

***Proposal:***

**THE ENDOWMENT FUND POLICY  
OF ROWANDALE BAPTIST CHURCH**

*Draft for discussion purposes*

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of Rowandale Baptist Church Inc.

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# THE ENDOWMENT FUND POLICY

## of Rowandale Baptist Church Inc.

### SECTION I: NAME AND PURPOSE

#### 1. NAME

- 1.1. This policy shall be referred to as “*The Endowment Fund Policy of Rowandale Baptist Church*”

#### 2. STATEMENT OF PURPOSE OF THE CHURCH

- 2.1. The purpose of Rowandale Baptist Church ( “The Church”) is to promote the advancement of the kingdom of God in the world. The Church therefore seeks to glorify God, to cultivate personal growth in Christ through the preaching of the Word and Christian education, to care about and serve one another in Christ and to communicate Christ to the world.

#### 3. STATEMENT OF STEWARDSHIP

- 3.1. There is a strong Scriptural precedent for followers of Christ to consider ourselves stewards of all that God has given us (Luke 12:13-21, Luke 16 and Matthew 25:14-30). We believe that Christian stewardship involves the faithful management of the gifts with which God has blessed us – time, talents, and money including earned, accumulated, inherited and appreciated resources.
- 3.2. As faithful stewards we support the mission and work of The Church through General Fund giving and pledges, and special offerings, even as we commit a portion of our time and energy. We also understand that faithful stewardship includes giving to the long-term work of The Church through bequests in wills, charitable trusts, gift annuities, life insurance, and the transfer of property.
- 3.3. Giving to an endowment fund is not the same as regular giving. Regular giving consists of tithes and offerings coming from the donors’ annual earnings and is applied to the annual operations budget (the General Fund) of The Church. Gifts of endowment are given out of long-term savings, estates or other assets which are often larger one-time gifts. These gifts benefit the work of The Church for a longer scope of time because the donations are invested in long-term assets, and only the perpetual stream of investment earnings are distributed.
- 3.4. An endowment fund, properly planned and managed, is a resource that supports the long-term ministry of The Church. It creates opportunities for new service and ministry initiatives.

#### 4. THE ROWANDALE BAPTIST CHURCH ENDOWMENT FUND

- 4.1. It is the desire of the members of The Church to encourage, receive, and administer all legacy gifts in accordance with the Constitution and By-laws of The Church. For this purpose, the Rowandale Baptist Church Endowment Fund (the Fund) was established by a vote of the Church members on \_\_\_\_\_, 2024.

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**SECTION II: FUND DESCRIPTION**

1. The Rowandale Baptist Church Endowment Fund (called “the Fund”) will have two distinct accounts as defined below:

<b>Fund Accounts</b>	<b>Purpose</b>	<b>Disbursement</b>
<b>General Account</b>	<p>To receive donations of accumulated assets used for the long-term life and ministry of The Church.</p> <p>Donations allocated to this account shall be unrestricted donations.</p> <p>More details in Section III.</p>	<p>The Finance Committee is responsible for investing the principal and designating a disbursement amount. The membership will approve annual disbursements.</p> <p>Income generated will be disbursed to non-recurring activities and projects consistent with the mission of The Church other than annually budgeted operating expenditures.</p>
<b>Ministry Training Support Account</b>	<p>Donations in this account will support individuals undertaking education, training, or workshops in a vocational field consistent with the ministries of The Church.</p> <p>Donations allocated this account shall be internally restricted for purpose set out in this Policy.</p> <p>More details in Section IV.</p>	<p>The Finance Committee will determine the disbursement amount.</p> <p>Financial support will be awarded based on submitted applications. A committee will review applications and award monetary assistance as per criteria found in Section IV.</p>

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**SECTION III: GENERAL ACCOUNT**

1. Purpose

- 1.1. The General Account is designed to receive donations of accumulated assets used for the long-term life and ministry of The Church. Inter vivos donations (gifts while living), testamentary donations (bequests by will), assignments of life insurance and transfers of property and other such methods may be contributed to the Fund and will become part of the principal of the Account.
- 1.2. All bequests and other legacy and planned gifts given to The Church will be placed in the General Account. The income from endowed legacy and planned gifts may be used for any purpose consistent with the mission of The Church other than annually budgeted operating expenditures.

2. Acceptance of New Donations

- 2.1. When a donation is offered, a member of the Finance Committee will meet with the Donor or a representative, if possible. An *Endowment Gift Contribution Form* will be completed. The completed form will be retained and will become the permanent record of the details of the gift. The form will capture the following information:

- 2.1.1. Salient personal information.
- 2.1.2. Date of donation.
- 2.1.3. Amount of donation.
- 2.1.4. Whether the gift was accepted or not accepted by Council.

