

Welcome to the Saint Barnabas Endowment Fund

The purpose of this Fund is to enable Saint Barnabas Parish, Arroyo Grande, California, to more completely fulfill its mission by developing its ministries beyond what is possible through annual operating funds. Therefore, distributions from the fund shall be limited to:



- capital needs of the parish,
- outreach ministries and grants,
- seed money for new ministries and special one-time projects, and such other purposes as are specifically designated by donors to the parish whose gifts are included in the fund.

The enabling documents, all approved by the Saint Barnabas Vestry in 2005, are included here so that you can make yourself aware of the mechanisms utilized in the administration of the Fund and its assets.

- Are you considering a gift?
- Do you want additional information?

Please feel free to contact any of the Fund Board Members or the Vestry for additional details.

Gifts Working in Perpetuity

The Vestry Of Saint Barnabas' Parish Church
301 Trinity Avenue
Arroyo Grande, California 93420

Resolutions

WHEREAS, Christian stewardship involves the faithful management of all the gifts God has given to humankind -- time, talents, the created world and money, including accumulated, inherited and appreciated assets; and

WHEREAS, Christians can give to the work of the Church through a variety of gift vehicles, in addition to cash, including securities, bequests in wills, charitable remainder trusts and other life income gifts, other trusts, life insurance policies, real estate, and other property; and

WHEREAS, it is the desire of this parish to encourage, receive, and administer these gifts in a manner faithful to the loyalty and devotion to God expressed by the donors, and in accord with the canons of the Episcopal Church and the Diocese of El Camino Real, and the policies of this parish:

THEREFORE BE IT RESOLVED, that this parish, through action of its Vestry, establishes a new and separate fund to be known as The Endowment Fund (hereafter called the FUND) of Saint Barnabas' Parish, Arroyo Grande, California (hereafter referred to as the PARISH);

BE IT FURTHER RESOLVED, that the purpose of this FUND is to enable the PARISH to more completely fulfill its mission by developing its ministries beyond what is possible through its annual operating funds, and therefore distributions from the fund shall be limited to (i) capital needs of the PARISH, (ii) outreach ministries and grants, (iii) seed money for new ministries and special one-time projects, and (iv) such other purposes as are specifically designated by donors to the PARISH whose gifts are included in the FUND;

BE IT FURTHER RESOLVED, that distributions from the FUND shall not be made to the operating budget of the PARISH;

BE IT FURTHER RESOLVED, that the Endowment Fund Board (hereafter called the BOARD) shall be the custodian of the FUND;

BE IT FURTHER RESOLVED, that the following Plan of Operation sets forth the administration and management of the FUND:

Plan of Operation

1. The Endowment Board

The BOARD shall consist of five members, all of whom shall be members in good standing* of Saint Barnabas' Parish; they shall be appointed by the Vestry. Additionally, the Rector and Senior Warden shall be ex-officio members of the BOARD. Except as herein limited, the term of each appointed 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 one (1) year. Thereafter, on an annual basis, the Vestry shall appoint the necessary number for a term of three years. No member shall serve more than two consecutive three (3)-year terms. After a lapse of one (1) year, former BOARD members may be reappointed. 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 three (3)-year term.

The BOARD shall meet at least quarterly, or more frequently as deemed by it in the best interest of the FUND.

A quorum shall consist of four (4) members. The affirmative vote of four (4) members shall be necessary to carry any motion or resolution.

The BOARD shall elect from its membership a chairperson and a secretary. The chairperson, or 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 thereof to each member of the BOARD. Each member shall keep a complete set of minutes to be delivered to his or her successor. The secretary shall also supply a copy of the minutes to the Vestry in a timely manner.

The treasurer of the parish shall maintain complete and accurate books of account for the FUND. At the discretion of the Vestry, the books may be audited annually by a certified public accountant or other qualified person. Such person shall not be a member of the BOARD.

The BOARD shall report on a quarterly basis to the Vestry and, at each annual meeting of the congregation, shall render a full and complete account of the administration of the FUND during the preceding year.

The BOARD, at the expense of the FUND, may provide for such professional counseling on investments or legal matters as it deems to be in the best interests of the FUND.

Members of the BOARD shall be liable for any acts or omissions committed by them (including losses that may be incurred upon the investments of the assets of the FUND) only to the extent that such acts or omissions were not in good faith or involved intentional misconduct. Each member shall be liable only for his/her own intentional misconduct or for his/her own acts or omissions not in good faith, and shall not be liable for the acts or omissions of any other members. No member shall engage in any self dealing or transactions with the FUND in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which his personal interests would conflict with the interest of the FUND.

