

# **St. Paul's Episcopal Church**



## **2020 Endowment Annual Report**



**Generation to Generation**

## CURRENT ENDOWMENT COMMITTEE MEMBERS

William Monk, Chair  
Tommy Stoughton, Secretary  
Charlotte-Anne Alexander

Suzanne Pecheles  
Brian Jowers, ex-officio  
Leonna Love, ex-officio

The Rev'd Andrew Cannan, ex-officio  
Cordell Avery, Emeritus

## UNDERSTANDING ST. PAUL'S ENDOWMENT

St. Paul's Endowment was originally established in 1947 from a bequest of \$500 from Addie Smith Cox. The Vestry elected to designate this as a *quasi-endowment* fund to grow and benefit St. Paul's over the long term. The fund has grown through investment earnings and additional contributions over the years and was known as the Endowment Fund, later renamed the Samaritan Fund and most recently renamed the Legacy Fund in 2006. Until 2015, this was the only fund in St. Paul's Endowment.

The Legacy Fund still exists today as a Vestry designated *quasi-endowment* fund. Distributions from the Legacy Fund are to be used for capital improvements, outreach ministries and grants, seed money for new ministries and special one-time projects. This Fund may also distribute more than the *spending policy* in certain emergency circumstances. It is not the purpose of the Legacy Fund to support the annual operation budget of St. Paul's which is funded through contributions to the Annual Commitment Campaign.

In 2015, St. Paul's received a generous bequest from the estate of Cathée Jean Huber which established another endowed fund within St. Paul's Endowment, known as the Huber Fund. In accordance with the wishes of Cathée Huber, this fund supports the adult choir of St. Paul's and is a *true or permanent endowment*.

Since 2015, St. Paul's Endowment has consisted of these two funds.

In 2020, the Legacy Board and Vestry adopted new endowment governance documents and policies to update St. Paul's endowment management practices based on guidance from the Episcopal Church Foundation. As part of this update, the Legacy Board was renamed the St. Paul's Endowment & Investment Committee, which now oversees all endowment funds of St. Paul's (currently the Legacy and Huber Funds).

St. Paul's Endowment is invested through the Episcopal Foundation of the Diocese of East Carolina and are ultimately managed through the Raymond James - Raleigh Office. The funds are invested in diversified portfolios to achieve long-term real growth after expenses and distributions while avoiding excessive risk.

## Do you know?

### What types of Endowed Funds are there?

**True or Permanent Endowment Fund.** Gifts received from donors that have stated the gift is to be held permanently as an endowment, either for general or specific purposes as identified in writing. This may also include gifts to existing True/Permanent Endowment Funds. The corpus of such funds is protected by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Huber Fund is a true endowment.

**Quasi-Endowment Fund.** This may also be referred to as Funds Functioning as Endowment. These are funds restricted by the decision of the governing body, not the donor (in our case, the Vestry) to treat the fund as if it were an endowment. This includes gifts from donors to an existing quasi-endowment fund (Legacy Fund). Because the governing body may vote in the future to change the terms of this fund and spend the corpus, it is not a true or permanent endowment, but referred to as a quasi-endowment. It functions like a true endowment but is not protected by UPMIFA like a true or permanent endowment. The Legacy Fund is a quasi-endowment.

**What is UPMIFA?** UPMIFA is the Uniform Prudent Management of Institutional Funds Act and provides guidance on investment decisions and endowment expenditures for non-profits and charitable organizations and is the law in 49 states, including NC.

