

Vision Statement

Like acorns that grow into strong oak trees, gifts to the Acorn Endowment Fund will produce an ever-growing and reliable source of income both now and for generations to come in perpetuity. These annual distributions will support innovative and meaningful ministries in the name of Jesus Christ at MPC. Gifts to the Capital Reserve Fund provide dependable financial resources to maintain this physical house of God.

1. Why do we need the Acorn Endowment Fund (AEF)?

- a. An established endowment fund offers an opportunity for those who support Massanutten's ministries to easily share their financial blessings with the assurance that their gifts will maintain long-term viability, reaching far into the future, providing support for MPC's mission in perpetuity.
- b. Endowment distributions will provide important resources every year for ministries to innovate and meet ever-changing needs.
- c. In order to continue to expand our ministry, MPC must look beyond fund raising for specific projects. The AEF supplies a monetary incentive for creative projects and solutions as directed by the Session.
- d. Regular periodic giving to the AEF by the week, month or year emphasizes the importance and immediacy of MPC's faithful outreach, mission and hope in the future.
- e. Creative endowment giving (such as naming the church as a beneficiary of a life insurance policy or in an estate bequest) makes it possible to leave sizable gifts that might not be possible during a lifetime.
- f. Gifts in honor or memory of a loved one or in celebration of an event will continue to support our faith community for years to come, keeping that memory vitally involved in the health and growth of the church.

2. How does the Acorn Endowment Fund work?

- a. Gifts to the endowment are not meant to replace annual stewardship pledges. They represent additional giving above and beyond the annual pledge; gifts that will have far-reaching, long-term impacts on MPC's expanding mission.
- b. Gifts to this fund are combined with all existing donations to the AEF and invested conservatively. These monetary gifts literally give again and again each successive year when their annual investment earnings are withdrawn and applied to special projects directed by the Session. This distribution encourages MPC to be creative, reaching beyond what the normal annual budget can support.
- c. The "corpus" (the value of accumulated gifts) will never be withdrawn (invaded) - so donors can count on their gifts to continue to produce meaningful income, via the earnings, for the church in perpetuity.
- d. This particular endowment puts an unusually large percentage of the annual investment earnings (practically all of it!) to work each year, making an immediate and meaningful difference in people's lives. Only administrative/investment management fees (which will be minimal) will be subtracted from the annual investment earnings.
- e. Earnings are not reinvested into the fund as many endowments do to "grow the fund" or "offset inflation." Growth in the fund will be accomplished by faithful and generous giving.

- 3. Exactly how are distributions from the Acorn Endowment Fund determined and used?**
 - a. The total annual investment earnings (minus the minimal administrative fees) – which is called the “distribution” - will be used as the Session directs.
 - b. Initially, no distribution will be made until the fund amount reaches \$50,000; at this point, the fund should be able to produce a dependable and meaningful amount of annual earnings.

- 4. Why aren't the AEF investment earnings included in the church's annual operating budget revenue?**
 - a. The endowment program is not intended to replace or reduce the congregation's faithful response to annual stewardship responsibilities which supports the general operating budget.
 - b. This endowment program's aim is to challenge, encourage and allow the church to reach beyond what its annual budget is capable of providing.

- 5. Why not reinvest most or all of the investment earnings and grow the endowment to a large amount as many large corporate funds do?**
 - a. All monies given to the AEF are considered gifts for the glory of God, and the sooner their fruits are put to use for the Kingdom, the better.
 - b. Seeing these monies at work in the world immediately may encourage more donations, which is the key to growing this fund.
 - c. Having access to the current year's total investment earnings allows us to respond to immediate needs and aspirations. The AEF is not meant to be an account which, after decades of growth and reinvestment, might finally produce a payout to use.

- 6. What is the AEF's investment philosophy?**
 - a. To safeguard the principal (gifts) while producing meaningful annual cash payouts.
 - b. Growth of the fund corpus is through continued donations.
 - c. Speculative or risky investments are prohibited.

- 7. What are the financial goals for the AEF?**
 - a. The immediate goal is to accumulate \$50,000, so the annual distribution each subsequent year is a meaningful amount. (Estimating a conservative 4% return on investments, the initial annual distributions would be about \$2,000.)
 - b. The long-term goal is to reach \$1,000,000 (one million dollars) in 10 years, which could generate up to \$40,000 per year for Session to DREAM BIG!!!

