

**THE BOARD OF ENDOWMENT TRUSTEES
OF
CHRIST CHURCH, KING AND QUEEN PARISH**

*APPROVED AND ADOPTED BY THE VESTRY
OF
KING AND QUEEN PARISH*

May 9, 2005

*REVISED AND APPROVED
September 10, 2024*

CHARTER OF THE BOARD OF ENDOWMENT TRUSTEES

DUTIES OF THE TRUSTEES (paraphrased): “Statement of Trust”

1. Protect the original principal amount of gifts from invasion
2. Ensure that investment income and capital gains are used only for the purposes specified in the charter
3. Assure preservation, growth and proper usage of the Endowment Funds
4. Establish and administer operating procedures for the use and distribution of the investment income and capital gains

QUALIFICATIONS OF TRUSTEES

1. Substantial experience in business administration and/or financial management
2. Communicant in good standing for five consecutive years
3. Episcopal Church Foundation suggested qualification: Experience in organizing and conducting stewardship campaigns. Reason: “Planned Giving” includes both pledging to support the annual operating budget and consideration of the church in your will.

Board of Endowment Trustees Charter

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Christ Church Endowment Policy

I. ORIGINAL ENDOWMENT

Endowment is defined, for the purpose of this document, as a bequest or gift, whose original principal is restricted from invasion except as provided for in the "Invasion of Principal" section of this charter.

II. STATEMENT of TRUST

The obligation of this Board is to protect the original principal amount of bequests to the endowment funds, specified in the policy of this charter, from invasion and to ensure that the investment income and realized capital gains are used only for the purposes specified in this charter for each Endowment fund. The Board of Endowment Trustees, the "Trustees" will serve as the custodian of all endowment funds. The Trustees will assure the preservation, growth and proper usage of the Endowment Funds and define and clarify the relationship of Endowment Funds to the operating budget of the Church. The Trustees will oversee the Endowment Funds and establish operating procedures for their use and distribution in accordance with the restrictions specified in this charter. The Trustees will recommend Endowment Fund policies and operating procedures for approval by the Vestry. The Trustees administer a program for the distribution of return on investment and distribution of principal when properly authorized.

III. THE BOARD AND ITS MEMBERSHIP

Number and Term of Office

The Finance Committee of the parish shall serve as the Board of Trustees. The Board shall consist of five voting members, four of them to be appointed annually by the Vestry. The Treasurer shall serve as a permanent voting member. The Rector will serve *ex officio* as a nonvoting member. At least one voting member must be a member of the Vestry. If there is no Rector, the person in charge of managing the Parish (*i.e.*, interim priest, priest in charge or Senior Warden) will serve as a member until a Rector is appointed. Voting members appointed by the Vestry shall be appointed for a term of one year and may serve as long as the Board member is in good standing with the church and is annually confirmed by the Vestry.

Appointment and Qualification for Office

New Board members shall be recommended by the existing Board and approved by the Vestry. In order to ensure the appointment of highly qualified trustees, the background and experience of the members appointed by the Vestry should include substantial knowledge of or experience in business administration or financial management. No one may be appointed unless that person has been a communicant in good standing of this Parish for not less than five years.

Removal

After recommendation from the Board to the Vestry, a member of the Board may be removed by a 2/3 vote of the members of Vestry at a duly convened meeting.

IV. OPERATING PROCEDURES

Meetings

The Board shall meet annually during the first week of April. It may meet more frequently as it considers necessary in the best interest of administration of the Endowment Funds.

Quorum

A quorum shall consist of a majority of the voting members. The affirmative vote of three members shall be necessary to carry any motion or resolution.

Officers

The Board shall elect from its membership a Chair and a Secretary.

Minutes

The Secretary shall prepare complete and accurate minutes of all meetings. The Secretary shall provide a copy of the approved minutes to the Vestry in a timely manner.

Financial Records

The Treasurer of the Parish shall maintain complete and accurate books of account for each Endowment Fund. The books shall be reviewed annually as a part of the annual parish audit or review.

Reports

The Board must report to the Vestry periodically, at the Vestry's request. In addition, annually, the Board shall render a full and complete account of the administration of the Endowment Funds during the preceding year to the Vestry and the Congregation at the Annual Parish Meeting.

Policies and Gift Documents

In the event of conflict between these policies and any legally binding instructions in the documents establishing a gift to the Church, the legally binding instructions in the gift documents shall prevail, and the Board shall apply these policies subject to this qualification.

V. THE ENDOWMENT

An Endowment provides an important link whereby those who so desired and those who have gone before can contribute to the Glory of God and his work in this community for many years to come. The "Endowment" is defined, for the purpose of this charter, as a gift, contribution, bequest, "planned giving" or "trust fund account" whose original principal is restricted from principal invasion. Exceptions are specifically provided for in the "Invasion of Principal" section of this charter.

Church and Cemetery Endowment Fund

The Church and Cemetery Endowment Fund is designated and restricted for use in support of the maintenance, preservation and improvement of the church, and modernization of the church building and the cemetery grounds. The initial capitalization and original principal bequests to the Church and Cemetery Endowment Fund in the Fund are not subject to principal invasion except as provided for in the invasion of principal policy included in this charter.

