greatly throughout a market cycle, the Board may change the asset mix of the Endowment Fund such that the mix meets the overall objectives and is consistent with the purpose of the Endowment Fund. The investment performance should be measured over a 3-to-5-year period. The Board shall review the performance annually, but with due regard to the 3-to-5-year measurement period.

n. Distributions from the Endowment Fund

Distributions from the Endowment Fund shall be made utilizing a Total Annual Return (TAR) policy incorporating a designated percentage of the TAR available for expenditure annually. The Board shall formulate a policy defining the spending rules and protocols, with the approval of the Vestry, providing for the withdrawal and use of funds consistent with the stated purposes of the Endowment Fund as defined in Section II, Resolutions. No portion of the principal amount of the Endowment Fund shall be borrowed nor used on a temporary basis for any other Parish need.

o. Spending Rules

Remembering that donors to the Endowment Fund may specify how their endowment gifts are to be used, the Board will act as the ombudsman of the donor's wishes, ensuring the principal and income from designated donor funds are used in accordance with the donor's intent. Different from a Designated Gift, only the income from unspecified gifts to the Endowment may be distributed. Allocations of funds available for distribution will be made in two general ways:

1. Upon written request of the Board, as communicated by the Chairman or his designee, funds may be transferred to the Parish treasurer for those uses conforming to the purposes and restrictions incorporated in these Guidelines.

2. As set forth in this enabling resolution, the Board may obligate monies for general expenses incident to the management and administration of the Endowment Fund. Extraordinary initiatives contemplated by the Board to be undertaken for the Endowment Fund development will be approved by the Vestry before implementation.

p. Development of Funds

1. The Board shall provide for a reasonable and consistent level of expendable funds to be made available for the purposes established for those funds. At the same time, the Board shall commit to providing for the long-term growth of the Endowment Fund.
2. Any unexpended funds from those available for distribution shall be returned to the fund to contribute to future growth.

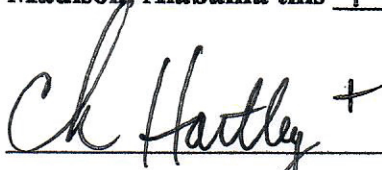
q. Amendment of the Guidelines

Any amendment to these Guidelines shall be adopted by a vote of at least two thirds (2/3) the membership of the Vestry at a regularly scheduled meeting or at a special meeting called specifically for the purpose of amending the Guidelines.


r. Disposition or Transfer of the Endowment Fund

In the event the Parish ceases to exist, whether through merger, dissolution, or other event, disposition or transfer of the Endowment Fund shall be at the discretion of the Vestry in conformity with the approved diocesan canons and the Bishop of the Diocese of Alabama. Consultation with the Episcopal Church Foundation may be desirable for continuation of the Endowment Fund's obligations.

The foregoing Resolutions and Guidelines, as reflected in Revision 2 to the Charter, are hereby duly adopted by action of the Vestry of St. Matthew's Episcopal Church, Madison, Alabama this 17 day of May, 2022.



The Rev. Chris Hartley, Rector
St. Matthew's, Madison



Lisa Cooper
Senior Warden, St. Matthew's, Madison



Barbara S. Combs
Junior Warden, St. Matthew's. Madison