

# ENDOWMENT MANAGEMENT POLICIES & PROGRAM STANDARDS FOR THE MORAVIAN COMMON FUND



Proposed: December 11, 1998  
Adopted: January 9, 1999  
Revised & Adopted: February 4, 1999  
Revised & Adopted: February 4, 2003  
Revised & Adopted: July 1, 2004  
Revised & Adopted: September 18, 2004  
Revised & Adopted: November 5, 2011  
Revised & Adopted: November 6, 2017  
Revised & Adopted: December 1, 2018  
Revised & Adopted: October 24, 2020

## PREAMBLE

The Moravian Ministries Foundation in America (MMFA) (the Foundation) has three primary service areas:

1. Individuals – working with congregants within the Moravian Church to further define and help them achieve their goals and dreams of supporting the Moravian ministries they care about most through donor advised funds, planned gifts and/or perpetual funds, and outright gifts.
2. Churches and Ministries – working with Moravian congregations, agencies and organizations to further God's work in and through their ministries by assisting with stewardship and gift planning programs.
3. Administration and Investment Management – this area supports everything we do through our fiduciary responsibility and our Moravian Common Fund investment platform discussed in detail below.

This document sets forth the Policies and Standards for the Moravian Common Fund (the Common Fund).

## A. THE TRUSTEES

The 1998 Synods of the Northern and Southern Provinces approved the formation of the Foundation. While accountable to the respective Provincial Elders' Conferences, the Trustees of the Foundation have the fiduciary responsibilities of governing and establishing policies for the planned giving and endowment management programs. To perform these duties most efficiently, the Trustees

created an Investment Committee to recommend Endowment Management Policies, oversee implementation of the Common Fund, and periodically report to the Trustees on the status of the Common Fund. The President of the Foundation is responsible for executing the Endowment Management Policies and Standards and for promoting the Common Fund.

The Foundation and approved Investment Manager(s) serve as Custodians and are responsible for the operation of the Common Fund in conformance with these policies and the terms of the Moravian Common Fund Disclosure Statement and Agreement.

## **B. PARTICIPANTS**

All churches and affiliated ministries from the Moravian Church in North America are eligible to participate (each a "Participant") the Common Fund. As a service to the Church, participation in the Common Fund is voluntary. As a voluntary program, the Participants retain ownership of the funds placed in the Common Fund. Participants, however, are expected to adhere to these Policies and Standards and the terms of the Moravian Common Fund Disclosure Statement and Agreement.

## **C. THE FINANCE/INVESTMENT COMMITTEE**

The Committee shall be appointed by the Chair of the Trustees and shall consist of no less than five members, with representation in approximately equal number from the Northern & Southern Provinces. The committee shall include in its membership the CFO of the Southern Province and the Controller of the Northern Province, each in an ex officio capacity for all investment matters. The Committee shall be fully governed by their own charter approved by the Trustees of the Foundation. They shall have the following tasks related to investments:

1. To recommend to the Board of Trustees for approval:
  - 1.1. Investment objectives and investment strategies,
  - 1.2. The Investment Manager(s), and
  - 1.3. Appropriate actions regarding assets not placed with an Investment Manager.
2. To review the Foundation's investments, the allocation of assets between each type of investment and the performance of the Investment Manager(s), and to make reports regarding the same, when appropriate, to the Board of Trustees.
3. To review at least annually the Foundation's investment quality standards, objectives and strategies, and recommend appropriate revisions to the Board of Trustees.

4. To approve changes recommended to the asset allocations by the Investment Manager(s) that differ from those contained in this set of policies or the individual investment policy statements of the Common Fund.
5. To monitor assets of the Foundation not placed with an Investment Manager.

#### **D. THE PRESIDENT**

The President or his/her designee shall perform the following duties:

1. Develop and implement a promotional/marketing effort targeted towards local congregations and affiliated ministries.
2. Manage the implementation of the Common Fund, in accordance with these policies, the terms set forth in the Moravian Common Fund Disclosure Statement and Agreement and in the terms of the Agreement with the Investment Manager(s).
3. Serve on the Investment Committee in an ex officio capacity per its charter.
4. Act as primary contact person for the Common Fund with Participants.
5. Keep all official records pertaining to the Common Fund.
6. Serve as primary manager of the Common Fund and liaison with the Investment Manager(s).
7. Coordinate the preparation and ensure the proper distribution of the Moravian Common Fund Disclosure Statement and Agreement to local congregations and affiliated ministries interested in participation in the Common Fund.

