

ENDOWMENT BOARD GUIDELINES

Hickory Neck Episcopal Church

Guidelines Regarding the Disposition of Bequests/Gifts

These guidelines govern only those bequests/gifts transferred to the HICKORY NECK CHURCH COVENANT ENDOWMENT FUND (COVENANT FUND) by the Vestry. The assets may be in any form, such as cash, securities, personal property, real property, and so on.

Bequests/Gifts made to the COVENANT FUND can be of two general types:

- a. “Undesignated,” in which the principal of the bequest/gift would be held in accordance with the terms of the enabling Resolution approved by the Vestry.
- b. “Designated,” in which the donor has identified a specific purpose(s) to which the bequest/gift should be directed. Before accepting a designated fund, the ENDOWMENT BOARD in conjunction with the GIFT REVIEW COMMITTEE will review and approve any conditions set forth in the donor’s letter. The Designated Fund will also be held in accordance with the terms of the enabling Resolution approved by the Vestry.

The procedure for handling bequests/gifts to the COVENANT FUND is as follows. Cash will be immediately deposited in the COVENANT FUND. Securities will be sold by the treasurer and the proceeds deposited in the COVENANT FUND. The method, timing, agent, etc. for the liquidation of other assets (such as real estate or personal property) will be decided by the Gift Review Committee. New deposits to COVENANT FUND will be made to a savings/money market account/CD until the final disposition of the funds are determined by the ENDOWMENT BOARD.

Appropriate acknowledgments of bequests will be given by the Rector and the Chair of the ENDOWMENT BOARD in a timely manner.

The Endowment Board respectfully requests that the Vestry consider tithing any unrestricted bequests/gifts it receives to help to establish the the COVENANT FUND which will benefit Hickory Neck Church in the future.

Designated FUND

Currently Hickory Neck Church has one Designated Fund, The Historic Chapel Fund. Additional bequests/gifts to Historic Chapel Fund may be made in any amount. Prior to a new Designated Fund being established, the prospective donor will be asked to meet with the ENDOWMENT BOARD to insure that the gift can be effectively utilized by Hickory Neck Church.

These assets are merged with other assets of the COVENANT FUND for investment purposes, but the identity and designated purpose of each fund is preserved individually.

Earnings of the designated portion of COVENANT FUND will be made available for expenditure under the formula defined in the Spending Rules and are limited to the purposes specified by the donor.

Any available but unspent funds are held in the COVENANT FUND and are available for expenditure in subsequent years.

Investment Guidelines

The role of the ENDOWMENT BOARD will be to oversee the management of the assets of the COVENANT FUND. The ENDOWMENT BOARD may utilize income, balanced, and/or growth funds depending on market conditions. The ENDOWMENT BOARD may choose to employ an outside investment manager or utilize one or a mix of the Episcopal Church Foundation or Diocese of Southern Virginia endowment funds.

The primary objective will be to achieve a reasonable total return on the assets, while limiting the risk exposure to ensure the preservation of capital.

The ENDOWMENT BOARD shall not invest in private placement, letter stock, futures transactions, arbitrage and other uncovered options and shall not engage in short sales, margin transactions or other similar specialized investment activities.

Because the securities markets may vary greatly throughout a market cycle, The ENDOWMENT BOARD may change the asset mix of the COVENANT FUND as long as that mix meets the overall objectives and is consistent with the policy guidelines.

Investment Goals

The ENDOWMENT BOARD will accept a risk level for The COVENANT FUND's overall investment program that is intended to produce a total annual return adequate to cover these components: (i) expenditures from The COVENANT FUND, ii) inflation, (iii) growth of The COVENANT FUND.

Quarterly report provided by The ENDOWMENT BOARD to the Vestry will include a status report with the COVENANT FUND value, any proposed change in the asset allocation strategy, and the investment performance. The report shall reflect compliance with the objectives, policies and guidelines set forth herein.

Spending Rules

Allocations of funds available for distribution will be made in two general ways:

Upon written request of the Vestry, and with the approval of the ENDOWMENT BOARD, funds may be transferred to the parish treasurer for those uses that conform to the purposes and restrictions incorporated in the enabling resolution adopted by the Vestry.

As set forth in this enabling Vestry resolution, the ENDOWMENT BOARD may obligate monies for general expenses incident to the management and administration of the COVENANT FUND. Extraordinary initiatives contemplated by the ENDOWMENT BOARD to be undertaken for COVENANT FUND development will be approved by the Vestry before implementation.

The funds available for distribution during any one year will be limited to five percent of the market value of the COVENANT FUND, which value is determined by computing a three-year rolling average. Until the fund has been in existence for three years, the five percent will be based on the average value at the time the distribution is made.

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 ENDOWMENT BOARD, with the approval of the Vestry.

Amendment of these guidelines

Any amendment to these guidelines may be adopted by a vote of at least four-fifths of the membership of the ENDOWMENT BOARD, then approved by the Vestry.

Adopted by action of the ENDOWMENT BOARD of HICKORY NECK CHURCH this ____ day of _____, 2009.

_____ (print name)

_____ (signature)

Endowment Board Chair

Approved by the Vestry of Hickory Neck Church this ____ day of _____, 2009

_____ (print name)

_____ (signature)

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