* faithful in worship and financial support of the parish

All assets are to be held in the name of “The Endowment Fund of St. Barnabas’ Parish.” Actions to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other respects to manage and control the assets of the FUND, including stocks, bonds, debentures, mortgages, notes, warrants of other securities, as in their judgment and discretion they deem wise and prudent, are to be made by a delegated member of the BOARD.

2. Acceptance of gifts to the Endowment Fund

The BOARD will apply the Gift Acceptance Review Policy established by the Vestry. Using this policy the decision is made as to whether a gift to the FUND shall be accepted. This policy will incorporate the provision that, if a gift of property other than cash or publicly traded securities is offered to the parish, there will be conducted a careful review to determine whether the best interests of the congregation are served by accepting or rejecting the gift. Guidelines for conducting such a review shall be incorporated in the Gift Acceptance Review Policy.

3. Distributions from the Endowment Fund

It is the intent of this resolution that the FUND shall be managed as a true endowment employing the restriction that the principal shall not be invaded unless stipulated to the contrary by the donor. The exception aside, distributions from the FUND shall be made utilizing a Total Return Policy that incorporates a designated percentage of the corpus that will be available for expenditure annually. The BOARD shall formulate a policy defining the spending rules and protocols, with the approval of the Vestry, which will provide for the withdrawal and use of funds consistent with the stated purposes of the FUND as defined in the first section of this resolution.

No portion of the principal amount of the FUND shall be *borrowed*, including any *temporary usage* for other parish needs.

4. Amendment of these resolutions

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

5. Disposition or transfer of the FUND

In the event the PARISH ceases to exist, whether through merger, dissolution, or some other event, disposition or transfer of the FUND shall be at the discretion of the Vestry in conformity with the approved congregational constitution and in accord with diocesan canons and the Bishop of the Diocese of El Camino Real. Consultation with the Episcopal Church Foundation may be desirable for continuation of FUND obligations.

The foregoing resolutions are hereby ADOPTED by the Vestry this 13th day of June, 2005.

St. Barnabas’ Parish Church,
Arroyo Grande, California

Attest:

Senior Warden

Clerk to the Vestry

**The Board of the Endowment Fund
of
St. Barnabas' Parish
Arroyo Grande, California**

Gift Acceptance Review Policy

Purpose

This Gift Acceptance Review Policy will provide guidelines to representatives of Saint Barnabas' Parish, Arroyo Grande, California (hereafter referred to as the PARISH) who may be involved in the acceptance of gifts, to outside advisors who may assist in the gift-planning process, and to prospective donors who may wish to make gifts to the PARISH. This policy is intended only as a guide and allows for some flexibility on a case-by-case basis. The gift review process outlined here, however, is intended to be followed closely.

Gift Review Committee

Any questions that may arise in the review and acceptance of gifts to the PARISH will be referred to the Gift Review Committee, which, unless otherwise designated by the Vestry, will be comprised of the full Endowment Fund Board.

Cash

1. All gifts by check shall be accepted by the PARISH regardless of amount.
2. Checks shall be made payable to the PARISH. In no event shall a check be made payable to an individual who represents the PARISH or the church in any capacity.

Publicly Traded Securities

1. Readily marketable securities, such as those traded on a stock exchange, can be accepted by the PARISH. It is the adopted policy of the Vestry that such securities be liquidated as soon as is practical.
2. For gift crediting and accounting purposes, the value of the gift of securities is the mean of the high and low prices on the date of the gift.
3. A gift of securities to the PARISH normally would be liquidated immediately. However, if the form or designation of the gift allows the possibility that it will be directed to the Endowment Fund, a decision regarding the liquidation of the securities will be deferred until that determination is made. If the funds are to be directed to the Endowment Fund, the certificates will be given to the Funds investment manager who then will act on the Endowment Boards decision whether to sell or hold the securities, which decision will be made on portfolio considerations.

Closely Held Securities

1. Non-publicly traded securities may be accepted after consultation with the Gift Review Committee.
2. Prior to acceptance, the Gift Review Committee will explore methods and timing of liquidation of the securities through redemption or sale. The Gift Review Committee will try to determine:
 - a) an estimate of fair market value
 - b) any restrictions on transfer
 - c) whether and when an initial public offering might be anticipated
3. No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the securities.

