

# **Appendix to the St. Matthew's Episcopal Church Endowment Fund Charter**

**Adopted 9/14/2022**

## **Section I: Endowment Fund Gift Review and Acceptance Policy**

In accordance with Section III part L of the St. Matthew's Endowment Fund Charter, the Endowment board has established the following gift review and acceptance policy.

### **a. Purpose**

This gift acceptance policy will provide guidelines to the Endowment board, charged with the acceptance of gifts into the Endowment fund, to outside advisors who may assist with the gift planning process, and to prospective donors who may wish to make gifts to the Parish. However, individual donors are encouraged to seek their own legal, tax, and financial advice before completing a gift.

### **b. Cash**

All gifts by check shall be made payable to the Endowment Fund of St. Matthew's Episcopal Church. Gifts by check shall be accepted by the Endowment board regardless of amount. In no event shall a check be made payable to an individual who represents the Parish in any capacity.

### **c. Publicly Traded Securities**

Readily marketable securities, such as those traded on a stock exchange, may be accepted after consultation with, and agreement of the Endowment board by majority vote. The value of the gift of securities shall be the average of the high and low prices on the date of the gift. The Endowment board may decide to immediately liquidate, or hold the gift of securities in the endowment fund. Such a decision shall consider the wishes of the donor.

### **d. Closely Held Securities**

Non-publicly traded securities may be accepted after consultation with, and agreement of the Endowment board by majority vote. The fair market value will be the value used by the donor in preparation of the donor's tax return. The Endowment board shall explore methods for liquidation or sale of closely held security gifts prior to acceptance. No commitment for repurchase of closely held securities shall be made prior to completion of the gift of securities.

#### **e. Real Estate**

Any gift of real estate may be accepted after consultation with, and agreement of the Endowment board by majority vote. The donor is responsible for obtaining and paying for an appraisal of the property, performed by an independent, licensed appraiser. The appraisal must be based upon a personal visitation and internal inspection of the property by the appraiser and should include documented valuation of comparable properties located in the same area if possible. This formal appraisal shall include photographs of the property, the tax map number, the assessed value, and current asking price, a legal description of the property, the zoning status, and complete information regarding all mortgages, liens, litigation, or title disputes. The property must be transferred to the Endowment fund prior to any formal offer or contract for purchase being made. The donor may be asked to pay for all or a portion of the property maintenance costs, real estate taxes, insurance, real estate broker's commission, appraisal costs, or other costs of sale. For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate. This value may be reduced by the costs of maintenance, insurance, real estate taxes, broker's commission, and other expenses of sale.

#### **Section II: Donor-Designated Fund Policy**

In accordance with Section II and Section III part O of the St. Matthew's Endowment Fund Charter, the Endowment board has established the following donor-designated fund policy.

A separate and designated fund within the larger Endowment fund may be established for gifts in the amount of \$10,000 or more. The Endowment board must approve by majority vote to accept designated gifts for the purpose(s) described by the donor, or it has the responsibility to reject the gift. If at any time, it becomes impossible, impractical, or inappropriate to carry out the purpose of a donor-designated fund, in the judgment of both the Endowment board and the Vestry, they may establish a new purpose fund that is similar in spirit to the original intent. Timed funding of donor-designated funds will be allowed at the discretion of the Endowment board. If the funding is not completed, the funds may be moved out of the designated fund and into the general Endowment fund. If the donor-designated fund is in the form of a scholarship, all provisions and restrictions shall be documented prior to acceptance of the funds. Once a designated fund is established, the Endowment board may accept additional gifts of any amount to a previously established fund so long as the new gift is designated for a common purpose and scope as determined by the Endowment board by majority vote.

If a donor-designated gift is accepted, the assets are merged with the other assets of the Endowment fund for investment purposes, but the identity and designated purpose of each fund is preserved individually. New designated funds are established effective the last day of the quarter in which the gift is received. The value is determined either by the actual value, if received in cash, or the market value of the assets determined on the date the fund is established. Income, realized gains or losses, and unrealized gains or losses are allocated quarterly to each fund based on its market value relative to the total market value of the Endowment fund at the

end of the previous quarter. New gifts are then added and withdrawals are subtracted to arrive at the new value of the designated fund(s) on the last day of the quarter. It shall be the duty of the Endowment board to conduct these calculations each quarter.

### **Section III: Spending Policy**

In accordance with Section III part N of the St. Matthew's Endowment Fund Charter, the Endowment board has established the following spending rules and protocols.

Funds available for distribution from the general endowment fund (excluding any established designated funds) will be determined by using a total annual return, i.e., return derived from dividends and interest as well as realized and unrealized capital gains. The funds available for distribution during any one year will be limited to a percentage of the total annual return calculated based on a 1-year rolling average, with measures taken at the end of each of the preceding four (4) quarters. This market value for this purpose will be taken net of the fees for investment management which shall be proportionally shared across the general endowment fund and any established designated funds.

The percentage available for distribution shall be 0% prior to the general endowment fund's 1-year rolling average market value exceeds \$500,000. Once the fund's value exceeds \$500,000, distributions from the general endowment fund shall be between 0% and 50% of the total annual return as defined above. Any unexpended funds from those available for distribution in a given year will be accrued and will continue to be considered available for distribution in subsequent years unless otherwise designated by action of the Endowment Board.

Donor-designated funds may be distributed at any time by majority vote of the Endowment Board. Such a vote shall be on the basis of ensuring the donor(s)'s wishes are consistent with the distribution purpose.