

ENDOWMENT FUND

POLICIES AND GUIDELINES

FOR
ST. GABRIEL THE ARCHANGEL'S EPISCOPAL CHURCH
Mission of the Diocese of Oregon

SECTION A

Investment Policy Statement

Purpose

This Investment Policy Statement establishes the philosophy, guidelines and investment objectives for managing the investment of the FUND.

Responsibility

Ultimate responsibility for managing the FUND resides with the BAC which has chosen to delegate portions of its responsibility to the COMMITTEE, which will administer the portfolio of the FUND in accordance with these guidelines, as adopted and amended from time to time. These guidelines shall be reviewed at least annually by the COMMITTEE to determine whether they should be amended or remain unchanged. The COMMITTEE may choose to employ an outside investment manager.

Objective

Assets of the FUND are to be invested with the same care, skill and diligence that a prudent investor would exercise in investing institutional endowment funds. The primary objective will be to provide long-term growth of principal and income without undue exposure to risk. In addition, to support and uphold the core values of ST. GABRIEL'S and The Episcopal Church, a reasonable effort should be made to invest in socially conscious companies.

Investment Guidelines

Time Horizon

The FUND'S investment objective and strategic asset allocation are based on a long-term time horizon.

Risk Tolerance:

Because of its long-term time horizon, the FUND can tolerate some interim fluctuation in market value and rates of return in order to achieve its objectives. High level risk, high volatility and low quality rated securities, however, are to be avoided.

Prohibited Investment:

The committee shall not invest in private placement, restricted stock or other illiquid issues, commodities' futures, arbitrage and other uncovered options, and shall not engage in short sales, margin transactions or other similar specialized investment activities; however, the use of funds that use these investment activities in a constructive manner are permitted. Investments will not be allowed in

companies identified, and amended from time to time, as restricted by the Episcopal Church Executive Council, most recently revised June, 2011

Portfolio Diversification:

The investment objectives should be achieved through a diversified portfolio, which may include but not be limited to, large-cap, mid-cap, small-cap U.S. equities, international equities (both developed and emerging markets), bonds and cash. Mutual funds, common trust funds, exchange traded funds, and notes representing any of these asset classes may be used.

Investment Discretion:

These guidelines are not intended to restrict or impede the efforts of the COMMITTEE to attain the FUND's objectives, nor are they intended to preclude the COMMITTEE from taking advantage of appropriate opportunities as they arise. The COMMITTEE shall have discretion and flexibility to implement the objectives and policies set forth herein.

Asset Allocation

Because securities markets may vary greatly throughout a market cycle, the COMMITTEE may change the asset mix of the FUND within the following ranges as long as that mix meets the overall objectives and is consistent with the policy guidelines herein set forth. The FUND shall be allocated between equity investments and bonds and/or other fixed income securities.

The strategic target allocation shall be within the following ranges (plus or minus 5%):

EQUITIES:	40%-60%
FIXED INCOME:	40%-60%
CASH:	0%-20%

The target allocation among equity classes shall be determined periodically (and at least annually) by the COMMITTEE in consultation with the investment manager(s) to reflect a prudent response to current market conditions.

Investment Goals

While maintaining the asset mix within the above guidelines, the COMMITTEE accepts a risk level for the FUND's overall investment program that is intended to produce a total annual return adequate to cover these components: expenditures from the FUND (as determined annually by the COMMITTEE under the Spending Rule Policy), inflation and growth of the FUND.

Reporting

The quarterly report provided by the COMMITTEE to the BAC will include the fund value, any changes in the asset allocation strategy, and the investment performance. The report shall reflect compliance with the objectives, policies and guidelines set forth herein.

SECTION B
Spending Rule Policy

Money will be distributed from the FUND upon written request of the BAC and with the approval of the COMMITTEE for those uses which conform to the purposes and restrictions established by donors or incorporated in the Enabling Resolution.

Funds available for distribution will be determined by using a total return principle, i.e., return derived from dividends and interest as well as realized and unrealized capital gains. The funds available for distribution during any one year will be limited to a percentage of the market value of the corpus that is based on a three-year rolling average, with measures taken at the end of each of the preceding twelve quarters. The market value for this purpose will be taken net of the fees for investment management.

The percentage of the FUND made available for distribution shall be determined each year by the COMMITTEE and will normally fall in the range of three to five percent. In so doing, market performance of the portfolio will be an important consideration. It will be the goal of the COMMITTEE to grow, or at least maintain, the purchasing power of the FUND taking inflationary effect into account.

