



The St. Barnabas Endowment Fund: **Frequently Asked Questions**

Q: What is an endowment fund?

A: The unique characteristic of an endowment fund is the requirement that contributions to the fund cannot be spent (except under extraordinary and unusual circumstances), and only earnings – interest, dividends and capital gains – can be used for the purposes designated by the fund. As a result, endowed funds are intended to be **everlasting**. In the case of the St. Barnabas Endowment Fund, the uses of the earnings of the Fund are restricted to non-operating uses. Some examples of these uses are outreach ministries, and capital projects, to repair or up-grade the parish's building and other property.

Q: What are the likely sources of funds to the St. Barnabas Endowment Fund?

A: Parishioners and friends of the parish are the most likely donors. These donations can be made either when donors are alive or as a provision of wills. Also, if the parish's Operating Fund generates surpluses, the Vestry may chose to make contributions to the parish's Endowment Fund.

Q: What protects the Endowment Fund from being used to support the operations of the parish?

A: The Enabling Resolution establishing the Endowment Fund prevents transfers of monies to the parish's operating account other than to support the approved purposes of the Fund.

Q: Will the investments of the Endowment Fund be professionally managed?

A: The Enabling Resolution and Policies and Guidelines provide for the engagement of professional investment management of the Fund's assets. While it is yet to be determined, St. Barnabas' Endowment Fund could be managed as a sub-account of the Diocese's endowment fund, managed by PNC Bank, or as a sub-account of the Episcopal Church Foundation, managed by State Street Corporation, as examples.

Q: Who will administer the Endowment Fund?

A: The St. Barnabas Endowment Fund will be administered by a committee composed of 5 parishioners, appointed by the Vestry. Each committee member will be appointed for a term of up to 5 years. Each year the Vestry will appoint a new member to the committee, to replace a retiring member. Members of the committee may serve for up to 2 consecutive terms.

Q: Does the Endowment Fund currently have any assets?

A: No, but once the Vestry appoints the Fund's inaugural committee it will begin accepting donations and planned gifts.

Q: If I'm interested in contributing to the Endowment Fund, what kind of assets can I contribute?

A: With no restrictions, cash and publicly-traded securities; with the agreement the Fund's Gift Review Committee, closely-held and not-readily-marketable securities, insurance policies, real estate, and tangible personal property.

Q: If I want to support a specific parish outreach ministry through an endowment how do I do this?

A: First, you must be prepared to gift \$50,000 or more to the Endowment Fund to support the ministry. Second, you must gain the agreement of the Vestry to accept the donor-designated gift to the Endowment Fund.

Q: Can the Policies and Guidelines of the Endowment Fund be amended, and how would this happen?

A: Yes, amendments are possible, and amendments must receive approval by a two-thirds majority of the Vestry at two consecutive meetings, and then by a two-thirds majority of a quorum at an Annual or Special Meeting of the Congregation.

Q: What is the relationship between the Endowment Fund Committee and the Vestry?

A: The Committee members are appointed by the Vestry, and report to the Vestry. The Committee is obligated to report to the Vestry after each of its meeting, and to the Congregation at the Annual Meeting.

Q: What type of parish ministries will the Endowment Fund support?

A: The Enabling Resolution says: "Distributions from the fund shall be limited to: (i) capital improvements 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." Each year, during the budgeting process, the Vestry will make decisions about which specific ministries it will support during the coming year. The exceptions to this process are the purposes specifically designated by donors, as accepted by the Vestry.

Q: Does the Endowment Fund take into account inflation when deciding the earnings available to support the purposes of the Fund?

A: Yes; the corpus of the Endowment Fund will grow by the rate of inflation to assure that the buying power of its earnings keep pace with inflation over the long-term.

Q: What types of investments will the Endowment Fund hold?

A: The majority of the investments will be in publicly-traded equities and bonds, either through direct ownership, or mutual funds, or exchange-traded funds. There is provision for the Fund to hold cash (or equivalents) and other kinds of investments, with restrictions.

Q: Earnings on equity investments can be highly volatile; what provisions are in place to smooth the stream of earnings available to fund, in particular, outreach ministries?

A: The administration of the Fund stipulates that long-period earnings averaging be used to determine the funds available to support the purposes of the Endowment Fund.

Q: How does the Endowment Fund impact on-going giving and the Annual Stewardship Campaign?

A: There is no relationship between these two sources of giving. On-going giving supports the operation of the parish, while the earnings (and the corpus) of the Endowment Fund are generally prohibited from being used to support parish operations.