

RALEIGH MORAVIAN CHURCH ENDOWMENT/INVESTMENT GUIDELINES

I. Introduction

The purpose of these guidelines is to establish policies for accepting, receiving, and investing permanent funds and endowments that result from gifts given other than for ordinary donations to Raleigh Moravian Church. These guidelines apply to major outright¹ and planned² gifts given for purposes other than the Church's general operating budget. In addition, they define the roles of the RMC Church Board and the Legacy Gifts Committee with regard to such gifts.

The Raleigh Moravian Church Board gratefully accepts gifts when they are consistent with the ministries and mission³ of Raleigh Moravian Church, they do not impose an undue restriction on the Church, and the Board is confident any terms of the donor will be able to be met.

Donors should consult their own financial and legal counsel, specifically regarding tax and estate planning consequences, before making a gift. The RMC Board will consult with the Legacy Gifts Committee, the Moravian Ministries Foundation in America, and/or tax and legal professionals before accepting a gift.

II. Legacy Gifts Committee

Membership: The Legacy Gifts Committee shall consist of not less than three (3) and not more than six (6) voting members, appointed by the Church Board upon the recommendation of the Pastor. The Pastor and the Church Treasurer shall be non-voting, ex officio members of the Committee.

Term: The term of service on the Committee shall be three (3) years, and a member may be reappointed to serve up to four consecutive terms. Members' terms shall be staggered so that at least two members of the Committee each year shall have served on the Committee the previous year. (Inaugural members may be appointed to one, two, or three years to effectuate this requirement.) Each member's term shall continue until his or her successor is appointed.

Duties: The duties of the Committee shall include those specified in these Guidelines and such additional duties as delegated by the Board, including, but not limited to, advising the Board regarding the acceptance and allocation of major outright and planned gifts, the investment of the funds, and the distribution policy for the funds. The Committee shall also review the Endowment/Investment Guidelines annually and, if appropriate, recommend modifications and/or amendments to the RMC Board for their approval.

¹ A gift or pledge in excess of \$500 that has not been designated for the Church's general operating budget.

² A gift made by bequest, revocable or irrevocable trust, gift annuity, retirement plan, life insurance and the like.

³ "Called by God as the Body of Christ, we, the Raleigh Moravian Church, a family of believers, worship, teach, witness and serve in response to the leading of the Holy Spirit."

Chairperson: The members of the Committee shall annually elect a Chairperson from among the members, by majority vote. The Chairperson may be elected to consecutive terms, without limit, so long as he or she is a member of the Committee. The Chairperson's responsibilities shall include, but are not limited to, convening and presiding at meetings, serving as the Committee's liaison to the Church Board and to the MMFA, and responding to donor's questions/inquiries regarding the status of a gift.

III. Types of Funds

Two types of funds fall within the purview of these guidelines.

- *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.
- *Board-Designated Funds* resulting from outright and/or planned gifts to the Church from donors who do not specify any stipulation or requirement concerning their use.

A. Donor-Designated Funds

The RMC Board and Legacy Gifts Committee greatly appreciate that many donors desire to use outright or planned gifts to address specific needs that they see and believe need attention. Once the gift is accepted, the Board will always try to comply with donors' wishes. Therefore, they will consult with the Committee to determine if it is possible to do so prior to deciding whether to accept a restricted gift. The Board, upon receiving the recommendation of the Committee, will vote to accept, decline, or ask to amend the gift designation.

Prior to making a recommendation to the Board regarding acceptance of a gift, the Committee will make every effort to understand the donor's wishes and intentions and to determine whether the Church will be able to faithfully carry out the purpose(s) of the gift(s) as the donor desires. In the event the Committee determines that the gift imposes an undue restriction, limitation, or obligation on the Church and/or compromises the mission and ministries of the Church, the Committee will advise the Board whether to decline the gift outright or recommend to the donor or his/her representative how the gift designation might be amended to fulfill the donor's wishes and intentions while not imposing an undue burden on the Church. If a mutually agreeable accommodation is not reached, the Board reserves the right to reject the intended gift to the Church.

B. Board-Designated Funds

In many cases, major outright and planned gifts are given to the Church without any restrictions. Assuming that the gift is accepted (see "Types of Gifts," infra Sec. IV), the Legacy Gifts Committee will recommend to the Board the allocation of the undesignated gift(s) to one or more Funds. The Committee will consider a number of factors including, but not limited to, the interests of the donor and the donor's family, the mission of the Church, and the needs of the

ministries supported by the Fund(s) when making this determination. The guidelines for how these undesignated gifts will be used is set forth below.

