

**ENDOWMENT & INVESTMENT FUND POLICIES AND  
GUIDELINES  
FOR  
CALVARY EPISCOPAL CHURCH  
WILLIAMSVILLE, NY**

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**SECTION A  
*Investment Policy Statement***

**Purpose**

This Investment Policy Statement establishes the philosophy, guidelines and investment objectives for managing the investments of the FUND.

**Responsibility**

The ultimate responsibility for managing the FUND resides with the Vestry which has chosen to delegate portions of its responsibility to the COMMITTEE, which will administer the portfolio of the FUND in accordance with these guidelines, as adopted and amended from time to time. The COMMITTEE may choose to employ an outside investment manager. These guidelines shall be reviewed at least annually by the COMMITTEE to determine whether they should be amended or remain unchanged.

**Objectives**

The assets of the FUND are to be invested with the same care, skill and diligence that a prudent investor would exercise in investing institutional endowment funds. The primary objective will be to provide long-term growth of principal and income without undue exposure to risk.

**INVESTMENT GUIDELINES**

***Time Horizon***

The FUND'S investment objectives and strategic asset allocation are based on a long-term time horizon.

***Risk Tolerance***

Because of its long-term time horizon, the FUND can tolerate some interim fluctuation in market value and rates of return in order to achieve its objectives. High level risk, high volatility and low quality rated securities, however, are to be avoided.

***Prohibited Investments***

The COMMITTEE shall not invest in private placement, restricted stock or other illiquid issues, commodities' futures, leveraged closed end or leveraged exchange traded funds, arbitrage and other uncovered options, and shall not engage in short sales, margin transactions or other similar

specialized investment activities; however, the use of funds that use these investment activities in a constructive manner are permitted.

***Portfolio Diversification***

The investment objectives should be achieved through a diversified portfolio, which may include but is not limited to large-cap, mid-cap, small-cap U.S equities, international equities (both developed and emerging markets), bonds and cash. Mutual funds, common trust funds, exchange traded funds, and notes representing any of these asset classes may be used.

***Investment Discretion***

These guidelines are not intended to restrict or impede the efforts of the COMMITTEE to attain the FUND's objectives, nor are they intended to exclude the COMMITTEE from taking advantage of appropriate opportunities as they arise. The COMMITTEE shall have discretion and flexibility to implement the objectives and policies herein set forth.

***Asset Allocation***

Because securities markets may vary greatly throughout a market cycle, the COMMITTEE may change the asset mix of the FUND within the following ranges 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 equity investments and bonds and/or other fixed income securities.

The strategic target allocation shall be within the following ranges:

	<u>Low</u>	<u>High</u>
EQUITIES:	30%	80%
FIXED INCOME:	20%	70%
CASH:	0%	20%

The target allocation among equity classes shall be determined periodically (and at least annually) by the COMMITTEE 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 COMMITTEE accepts a risk level for the FUND's overall investment program that is intended to produce a total annual return adequate at a minimum to cover these components: expenditures from the FUND (as determined annually by the COMMITTEE under the Spending Rule Policy), inflation, and fees.

***Reporting***

The quarterly report provided by the COMMITTEE to the Vestry will include the FUND value as reported by the Treasurer, any changes in the asset allocation strategy, and the investment performance. The report shall reflect compliance with the objectives, policies, and guidelines set forth herein.

Approved by the Endowment Committee June, 5 2018

**SECTION B**  
***Spending Rule Policy***

Money will be distributed from the FUND upon written request of the Vestry and with the approval of the COMMITTEE for those uses which conform to the purposes and restrictions established by donors or incorporated in the Enabling Resolution.

Funds available for distribution will be determined by using a total return principle, i.e., return derived from dividends and interest *as well as* realized and unrealized capital gains. The funds available for distribution during any one year will be limited to a percentage of the market value of the FUND that is based on the lesser of a three-year rolling average, with measures taken at the end of each of the preceding twelve (12) quarters or the market value as of June 30 of the current year. The market value for this purpose will be taken net of the fees for investment management.

The percentage of the FUND made available for distribution shall be determined each year by the COMMITTEE and will normally fall in the range of 3% to 5%. In so doing, market performance of the portfolio will be an important consideration. It will be the goal of the COMMITTEE to grow, or at least maintain, the purchasing power of the FUND taking into account the impact of inflation and fees.

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 COMMITTEE with the approval of the Vestry. Expenses related to the management and administration of the FUND will be deducted from the funds available for distribution.

Approved by the Endowment Committee June 5, 2018

**SECTION C**  
***Disposition of Bequests Policy***

This policy 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, etc.

The bequest usually identifies the beneficiary in one of two ways: *Calvary Episcopal Church* or *the Endowment Fund of Calvary Episcopal Church*.

Bequests with **Calvary Episcopal Church** as beneficiary can be spent in the current year or placed in the endowment as part of the General Endowment Fund (Quasi). The default position of the church will be that all such bequests go into the General Endowment Fund (Quasi) unless the Rector and Senior Warden request an exception to the policy. The exception should be judged to be truly extraordinary and that no other financial resources of the organization are available or are expected to become available in time to fulfill the urgent need. Final authority for granting such an exception will rest with the Vestry.

If the donor has identified a specific purpose for the bequest, the Vestry will guarantee that the funds will be used according to the donor's wishes. The funds may be directed to their designated purpose either as an endowment, in which case they normally would become a designated fund within the FUND, or by direct expenditure of the funds through the Treasurer of the organization.

