

ENDOWMENT POLICY

Siesta Key Chapel

PURPOSE:

The Endowment Fund of Siesta Key Chapel is one of the many vital resources which God has provided us to support the current and future mission and ministry of this church. Endowment Fund donors embrace the opportunity to give a gift that keeps on giving, as the investment returns magnify the impact of their original gifts. Contributions to the endowment provide a means to share ones accumulated gifts from God for the support of Siesta Key Chapel's ministry.

OBJECTIVE:

The Endowment Fund (EF) is created on the premise that the Fund is truly a perpetual endowment with only a portion of the fund balance being distributed annually for the work of the Chapel. At no time will distributions encroach upon the original donation. The Endowment Fund will be managed by an Endowment Committee (EC) with the objective of prudently and responsibly investing the donated funds to achieve an overall, long-term (10 year) total net return of 5% after inflation. Any donation in which the donor retains an interest will be managed in accordance with the provisions of the gifting documents until the time the donor passes away or otherwise transfers title to the EF (vesting), at which time the objectives of the Endowment Policy will prevail. The EC will endeavor to preserve capital, grow its principal, and provide needed income to support the budget, mission and ministry of Siesta Key Chapel. Gifts to this Fund should be solicited and considered only as an adjunct to one's regular worship in the form of annual stewardship commitments.

THE ENDOWMENT COMMITTEE

MEMBERSHIP:

The committee will consist of five (5) members of SKC, each elected by Session to serve a five year term. Each member will have been a member of Siesta Key Chapel for at least two years. The initial committee members will serve terms from one to five years, determined by drawing lots. One member will be replaced each year. Retiring members must stand-down at least one year before being eligible for re-election. Any vacancy on the EC will be filled by vote of Session for the unexpired portion of the vacancy. The EC will annually elect its chairperson and such other officers as needed. No member of the committee will receive compensation for their service, except for reimbursement of out-of-pocket expense approved by the committee. Should either Session or the insurance carriers for the church require members of the EC to post a surety bond, this expense will be charged to the endowment fund. The insurance coverage of the church will be extended to cover the members and activities of the Endowment Committee. A majority of the EC present and voting shall carry any motion or resolution. Minutes of all meetings shall be kept and reported to Session.

DUTIES:

All actions of the EC shall be consistent with the constitutional provisions of the Presbyterian Church (USA). It will be the duty of the EC to manage endowment assets in accordance with the objectives and policies set forth in this document. The EC will establish such investment guidelines and asset

allocation ranges as they deem appropriate and will have the authority to adjust them as they deem prudent. The EC will report fund balances quarterly and will annually provide an endowment performance review to Session; which will include a summary to be made a part of the Annual Report to the congregation. This annual report will include at least, beginning and ending fund balances; gains, both earned and unrealized; income withdrawn and that returned to principal; and additions to the endowment through donations. Additional reports will be provided if required by Session or the terms of an individual donor designated fund. An annual audit of the Fund activity will be provided, if required by Session. The EC shall keep a liquid funds account with enough cash, or equivalent, to cover expected annual expenses of the fund. At least every two years, the EC will review the Endowment Policy and recommend updates and changes to Session.

It is anticipated that the EC will retain an Investment Management Firm (IMF) to invest the assets of the EF. The IMF is responsible for communicating to the EC all significant matters pertaining to the investment of the fund's assets. The session, through the EC, will be notified promptly regarding substantive changes in investment strategy, asset mix, and other matters affecting the investments, including any significant changes in the structure and financial condition of the IMF's organization.

AUTHORITY AND POWERS:

With regard to all assets donated to and earned by the EF, the Endowment Committee shall have full and exclusive power and authority to manage and control the assets and to sell, convey, exchange, hold, lease, grant options, rent, mortgage, pledge, assign, transfer or otherwise dispose of all or any part thereof, real or personal, upon such terms and conditions, at such time and for such considerations as the EC may see fit. It is the Sessions express desire and intent that the EC shall have full power and authority to invest and reinvest the Endowment Funds, as the Session might do, without being restricted to forms of investment which EC otherwise may be permitted by law to make and the EC may make and change such investments from time to time at the EC's discretion. The EC may adopt such organizational rules and by-laws as the EC deems appropriate for the operation of the Endowment Fund.

The EC shall have full power to determine whether any money or other property coming into their hands, concerning which there may be any doubt, shall be considered as a part of the principal or income of the EF assets and to apportion between such principal and income any loss or expenditure in connection with the EF assets as to them may seem just and equitable.