The Board has designated eight general purpose funds to which undesignated major outright and planned gifts shall be allocated. Members of the congregation are invited and encouraged to remember one or more these funds in their estate planning.

- 1) The *Missions & Community Outreach Fund* supports worldwide and local efforts to communicate and implement the Gospel and the mission of our Church and to enrich and serve the needs of our community. Examples of the efforts that the Fund maintains include:
 - Direct aid for projects and needs of the Board of World Mission;
 - Mission trips, both internationally and domestically, by members of the Church as approved by the RMC Mission Committee and the Board;
 - Outreach programs to the Raleigh community such as ministry to homeless shelters, students attending local colleges and universities, and Vacation Bible School;
 - Direct aid to organizations like food banks, community centers, shelter programs for the homeless and battered persons, and other community services consistent with the mission and ministries of the Church; and
 - Other efforts that bring the Gospel and the work of the Church to people in need.
- 2) The *Music Fund* supports:
 - The acquisition of music, materials, and capital items that support the choir, band, and the Church's music programs;
 - Organ, piano, and instrument maintenance, renovations, or purchases;
 - Concerts sponsored by the Church for the community; and
 - Attendance by members of the Church involved in the Church's music program at conferences and programs sponsored by the Moravian Music Foundation, the Moravian Music Festival, and other programs and training deemed appropriate by the RMC Board and the Director of Music to further the Church's music programs.
- 3) The *Preschool Fund* supports the Raleigh Moravian Preschool by:
 - Providing for educational materials, equipment, and qualified staff for the instruction of the community's preschool-aged children;
 - Funding tuition scholarships for Preschool students in an effort to support and reach out to the community's families in need;
 - Financing capital improvements such as outdoor recreational equipment, computer systems, educational materials, play toys, etc. intended to enhance the Preschool's mission of providing a Christian-centered learning experience involving safe, loving, and secure exploration and discovery.
- 4) *Scholarships and Education Funds* support children, youth, adult lay leadership and volunteers, as well as clergy and staff of the Church through:

- The *Comenius Scholarship Program*, which annually awards academic scholarships to one or more members of the Church who intend to pursue post-high school education (college, technical, or trade schools);
 - Financial aid to help children and youth attend camps at Laurel Ridge;
 - Scholarship aid for members of the Church who attend Moravian Theological Seminary or other denominationally approved seminaries;
 - Financial assistance for the pastoral staff for expenses associated with continuing education and travel for educational opportunities through the *Pastor's Education and Travel Fund*.
 - Financial assistance for Church members and non-pastoral staff for expenses associated with continuing education, conferences, workshops, training programs and travel for leadership training and educational opportunities that directly benefit and further the ministries and programs of Raleigh Moravian Church, as deemed appropriate by the RMC Board and Pastor.
- 5) The *Pastoral Care Fund* is available for the Pastor, or other person(s) designated by the RMC Board, to respond to emergency situations involving members of the Church and/or the community. While the identity of those aided shall remain confidential, the Pastor or designated person(s) shall provide to the Board a written summary of the amount spent and the general purpose of the expenditure. In addition, procedures shall be in place which reduce the possibility of misuse by those who receive aid.
- 6) The *God's Acre Fund* supports the perpetual care, upkeep, and improvements for the Moravian "God's Acre" section of Raleigh's Oakwood Cemetery, including its entry archway and perimeter.
- 7) The *Buildings and Grounds Fund* supports capital projects related to the expansion, improvement, and maintenance of the Church, its grounds, and the parsonage; land acquisition; and debt reduction. For a project to qualify for this Fund, the total cost must exceed \$2,500 and result in expanding and enlarging or extending and improving the useful life of the physical plant of the Church. Routine maintenance and upkeep of the Church and/or parsonage shall be paid out of general operating funds, not from this dedicated Fund. At the discretion of the RMC Board, the congregation may be challenged to provide additional support for needed major capital projects.
- 8) *Memorial Funds* are gifts bestowed to the Church as "legacy memorials" by donors, often in the name of beloved family members. Unless specifically designated to one or more of the designated Funds identified above, these gifts will be available for discretionary use by decision of the RMC Board in the areas of greatest need. The existing *Raleigh Moravian Reserve Fund*, which combined the *Manning Fund* and *Kenline Memorial Fund*, is an example.

