

Financial Policies of Saint Anthony Park United Church of Christ

Proposed by the Financial Processes Ministry Team
Reviewed and Endorsed by the Finance Committee
Reviewed and Endorsed by the Church Council - March 19, 2019

Endowment Policy Statement

Purpose The purpose of the Endowment of Saint Anthony United Church of Christ is to provide a reliable source of income to help the congregation respond faithfully to its calling, both now and in the future. The church and community benefit from the Endowment only to the extent that the earnings from it are employed in the work of Saint Anthony Park UCC. Because the church is called to be generous in its service and the needs of the world are great, the expectation is that the use of the earnings will be as great as possible; however, to provide a stable and sustainable source of income, the Endowment will be managed with the long-term goal to preserve the value, the “purchasing power,” of its assets.

Achieving the competing goals of using earnings and maintaining asset value requires attentive oversight. To achieve the goals, the Finance Committee will adhere to a Spending Directive and an Investment Plan approved by the Church Council.

Spending On an annual basis the Treasurer will determine, as specified by the Spending Directive, the total amount to release from restriction during the next fiscal year. The releases shall occur quarterly, semi-annually or annually. Upon release, the monies will be available to meet church expenses or to fund special initiatives.

Spending must be consistent with any designations regarding the use of funds, arising either from donor statements or from church designation. In the event that earnings cannot be used in a manner consistent with their designated purpose, the earnings will not be released and instead will be added to the principal for the designated use. The assessment of appropriate use should be verified by the Finance Committee during the annual budget process.

In the unusual circumstance that the total of releases from the Endowment Fund in a calendar year exceeds 8% of the value of the Endowment, such releases will require approval by two-thirds of members voting at a regular or specially called meeting of the congregation.

Investment Investments should be managed to meet the two goals of providing sufficient earnings to meet the Spending Directive and maintaining the inflation-adjusted value of the Endowment assets. For purposes of evaluating the ongoing purchasing power of the Endowment, the Finance Committee will use the Commonfund Higher Education Price Index (HEPI). HEPI -- a collection of goods and services representative of the operating costs associated with colleges and universities -- is heavily weighted toward salaries and benefits, which are similar to the expenses of churches.

The Finance Committee will maintain investment positions designed to achieve the goals outlined above. To achieve the required earnings, the Finance Committee is permitted to buy and sell positions in the following types of investments: Mutual Funds, Investment Grade Bonds, Money Market Funds, Certificates of Deposit, and Exchange Traded Funds. The following types

of activities are forbidden: selling short and investment in individual stocks, investing in commodity futures, junk bonds, and alternative investments (Limited Partnerships, etc).

Review The Finance Committee shall review the Spending Directive and investment positions to determine if they are meeting the Endowment goals. While short-term variability is expected, the Committee is responsible for assessing that the Spending Directive and investment positions will permit the church to realize the long-term goals of the Endowment. If, in the judgement of the Committee, it is impossible to meet these objectives, then the Finance Committee shall recommend changes to Council.

Gifts to the Endowment Gifts to the Endowment are welcome and constitute an important way for its value to grow. Gifts must comply with the church's gift acceptance policy. Where the donor wishes the gift to be used for a particular purpose, to the extent possible, the designation will utilize the church's common gift vocabulary (i.e., Undesignated; Facilities/Grounds; Worship/Music; Christian Education/Faith Formation; Caring for our Church Community; and Justice/Peace/Mercy).

For donations to the Endowment, the church will maintain a record of the gift, including the following information:

- the initial value of the gift,
- the date of the gift,
- the description of the use of the earnings from the gift,
- the origin of the designation (donor intent (maintain original) or church action),

All contributions to the Endowment will be acknowledged by a letter from the Treasurer.

Disposition of the principal: The goal of the Endowment is to provide a reliable source of income to Saint Anthony Park United Church of Christ for as long as the church exists. In the event that the Congregation ceases to function, any remaining value of the Endowment will become an asset of the Minnesota Conference of the United Church of Christ or its successor organization.

"Good Faith": Having made a "Good Faith" effort to comply with the terms of this policy, the Trustees, the Finance Committee or other delegated persons or parties, shall be released from liabilities incurred in such a good faith effort.

Conflict of Interest Any Member having a direct or indirect personal interest in any dealings or transactions involving these funds shall refrain, at all times, from any conduct in which personal interests would conflict with the interests of the church.