- 8. When will the distribution be announced?**
 - a. Each year's annual distribution will be announced on Jan. 31 allowing:
 - 1) Session to plan for projects after the annual budget has been decided;
 - 2) the sum to be recorded in MPC's end of year report for the annual congregational meeting

- 9. What if there are no earnings or the corpus loses value in a year?**
 - a. Investment strategy stresses conservative, balanced, fixed-rate investing, so a year of no investment returns should be rare.
 - No distribution will be made if there are no investment earnings.
 - The following year, distributions may resume if earnings exist.

- Even rarer would be a loss of value in the corpus itself, but even if that should happen – distributions may be resumed once earnings exist. In effect the corpus value resets, and the fund resumes calculating earnings based on the current value.
- b. The Board will monitor and oversee the safety and progress of the monies to help avoid this situation.

10. Who decides how the AEF distribution is used?

- a. The Session determines what the funds will be used for, using the guidelines of the AEF resolution.

11. Can the corpus in the AEF be used for other purposes (invaded) if there is a need or emergency?

- a. No, the corpus is made up of gifts to the AEF, all given/invested with the expectation and assurance of providing a perpetual benefit for the ministries of the church. Withdrawing these monies for other purposes (an act called “invading the corpus”) would break the covenant the church and the donors have made with each other.
- b. Endowments are not the same as reserve funds. Endowment gifts are protected so that their earnings can be used each year in perpetuity.
- c. There are, however, specific and rare instances in which the corpus of any non-profit endowment may be legally invaded. This circumstance requires legal proceedings. We do not foresee this happening to this fund.

12. Why do we need a Capital Reserve Fund (CRF)?

- a. Our 8-million dollar facility requires continual maintenance, upgrades and replacements, many which are large ticket items which our current budget cannot support. For example, the current church-wide HVAC system (14 total units) replacement cost is about \$150,000, and the majority of this equipment is nearing the end of its normal reasonable lifespan.
- b. It makes sense to plan ahead and prepare for inevitable large expenses as well as unpredictable emergencies, so as not to impact the church budget or go into debt.

13. How does the Capital Reserve Fund work?

- a. This is a “Pass-Through” fund, meaning all monies donated plus all their earnings may be used when needed.
- b. Monies in the CRF will be carefully invested until they are needed.
- c. Session can direct the use of these funds to support major maintenance projects in the church facility, such as replacing HVAC systems, parking lot repairs, roof replacement, energy upgrades or major remodeling needs.

14. What is the goal for the Capital Reserve Fund?

- a. Anticipating the need for major maintenance and replacements in the next 5 years, \$250,000 is the immediate short-term goal.

15. How do I make a gift to either fund?

- a. You may give cash or transfer assets outright through your annual pledge card or at your convenience, designating which fund it is to be deposited in.
- b. Annual required distributions from IRAs and other such accounts may be targeted for either fund.
- c. Deferred gifts such as wills, life estates, trusts, or annuities may be designated to either fund with MPC as a beneficiary.
- d. Please speak with MPC treasurer Greg Trobaugh or your personal financial/legal advisors for more details.

16. What size or type of donation can be given?

- a. Any size gift is welcome!
- b. A gift can be cash or any item of monetary value that can be transformed into cash: this can include stock, mutual funds, real estate, jewelry, collectibles and collections, artwork, vehicles, royalties, IRA distributions, designating MPC as a beneficiary of an IRA or a life insurance policy, annuities and any other assets.
- c. Investment earnings from donor advised funds, trust named beneficiaries and bequests through wills are all welcome.
- d. Gifts to the funds in honor, celebration or memory of a loved one can be requested in lieu of flowers.
- e. Periodic gifts, such as monthly or quarterly donations, are welcome.
- f. Signing up for online services that reward non-profit donations, designating either MPC fund as your selected charity, will benefit MPC at no cost to you.
- g. Non-designated gifts such as memorials will be deposited in the AEF. *This does not include loose-plate offerings.*
- h. Please speak with Greg Trobaugh, MPC treasurer, for more information.

17. May I attach a name to a gift, “in memory” or “in honor of”?

- a. Yes, you may: “Named” gifts are welcome and will be acknowledged as such. This may include memorial gifts, celebratory gifts or gifts honoring a person or event.
- b. The gift itself will be combined with all other investments once it is deposited in the fund, and therefore will not be tracked or measured as its own entity, unless specified by Session.

18. How will gifts to the AEF and CRF be publicized?

- a. Donor names and honoree/memorial names will be publicly acknowledged, not the amounts given.
- b. Donors may choose to remain anonymous.
- c. Donors become honorary members of the “Oak Tree Club,” an informal recognition program designed to thank givers for their gifts to the AEF and/or CRF.

