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Resolution Establishing Massanutten Presbyterian Church's Acorn Endowment Fund and Capital Reserve Fund

*All shall give as they are able,
according to the blessing of the Lord.
Deut. 16:17*

I. Resolution

In order to support the robust embodiment of Christ's church in our outreach, service, growth and long-term financial stability, the Session of Massanutten Presbyterian Church (MPC) hereby establishes two funds for receiving gifts and other assets transferred to MPC which are not designated to the general operating budget or specific purposes: the Acorn Endowment Fund and the Capital Reserve Fund.

Acorn Endowment Fund

The purpose of this endowment fund is to faithfully manage gifts (memorials, wills, planned giving, trusts, other designated assets) in a permanent, perpetual fund, using only the investment earnings (income generated by the gifts) of these investments to support the vital, creative and active ministry of MPC both now and in the future.

- The annual distribution of investment earnings is intended to be used for a purpose reaching beyond the scope of the regularly programmed annual budget and is not intended to support normal budgeted line items.
- Regular stewardship is an integral part of discipleship for each MPC member. Therefore, distributions from this fund are not meant to relieve the congregation from their obligation of pledging annually and faithful stewardship nor to enhance the general budget.

Capital Reserve Fund

The purpose of this pass-through account is to provide the necessary financial means to keep and maintain the physical church facility and grounds through replacements, upgrades and renovations as needed. 100% of the gifts and investment earnings in the Capital Reserve Fund may be used with the approval of the Session.

Memorials, gifts, asset transfers and bequests may be given to either of these funds.

This document outlines the goals, protocols and principles that led to these funds being established and defines and guides their long-term application.

II. Definition of Terms *(as they apply to this document)*

- A. **Massanutten Presbyterian Church (MPC)** – a congregation of the Presbyterian Church of the United States of America (PCUSA)
- B. **Acorn Endowment Fund (AEF)** – the total accumulated monies in this account
- C. **Capital Reserve Fund (CRF)** – the total accumulated monies in this account
- D. **Corpus** – the current value of all donated monies to a particular fund (not including current investment earnings). The total original sum of all gifts may be different from this amount due to market changes.
- E. **Investment earnings** – the increase in the value of a fund, beyond the corpus, including dividends, interest, capital gains
- F. **Distribution** – an amount equal to the investment earnings, less minimal administrative fees; to be withdrawn annually from the Acorn Endowment Fund and made available for use
- G. **Memorial** – a donation given in someone’s memory (or, if living, in their honor)
- H. **Gift/Donation/Contribution** – any amount of cash or any item of monetary value that can be transformed into cash - including, but not limited to, Stock, Life Insurance, Real Estate, Jewelry, Interest, Royalties, Income, IRA Distributions, Vehicles.
- I. **Named Gift** – a donation amount identified with a specific name or title
- J. **Designated** – the donor directs investment in a specific fund (AEF or CRF)
- K. **Undesignated** – the donor does not direct investment in a specific fund
- L. **Restricted** – the donor specifically limits use for a particular identified purpose or project
- M. **Unrestricted** – the donor does not attach any specific limitation as to its use
- N. **General Church Budget** – the annual programmed budget of the church
- O. **Pass-through** – a donation in which both the gift and the investment earnings are to be used
- P. **Oak Tree Club** – a group which includes anyone who has contributed to the Acorn Endowment Fund and/or the Capital Reserve Fund

III. Gifts and Memorials

A. **Memorials and Gifts may be designated for either the Acorn Endowment Fund or the Capital Reserve Fund.**

- a. Gifts to either fund will be cash, or converted to cash if non-cash, and combined with investments in the fund. No gifts will be separated or tracked individually unless so designated by the Session.
- b. “Named” Gifts designated for either fund will be acknowledged as such but will not be tracked individually.
- c. Gifts may be given any time or pledged during the annual stewardship campaign.
- d. Gifts given to either fund are expected by the donor to be used for the purposes specified in this resolution. This covenant applies to all gifts and gift instruments.

B. **Restricted Memorials and Gifts -**

- a. Will not be placed in the Acorn Endowment Fund.
- b. May be deposited into the Capital Reserve Fund with Session approval.
 - i. If the restricted purpose no longer exists, the Session will apply these monies to a similar purpose. If no similar purpose exists, the Session will apply these monies to current needs.
 - ii. Unrestricted Gifts are preferred in all cases.