Real Estate

1. Any gift of real estate must be reviewed by the Gift Review Committee.
2. The donor normally is responsible for obtaining and paying for an appraisal of the property. The appraisal will be performed by an independent and professional agent.
3. The appraisal must be based upon a personal visitation and internal inspection of the property by the appraiser. Also, whenever possible, it must show documented valuation of comparable properties located in the same area.
4. The formal appraisal should contain photographs of the property, the tax map number, the assessed value, the current asking price, a legal description of the property, the zoning status, and complete information regarding all mortgages, liens, litigation, or title disputes.
5. The PARISH reserves the right to require an environmental assessment of any potential real estate gift.
6. The property must be transferred to the PARISH prior to any formal offer or contract for purchase being made.
7. The donor may be asked to pay for all or a portion of the following:
 - a. Maintenance costs
 - b. Real estate taxes
 - c. Insurance
 - d. Real estate brokers commission and other costs of sale
 - e. Appraisal costs
8. For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate; however, this value maybe reduced by costs of maintenance, insurance, real estate taxes, brokers commission, and other expenses of sale.

Life Insurance

1. A gift of a life insurance policy must be referred to the Gift Review Committee.
2. The Vestry will accept a life insurance policy as a gift only if the PARISH is named as the owner and beneficiary of 100 percent of the policy.
3. If the gift is a paid-up policy, the value for gift crediting and accounting purposes is the policy's replacement cost.
4. If the policy is partially paid up, the value for gift crediting and accounting purposes is the policy's cash surrender value. (Note: For IRS purposes, the donors charitable income tax deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value.)

Tangible Personal Property

1. Any gift of tangible personal property shall be referred to the Gift Review Committee prior to acceptance.
2. A gift of jewelry, artwork, collections, equipment, and software shall be assessed for its value to the PARISH, which may be realized either by being sold or by being used in connection with the parish's exempt purpose.
3. Depending upon the anticipated value of the gift, a qualified outside appraiser may be asked to determine its value.
4. The PARISH shall adhere to all IRS requirements relating to disposing of gifts of tangible personal property and will provide appropriate forms to the donor and IRS.

Deferred Gifts

1. The PARISH encourages deferred gifts in its favor through any of a variety of vehicles:
 - a. Charitable gift annuity (or deferred gift annuity)
 - b. Pooled income fund
 - c. Charitable remainder trust
 - d. Charitable lead trust
 - e. Bequest
 - f. Retained life estate
2. The PARISH (or its agent) shall not act as an executor (personal representative) for a donor's estate. A member of the parish staff serving as personal representative for a member of the parish does so in a personal capacity, and not as an agent of the parish.
3. The PARISH (or its agent) shall not act as trustee of a charitable remainder trust.
4. When appropriate, the PARISH may invite prospective donors to consider the gift vehicles offered by the Episcopal Church Foundation (specifically, charitable remainder trusts, charitable gift annuities, and the pooled income fund) as well as its investment services.

5. When donors are provided planned gift illustrations or form documents, these will be provided free of charge. For any planned-gift-related documents, materials, illustrations, letters, or other correspondence, the following disclaimer should be included:

We strongly urge that you consult with your attorney, financial and/or tax advisor to review and approve this information provided you without charge or obligation. This information in no way constitutes advice. We will gladly work with your independent advisors to assist in any way.

6. The PARISH, its staff and volunteers shall hold all information obtained from or about donors/prospects in the strictest confidence. The name, amount, or conditions of any gift shall not be published without the express written or oral approval of the donor and/or beneficiary.
7. The PARISH will seek qualified professional counsel in the exploration and execution of all planned gift agreements. The parish recognizes the right of fair and just remuneration for professional services.
8. The Vestry, upon the advice of the Gift Review Committee, reserves the right to decline any gift that does not further the mission or goals of the parish. Also, any gifts that would create an administrative burden or cause the parish to incur excessive expenses may be declined.

This policy is ESTABLISHED by the Vestry this 13th day of June, 2005.

St. Barnabas' Parish Church,
Arroyo Grande, California

Attest:

Senior Warden

Clerk to the Vestry

Adopted by action of the Board of the Endowment Fund of St. Barnabas' Parish, Arroyo Grande, California, this ____ day of _____, 2005.