Any unexpended funds from those made 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 COMMITTEE with the approval of the BAC.

Expenses related to the management and administration of the FUND will be deducted from the funds available for distribution.

SECTION C
Disposition of Bequests Policy

This policy statement governs the disposition of bequests which, for purposes of this statement, will mean any type of gift in which the assets are transferred upon the death of the donor. The assets may be in any form, such as cash, securities, personal property, real property, etc.

The bequest may identify the beneficiary in one of two general ways: *St. Gabriel the Archangel's Episcopal Church, Portland, Oregon of the Diocese of Oregon* or *some other wording such as St. Gabriel's Church, Portland, Oregon; or The Endowment Fund of St. Gabriel's Episcopal Church, Portland, Oregon* or similar wording.

Bequests with **St. Gabriel the Archangel's Episcopal Church** as beneficiary can be of two general types:

- a. Restricted:** The donor has identified a specific purpose(s) to which the funds should be directed. The BAC will guarantee that the use(s) to which those funds are applied is faithful to the donor's wishes. The funds may be directed to their designated purpose(s) either as an endowment, in which case they are normally would become a designated fund within the Endowment Fund, or by direct expenditure of the funds through the Treasurer of the Parish.

- b. **Unrestricted:** The expectation is that such a bequest will be transferred to the FUND. Such transfers are intended to be held in perpetuity. This policy specifically acknowledges that from time to time truly extraordinary needs of the parish may arise to necessitate an exception to this policy.

In such instances the following procedure will apply:

The Vicar and the Senior Warden of ST. GABRIEL'S will assess the particular circumstances giving rise to a perceived need to make an exception to the policy. Such circumstances should be judged to be truly extraordinary and that no other financial resources of the Parish are available or are expected to become available in time to fulfill the urgent need. If an exception is deemed appropriate, the Vicar and Senior Warden will make a recommendation. Final authority for granting such an exception to the policy will rest with the BAC.

Bequests designating the Endowment Fund as beneficiary are automatically transferred to the FUND upon receipt. If the bequest was given for a designated purpose, the value of the assets will be applied to establish a designated sub-fund of the FUND, as provided for in Section D, Donor Designated Fund Policy. If the bequest to the FUND is otherwise undesignated, these assets will be directed to that portion of the corpus of the FUND where earnings are unrestricted.

SECTION D ***Donor Designated Fund Policy***

A separate and designated fund within the FUND may be established in the amount of \$25,000 or more. These assets are merged with other assets of the FUND for investment purposes, but the identity and designated purpose of each fund is preserved individually.

The fund is established effective the last day of the quarter in which the gift is received. The value is determined either by the actual value, if received by the FUND in cash, or the market value of the assets determined on the date the fund is established.

Income, realized gains or losses, and unrealized gains or losses are allocated quarterly to each fund based on its market value relative to the total market value of the FUND at the end of the previous quarter. New gifts are then added and withdrawals are subtracted to arrive at the new value of the designated fund on the last day of the quarter. Expenditures are limited to the purposes specified in the designation and are governed by the FUND's Spending Rule.

SECTION E
Gift Acceptance Policy

Purpose

This gift acceptance policy will provide guidelines to representatives of ST.GABRIEL'S who may be involved in the acceptance of gifts, to outside advisors who may assist in the gift planning process, and to prospective donors who may wish to make gifts to ST.GABRIEL'S. The policy is intended only as a guide and allows for some flexibility on a case-by-case basis. The gift review process outlined here, however, is intended to be followed closely.

Gift Review Committee

Any questions which may arise in the review and acceptance of gifts to ST. GABRIEL'S will be referred to The Gift Review Committee. The Committee, unless otherwise designated by the BAC, will be comprised of the full FUND COMMITTEE.

Cash

- 1) All gifts by check shall be accepted by ST.GABRIEL'S regardless of the amount.
- 2) Checks shall be made payable to ST. GABRIEL'S, The Endowment Fund. In no event shall a check be made payable to an individual who represents ST. GABRIEL'S, or the church, in any capacity.

Publicly Traded Securities

- 1) Readily marketable securities, such as those traded on a stock exchange, can be accepted by ST. GABRIEL'S.
- 2) The value of the gift of securities is the average of the high and the low prices on the date of the gift.
- 3) A gift of securities to ST. GABRIEL'S is usually liquidated immediately.