## SPENDING POLICY

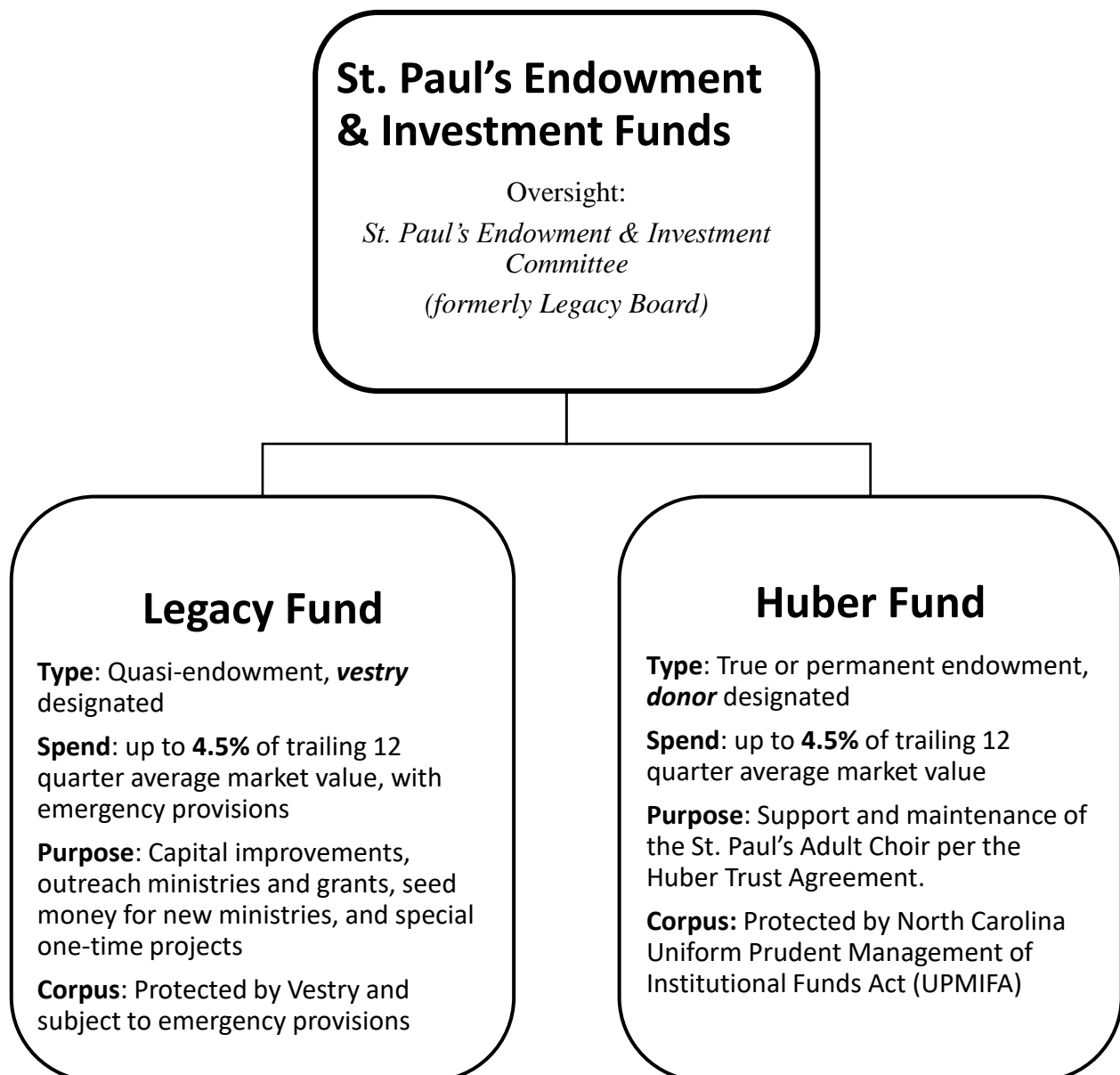
The available distributions or “spend” from St. Paul’s Endowment each year is 4.5% of the average of the trailing 12 quarter market value of each fund. This spending policy was established to allow for a smoothing effect on distributions for consistency, while also allowing the funds to achieve real growth over the long term. This policy applies to each fund within the Endowment, unless otherwise outlined in the fund agreement.

See *Endowment FAQs* for more information on endowments.

