

SARATOGA MORAVIAN CHURCH ENDOWMENT/INVESTMENT GUIDELINES

Introduction

The purpose of these guidelines is to establish policies for accepting, receiving and investing permanent funds and endowments. These guidelines apply to gifts for purposes other than the ordinary donations to Saratoga Moravian Church's (herein referred to as the "Church") general operating budget.

Types of Funds

There are two types of funds that fall within the purview of these guidelines.

- 1 "Donor Designated" funds resulting from outright and/or planned gifts to the Church in which donors stipulate, in writing, the purpose(s) and use(s) of the gift.
- 2 "Board Designated" funds resulting from outright and/or planned gifts to the Church from donors that do not have any stipulation or requirement from donors concerning their use.

Donor Designated Funds

The Trustees deeply appreciate the fact that many donors wish to address specific needs that they see and believe in, through outright or planned gifts. The Trustees will make every effort to insure that the Church complies with the donor's wishes. However, prior to accepting a donor designated gift or gifts the Trustees will make every effort to understand the donor's wishes and intentions to assure the Church will be able to faithfully carryout the purpose(s) of the gift(s).

In the event the Trustees determine the gift imposes an undue restriction on the Church an/or compromises the mission and ministries of the Church, the Trustees may ask the donor or his/her representative to amend the designation in such a manner that it fulfills the donor's wishes and intention(s) and does not impose an undue burden on the Church. If a mutually agreeable accommodation is not reached, the Trustees reserve the right to reject the intended gift to the Church.

Board Designated Fund to be called "The Bishop Wil Behrend Memorial Fund"

Bishop Wil Behrend, a native son the Church, served the Moravian Church as pastor, administrator and bishop until his death in 2002. Out of thanksgiving and remembrance for Bishop Behrend's loving and dedicated service, the board designated fund will be named The Bishop Wil Behrend Memorial Fund (herein referred to as the "Fund").

The Fund will be created and supported in two ways: 1) Through outright and planned gifts donated to the Church without any restrictions; and 2) Through unrestricted assets which the Church had in its possession prior to 2005.

The Board has designated three ministries which the Fund shall support.

Annually, as part of Church Council, the Trustees will present a plan and budget for the use of the Fund that addresses one or more of the following ministries:

- 1 *Mission & Evangelism* that supports worldwide and local efforts to bring the Good News to the un-churched, to those who do not know Christ, and to the needy, which includes but is not limited to supporting:
 - Direct aid for projects and needs of the Board of World Mission;
 - Mission trips, both internationally and domestically, by members of the Church;
 - Outreach programs to the Wisconsin Rapids community;
 - Direct aid to organizations that are consistent with the mission and ministries of the Church; and,
 - Other efforts that brings the Gospel and the work of the Church to people in need.
- 2 *Camp and Academic Scholarships* for members of the Church, which includes, but is not limited to:
 - Scholarship aid to attend programs at Mt. Morris Camp and Conference Center;
 - An annual scholarship to one or more members of the Church who intend to pursue post-high school education (college, technical or trade);
 - Scholarship aid for members of Church who attend Moravian Theological Seminary or other denominationally approved seminaries; and,
 - Continuing and post graduate education for the Pastor.
 - Training and education programs for the Trustees and Elders that assists them to more faithfully and effectively perform their duties and responsibilities.
- 3 *Church Preservation* to support capital projects and major repairs of the church. For a project to qualify for this Fund, the total cost must exceed \$5,000 and result in extending the useful life of the structure. Furthermore, the congregation will be expected to provide no less than 25% of the total cost of the project, through second-mile gifts. This Fund shall not be used to pay for routine maintenance and upkeep for the church and/or parsonage.
- 4 *Pastoral Support* to aid the Church in recruiting and retaining pastoral leadership. Expenditures for this purpose shall be time-limited to a period of no longer than five consecutive years, with planned expenditures reduced from year-to-year.