- 2.2. Donations shall be directed to *Rowandale Baptist Church Inc.*

- 2.3. Only unrestricted donations to the General Account will be accepted. Restricted, or designated gifts, will not be accepted.

- 2.4. Donations may include:

- 2.4.1.1. Bequests by will or living trust.
- 2.4.1.2. Gifts-in-kind or transfer of property (e.g. cash, bitcoin, precious metals, stocks, bonds, mutual funds, real estate etc.).
- 2.4.1.3. Assignment of life insurance.
- 2.4.1.4. Life beneficiary gifts (e.g. RRSPs, RRIFs, TFSAs, etc.).

- 2.5. Gifts-in-kind

- 2.5.1. The Finance Committee shall have the right to liquidate gifts-in-kind. Normally, gifts received in the form of real or personal property other than cash will be converted to cash at their market value as quickly as possible.
- 2.5.2. There may be occasions when gifts of property, or interests in property, carry a liability which may include, but not necessarily be limited to, environmental issues, lien

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issues, property tax issues or other matters that could create liability for The Church. Council reserves the right to decline gifts under these types of circumstances.

2.6. Council is responsible to approve the acceptance of donations.

2.6.1. Council reserves the right to review all gifts and to decline any gift which might present a liability or other detrimental issue for The Church, or which is not able to be used within the stated purpose of The Church.

2.6.2. If a gift is offered which is deemed not acceptable, a representative from Council should meet with the Donor to attempt to bring the use of the donation in line with the purpose or mission of The Church. Where an agreement cannot be reached, Council will decline the donation.

### 3. Administration

3.1. The management, investment, and disbursement of assets for the General Account will be governed by Section V of this Policy.

3.2. The Finance Committee will determine the annual disbursement amount from the General Account during the budgeting process in November.

3.2.1. The distribution amount will be placed in an interest-bearing reserve account from which the costs of approved projects and ministries will be paid. Unused funds may accumulate for up to three years after which time they will be re-invested in the Endowment Fund.

3.2.2. Council will prepare recommendations for the allocation of the disbursement amount. Disbursements from the General Account will be approved by the congregation by majority vote.

3.3. In cases of extreme emergency or extraordinary opportunity, up to 50% of the principal in the General Account may be used in any given year with a 2/3 majority approval of the congregation at a duly called congregational meeting.

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**SECTION IV: MINISTRY TRAINING SUPPORT ACCOUNT**

1. Background and Purpose

- 1.1. The Ministry Training Support Account is an internally restricted fund. The account was created because of a gift from the estate of Shirley Whitehead. The money was received from the estate without any restriction or guidance, stated or implied.
- 1.2. Shirley Whitehead was a lifetime missionary and servant in the kingdom of God. Her work was primarily focused on ministering to children through Christian education. This account was established to honour her faithful legacy.
- 1.3. The account's purpose is to promote and encourage the ministry and mission of The Church by providing financial assistance to individuals who are undertaking education, training, workshops or similar activities in order to be equipped for Christian ministry. Special consideration shall be given to those who are wanting to work in the fields of children's or youth ministry.
- 1.4. This monetary support will be known as the *Ministry Training Support Bursary* ("The Bursary").

2. Administration

- 2.1. The management, investment, and disbursement of donations from this account will be governed by Section V of this Policy.
- 2.2. The Finance Committee will determine the annual disbursement amount from the account.
- 2.3. The selection of recipients and awarding of financial assistance will be managed by the Ministry Training Support Committee.

3. Disbursement

- 3.1. The disbursement amount will be calculated by December 31<sup>st</sup> each year. This sum will be the amount of The Bursary or Bursaries for the following year.
- 3.2. The disbursement amount will be placed in an interest-bearing reserve account from which The Bursary will be paid.
- 3.3. Unused funds may accumulate for up to three years at which time they will be reinvested with the principal of the account.
- 3.4. In the case where no applications have been received in a particular year, the Committee may choose to disburse funds to an arm's length registered charity which is carrying out a ministry that is aligned with the stated purpose of the account.
- 3.5. Once The Bursary is awarded, the names of the recipient or recipients shall be published in the church bulletin.

