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NORTH AVENUE PRESBYTERIAN CHURCH PERMANENT ENDOWMENT PRINCIPLES

Mission Statement

Originally established in 1973, the North Avenue Presbyterian Church Permanent Endowment (the Endowment) exists to support, sustain and enhance the mission of North Avenue Presbyterian Church, Atlanta, GA (the Church).

Vision Statement

The role of the Endowment is to provide resources to continue God's work through the Church for needs not yet known and to grow a financial foundation for the Church's future ministry.

The Endowment honors a vision of God's work through the Church not limited by annual budgets, the lifetime of one pastor, the passion of one member or the limits of our human minds and hearts. The Endowment encourages and allows Church members, friends, and the community to give in an enduring way to the future of God's Kingdom on earth, through the Church's present and future mission in that Kingdom.

The Presbyterian Church USA resource on endowments aptly describes the theological foundations of the Endowment:

"Endowment gifts are theological statements which demonstrate one's belief that we are never ultimately proprietors, owners, but only stewards, lifetime guardians entrusted by God to use wisely what God has placed in our hands. When an individual creates an endowment gift for the church during or beyond their lifetime, it declares to the present and future generations the importance of our faith and trust in God. We have each drawn water from the wells we have not dug; we have sat under shade trees we did not plant and we each have a wonderful opportunity to provide the means for the church to have a strong and empowering ministry for generations to come."

Purpose and Intention of the Permanent Endowment Documentation

All funds of the Endowment are held by the Church as a fiduciary for the future. The Endowment is ultimately governed by the Session but will be administered and managed by the Endowment Team, as created herein and according to the Endowment Protocols. All actions taken pursuant to these documents are ultimately intended to be with the knowledge and support of the Session, in furtherance of the Church's Mission and Vision stated herein.

The NAPC Permanent Endowment Principles ("Endowment Principles") and related Protocols (the 2020 Documents) supersede all previous guidelines, protocols, and documents of the Endowment. The 2020 Documents are adopted to comply with current applicable laws, statutes and best practices, including the Uniform Prudent Management of Institutional Funds Act of 2008 (UPMIFA).

All funds managed within the Endowment are held indefinitely to grow and preserve funds for the future, with the intention of investing and managing them over time and, unless specifically designated otherwise, distributing only that portion of the interest, income, and growth (i.e., annual total return) as identified in the Spending Rule Protocols.

Responsibilities and Composition of the Endowment Team

Responsibilities of the Endowment Team:

The Session is the ultimate governing body for the Endowment and protocols regarding it. The Session is primarily responsible for the Endowment under UPMIFA, and authorizes and delegates administration of the Endowment to the Endowment Team to provide governance and oversight for the Endowment in conformity with its protocols and the principles stated herein.

Debbie Barta, *Team Chair*

Kenny Kyle, *Executive Director of Finance and Operations*

The Rev. Dr. Fred Foy Strang, *Interim Senior Pastor*

Anne Barron | William McClatchey, MD | Deborah S Heller | Ben Carmichael | Steve Saggus | Wallace Underwood

Specifically, the Endowment Team will oversee the receipt of gifts to the Endowment, investment and management of all assets of the Endowment, and distributions from the assets of the Endowment. The Endowment Team shall be guided by the protocols created for accepting, investing, and spending the funds, and shall report regularly to the Session on the Endowment's growth, investment performance, authorized distributions, expenses and ministry impact.

The Endowment Team is further tasked to establish and support processes by which the members and friends of the Church are routinely and regularly kept abreast of the Endowment. Reporting should educate and inform the Church community of the Endowment's growth, impact on ministry, and the variety and range of opportunities to support and grow the Endowment and thereby contribute to the future of the Church and its mission.

Composition of the Endowment Team:

The Endowment Team will be comprised of ten Church members and staff as approved by the Session. If the organization of the governing teams of the Church are changed or re-organized by the Session, the composition of the Endowment Team may require modification, particularly as to those members serving because of their positions as chairpersons of other Church teams. Members of the Endowment Team, except for staff, shall be attending members of the Church.

There shall be seven voting Endowment Team members (7):

Five voting Church Members (5):

Elders--Two Members shall be selected from the College of Elders or active Elders and at least one should be a current, voting member of the Session. Both Elders shall be nominated by, voted on and appointed by the Session for a three-year term. Such Elders may complete their term on the Endowment Team even if they rotate off the Session. The terms of the two appointed Elders will be staggered. No one elected Elder should serve on the Endowment Team more than two consecutive three-year terms. Any Elder may be eligible for re-appointment after one year off the Team.