## QUESTIONS?

If you have questions about St. Paul’s Endowment Funds, are interested in contributing to the Legacy or Huber Funds, or would like to explore how to establish a new endowment fund, please do not hesitate to contact a member of the St. Paul’s Endowment Committee. You may also see the *Endowment FAQs* at the end of this report for more information.

## CHART OF ST. PAUL’S ENDOWMENT FUNDS

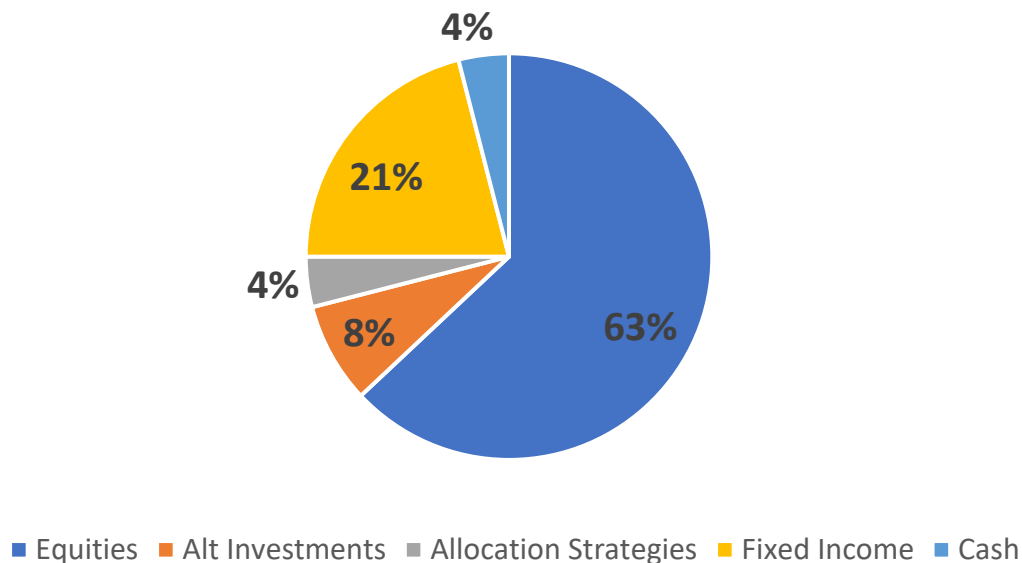


## 2020 FINANCIAL REPORT

While 2020 was a tough year due to Covid, after the initial shock to the stock market, equities rebounded and performed quite well for the year, with the broad S&P 500 index returning over 18% for the year. St. Paul's Endowment portfolio performance was approximately 15.5% in total. In addition to this solid investment performance, the Legacy Fund received two bequests from the estates of Becky Sweet and Mike Bell, which added an additional \$275,000. During the year, we distributed approximately \$37,500 to St. Paul's from the two endowment funds. The Legacy Fund distribution of \$25,000 supported the demolition and clean up expenses associated with the 3<sup>rd</sup> Street property. Overall, the Endowment grew from \$821,000 to over \$1.2 million in 2020.

<b>2020 Endowment Activity &amp; Performance</b>			
	<i>Legacy Fund</i>	<i>Huber Fund</i>	<i>Total Endowment</i>
<b>Beg Value</b>	<b>\$580,630</b>	<b>\$240,884</b>	<b>\$821,514</b>
Deposits/Additions	\$282,171	\$0	\$282,171
Income	\$22,432	\$7,040	\$29,471
Withdrawals	-\$28,825	-\$13,976	-\$42,801
Change in Value	\$84,482	\$34,777	\$119,259
<b>Ending Value</b>	<b>\$940,889</b>	<b>\$268,724</b>	<b>\$1,209,613</b>
<i>Fund Performance</i>	<i>14.8%</i>	<i>17.5%</i>	<i>15.6%</i>
<i>Benchmark Performance</i>	<i>13.2%</i>	<i>13.2%</i>	<i>13.2%</i>
<i>Over/(Under) Performance</i>	<i>1.6%</i>	<i>4.3%</i>	<i>2.4%</i>