19. May I restrict what my donations are used for?

- a. Restricted gifts (those with specific instructions or limitations as to use) may be donated to the Capital Reserve Fund, only with Session approval, and if so, they will be tracked and used as the donor wishes as much as feasibly possible.
- b. However, unrestricted gifts are preferred, since circumstances in the church change over time. Restricted gifts, unless very large, will take a long time to produce meaningful earnings and may also limit Session’s ability to react to current needs.
- c. No restricted gifts will be accepted into the Acorn Endowment Fund.

- d. Restricted gifts may be deposited in other church accounts, with Session approval.

20. How will these funds be managed?

- a. A Committee of 5 Board members will oversee both funds (a Moderator of Session, the MPC Treasurer, and 3 At-Large members appointed by the Session). The Board will report quarterly to Session and annually to the congregation on the status of the funds.
 - 1. Each At-Large member may serve up to 2 consecutive 3-year terms. Then a one-year hiatus is required before a member may serve again.
 - 2. The Board will refer any unusual, non-traditional, complicated or restricted gifts to the Session for approval.
 - 3. Wells-Fargo Advisors will manage the funds with Board oversight. The Legacy Committee thinks this outstanding firm will manage our funds properly, professionally and efficiently. This company supports similar non-profit accounts with minimal fees as a public service. This arrangement will be reviewed periodically.

21. Can the rules of the Acorn Endowment Fund or Capital Reserve Fund be amended?

How?

- a. Any amendment will faithfully consider both 1) the sacred covenant between the church and the donors, and 2) the original intent of this resolution establishing the funds.
- b. Any amendment must be passed by 75% of the Session at two consecutive stated Session meetings.
- c. The rule of “non-invasion of the corpus” (the rule of not withdrawing any of the donated monies themselves) established in the Acorn Endowment Fund cannot be changed.

22. What happens to the money in these funds if MPC’s status changes?

- a. If MPC merges with another church, the total of both the Acorn Endowment Fund and the Capital Reserve Fund will accompany MPC.
- b. If MPC splits, the total of both the Acorn Endowment Fund and the Capital Reserve Fund remain with the entity named MPC.
- c. If MPC dissolves, the total of both the Acorn Endowment Fund and the Capital Reserve Fund become property of the Shenandoah Presbytery PCUSA.
- d. If MPC leaves the PCUSA, the total of both the Acorn Endowment Fund and the Capital Reserve Fund become part of the total assets (along with real property and personal property) for purposes of an exit valuation with the Shenandoah Presbytery PCUSA.

In all cases, the funds and investment earnings will continue to be applied as described in this resolution.

23. How can I make a periodic gift or a designation in my will or trust?

- a. You may specify, for example, 1) a specific dollar amount, 2) a periodic disbursement, 3) a percentage of your estate or 4) the residue of your estate after your beneficiaries have received their bequests to be gifted to MPC, and you may designate the portion of your gift that goes into the AEF or CRF. Contact the MPC Treasurer for more information.

- b. Massanutten Presbyterian Church is a corporation (federal tax identification number 54-1117956) which allows for certain tax benefits for gifts. Please include this ID number in any estate documents.
- c. In all cases, consult with your financial advisor and an attorney concerning your wishes.

24. How were these two fund's programs and this resolution developed?

- a. During the Debt Elimination Campaign, some members of that committee, thinking beyond the final mortgage payment, investigated MPC's future needs and determined that both a named, focused endowment fund and a capital replacement fund were both needed for the long-time financial health of the church.
- b. In June, 2022, Pastor Keith asked Kath Wissinger to Chair the "Legacy Committee" (as we called it) – to investigate possibilities and develop programs that fit the needs of MPC.
- c. We visited John Peterson, paster of Covenant Presbyterian in Staunton, and discussed his church's endowment program in depth.
- d. The Legacy Committee researched many other churches' documents and programs, gleaning best practices, legal and investment procedures and marketing ideas.
- e. The Legacy Committee also connected with local philanthropic foundations (including the Harrisonburg-Rockingham Foundation, the Presbyterian Foundation and their webinar on the subject, and Sunnyside's endowment programs) for advice and wording.
- f. Our resolution drafts were reviewed by a financial investor (Ed Sipe at Wells Fargo Advisors), two non-profit development experts (Angus McQueen and Melissa Leecy) who gave us detailed advice, and Presbyterian Foundation representative Olanda Carr.
- g. Online research was also done throughout the planning process, gleaning information from other non-profit sites, endowment tutorials and fact sheets.

25. I have more questions about these programs. Who should I talk to?

- a. The Legacy Development Committee is happy to talk with you. Feel free to contact any of us: Larry French, Jean Gearing, Pastor Keith Phillips, Nancy Wayland, Skip Wissinger and Kath Wissinger (Legacy Committee Chair).