Program Endowment Fund

The Program Endowment Fund is designated and restricted for use in support of the Parish budget programs and the maintenance, preservation and improvement of buildings and grounds, and if necessary, the church building and cemetery. The Parish budget programs consist of the tier one budget program line items: rector's compensation; administration; worship; Christian education; outreach; music and Altar Guild. The initial capitalization and the original bequests to the Program Endowment are not subject to principal invasion except as provided for in the invasion of principal policy included in this charter.

General Fund

The General Endowment Fund is accumulated as unrestricted funds and investments for use in support of the parish expenses. Original contributions not designated for the Church and Cemetery Endowment, or Program Endowment will be applied to this General Fund and are not subject to the invasion of principal provision of this document. This account will also hold any funds being raised for specific projects as well as invested cash from our operating checking account.

Bequests and Gifts

The Vestry may consider the acceptance of bequests and gifts designated and restricted for purposes other than the Church and Cemetery Fund, the Program Fund, or the General Fund, subject to Vestry deliberation and acceptance of any legally binding instructions set for in the documents establishing a gift to the church. The Vestry may refuse to accept the offer of a bequest or gift because the legally binding instructions or other conditions set forth in the documents establishing the gift to the church are not acceptable to the Vestry. The church program for gift planning and counseling should encourage bequests and gifts to the Church and Cemetery Endowment or the Program Endowment.

Investment of Endowment Funds

Investment program planning/administration for the Endowment Funds is a responsibility of The Finance Committee. The three endowment funds listed here are invested in separate investment accounts where the capital gains for each fund will accumulate individually in each account. The investment direction by the Board will be the same in each fund.

Gift Acceptance

The purpose of the gift acceptance policy is to provide guidelines to Board of Endowment Trustees, the Vestry, outside advisors who may assist in the gift planning process and to prospective donors. All information obtained from or about donors/prospects shall be held in the strictest confidence by the church, the Trustees and the Vestry. The name, amount and conditions of any gift shall not be published without the express written approval of the donor. The Trustees will encourage donors to seek qualified professional counsel in the exploration and execution of all planned gift agreements. The Board of Endowment Trustees will review all offers of bequests and gifts and make a recommendation to the Vestry to accept or reject the bequest or gift. The Vestry can refuse any gift that does not further the mission and goals of the parish. The Vestry can refuse to accept a bequest or gift if the legally binding instructions or other conditions set forth in the documents establishing the gift to the church are not acceptable to the Vestry. The Vestry can refuse gifts that would create an administrative burden or cause the parish to incur excessive expenses.

Disposition of Bequests

Bequests to Christ Church, King and Queen Parish, can be of two types: (1) designated and restricted; or (2) undesignated and unrestricted. Although the Vestry may consider the acceptance of undesignated and unrestricted bequests and gifts, the Trustees will encourage donors to designate and restrict, preferably to either the Church and Cemetery Fund or the Program Endowment. The use of these two funds is precisely defined in the preceding paragraphs of this charter. Designated and restricted means that as a general rule that the original principal amount of the bequest or gift cannot be invaded and used for the purposes specified in the definition of the fund. Further, as a general rule, the investment income and market gains on the fund will be used to support the purposes specified in the definition of the Endowment. This policy acknowledges that from time-to-time urgent needs of the parish may arise to necessitate an exception to this policy. In the case of an urgent need, the Vestry can consider the invasion of principal of either the Church and Cemetery Fund or the Program Endowment.

Invasion of Principal

The following procedures apply in the case of an urgent need that would necessitate invasion of the principal of either the Church and Cemetery or the Program Endowment. The Vestry will assess the particular circumstances giving rise to a perceived need to make an exception to the prohibition on the invasion of principal. Such circumstances should be judged by the Vestry to be truly extraordinary and that no other financial resources of the parish are available or expected to be available in time to fulfill the urgent need. If the Vestry concludes that an exception is appropriate and allowable under State law, they will bring a recommendation to a joint meeting of the Trustees and the Vestry. Authority for granting such an exception to the prohibition on the invasion of principal will require a recommendation of a majority of the Board to the Vestry a vote

of approval by the Vestry. The Church must approve the invasion at an Annual or Special Meeting called after appropriate notification.

Distribution of Investment Income

The Trustees shall meet at least annually and establish the amount of capital gain and investment income return on each portion of the endowment fund and the amounts available to be distributed to meet identified expenses. The Trustees will establish the restricted and unrestricted portions of each fund and rebalance the fund accounts.

Based on available funds, disbursements will be made to cover expenses to be incurred in the next ninety days or to reimburse for budgeted items purchased in the prior ninety days.

Undistributed investment income will be reinvested and retained as unrestricted designated funds in the appropriate endowment fund. Investment funds may be retained on a temporarily restricted basis for several years if it is the Vestry's wish to do so to fund as specific and large future project within the scope of the specific endowment.

The Vestry may, as circumstances warrant, instruct the Trustees to designate retained investment earnings as restricted if the Vestry deems it responsible and advisable. Once the funds have been designated restricted the Invasion of Principal section applies to releasing for use of such funds.

Dissolution

If the parish or fund is on the verge of dissolution, the Board may recommend that the Vestry appoint a trustee to distribute the assets of the parish or fund following the requirements of Maryland nonprofit corporation law. The Vestry should appoint as trustee a qualified individual practicing in St. Mary's County as a CPA or lawyer.