2020 Year End Endowment Asset Allocation



## ST. PAUL'S ENDOWMENT – DONOR RECOGNITION

We would like to thank everyone for their generous support of St. Paul's Endowment Funds. The challenges faced during this Covid year highlight the importance of growing our endowment to ensure the long-term growth and sustainability of St. Paul's and its ministries. Please let us know if your name is missing from any of the following lists and we will be glad to add your name. We apologize for any omissions.

# Thank You

## ADDIE SMITH COX SOCIETY MEMBERS

The Addie Smith Cox Society honors those parishioners who acknowledged they have included St. Paul's in their estate plans. If you have done so and are not listed, please let us know and we will be pleased to add your name. We do not need copies of your estate plan, only a written indication from you that you have included St. Paul's in your estate plan. We also recognize those deceased parishioners that included St. Paul's in their estate plan.



*Addie Smith Cox*

Charlotte-Anne Alexander  
Debby Avery  
Cordell Avery  
Jill Beimdiek  
Laura Bivins  
Bill Bivins  
Bets Crean  
Charles Faulkner  
Jean Gaskins  
Charles Gaskins  
Nena Duncan Harris  
Ann Harrison  
Elizabeth Wells Honeycutt  
Loyd Horton  
Louise Hudak

Bob Hudak  
Rosebud G. McCallister  
Kaki McLeod  
Murrell McLeod  
Anne Miller  
Suzanne Pecheles  
Brian Pecheles  
Katherine Pollard  
Monty Pollard  
Jon Shaw  
Bob Shaw  
Judy Warren  
Burney Warren  
Judy Whichard  
Sydney Womack  
David Womack

### Deceased

*Mike Bell  
David Crean  
Nada Nobles Cheek*

*Nina Morley Guice  
Cathee J. Huber  
Rebecca J. Sweet  
Dave Whichard*

## DAVID J. WHICHARD II SOCIETY

The David J. Whichard II Society honors all donors that have made a contribution of \$1,000 or more in a year to the Legacy Fund. This society was named after David J. Whichard II in honor of his service and tireless efforts to revitalize the Legacy Fund.

### 2020

Judy Whichard

Jean Sweet

### Prior to 2020

Charlie Adams  
Cordell & Debby Avery  
Larry Barbour  
Charles & Mary Beatty  
Michael Bell  
David & Sylvia Bjorkman  
Howard & Beth Burtnette  
Andrew & Ashley Cannan  
Robert L. Capps  
Jim & Louise Clement  
Carrie Craig  
Jack & Sarah Jayne Edwards

John & Laura Farley  
James D. Gilliam, Jr.  
Grady White Boats  
George & Lou Hamilton  
Carolyn & Loyd Horton  
Bob & Louise Hudak  
Rom & Elizabeth Jenkins  
Jean Kenney  
William & Aurelia Monk  
Jim & Barbara Moyer

Brian & Suzanne Pecheles  
Troy Rouse  
Robert & Jon Shaw  
Karen Tanenberg  
Mary Kathryn Thornton  
Michael & Susan Waldrum  
Judy Whichard  
Ann & Jordy Whichard  
David & Sydney Womack  
John & Paula Wright

## 2020 DONORS TO ST. PAUL'S ENDOWMENT

The following donors have generously supported St. Paul's Endowment in 2020.