Bequests naming the **Endowment Fund** of Calvary Episcopal Church as beneficiary are automatically transferred to the Permanent Endowment Fund upon receipt. If the bequest was given for a specific purpose, the assets will be used to establish a donor-restricted designated fund within the Permanent Endowment Fund.

Approved by Endowment Committee June 5, 2018

**SECTION D**  
***Donor-Restricted Designated Fund Policy***

A separate and designated fund within the FUND may be established for gifts in the amount of \$25,000 or more. The Vestry must vote to accept the gift for the purpose(s) described by the donor, or it has the responsibility to reject the gift. If accepted, the assets are merged with other assets of the 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 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 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. Expenditures are limited to the purposes specified in the designation and are governed by the FUND's Spending Rule.

Approved by the Endowment Committee June 5, 2018

**SECTION E**  
***Gift Acceptance Policy***

***Purpose***

This gift acceptance policy will provide guidelines to representatives of 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. However, individual donors are encouraged to seek their own legal, tax and financial advice before completing a gift. This Gift Acceptance Policy is not meant to be relied on as professional advice to an individual. 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. All gifts shall be referred to the Gift Review Committee prior to acceptance. The Vestry, upon the advice of the Gift Review Committee, reserves the right to decline any gift that does not further the mission of the Parish. Also, any gifts that would create an administrative burden or cause the Parish to incur excessive expenses may be declined.

***Gift Review Committee***

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

***Cash***

Under no circumstances will cash, outside of plate donations, be accepted.

***Checks***

- 1) Checks shall be made payable to Calvary Episcopal Church or Calvary Episcopal Church Endowment Fund. Checks payable to Calvary Episcopal Church shall be turned over to the Vestry for determination of its use. Checks payable to Calvary Episcopal Church Endowment Fund shall be deposited in the Endowment Fund. In no event shall a check be made payable to an individual who represents the Parish in any capacity.
- 2) All such gifts by check shall be accepted by the Vestry on behalf of the Parish regardless of amount.

***Publicly Traded Securities***

- 1) Publicly traded securities may be accepted after consultation with the Gift Review Committee.
- 2) Readily marketable securities, such as those traded on a stock exchange, can be accepted by the Vestry on behalf of the Parish.
- 3) The value of the gift of securities is the average of the high and low prices on the date of the gift.
- 4) A gift of securities to the Parish is usually liquidated immediately.

### ***Closely Held Securities***

- 1) Non-publicly traded securities may be accepted after consultation with the Gift Review Committee. The fair market value will be the value used by the donor in the preparation of the donor's tax return.
- 2) The Gift Review Committee will explore methods for liquidation of the securities through redemption or sale **prior to acceptance**. The Gift Review Committee will try to determine:
  - a) Any restrictions on transfer
  - b) 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 may be accepted after consultation with the Gift Review Committee.
- 2) Normally, the donor 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, the appraisal must include 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 broker's 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. This value may be reduced, however, by the costs of maintenance, insurance, real estate taxes, broker's commission, and other expenses of sale.

### ***Life Insurance***

- 1) A gift of a life insurance policy must be referred to the Gift Review Committee prior to its acceptance.
- 2) The Parish can be named a contingent beneficiary or the beneficiary of a percentage of a life insurance policy
- 3) The Vestry will accept **ownership** of a life insurance policy as a gift only if the Parish is named as the owner and beneficiary of 100% of the policy.
- 4) If the gift is a paid-up policy, the value for gift crediting and accounting purposes is the policy's replacement cost.
- 5) If the policy is partially paid-up, the value for gift crediting and accounting purposes is the policy's cash surrender value. (For IRS purposes, the donor's 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) Gifts of jewelry, artwork, collections, equipment, and software shall be assessed for their value to the Parish. Their value may be realized either by being sold or 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 valuation and disposition of gifts of tangible personal property and will provide appropriate forms to the donor and IRS.

***Deferred Gifts***

- 1) Any deferred gifts shall be referred to the Gift Review Committee prior to acceptance.
- 2) 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
  - g) Donor advised fund
- 3) 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.
- 4) The Parish (or its agent) shall not act as trustee of any charitable remainder trust.
- 5) The Parish may invite prospective donors to consider gift vehicles offered by The Episcopal Church Foundation (ECF) (specifically, Donor Advised Funds, Charitable Remainder Trusts, Charitable Gift Annuities, and the Pooled Income Fund).
- 6) When donors are provided planned gift illustrations or form documents by ECF, 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:

***Calvary Episcopal Church strongly urges you to consult with your attorney, financial and/or tax advisor to review this information provided to you without charge or obligation. This information in no way constitutes legal or financial advice.***

- 7) All information obtained from or about donors/prospects shall be held in the strictest confidence by Parish staff and volunteers. Neither the name, the amount, nor the conditions of any gift shall be published without the express written or oral approval of the donor and/or beneficiary.



- 8) 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.
- 9) As noted, The Vestry, upon the advice of the Gift Review Committee, reserves the right to decline any gift that does not further the mission of the Parish. Also, any gifts that would create an administrative burden or cause the Parish to incur excessive expenses may be declined.

Approved by the Endowment Committee June 5, 2018

The foregoing policies are hereby adopted by the Vestry this 10th day of July, 2018.

  
James R. Greno, Warden 7/10/2018

  
Stephen Muchschaue, Warden 7/10/2018