C. **Pass-through Memorials and Gifts (those in which the total amount given is specified and expected to be used)**

- 1) Will not be placed in the Acorn Endowment fund
- 2) May be deposited in the Capital Reserve Fund

D. **Undesignated Memorials and Gifts** will be deposited in the Acorn Endowment Fund. *This does not include loose-plate offerings.*

IV. Distributions from the Acorn Endowment Fund

- A. Annually 100% of the investment earnings from the Acorn Endowment Fund (called the “Distribution”) is withdrawn, used to pay for minimal administrative fees, with the remainder distributed to the church for use-
- B. If there are no investment earnings in a single year in the Acorn Endowment Fund total, no distribution will be made that year.
 - a. All subsequent gifts become part of the corpus, and all subsequent investment earnings are considered applicable to the next year’s distribution.
- C. The Acorn Endowment Fund corpus may not be withdrawn for any purpose, and no amendment to change this rule of non-invasion may be made.
- D. The annual distribution and its anticipation thereof are not meant to replace an active stewardship campaign, to supplant member support of the annual budget through pledges, or to enhance funding for the general operating budget. The distribution is targeted to be used for a purpose beyond the scope of the regularly programmed annual budget.

- E. Distributions may be used for any purpose that forwards the health, vitality and mission of the church – whether for programming, personnel, facility or other needs – at the discretion of the Session.
- F. Annual distributions will commence when gifts to the Fund reach \$50,000.

V. Withdrawals from the Capital Reserve Fund

The use of Capital Reserve Fund monies (in part or in full) is left to the discretion of the Session, whenever there is a requirement for a significant capital expense beyond the reach of the general church budget.

VI. Administration of both funds

The Acorn Endowment Fund and Capital Reserve Fund Board (the “Board”) shall oversee the monies in both the Acorn Endowment Fund and the Capital Reserve Fund (and any other funds assigned by the Session). The Board, in accordance with the approval of the Session, shall apply the following investment guidelines to manage the named funds.

Investment earnings (the annual distribution) from the Acorn Endowment Fund and withdrawals of principal and investment earnings from the Capital Reserve Fund will be used with the approval of the Session, following these basic policies listed herein and below:

- A. The Board shall consist of the following members:
 - 1. A Moderator of the Session (ex-officio member)
 - 2. The Treasurer of the church (ex-officio member)
 - 3. Three Board members from the congregation: recommended by the Administrative Commission and approved by the Session at its October meeting. The term of a Board member shall begin in January. Each member will serve a three-year term, in three classes with one member in each class. No member may serve more than two consecutive terms. A member who has served six consecutive years shall be ineligible for approval for a period of one year. In the event of a vacancy, the unexpired term shall be filled by the recommendation of the Administrative Commission and approval of the Session.
 - a. In the inaugural year, these three Board members will serve 1-, 2- and 3-year terms, respectively, to initiate the class rotation schedule.
 - 4. Board members must be active members of Massanutten Presbyterian Church, maintain objectivity and be free of any conflicts of interest.
 - 5. The three voting members will elect a Chair from within their ranks to serve for one year.
- B. The Board shall meet at least quarterly. They will submit a written quarterly report and an annual financial statement to the Session on the status of the Acorn Endowment Fund and the Capital Reserve Fund. One Board member will act as Liaison to the Stewardship Committee.
- C. The Board will diligently and strategically monitor all investments for the highest possible returns while meeting the requirements of this resolution.
- D. The Board will regularly 1) promote the support of both funds through campaigns and outreach, 2) publicize avenues for contributors to support both funds (in flyers and in media)
- E. The Board will ensure all gifts are deposited, acknowledged and recorded in a timely manner.

1. The Board will maintain a listing of all donors and honorees, publicizing this information quarterly and in the annual report. Anonymous donations will be reported as such.
 2. Maintain an “Oak Tree Club” recognition program for all donors.
- F. The presence (in person or electronically) of three members of the Board shall constitute a quorum. All three voting members should be present for a vote.
- G. The Board shall have the power to evaluate “traditional” gifts of cash, stock and easily convertible assets; to refer complicated, unusual or restricted donations to the Session for approval or denial; to deposit gifts and to invest the funds held in the Acorn Endowment Fund and Capital Reserve Fund; to value the funds; to make distributions from the funds pursuant to the requirements of this resolution; to evaluate and retain investment advisors, accountants, appraisers, attorneys and other consultants as the Board deems appropriate; and to pursue legal means (if needed) to collect gifts in which the church is beneficiary.
1. The Session may approve or decline acceptance of any donation brought to their attention by the Board, such as:
 - a. “Unusual” or complicated donations or those with questionable value;
 - b. Donations with special requirements or responsibilities attached, such as accepting responsibility for payment of life insurance premiums;
 - c. Restricted gifts - evaluating the ability of the church to comply with restrictions attached to such gifts.
 2. The Session of MPC has the right to decline a gift or terminate the naming rights of a donation, if the Session of MPC determines that a donor’s activities are in conflict with MPC’s mission.
 3. Non-cash gifts will be converted to cash in a timely manner, and invested or used in accordance with the guidelines stated in this resolution.
- I. The assets in the Acorn Endowment Fund and the Capital Reserve Fund shall be invested in accordance with the general guidelines approved herein in accounts managed by a licensed investment firm.
- a. The Board will review performance of the investment firm at least every three years.