4. Ministry Training Support Bursary Committee



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- 4.1. A Ministry Training Support Bursary Committee shall be formed annually for the purpose of collecting and reviewing applications and awarding The Bursary.
- 4.2. There shall be three members of the Committee which shall include:
  - a) A member of the Finance Committee (in the case of no Finance Committee, the current Treasurer). This member shall be the chairperson of the committee.
  - b) A member of the Care Committee (in the case of no Care Committee, the current Care Council member). This member will act as the secretary of the committee.
  - c) A Member-At-Large who will be a member of the congregation of The Church and appointed by Council.
- 4.3. Conflict of Interest - Those responsible for the management and disbursement of the account must ensure that there is no possibility of a real or perceived conflict of interest such that those parties may receive a direct or indirect benefit.
- 4.4. The Bursary shall be awarded annually based on a completed application at the discretion and judgement of the Committee.
  - 4.4.1. Applications will be due on September 30th.
  - 4.4.2. The Bursary will be awarded by October 30th.
5. Application Process
  - 5.1. A completed *Ministry Training Support Application Form* ("the Form") will be required to be submitted to the Committee. The Committee is responsible to ensure that applications are available, and efforts should be taken to announce the beginning of the application period.
  - 5.2. The Form will contain information from the applicant including a description of the training or education being received. The applicant should be able to demonstrate previous experience working in ministry, and/or express a sense of God's call to ministry.
  - 5.3. The Committee will review and consider all applications. Preference should be given to support local ministry, financial need and a children's or youth ministry focus.
  - 5.4. Disbursements could accomplish purposes such as (but not limited to): a bursary for the purpose of attending college, or seminary, or Christian camp training, or conferences, or other similar training which aligns with the stated purpose of this fund.
  - 5.5. Where multiple applications have been received and funds can be distributed to more than one applicant, preference should be given to that option. No individual may receive a disbursement from the Fund for more than two consecutive years. Preference should be given to first time applicants.
  - 5.6. An individual may submit only one application per application period.
  - 5.7. An applicant is not required to be a member of The Church.

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**SECTION V: ADMINISTRATION, INVESTMENT AND DISBURSEMENT**

**1. ADMINISTRATION**

- 1.1. The Fund shall be administered by the Finance Committee, the Treasurer and the Council of The Church.
- 1.2. The responsibilities of the Finance Committee related to management of the Fund are as follows:
  - 1.2.1. Reviewing the Fund regularly. Documenting decisions in meeting minutes.
  - 1.2.2. Receiving and documenting new gifts approved by Council.
  - 1.2.3. Investing and re-investing the Fund assets in suitable investment instruments and managing the growth of those assets according to the guidelines of this Policy.
  - 1.2.4. Disbursing income annually according to the disbursement policy (Section IV.3).
  - 1.2.5. Ensuring that adequate record-keeping is maintained.
  - 1.2.6. Ongoing reporting to the congregation of the value of the Fund, new gifts received, investment transactions, and disbursements.
  - 1.2.7. Ongoing promotion of the Fund by organizing the production of printed information (brochures, pamphlets, bulletin announcements), and stewardship education.
  - 1.2.8. Recognizing and thanking donors individually.
- 1.3. The responsibilities of the Treasurer related to the management of the Fund are as follows:
  - 1.3.1. The above, in so far as the Treasurer is a member of the Finance Committee.
  - 1.3.2. Preparing and filing legally required tax receipts, and other CRA reporting as required.
  - 1.3.3. Ensuring that adequate accounting records are maintained.
  - 1.3.4. Preparing financial reports presented to the congregation.
- 1.4. The responsibilities of Council related to the management of the Fund are as follows:
  - 1.4.1. Holding the Treasurer and the Finance Committee accountable to perform their responsibilities as set out in this Policy.
  - 1.4.2. Approving the acceptance of new endowment donations.
  - 1.4.3. Preparing recommendations annually for disbursements from the General Account to be approved by the membership.

**2. INVESTMENT**

- 2.1. The primary investment objective shall be to provide a satisfactory return on investment to maximize the goals and objectives of each fund account. The investment target is to maintain a long-term average return (net management fees) of at least 4%.
- 2.2. The Finance Committee is authorized to hold, sell, exchange, invest, re-invest, convert, and in all ways, manage and control the assets of the Fund using sound investment judgement and discretion.
- 2.3. The members of The Church recognize there is a fundamental conflict between maximizing long-term investment returns and maximizing safety. Since the principal monies of the Fund are long-term holdings, it is recommended that they be conservatively invested for

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both growth and income so that the real value of Fund holdings will keep pace with inflation while achieving rates of return consistent with taking on normal market risks.