Jim & Joan Ashby  
Cordell & Debby Avery  
Larry Barbour  
Jane & Joseph Beatty  
Mary Lois Brantley  
Briley's Tire & Auto  
Stacy & HJ Brody  
Christ School  
Jim & Louise Clement  
John Coffman  
John & Pam Coffman  
Staff at Community Crossroads Center  
Julian & Sue Davenport  
Andrea Decuzzi  
Faye Dempsey  
Donald & Judy Edwards  
Shep & Debbie Edwards

John & Laura Farley  
Michael Fields  
Harrison & Penny Gaskins  
Gray Point Automotive  
William & Mary Hargett  
Adele Harwell  
Erwin Hester  
Artemis Kares  
Alex King  
Carlynn J. Knott  
Charlotte Lane  
Lee of Greenville  
Jim & Barbara Moyer  
Kathryn Morton  
Jane & Barry Munson  
Parker & Becky Overton  
Brian & Suzanne Pecheles

Dr. Michael & Rev. Susanne Priddy  
Julian White Rawl  
Linda Seykora  
Eddie Smith  
HL & Linda Stephenson  
Heidi Tucker  
Jim & Katie Ward  
Jordy & Ann Whichard  
Judy Whichard  
Joseph & Leslie White  
Ellen Wilkerson  
Kay Wilkerson  
John & Jacqueline Williams  
David & Sydney Womack  
Charles & Catherine Young

## TESTAMENTARY GIFTS

St. Paul's received testamentary gifts from the following in 2020.

Mike Bell

Becky Sweet

## MEMORIALS & HONORARIUMS

Donors have honored the following individuals or the memory of the following individuals through their gifts to St. Paul's Endowment in 2020.

Mary Bruton  
Donald Burnette  
Wanda Bunch  
Joe Campbell  
Martha Coffman

Paul Collins  
LaRue Evans  
Susan Lanier  
The Rev'd Tom Midyette  
Elma Pecheles

George Reel  
A.J. Ruff  
David Whichard  
Bill Wilkerson

## ENDOWMENT BASICS AND FAQs

### What is an Endowment?

An Endowment is a broad term used to describe the total of one or more endowed funds, including true or permanent endowment funds and quasi-endowed funds.

### What is an Endowed Fund?

An endowed fund is a charitable gift established in perpetuity in which the principal is invested for total return and a small portion of the fund's balance (usually 4-5%) is paid out, usually annually, for the purposes defined by the donor or in the endowment agreement. The intent is for the total return of the fund to exceed the payout over the long term and therefore the fund will remain in perpetuity. An organization may have several endowed funds in its endowment, established by one or more donors and for one or more purposes. In NC, endowments are governed by the Uniform Prudent Management of Institutional Funds Act.

### Why are Endowments important?

Non-profit organizations establish endowments to provide permanent sources of funds that can be used for decades and provide revenue that is stable and reliable amid the uncertainty of other revenue streams and may support unexpected needs/expenses that arise. For example, when organizations like St. Paul's have physical facilities that need attention, maintenance or renovation that can be significant, the endowment distribution can be an important resource to assist in meeting those needs.

### Can I create a new endowed fund for a specific purpose that I define?

Yes, as long as it meets the Gift Acceptance Policy of the organization, which will include the size and type (real estate, cash, securities etc.) of the proposed gift. For St. Paul's, the gift or gifts must total \$100,000 to establish a separate endowment for a specific purpose. Gifts smaller than \$100,000 should be directed to existing endowment funds that most closely align with your desired purpose. Please contact someone on the Endowment Committee for more information on establishing a separate endowment fund.

### Can I make a gift of real estate?

Yes, as long as it meets the requirements of the Gift Acceptance Policy. St. Paul's Endowment & Investment Committee serves as the Gifts Review Committee and will review any proposed gift. Please contact a member of St. Paul's Endowment & Investment Committee if you have questions about a gift of real estate.

### How are gifts to the Endowment stewarded?

All donations to St. Paul's Endowment are thoughtfully and professionally invested and overseen by the Vestry and the Endowment Committee with the guidance of financial and legal experts. The Vestry has recently adopted best practice policies, including Spending Policy, Disposition of Bequest Policy, Donor-Restricted Funds Policy and Gift Acceptance Policy based on guidance of the Episcopal Church Foundation.