VII. Investment Guidelines for both Funds

- A. Guiding Principles
1. **The investment philosophy for these funds:**
 - a. To safeguard the corpus while producing meaningful annual cash payouts to benefit the work of the church.
 - b. The growth of the Fund depends on continued donations
 - c. Apply diverse investment strategies to minimize risk.
 2. **The investment objectives for these funds are to:**
 - a. Preserve, protect and increase the value of the fund; and
 - b. Keep the fund assets reasonably liquid
- B. The types of investments for these funds shall include:
1. Cash, money market accounts or their equivalents;
 2. Commercial bank certificates of deposit insured by the Federal Government
 3. Mutual funds, separate accounts of insurance or bank common trust funds, the assets of which otherwise satisfy these guidelines.
 4. Common stocks

C. The long-term diversification goals of these funds are:

1. Cash and short-term securities 0 – 100%
2. Bonds and long-term securities 0 – 100%
3. Common stocks 0 – 40%

D. Cash and short-term securities may include:

1. Cash, money market accounts or their equivalents;
2. Commercial bank certificates of deposit insured by the Federal Government with terms of maturity not to exceed twelve months;
3. U. S. Treasury and Federal Agency obligations with terms of maturity not to exceed twelve months and short-term corporate bonds with terms of maturity not to exceed twelve months which are rated A or better by Moody's or Standard & Poors; and
4. Mutual funds, separate accounts of insurance or bank common trust funds, the assets of which satisfy paragraphs 1-3 of this section VII.D.

E. Bonds and long-term securities may include:

1. Certificates of deposit insured by the Federal Government with maturities of more than one year;
2. Readily marketable government or governmental agency issues;
3. Readily marketable corporate issues rated A or better by Moody's or Standard and Poor's;
4. Mutual funds, separate accounts of insurance or bank common trust funds, the assets of which satisfy paragraphs 1-3 of this section VII.E.

F. Common stocks may include:

1. Investments of high quality and marketability with diversification among industries and individual securities;
2. Convertible securities which shall be judged and classified on the basis of the securities into which the issues are convertible; and
3. Mutual funds, separate accounts of insurance or bank common trust funds, the assets of which satisfy paragraphs 1 and 2 of this section VII.F.

G. Assets of either fund are NOT to be invested in commodities, commodity futures, index futures options, uncovered options, derivatives, or highly leveraged investments or funds substantially invested in such vehicles.

H. Investment decisions will be made using ordinary business care and prudence under the facts and circumstances prevailing at the time of the investment action or decision after considering long- and short-term needs of the church in carrying out its educational, religious, and charitable purposes, anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

I. 100% of investment earnings will be withdrawn on an annual cycle from the AEF and applied as described, the scheduling of this allowing for investment maturity and market conditions.

VIII. Change in status of MPC

- 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.

IX. Dispute Resolution

If there is ever a dispute on the use of monies from either fund, the Session, with the help of the Board, will examine the original intent (explicit and/or implied) of this resolution and apply the policies as closely as possible to this intent.

X. Amendments and changes to this resolution:

- A. Recognizing that this resolution creates a sacred covenant between the church and the donors to these funds - with explicit expectations concerning their donations and the stated use of their gifts – all amendments should be examined closely to assure they fulfill the original intent of this resolution.
- B. No part of this document may be changed or amended without approval by 75% of the Session at two consecutive stated meetings.
- C. The endowment fund corpus may not be withdrawn for any reason, and no amendment may be made that allows it.

Approved by the Session of Massanutten Presbyterian Church

Approved on _____

Clerk of Session _____

AEF/CRF Resolution – Final 3/1/2023