#### **E. INVESTMENT POLICY STATEMENTS**

The purpose of these standards is to provide the general framework by which funds of the Foundation are to be invested by the Investment Manager(s). The overriding purpose of these standards is to ensure that the assets are managed prudently in terms of diversification and minimizing portfolio risk while attempting to meet the target total return goals established by the Foundation.

The Foundation shall offer Participants several investment asset allocation options, referred to as pools. Participation is implemented through the establishment of investment funds. Each fund will hold a diversified combination of assets. Each investment pool shall have its own investment policy statement. Copies of the investment policy statements will be provided to all Participants upon request.

Although the Investment Manager(s) will be monitored with respect to meeting the rates of return for each allocation, the primary performance criteria will be based on actual investment performance relative to standard investment indices defined in each investment policy statement.

#### Other Asset Guidelines

Certain assets and properties, including real estate that may be contributed to the Foundation, may not be delivered to the Investment Manager(s). Generally, all such assets will be converted to cash as soon as possible and delivered to the Investment Manager(s). Assets or properties contributed to the Foundation subject to restrictions may be accepted only if the Board of Trustees specifically determines that such asset is an appropriate investment for the Foundation. Assets and properties not delivered to an Investment Manager shall be monitored by the Investment Committee and reviewed with the Board of Trustees as appropriate.

### **F. ENDOWMENT PROGRAM PARTICIPATION**

#### 1. Selection of Funds by Participants

- 1.1. Each Participant shall establish one relationship that can be made up of an unlimited number of accounts that correspond to individual endowments and permanent funds owned by the Participant.
- 1.2. Participants shall select one asset allocation based upon their long-term needs and risk tolerance.
- 1.3. Participants shall be limited to the selection of one allocation, per account.
- 1.4. Participants may change the allocation for any account no more than one time per year.
- 1.5. The Foundation shall have no authority in deciding, selecting, or changing an allocation for any Participant or account other than those owned by the Foundation or those for which it is sole trustee.

#### 2. Contributions by Participants

- 2.1. The initial contribution shall be a minimum of \$1,000 per account.

#### 3. Termination of Participation

- 3.1. A Participant may terminate participation for any and all accounts in the Common Fund by providing sixty (60) days written notice to the Foundation, after which all funds in the account or accounts, less fees and expenses, will be returned to the Participant.

- 3.2. The Participant's written notice must be, signed by a duly authorized officer, certifying a vote by the Participant's governing body to terminate participation in the Common Fund, or to terminate an account or accounts. No assets will be distributed unless there is this written certification.

#### 4. Spending Policies

- 4.1. Spending policies shall be governed by the policies of the Participant.
- 4.2. Participating entities shall annually elect the desired spending option. In the event the Participant has more than one account, each account shall have one of the following spending options:
  - 4.2.1. Take percentage distributions calculated on the net asset value on December 31, annually or pro-rated, monthly, quarterly, or semi-annually.
  - 4.2.2. Take the actual income generated by the assets in the account(s), paid, quarterly, semi-annually or annually.
  - 4.2.3. Take a specific dollar amount paid monthly, quarterly, semi-annually, or annually.
  - 4.2.4. Reinvest all proceeds and take no distribution.
  - 4.2.5. In the event an unscheduled distribution is needed, the duly authorized representative must provide a written request to the Foundation. Requests received more than ten (10) calendar days prior to month-end will be processed in the month in which they are received. Requests received less than ten (10) calendar days prior to the end of the month will be processed the following month.

#### 5. Reporting and Communication

- 5.1. The Investment Manager(s) will provide at minimum an annual report to Participants concerning the value and performance of their investments, including all distributions and expenses. Reports may be generated as frequently as monthly and may be sent electronically or in paper form.
- 5.2. The Foundation will serve as the primary contact point between the Investment Manager(s) and each Participant.

#### 6. Fees and Expenses

- 6.1. Management Fees that support the marketing, investment advisory, unit accounting and reporting for the Common Fund are published

in the Foundation's Fee schedule. At the annual fall meeting of the Foundation's Trustees, the Management Fee for the year beginning on January 1 or when so determined, will be established.

- 6.2. The Foundation will announce any change to the amount of the Management Fee to Participants within 30 days of its approval by the Trustees of the Foundation.
- 6.3. The Management Fee shall be charged monthly, on a pro-rated basis, to each account and is non-negotiable.

Embedded expense ratios for all investments held in each of the investment fund options are available from the investment manager upon request. These expenses are paid directly from the investments and reflected directly in the performance of the investments themselves. These fees cover investment, administrative, custodial, and operational costs within the holdings.