The policy is effective March 19, 2019 and replaces any previous policies adopted to manage the Endowment.

Gift Acceptance Policy Statement

The Gift Acceptance Policy governs all gifts made to Saint Anthony Park United Church of Christ, including planned gifts, memorial gifts, pledges and other contributions.

The Board of Trustees will have the responsibility for the acceptance or rejection of all gifts. Gifts that are deemed too burdensome to manage or that are not in keeping with the Christian mission of the Church may be declined.

Gifts of stock or other publicly traded securities will be sold upon receipt and converted into cash for reinvestment into the most appropriate portfolio – the default choice will be to invest in the SAPUCC Endowment Funds.

All planned gifts to the church for whatever purpose shall be recognized on a Planned Giving Plaque, unless the donor has stated a wish to remain anonymous. A planned gift is any gift received through trusts, wills, or other estate documents, or when the church is named as the beneficiary of an insurance, annuity or other financial instrument.

Individuals remembered with Memorial Gifts will be recorded in the Book of Memorials.

The policy is effective March 19, 2019 and replaces any previous Gift Acceptance policies.

Policy on Unrestricted Net Assets Statement

Prudent management of the Church's finances requires that funds are available to use in the event of unexpected challenges. In the course of normal operations, the church shall maintain a minimum balance in unrestricted assets equal to 2 months of operating expenses (1/6 of budgeted annual total expenses). In particular, the Annual Budget should be constructed to satisfy the minimum.

Endowment Spending Directive

In the fourth quarter of each year, as part of the annual budget planning activity, an amount to be released from the Endowment will be determined. The amount will be equal to 5% of the average value of the Endowment for the immediately preceding 16 quarters.

The directive is effective March 19, 2019.

Memorial and Other Gifts Use Policy

St. Anthony Park United Church of Christ gratefully accepts memorials and other gifts in memory of a loved one. This Memorial Gifts Use Policy governs all memorial gifts made to Saint Anthony Park United Church of Christ.

The Minister or other church official will make donors aware of the church's current ministries and goals and will counsel donors toward gift designations that are supportive of the church's current mission. Donors are encouraged to designate their gifts to these areas: Undesignated; Caring for our Church Community; Facilities/Grounds; Christian Education/Faith Formation; Justice/Peace/Mercy; and Worship/Music. All memorial gifts are subject to the Gift Acceptance Policy.

In all cases, the church will honor the donor by using the funds for their designated purpose within a reasonable amount of time. The Finance Committee will ensure that 30% of current, unspent memorial gifts are used each year in the budgeting process. Because these funds cannot reliably provide an on-going annual funding source, their use for recurring annual expenses requires prayerful consideration.

The policy is effective March 19, 2019 and replaces any previous policies regarding Use of Memorial Gifts.

Guidelines for Conversations about and Use of Memorial Gifts

The family member(s) of the deceased and the Pastor have a discussion about where to direct memorial gifts, and if to SAPUCC, where it is designated. The Pastor asks the family member to fill out and return the "Letter of Instruction for Gift(s) to St. Anthony Park United Church of Christ" form. SAPUCC recommends these six mission-enhancing options for memorial gifts:

- Undesignated (current priorities of the church)
- Caring for our Church Community (promote community within the congregation & care for its members)
- Facilities/Grounds
- Christian Education/Faith Formation (children youth, and adult education and faith development)
- Justice/Peace/Mercy (how this congregation responds to the needs of the world)
- Worship/Music

Guidelines for Receipt and Acknowledgement of Memorial Gifts

- The SAPUCC Office Manager creates a new spreadsheet in memory of the individual, the donor name/address, memorial gift amount, and designation.
- Pastor informs Treasurer about the forthcoming memorial gifts and their designation.
- The Treasurer sends a handwritten thank you note to the family representative thanking them for directing memorials to SAPUCC, confirming designation, and giving notice that a spreadsheet of memorial gift information will be forthcoming.
- When memorial gifts in memory of the individual slow or stop, SAPUCC Office Manager sends a general acknowledgement from SAPUCC with the spreadsheet, to family representative.
 - Acknowledgements to individual donors are prepared and sent by the family of the deceased.
 - Everyone who gives any amount as a memorial gift, and for whom SAPUCC has a home mailing address, receives a giving statement in late January/early February for the preceding year. The document shows their charitable giving for their tax purposes.