

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 Cathee Jean Huber which established another endowed fund within St. Paul's Endowment, known as the Huber Fund. In accordance with the wishes of Cathee 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

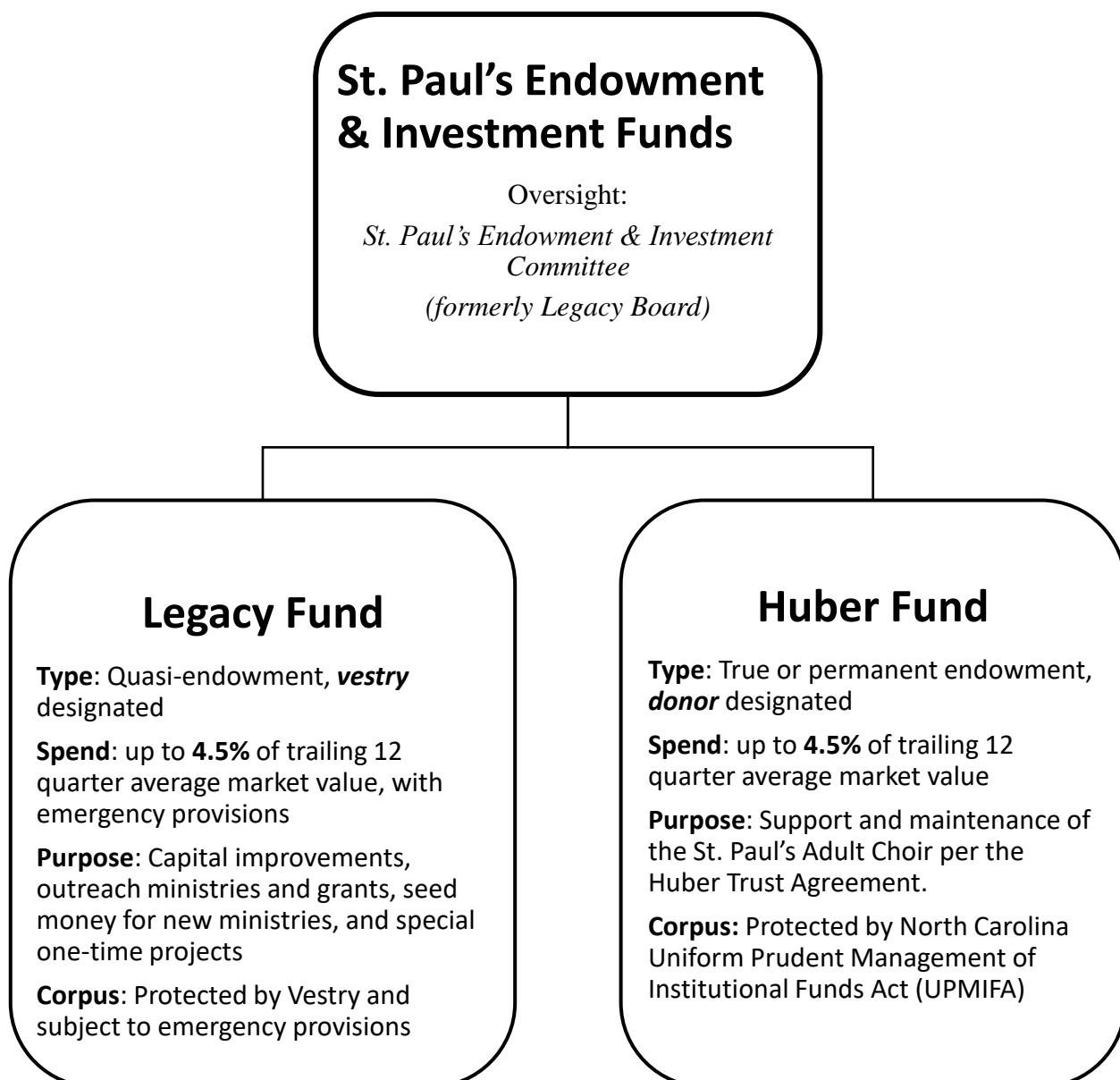
The available distributions or “spend” from St. Paul’s Endowment each year is 4.5% of the average of the trailing 12 quarter market value of each fund. This spending policy was established to allow for a smoothing effect on distributions for consistency, while also allowing the funds to achieve real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

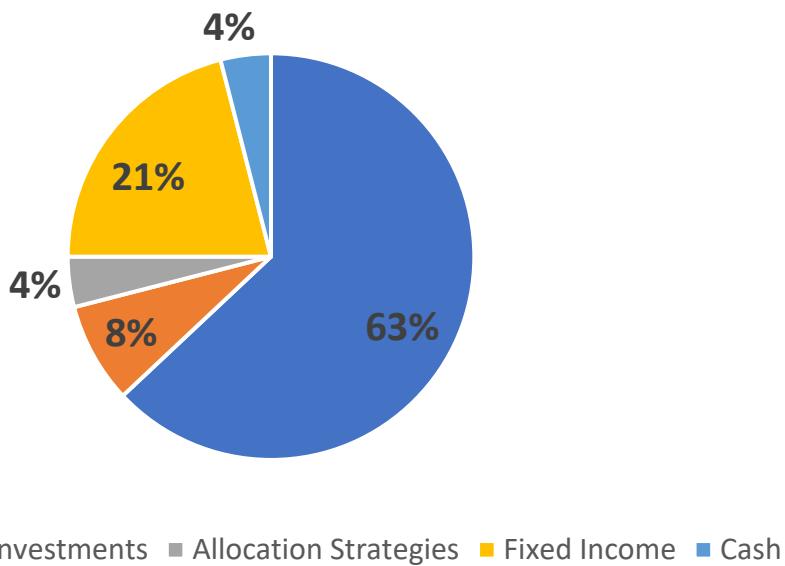


2020 FINANCIAL REPORT

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 3rd Street property. Overall, the Endowment grew from \$821,000 to over \$1.2 million in 2020.

2020 Endowment Activity & Performance			
	<i>Legacy Fund</i>	<i>Huber Fund</i>	<i>Total Endowment</i>
Beg Value	\$580,630	\$240,884	\$821,514
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
Ending Value	\$940,889	\$268,724	\$1,209,613
<i>Fund Performance</i>	14.8%	17.5%	15.6%
<i>Benchmark Performance</i>	13.2%	13.2%	13.2%
<i>Over/(Under) Performance</i>	1.6%	4.3%	2.4%

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	Bob Hudak
Debby Avery	Rosebud G. McCallister
Cordell Avery	Kaki McLeod
Jill Beimdiek	Murrell McLeod
Laura Bivins	Anne Miller
Bill Bivins	Suzanne Pecheles
Bets Crean	Brian Pecheles
Charles Faulkner	Katherine Pollard
Jean Gaskins	Monty Pollard
Charles Gaskins	Jon Shaw
Nena Duncan Harris	Bob Shaw
Ann Harrison	Judy Warren
Elizabeth Wells Honeycutt	Burney Warren
Loyd Horton	Judy Whichard
Louise Hudak	Sydney Womack
	David Womack

Deceased

<i>Mike Bell</i>	<i>Nina Morley Guice</i>
<i>David Crean</i>	<i>Cathee J. Huber</i>
<i>Nada Nobles Cheek</i>	<i>Rebecca J. Sweet</i>
	<i>Dave Whichard</i>

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 Moye

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 Moye
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.