**The Board of the Endowment Fund
of
St. Barnabas' Parish
Arroyo Grande, California**

Policy Regarding the Disposition of Bequests

1. General. This policy statement governs the disposition of bequests, which, for purposes of this statement, will mean any type of gift in which the assets are transferred upon the death of the donor. The assets may be in any form, such as cash, securities, personal property, real property, and so on. The bequest may identify the beneficiary in one of two general ways:
 - a. *St. Barnabas' Parish of the Episcopal Diocese of El Camino Real.*
 - b. *The Endowment Fund of St. Barnabas' Parish, Arroyo Grande or similar wording.*

2. Bequests with the PARISH as beneficiary can be of two general types:
 - a. *Designated*, in which the donor has identified a specific purpose(s) to which the funds should be directed. The Vestry has ultimate responsibility to determine that the use(s) to which those funds are applied is faithful to the donor's wishes. The funds may be directed to their designated purpose(s) either as an endowment (in which case they normally would be established as a designated fund of the Parish Endowment Fund) or by direct expenditure of the funds through the treasurer of the parish.

 - b. *Undesignated*, in which case the Vestry and Rector have greater freedom in determining their ultimate use, though the expectation is that such a bequest would be transferred at the earliest practicable time to the Parish Endowment Fund. Such transfers, once made, are intended to be held in perpetuity. This policy specifically acknowledges, however, that from time to time urgent needs of the parish may arise to necessitate an exception to this policy.

In such instances the following procedures will apply:

- i. The Rector of the parish will assess the particular circumstances giving rise to a perceived need to make an exception to the policy. Such circumstances should be judged by the Rector to be truly extraordinary and that no other financial resources of the parish are available or are expected to be available in time to fulfill the urgent needs. If the Rector concludes that an exception is appropriate, the Rector will bring a recommendation to the Vestry at the earliest practicable time.

- ii. Final authority for granting such an exception to policy will rest with the Vestry.

3. Bequests designating the Parish Endowment Fund as beneficiary are automatically transferred to the Endowment Fund upon receipt. If the bequest was given for a designated purpose, then the value of the assets will be applied to establish a designated fund of the Endowment Fund, as provided for in a separate policy, and the expendable funds made available for use for that designated purpose only. If the bequest to the Endowment Fund is otherwise undesignated, the assets will be directed to that portion of the corpus of the Endowment Fund whose expendable funds are unrestricted.
4. The procedure for handling bequests begins with the treasurer of the parish, who will see that any cash is immediately deposited and held in the bank pending a decision regarding the final disposition of the bequest. The treasurer will prepare copies of relevant documents and distribute them to the appropriate offices of the parish, including the Rector, the senior warden, the finance committee, and the chair of the board of the endowment fund. A decision regarding the liquidation of securities will not be made until it is determined whether those assets are to be directed to the Endowment Fund, in which case the certificates will be given to the investment manager of the Fund to be held or sold, which decision will be made on portfolio considerations. Otherwise the liquidation of securities will be handled according to the normal practices of the treasurer of the parish. The method, timing, agent, etc. for the liquidation of other assets (such as real estate or personal property) will be decided by the Vestry with guidance and recommendations from the Gift Review Committee.
5. Appropriate acknowledgments of bequests will be given by the Rector and by the Chair of the Board of the Endowment Fund in a timely manner.

Adopted by action of the Board of the Endowment Fund of St. Barnabas' Parish, Arroyo Grande, California, this ____ day of _____, 2005.

**The Board of the Endowment Fund
of
St. Barnabas' Parish
Arroyo Grande, California**

Designated Funds

A separate and designated fund of the Endowment Fund may be established for gifts in the amount of \$15,000 or more. These assets are merged with other assets of the Endowment Fund for investment purposes, but the identity and designated purpose of each fund is preserved individually.

The fund is 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 by the Endowment Fund 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 on the last day of the quarter.

The funds made available for expenditure, under the formula defined in the Spending Rules, are limited to the purposes specified in the designation. Unless otherwise restricted by the donor, by the Vestry, or by the Board of the Endowment Fund, any available but unspent funds are held in the fund and are available for expenditure in subsequent years, as stipulated in the Allocations Policy. These unspent funds increase the total market value of the designated fund and continue to accrue earnings until expended. The Endowment Fund Board may agree to establish an individual fund with a lesser amount than \$15,000, with the assurance of the donor(s) that the fund will be added to over time and that the \$15,000 minimum level will be reached in a reasonable time. Until such time as the minimum level is reached and a designated fund is established, no earnings will be available for expenditure. The portion of the earnings attributed to that fund will be accrued and become part of the corpus to more readily move the fund to the \$15,000 minimum level.