- 2.4. The asset mix between equity and interest-bearing investments will be managed by the Finance Committee and will be evaluated regularly, considering market conditions and the objectives of the Fund.
- 2.5. Professional investment services and legal advice, if required, may be obtained, and paid for by the working funds of the Fund.
- 2.6. Annual yield of the Fund will be calculated annually by the Finance Committee. Income available for disbursement will be calculated based on the 3 year average yield of the Fund.
  - 2.6.1. It is possible that not all the annual yield in the Fund will be designated as income available for disbursement. In setting the disbursement amount (Section V.3.1), the Finance Committee may allow for a growth in the assets of the Fund by withholding and re-investing a portion of income (example: 0.5% plus the inflation rate as indicated by the Consumer Price Index ).
- 2.7. The Finance Committee shall not be liable for any losses which may be incurred upon the investment of the assets of the Fund except to the extent such losses shall have been caused by bad faith or gross negligence. No member shall be personally liable if he/she acts in good faith and with ordinary prudence.
- 2.8. All assets are to be held in the name of *The Rowandale Baptist Church Inc.*

### 3. DISBURSEMENT

- 3.1. The Finance Committee will determine the disbursement amount for each account. The annual disbursements over the long term will average between 3% and 5% of the Fund.
- 3.2. In a particular year, the disbursement amount may not be higher than the income earned in the Fund.
- 3.3. The Church, taking into consideration the entirety of its operations, is required to adhere to CRA disbursement quota guidelines.

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**SECTION VI: AMENDMENT PROCEDURES**

1. While many guiding principles for the purpose and use of the Fund are contained in this Policy document, the members of The Church fully expect that modifications and additions will need to be made from time to time as needs and circumstances change.
2. This Policy shall be reviewed annually by the Finance Committee and Council.
  - 2.1. Council shall amend the Policy when changes are deemed necessary.
3. Any amendment to this Policy, which will change, alter or amend the purpose for which the Fund, or any account of the Fund, is established, shall be adopted by a majority vote of the members of The Church present at a business meeting.
  - 3.1. Notice of any proposed changes will be communicated to members two weeks prior to the business meeting at which a vote will take place.
4. The addition of a new Fund account shall be adopted by a majority vote of the members of The Church.

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**SECTION VII: DISPOSITION OR TRANSFER OF FUND**

1. If, in the event that The Church ceases to exist either through dissolution or merger, the disposition or transfer of The Fund shall be done at the discretion of the members of The Church in conformity with the Constitution and By-laws of The Church.
2. The Fund, or an account of The Fund, may be dissolved by the members of The Church with a motion presented at a business meeting with a 60% majority vote of the members present. The quorum for this business meeting shall be 35% of the Membership.

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### SECTION VIII: GLOSSARY

1. *Endowment Fund* – a fund in which the principal remains permanently invested and only the annual income is available for disbursement.
2. *Unrestricted Endowment Fund* – A fund which consists of assets that can be spent, saved, invested, and distributed at the discretion of the institution receiving the gift.
3. *Restricted Endowment Fund*– A fund where the principal is held in perpetuity, while the earnings from the invested assets are distributed as per the donor’s specifications.
4. *General Fund Giving* - Gifts given by members and attenders designated toward the annual General Fund budget of The Church. These gifts are disbursed as The Church carries out its ministry in the current year.
5. *Legacy Giving* - Gifts which are monetary gifts or other assets and which come from accumulated assets given by a person or through an estate and intended to benefit the long-term ministry of The Church.
6. *Planned Gift* – A gift given to The Church, usually from assets (savings, real estate, stocks) rather than current income. Gift planning, as the process is often called, is the preparation and design of charitable gifts to maximize the benefits for both the donor and the organization. Planned gifts occur through a will or given while the donor is still living and often with the advice of accounting, financial or tax professionals.
7. *Working Funds* – Funds which are available for use in the form of cash and bank deposits. These funds have not yet been distributed or invested.
8. *Externally Restricted or Designated Donation* – gifts given which the donor has specified to have invested to the benefit of the church for a distinct and narrow purpose.
9. *Internally Restricted Donation* – gifts which are not restricted by a donor’s intent; as such, the membership has the authority to change the terms of the fund by majority vote, and use all or a portion of the principal, if they so decide.
10. *Unrestricted Donation* – gifts given for which the donor has made no specific use restriction.
11. *Value of the Fund*: - The market value of the total net assets of the Fund.
12. *Principal* - The portion of the Fund that is non-wasting and that is to be maintained and managed in perpetuity to generate investment returns.
13. *Annual yield* - The summation of annual appreciation of the Fund from interest, dividends and realized or unrealized capital gains or losses.
14. *Income* – The portion of the three-year-average yield which will be available for current use.
15. *Consumer Price Index* – is a measure of the changes in prices experienced by Canadian consumers. The CPI will be the basis of determining the inflation rate in order to calculate income.
16. *Distribution Amount* - The amount of income which will be distributed from the Fund.

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17. *Disbursement Quota* – CRA specifies that if a registered charity has any property that is not directly used for charitable purposes and the value of the property exceeds \$100,000, then 5% of the average value of that property over the previous 24 months must be used for charitable purposes in any given year. Because the disbursement quota calculation includes all the revenue and expenditures for a congregation, and congregations are usually spending or giving away most of the money they take in, this is not usually a concern.