The EC shall have the power to compromise, adjust, litigate, and settle all claims arising out of or in connection with the EF assets.

The EC may employ such agents, accountants, attorneys, clerical and other assistance as the EC may deem necessary for the proper administration and protection of the fund assets and pay for the same out of either income or principal of the EF assets as the EC members, in the EC's discretion, may deem advisable.

The EC, in its sole discretion, may employ Investment Management Firms (IMFs), place endowment assets in a Fund, or under the management of a Foundation (collectively Investment Managers-(IM)) provided such arrangements are revocable and subject to the policies and guidance of the EC. The EC will negotiate management fees and discontinuation of service terms with such IMs. The EC will also assure that IM arrangements will in no way jeopardize the Church's 501(c)(3) status.

The EC may appoint, with Session's concurrence, one or more sub-committees and task them with such functions as: publicity; development; creating and maintaining data-bases of donors, family and heirs,

and other trusts or bequests which name Siesta Key Chapel as a beneficiary; and such other administrative functions that they deem appropriate. The EC will ensure that anyone making solicitations of members will be adequately informed and trained in the various financial and legal instruments that are suggested.

SOLICITATION OF DONORS:

The EC is authorized to use such financial and estate planning tools as they deem appropriate in the solicitation of gifts. In plans wherein the donor desires to retain some life-estate interest in the gift, such as a gift annuity or a life tenancy, the income or use of the gift will reside with the donor in accordance with the terms of the gifting documents. The value of these assets will not be considered in the EF distribution formula until such time the assets are vested wholly in the Endowment Fund by the passing of the donor or other provisions (vesting).

The EC, with the concurrence of Session, may establish *Fields of Interest* whereby donors may indicate their preference for the use of the income generated by their gift; and the EC may also establish categories whereby certain levels of giving may be recognized. Once established, these categories will not be unduly adjusted unless the EC decides that they need to be "indexed" so as to preserve a comparative value with earlier gifts.

RIGHT OF REFUSAL:

The EC shall have the right to refuse any gift or donation which may not, in their judgment, be appropriate for inclusion in the Endowment Fund, as unsalable, overly controversial, or inconsistent with the mission of the Church. The EC may not refuse the management of any existing church endowed funds which the session votes to include in the Endowment Fund under the authority of the EC.

CATASTROPHIC EVENT:

Notwithstanding any foregoing restriction to the contrary, the EC may be directed to encroach on the principal and income of the EF to make grants or loans to Siesta Key Chapel, Sarasota, Florida, or its successors as hereinafter provided for religious purposes, in the event of the destruction or major damage to church facilities caused by fire or natural disaster which is not covered, or under-covered, by insurance. Such encroachment may be directed by Session upon a majority vote of the congregation at a properly called Congregational Meeting (G-7.0300b), at which a quorum (as defined in G-7.0305) is present. This provision shall never be used as an alternative to maintaining prudent levels of property insurance.

DISTRIBUTION POLICY:

Annually the EC may withdraw up to 4% of the average total value of assets in the EF over the prior twelve (12) quarters. All undistributed income remaining at the end of the fiscal year will be added to and become part of the principal of the EF. During periods of economic downturn, the EC must use caution to not make distributions of the originally endowed donation.

Distributions may be made annually to the Session of Siesta Key Chapel. The Session will use each distribution in the ministry and mission of the church, and to the extent possible, in accordance with the requests set forth in the documents of any gift requesting a designated use.

If at any time the net value of the EF, excepting the Manse endowment*, shall be below the total of the originally donated funds (corpus), all distributions shall cease until the market value of the EF exceeds the corpus.

** The Manse endowment is a fund of money created by the sale of the church manse which is invested for the purpose of generating income to offset the annual cost of the Pastor's "housing allowance" in the Terms of Call.*

TERMINATION OF SIESTA KEY CHAPEL:

In the unlikely event that Siesta Key Chapel should cease to exist as a religious entity or lose its designation as a 501(c)(3), the endowment funds would revert to Peace River Presbytery which would be directed by the donor's desires in the use of the funds.

REMOVAL OF THE ENDOWMENT COMMITTEE OR A MEMBER:

A member of the EC may be removed and replaced by a vote of Session upon recommendation by three members of the remaining EC. The entire EC may be removed and replaced upon a majority vote of a properly called congregational meeting with a quorum, upon recommendation of a two-thirds (66 2/3%) vote of Session.