Adopted by action of the Board of the Endowment Fund of St. Barnabas' Parish, Arroyo Grande, California, this ____ day of _____ 2005.

**The Board of the Endowment Fund
of
St. Barnabas' Parish
Arroyo Grande, California**

Investment Guidelines

The Endowment Fund Board will administer the portfolio of the Endowment Fund of the PARISH 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. The Board may choose to employ an outside investment manager.

Objectives

The assets of the Endowment Fund are to be invested with the same care, skill and diligence that 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 exposure to ensure the preservation of capital.

Policies

The Board will make investment decisions in accordance with the Objectives stated above. The prudent person rule shall be the governing policy in making investments. These guidelines are not intended to restrict or impede the efforts of The Board to attain the Endowment Fund objectives nor is it intended to exclude The Board from taking advantage of appropriate opportunities as they arise. The Board shall have discretion and flexibility to implement the objectives and policies herein set forth.

The Board shall not invest in private placement, letter stock, futures transactions, arbitrage and other uncovered options and shall not engage in short sales, margin transactions or other similar specialized investment activities.

Asset Allocation

Because the securities markets may vary greatly throughout a market cycle, The Trustees may change the asset mix of the Endowment Fund as long as that mix meets the overall objectives and is consistent with the policy guidelines herein set forth. The Fund shall be allocated between (i) equity investments and (ii) bonds and/or other fixed income securities. The strategic target allocation for the portfolio shall be typically 60% equities and 40% fixed income, but the Board will take careful note of market conditions.

The target allocation among equity classes (e.g., Large Cap, Small Cap, International, Emerging Markets, etc.) shall be determined periodically (and at least annually) by The Board, in consultation with the investment manager(s), to reflect a prudent response to current market conditions.

Investment Goals

While maintaining the asset mix within the above guidelines, The Board accepts a risk level for The Funds overall investment program that is intended to produce a total annual return adequate to cover these components: (i) expenditures from The Fund, (ii) inflation, (iii) growth of The Fund. Currently, The Fund management will seek to achieve the following specific goals:

- Combining these elements, the Board has established a target for total return on the Funds assets of 10% annually.
- Allocating 5% of the fund as *available for expenditure*, as delineated in the Policy on Spending Rules;
- Retaining a portion of the Fund equal to the average rate of inflation, currently 3%;
- Retaining a portion of the Fund for reinvestment to provide for additional growth of the Fund, currently 2%.

Generally, the investment performance shall be measured over a 3 to 5 year period. Further, it is recognized that the rates assigned to the three components outlined above are subject to modification from time-to-time. The Board shall review the assigned rates annually, but with due regard to the 3 to 5 year measurement period.

Reporting

Included in the quarterly report provided by The Board to the Vestry will be a status report with the fund value, any change in the asset allocation strategy, and the investment performance. The report shall reflect compliance with the objectives, policies and guidelines set forth herein.

Adopted by action of the Board of the Endowment Fund of St. Barnabas' Parish, Arroyo Grande,

California, this ____ day of _____, 2005.

**The Board of the Endowment Fund
of
St. Barnabas' Parish
Arroyo Grande, California**

Spending Rules

Allocations of funds available for distribution will be made in two general ways:

1. Upon written request of the Vestry, and with the approval of the Board of the Endowment Fund, funds may be transferred to the parish treasurer for those uses that conform to the purposes and restrictions incorporated in the enabling resolution adopted by the Vestry on June 13, 2005.

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

It is the goal of the Endowment Board to 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 it is committed to providing for the long-term growth of the Endowment Fund, at least at a level commensurate with inflation. Expendable funds will be determined on the basis of a total-return principle and will not be dependent upon income generated through interest or dividends. The funds available for distribution during anyone year will be limited to _____ percent of the market value of the corpus, which value is determined by computing a three-year rolling average, with measures taken at the end of each of the preceding twelve quarters. The market values for this purpose will be taken net of the fees for investment management. All other expenditures, whether in category 1 or 2 above, will be taken from funds available for distribution. 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 Board of the Endowment Fund, with the approval of the Vestry.

Adopted by action of the Board of the Endowment Fund of St. Barnabas' Parish, Arroyo Grande, California, this _____ day of _____, 2005.