At-Large-Members--Three additional members of the Church shall be nominated by the Endowment Team and submitted for approval in writing to the Session. Before nomination of these members to the Endowment Team, it shall be determined that each is an engaged Church member who gives of his or her time, resources and talents. The terms of these members will be staggered. No Team Member should serve more than two consecutive three-year terms each, but will be eligible for re-appointment after one year off the Team.

Two At-large, voting Church Leaders (2)

Chairperson of the Maintenance, Property and Security Team

Chairperson of the Financial Resources Team

Three ex-officio, non-voting Members (3):

A representative from the Pastoral Staff (the Senior Pastor or his/her designee from the pastoral staff)

Executive Director of Finance and Operations

Chairperson of the Resources Team

Guiding Principles on Administration of the Endowment

The following are the guiding principles of the Endowment to be followed by the Endowment Team. Additional and more specific protocols, consistent with these Endowment Principles, are outlined in the Spending Rule Protocols, the Investment Protocols and the Gift Acceptance Protocols.

Acceptance of Gifts

1. Gifts--testamentary or otherwise, to the Endowment may be in any form allowed by the Gift Acceptance Protocols and may include both restricted and unrestricted assets.

2. Donor's intentions are the primary guide to the disposition of any gift. A gift given to either the Church or the Endowment may be appropriately received in the Endowment if the donor's intentions are clear that the gift was intended for the Endowment. If intended disposition of a gift is unclear, the gift shall be referred to the Gift Acceptance Team for review and proper disposition.

3. The Gift Acceptance Team shall be the current Chairs of the Endowment Team, the Financial Resources Team and the Resources Team. This team will work with the Executive Director of Finance and Operations and pastoral staff assigned to the Endowment Team to resolve issues which arise under the Gift Acceptance Protocols and these Principles, as to donor intentions or as to the excessive restrictiveness of any gift to the Endowment.
4. Unrestricted gifts to the Endowment are strongly encouraged and favored, in the faith and reliance that such gifts will be wisely conserved and used by those appointed by Session to administer the Endowment in the years ahead. The Endowment Team will formulate and follow guidelines for reviewing funding requests from those funds available under the Spending Rule Protocols.
5. Restricted or designated gifts are welcomed, subject to the Gift Acceptance Protocols. The Gift Acceptance Team will consider and evaluate for practicality of management, gifts to the Endowment designated or "restricted" for particular ministries or activities by the Church and/or gifts with donor prescribed, time-bound spending requirements (i.e., the funds need to be spent within a period of time requested by the donor). Because such gifts may impose a management burden on the Church and its staff, such gifts will only be considered appropriate for inclusion in the Endowment if intended to last over an extended period and in minimum amount as set out in the Gift Acceptance Protocols.
6. Non-testamentary Gifts may be given by name to the Endowment or otherwise designated by the donor for the "Endowment." It is presumed that such gifts are given outside the regular offering (i.e., regular pledge or stewardship giving) and are not intended for support of some immediate ongoing ministry. Church members will be encouraged to fulfill any outstanding pledge obligations prior to making gifts to the Endowment.
7. All non-testamentary gifts to the Church, not specifically labeled for the Endowment or otherwise directed to the Endowment, shall be first assumed to be gifts to regular church support or fulfillment of a pledge, if given by a Church member.
8. All testamentary gifts designated to the Endowment or which in some way indicate intent to give to the Endowment shall be directed to the Endowment if otherwise appropriate under the Gift Acceptance Protocols.
9. Disposition of all undesignated testamentary gifts to the Church shall ultimately be left to the discretion of the Gift Acceptance Team. It is anticipated that in most circumstances, any such undesignated gift above pledge commitments will default to the general operating support of the Church. For any such gift above \$10,000, the Gift Acceptance Team will conduct a review for proper disposition. That Team will consider first the intent of the donor, and then balance the current critical needs of the Church, the Endowment Principles and the protocols of the Endowment Team.
10. The Endowment Team, with input from the Gift Acceptance Team, may reject any gift it deems inappropriate, including for practical or ethical considerations, or which imposes a continuing and unreasonable burden on the Church.

