

Forest Hills Presbyterian Church
Martinsville, VA

Endowment Fund Policy

Approved by Session: 6/28/2014

I. Purpose

- a. The purpose of the Forest Hills Presbyterian Church Endowment Fund shall be to accomplish and to extend the mission of this particular congregation on behalf of the Church of Jesus Christ and its call to proclaim the gospel, thereby exhibiting the Kingdom of God to the world. Further, it is a vehicle utilized to maximize the stewardship and returns on the financial resources of this church.

II. Investment Objectives

- a. The primary investment objective of the Endowment Fund is moderate capital growth and capital preservation. The expected annual return requirement from these assets shall be in the 7 to 10 percent range. The fund shall meet or exceed a blended market index recommended by our investment advisor(s).

III. Assignment of Responsibilities

- a. An Endowment Oversight Board shall be established to manage the Endowment Fund on behalf of the Church. An Investment Advisor(s) shall be retained to handle day-to-day transactions and give overall advice and counsel to the Endowment Oversight Board. The Endowment Oversight Board shall be responsible to the Session, reporting at least twice each year in February and August. The Endowment Oversight Board shall meet at least twice each year and call additional meetings as deemed necessary.
- b. The Endowment Oversight Board shall consist of five (5) members including the Finance Ministry Session Liaison, the Treasurer, and three (3) at-large congregational members appointed by the Session to serve three year staggered terms. The at-large members may serve a maximum of two consecutive terms. The Session shall appoint at-large members in December of each year. Terms shall run from January through December. The Endowment Oversight Board shall elect their chair yearly to serve January-December term.

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IV. Investment Policy

- a. Understanding that risk is present in all types of securities and investment styles, the Session recognizes that some degree of risk is necessary to produce long-term investment returns that are sufficient to meet the Endowment Fund's objectives. However, the investment advisor(s) is to make reasonable efforts to control risk, aware of the directive for moderate capital growth and capital preservation. The Endowment Board and the advisor(s) shall evaluate investments at least quarterly to ensure that the risk assumed is commensurate with the given objectives of the Endowment Fund. Consideration by the Endowment Oversight Board shall be given to assure reduced risk and capital preservation for a base of \$300,000.

V. Stewardship for Endowment Fund

- a. The Session shall ensure contributions to the Endowment Fund are encouraged throughout the year, but with elevated focus during annual stewardship drive(s). The Endowment Oversight Board, working in conjunction with the Session, will initiate an annual process to encourage gifts to the Endowment. This shall be done outside the annual General Fund financial stewardship drive.

VI. Utilization of Endowment Fund

- a. The Endowment Fund is a blessing to our church and shall be utilized predominantly for mission and non-recurring capital expenditures. Further, it is a resource available to meet any financial need and obligation as approved by the Session.
- b. The Session shall, as part of the annual budget process, develop and approve specific annual line item spend amounts from the Endowment Fund based on the following principles:
 - i. Expenditures from the Endowment Fund shall be in alignment with the current Forest Hills Presbyterian Church Vision statement.
 - ii. Greater consideration shall be given for mission and capital spends where Forest Hills Presbyterian Church members have passion and ongoing relationships (versus simply providing funding).
 - iii. Partnerships with other churches, the community or other aligned organizations shall be encouraged where appropriate.

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- iv. Grants and matching fund challenges shall be considered to maximize participation, stewardship, communication, and financial resources.
 - v. Endowment Fund expenditures shall be considered as an investment in our mission, facility, and/or people for the accomplishment of our Vision.
- c. Consideration for the annual budgeted spend amount from the Endowment Fund shall be based upon:
- i. Matthew 25, where we are called not to bury our talents and resources, but rather to be good and faithful servants and stewards, trusting in God and investing in His kingdom
 - ii. Magnitude and importance of opportunities and needs identified to advance the Vision of our church
 - iii. Prioritization of spend based on need and alignment with current Vision
 - iv. Long term mission and capital spend needs foreseen by our church and the anticipated future spend from the Endowment Fund
 - v. Investment performance of the Endowment Fund during the previous two year period and projected performance during future quarters
 - vi. Target annual total spend budget from the Endowment Fund at approximately 5% of the fund average balance for the previous eight quarters
 - vii. Maintain a minimum balance within the Endowment Fund of not less than \$300,000
- d. As needs and opportunities are identified, additional unbudgeted expenditures from the Endowment Fund may be approved by the Session in alignment with the preceding principles and current Forest Hills Presbyterian Church Vision.
- e. When the total annual spend from the Endowment Fund exceeds 10% of the fund value, consideration shall be given for long-term 5-10 year reductions in annual budget target amounts from 5% to 4% as well as reductions for unbudgeted spend.

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VII. Communication to Church Membership

- a. The Session shall ensure at least annual broad communication to church membership regarding the specific detail spend and utilization of the Endowment Fund.