IV. Types of Gifts

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

- *Major Outright Gift:* A gift or pledge in excess of \$500 that has not been designated for the Church's general operating budget. A Major 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 the Moravian Ministries Foundation will be asked to assist the RMC Board and Legacy Gifts Committee prior to acceptance. The Board, upon receiving the recommendations of the Committee and the Moravian Ministries Foundation, reserves the right to refuse any gift that may burden the Church with a current or future liability equal to or in excess of the value of the gift.
- *Planned Gift:* A gift made by bequest, revocable or irrevocable trust, gift annuity, retirement plan, life insurance and the like. 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 the Moravian Ministries Foundation will be asked to assist the RMC Board and Legacy Gifts Committee prior to acceptance. The Board, upon receiving the recommendations of the Committee and the Moravian Ministries Foundation, reserves the right to refuse any gift that may burden the Church with a current or future liability equal to or in excess of the value of the gift.

All gifts of marketable securities will be liquidated upon receipt. The Church will maintain a brokerage account for the purpose of receiving and liquidating the donated assets.

V. Accounting and Reporting

Each Donor-Designated and Board-Designated Fund will be accounted for separately and reported to the congregation at Church Council by the RMC Treasurer. This annual report to Church Council shall include the beginning and year-end values of the Donor-Designated and Board-Designated Funds. In addition, the amount of all scheduled and unscheduled distributions, along with the needs and ministries that were supported by the distributions, shall also be included in this report.

VI. 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 approximately 70% equities and 30% fixed income securities;
- a *balanced allocation* consisting of approximately 50% equities and 50% fixed income securities; and/or
- an *income allocation* consisting of approximately 30% equities and 70% fixed income securities.

The selection of the allocation for each Donor-Designated 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; 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 market conditions significantly affect the performance or value of the funds. While the RMC Board will not engage in so-called “market-timing,” from time-to-time the Board, upon receiving the evaluation and recommendation of the Legacy Gifts Committee, will affirm or change the asset allocations of Funds. While investing in the stock and bond market always has an element of risk, the Board believes that over the long-term the Funds will benefit from being invested in a diversified portfolio.

VII. Distributions

Unless otherwise prescribed by the donor, the RMC Board, upon receiving the recommendation of the Legacy Gifts Committee, shall approve annual distributions to carry out the purposes of each Fund using one of the following methods:

- 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%.
- The *Income Method* considers the income generated by the fund through interest, dividends and realized capital gains.
- The *Dollar Method* is a dollar amount allocation from the fund, without regard to the NAV or the income generated.

The RMC Board, upon receiving the recommendation of the Legacy Gifts Committee, shall annually adopt one of the above methods for each Donor-Designated and Board-Designated Fund. In addition, the Board, upon receiving the recommendation of the Committee, reserves the right not to schedule an annual distribution from any or all Funds. In that event, all dividends, interest, and appreciation shall be retained in the Fund(s).

Subject to the intent of a donor expressed in the gift instrument, the Board may appropriate for expenditure or accumulate so much of an endowment fund as the Board determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Board.

VIII. Recognition

The RMC Board will provide a written acknowledgement to the donor(s) of each gift. The Board will be bound by the principle that the donor’s wishes with regard to naming and recognition will prevail to the extent possible. In every instance, however, the amount of the gift and any restrictions or special instructions will be recorded in minutes of the meeting at which the Board accepts the gift.

- If a donor wishes to remain anonymous, the Board shall honor the donor’s request.

- If the donor wishes for or agrees to public recognition of the gift, the Board will determine an appropriate and respectful method that is satisfactory to the donor and the Church.
- If the donor is silent on whether he or she desires public recognition, the Board will decide whether to maintain the anonymity of the donor or provide appropriate and respectful public recognition of the gift that is satisfactory to the Church.

Memorial and honorary gifts shall be recognized in two ways:

- The honoree and the donors shall be listed in the Church bulletin soon after the receipt of the gift.
- All honorees and donors from the previous year shall be listed in the Treasurer's annual report to Church Council.

IX. Other Provisions

From time-to-time the Church may respond to crisis needs that require the expenditure of funds well in excess of cash available from operating and other reserve funds. In these cases, unless such action is legally prohibited by the donor's limitations on the funds, the RMC Board, upon receiving the recommendation of the Legacy Gifts Committee, shall have the option of:

- Liquidating needed assets in any or all the Board-Designated Funds, and/or
- Borrowing the funds from either the Donor-Designated or Board-Designated Funds. If the RMC Board wishes to borrow funds, then there shall be a promissory 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.

These policies are enacted, and may be amended, by a majority vote of the Church Board.