Investment Oversight

1. The primary investment objective of the Endowment is to strike a balance between preserving and growing its assets while generating current income, by earning a total return for each fund appropriate to each fund's time horizon, liquidity needs, and risk tolerance.
2. The Session empowers the Endowment Team to retain a professional investment manager or team in accordance with the Investment Protocols. While delegating oversight and administration to the Endowment Team, the Session as the governing body of the Church still owes a duty of good faith and prudence with respect to the Endowment under statutory state law. Therefore, during the first quarter of each fiscal year, the Session will receive a presentation of the investment performance of the Endowment for the prior year and the proposed investment strategy for the upcoming year. The Session will then be asked to confirm by majority vote the investment strategy and manager for the upcoming fiscal year.

Spending and Distribution of Funds

1. Once annually, the Endowment Team, in compliance with its Spending Rule Protocols, market performance and other considerations, will determine the general amount of Endowment funds which will be available in a given period to satisfy requests for distribution from both restricted and unrestricted funds.
2. At least annually and when possible in coordination with the Church's yearly budgeting process, the Endowment Team will encourage and accept receipt of requests for funding from both designated and unrestricted funds in the Endowment. Each request should be presented in written format and must be endorsed by a ministry team. The goal is that the requests will be consistent with guidelines for funding established by the Endowment Team and included in the appendices to this document and consistent with the designations of the various restricted funds.
3. Some funding requests appropriate for consideration by the Endowment Team will arise outside the preferred annual process. In such cases, the Executive Director of Finance and Operations, in consultation with the Chairs of the Financial Resources Team and the Endowment Team may decide to bring the request to the next Endowment Team meeting. Such requests must also be presented in writing to the Endowment Team with the endorsement of a ministry team of the Church and will be reviewed by the Endowment Team for appropriate distribution, applying guidelines it develops for appropriate Endowment spending.
4. In rare circumstances and in times of general economic instability or crisis, it is recognized that there could be serious shortfalls in the annual, operating budget of the Church. It is not the intent of the Endowment to be a recurring source of funding for critical church needs and ministries usually supported by an annual operating budget, operating reserves and annual pledge contributions. However, in rare circumstances, the Endowment Team, in consultation with the Session, may authorize a distribution of money from the funds available under the Spending Rule Protocols for critical Church needs. It is not anticipated that a distribution of this nature would be repeated indefinitely, but only to assist in readjustment for a defined time period. It is anticipated that budgets would be revised to accommodate and account for the unusual circumstances and thus cover the imbalance in future years. Moreover, as the Church's financial status improves, it is the expectation that, on an agreed upon timetable, the Church would repay the Endowment in the amount originally disbursed according to this section.

Reporting

1. It is understood and accepted that the Endowment Team is the means by which the Session administers the Endowment. However, pursuant to UPMIFA, the Session retains a legal duty of good faith and prudence with respect to overseeing the Endowment. The Endowment Team owes the Session a duty to report fully and regularly on the performance, administration and expenditures of the Endowment so that the Session may exercise its statutory, legal duty of prudent care for the Endowment with complete information.
2. It is recognized that transparency in reporting must be balanced with donor requests for confidentiality and anonymity and every effort will be made to respect donor wishes regarding the confidentiality of names and gift amounts, while fully reporting on fund investment and performance.
3. In addition to the annual reporting to the full Session anticipated under Section B(2), the Endowment Team Chair will provide at least one in-person abbreviated report to the Session at a later meeting, separate from and in addition to the annual report and vote on the investment strategy and manager. This second concise report will likely encompass Ministry impact, and funding and an overview of investment performance for a minimum of two presentations to the Session annually. The Endowment Team supports the goals of transparency and will respond to questions or concerns which arise from members of the Session or other Church teams at any additional time requested.
4. The Endowment Team will implement and sustain, in collaboration with the Generosity team or any other Church stewardship team, a program or strategy for encouraging and highlighting opportunities for Church members and friends to give beyond their annual support, in lasting ways, to the work and mission of the Church through gifts to the Endowment.
5. Finally, with support of the Session and in co-ordination with the Generosity Team, the Endowment Team will seek appropriate ways to report to the congregation on the state of the Endowment. The intent of this reporting is to create sustained awareness of the Endowment and the role it serves in Church support as well as to highlight opportunities for legacy giving to the Endowment.



Process for Change to these Principles.

The Endowment Team may propose changes to these Endowment Principles. All changes must receive a majority vote of the voting members of the Endowment Team in order for such changes to be presented to the Session for its input and approval.

Submitted in May 2020 by the Endowment Team and approved by the Clerk of the Session and Treasurer:
Don Handell, Clerk of Session
Steve Giesecking, Treasurer