Closely Held Securities

- 1) Non-publicly traded securities may be accepted after consultation with the Gift Review Committee. The fair market value will be the value used by the donor in the preparation of the donor's tax return.
- 2) The Gift Review Committee will explore methods for liquidation of the securities through redemption or sale **prior to acceptance**. The Gift Review Committee will try to determine:
 - a) Any restrictions on transfer
 - b) Whether and when an initial public offering might be anticipated

- 3) No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the securities.

Real Estate

- 1) Any gift of real estate must be reviewed by the Gift Review Committee.
- 2) Normally, the donor is responsible for obtaining and paying for an appraisal of the property. The appraisal will be performed by an independent and professional agent.
- 3) The appraisal must be based upon a personal visitation and internal inspection of the property by the appraiser. Also, whenever possible, it must show documented valuation of comparable properties located in the same area.
- 4) The formal appraisal should contain photographs of the property, the tax map number, the assessed value, the current asking price, a legal description of the property, the zoning status, and complete information regarding all mortgages, liens, litigation or title disputes.
- 5) ST. GABRIEL'S reserves the right to require an environmental assessment of any potential real estate gift.
- 6) The property must be transferred to ST. GABRIEL'S prior to any formal offer or contract for purchase is made.
- 7) The donor may be asked to pay for all or a portion of the following:
 - a) Maintenance Costs
 - b) Real estate taxes
 - c) Insurance
 - d) Real estate broker's commission and other costs of sale
 - e) Appraisal costs
- 8) For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate. This value may be reduced, however, by the cost of maintenance, insurance, real estate taxes, broker's commission and other expenses of sale.

Life Insurance

- 1) A gift of a life insurance policy must be referred to the Gift Review Committee.
- 2) ST. GABRIEL'S can be named a contingent beneficiary of the beneficiary of a percentage of a life insurance policy.
- 3) The BAC will accept **ownership** of a life insurance policy as a gift only if ST. GABRIEL'S is named as the owner and beneficiary of 100% of the policy.

- 4) If the gift is a paid up policy, the value for the gift crediting and accounting purposes is the policy's replacement cost on date received.
- 5) If the policy is partially paid-up, the value for gift crediting and accounting purposes is the policy's cash surrender value. (For IRS purposes, the donor's charitable income tax deduction is equal to interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value.)

Tangible Personal Property

- 1) Any gift of tangible personal property shall be referred to the Gift Acceptance Committee prior to acceptance.
- 2) Gifts of jewelry, artwork, collections, equipment and software shall be assessed for their value to ST. GABRIEL'S. Their value may be realized either by being sold or used in connection with the parish's exempt purpose.
- 3) Depending upon the anticipated value of the gift, a qualified outside appraiser may be asked to determine its value.
- 4) ST. GABRIEL'S shall adhere to all IRS requirements relating to valuation and disposition of gifts of tangible personal property and will provide appropriate forms to the donor and IRS.

Deferred Gifts

- 1) ST. GABRIEL'S encourages deferred gifts in its favor through any of a variety of vehicles:
 - a) Charitable gift annuity (or deferred gift annuity)
 - b) Pooled income fund
 - c) Charitable remainder trust
 - d) Charitable lead trust
 - e) Bequest
 - f) Retained life estate
- 2) ST. GABRIEL'S (or its agent) shall not act as an executor (personal representative) for a donor's estate. A member of the parish staff serving as personal representative for a member of the parish does so in a personal capacity and not as an agent of the parish.
- 3) ST. GABRIEL'S (or its agent) shall not act as trustee of any charitable remainder trust.

- 4) ST. GABRIEL'S may invite prospective donors to consider gift vehicles offered by The Episcopal Church Foundation (specifically, Charitable Remainder Trusts, Charitable Gift Annuities and Pooled Income Fund).
- 5) When donors are provided planned gift illustrations or form documents, these will be provided free of charge. For any planned gift related documents, materials, illustrations, letters or other correspondence, the following disclaimer should be included:

St. Gabriel the Archangel's strongly urges you consult with your attorney, financial and/or tax advisor to review this information provided you without charge or obligation. This information in no way constitutes legal or financial advice.

- 6) All information obtained from or about donors/prospects shall be held in the strictest confidence by ST. GABRIEL'S staff and volunteers. Neither the name or the amount, nor the conditions of any gift shall be published without the express written approval of the donor and/or beneficiary.
- 7) ST. GABRIEL'S will seek qualified professional counsel in the exploration of all planned gift agreements. The parish recognizes the right of fair and just remuneration for professional service.
- 8) The BAC, upon the advice of the Gift Review Committee, reserves the right to decline any gift that does not further the mission of the parish. Also, any gifts that would create an administrative burden or cause the parish to incur excessive expenses may be declined.