Types of Gifts

There are two types of gifts that fall with the purview of these guidelines:

1. Outright Gift – A gift or pledge that has not been designated for the Church's operating/general budget. An Outright Gift may consist of cash, stocks, bonds, mutual funds and/or other marketable securities. Other property, such as real estate, boats, cars and other items where there is a ready-market may also be given; however, in these instances an agency of the denomination, the Moravian Ministries Foundation, will be asked to assist the trustees prior to acceptance. The trustees reserve the right to refuse any gift that may burden the Church with a current or future liability.
2. Planned Gift – A gift made by bequest, revocable or irrevocable trust, gift annuity, retirement plan, life insurance and the like. In the event the planned gift consists of real estate, boats, cars or other items where there is a ready-market may also be given; however, an agency of the denomination, the Moravian Ministries Foundation, will be asked to assist the trustees prior to acceptance. The trustees reserve the right to refuse any gift that may burden the Church with a current or future liability.

All non-cash gifts will be liquidated upon their receipt. In the case of gifts of marketable securities, the Church will maintain or use the Moravian Ministries Foundation's brokerage account for the purpose of receiving and liquidating the donated assets.

Accounting and Reporting

All Donor and Board Designated Funds will be accounted for separately and reported to the congregation at Church Council. In addition, an annual report on the use of all Funds will also be provided at Church Council.

All such records shall be kept in a separate permanently bound book, sequentially in perpetuity. A faithful copy shall be kept in security with other permanent church records in a vault designated for that purpose. Such records may be maintained electronically.

The Trustees will also provide a written acknowledgement to the donor or donors of the gift.

Investing Funds

Both Donor Designated and Board Designated Funds will be invested in a diversified portfolio of stocks and bonds. The options for investing the funds shall include a "growth allocation" consisting of 70% equities and 30% fixed income securities, a "balanced allocation" consisting of 50% equities and 50% fixed income securities, and/or an "income allocation" consisting of 30% equities and 70% fixed income securities.

The selection of the allocation for each Donor and Board Designated Fund shall consider the goals and purposes of each fund and the risk tolerance of the

Church to the marketplace. In most cases, the investment time horizon is in perpetuity, and therefore, primary consideration should be given to economic and market trends over a five to ten year period.

It is important to note that there may be times when there are market conditions that affect the performance or value of the funds, significantly. While the trustees will not engage in so-called 'market-timing,' from time-to time the Trustees will evaluate and affirm or change the asset allocation. Nevertheless, investing in the stock and bond market always has an element of risk; however, the Trustees believe that over the long term the Funds will greatly benefit from being invested in a diversified portfolio.

Distributions

Unless otherwise prescribed by the donor, the Trustees shall make annual distributions to carryout the purposes or purposes of the funds, using one of the following methods:

- 1 The Total Return Method – considers the Net Asset Value (NAV) of the fund, regardless of the rate of return, computed against a percentage amount that will be no less than 5% and no greater than 7%.
- 2 The Income Method – considers the income generated by the fund through interest, dividends and realized capital gains.
- 3 The Dollar Method – is a dollar amount allocation from the fund determined by the Trustees, without regard to the NAV or the income generated.

The Trustees shall annually adopt one method for each Donor and Board Designated Fund; however, the Trustees shall not be obligated to make a distribution in the event there is not a need.

Recognition

The Trustees will be bound by the principle that the donor's wishes with regard to naming and recognition will prevail. Therefore, if a donor wishes to remain publicly anonymous about the gift, the Trustees shall honor the donor's request.

If the donor wishes or agrees to public recognition of the gift, the Trustees will determine an appropriate and respectful method that is also satisfactory to the Church.

In the event the donor is silent on whether he or she desires any recognition, the Trustees will keep his or name anonymous

In every instance the donor's name and other known information about the donor will be recoded in minutes of the meeting where the Trustees accept the gift.

Memorial Gifts in honor of the living and deceased shall be recognized in two ways: 1) The honoree and the donors shall be listed in the Church bulletin in the week following the receipt of the gift; and, 2) In the annual report to Church Council all honorees and donors will be listed from the previous year.

Other Provisions

From time-to-time the Church may need to respond to crisis needs that require the expenditure of fund wells in excess of cash available from the operating and other reserve funds. In these cases, the Trustees shall have the option of either:

1. Liquidating needed assets in any or all the Board Designated Funds, and/or
2. Borrowing the funds from either the Board or Donor Designated Funds. If the Trustees wish to borrow funds, then there shall be a note that contains a payment plan, with interest. The fixed rate of interest shall be comparable to the prevailing rate for government securities for the length of maturity equal to the term of the loan.

In either case, the Trustee shall bring this matter before Church Council for its advice and consent.