

# Church of the Holy Comforter

**Founded**



**1895**

## **Endowment Funds Prospectus**



# *Church of the Holy Comforter*

## ENDOWMENT FUNDS PROSPECTUS

*The hope for every generation is to make life better for those who follow. For more than 100 years, Church of the Holy Comforter has provided sustenance to its members and the surrounding community, through worship and prayer, Holy Baptism, marriage, burial, pastoral care, Christian education for all ages, fellowship, and outreach to those in need in Fairfax County and throughout the world. During our first century and going into our second, this parish's impact has grown wider and deeper. The world is hungry for what the Church of the Holy Comforter offers, and we must do all we can to ensure that its impact continues as a force for good for generations to come.*

*In 1895, a small group of Episcopalians in the nearby area established a mission church in Vienna, VA. A church building for the mission was consecrated on Maple Avenue in Vienna in 1903. The Church of the Holy Comforter became a parish in 1906. The congregation eventually outgrew the church on Maple Avenue, and property for a new church building was purchased on Beulah Road. The new church building was completed and occupied in 1965. Since then, the Church of the Holy Comforter has continued to grow, adding communicants and space.*



## About Holy Comforter Endowments

The Church of the Holy Comforter Endowment Fund was established in 2001 to ensure the church's lasting financial health and ability to fulfill its mission. Since then, many parishioners have added to the fund, which was nearly \$494,000 as of January 2020. The income is used to support the ministries of the Church of the Holy Comforter.

In 2007, an anonymous benefactor established a second, separately funded, invested, and managed endowment, entitled the IONA Fund. The total return from that fund is restricted to use to support outreach activities of the Parish, whether local, national, or international, involving the youth of the Parish.

The endowments play an important role in the life of Church of the Holy Comforter, offering the opportunity to support the missions of the church and the work of Christ beyond the annual giving campaign. We need to grow the funds through gifts and bequests of all sizes.

## Structure of the Endowment Funds Prospectus

This section of the Prospectus provides information on the Endowment Funds of Holy Comforter Episcopal Church, their management, decision-making processes and performance, other than the IONA Fund, which is separately managed, invested, and discussed in a separate section below.

The Endowment Funds consist of four sub-funds, which are invested in a single portfolio, and are managed as a true endowment in accordance with applicable Vestry Resolutions and the Virginia Uniform Prudent Management of Institutional Funds Act. These funds are maintained in a common investment portfolio and participate on a pro-rata basis in all returns.

The largest of the Funds is the General Fund, and the purpose of the Fund is to enable the Parish to more completely fulfill its mission by developing its ministries beyond what is possible through its annual operating funds.





Distributions from the General Fund are limited to: (a) capital needs of the Parish; (b) outreach ministries and grants; and (c) seed money for new ministries and special one-time projects. Smaller restricted funds are used only for the purposes specifically designated by donors to the Parish.

The principal of the Endowment Funds is protected in perpetuity, while the fund's total return can be used for the most urgent needs that are otherwise unfunded, consistent with the purpose and restrictions of the fund.

These funds are overseen by the Treasurer under the direction of the Endowment Fund Board. For information about any of the uses of the funds, to contribute to a fund, or to establish a new fund, contact the chairman of the Endowment Fund Board,

## **Definition**

The Holy Comforter Endowment Funds are managed so as to exist in perpetuity, and the principal of the Funds is retained to generate income. Generally, as the Funds grow, the amount available to support their purposes is greater. Church of the Holy Comforter uses the following as an operating definition of its endowment:

An endowment is the sum of the market value of all securities and cash, whether permanently restricted, temporarily restricted, or unrestricted; the value of third party held (trusts) or vestry designated accounts, plus the estimated value of net income producing real estate and/or any for profit business; received under the terms of a gift instrument and is not wholly expendable on a current basis.

## **Investment Objective:**

The investment objective of the Endowment is to provide a sustainable and increasing level of Endowment income to more completely fulfill Holy Comforter's mission by developing its ministries beyond what is possible through its annual operating funds, in accordance with the wishes of the donors of those funds, while preserving the real (inflation-adjusted) purchasing power of the funds. Aside from new donations, for the level of distribution to increase, the portfolio must grow at a rate faster than the rate of inflation. To achieve this, the portfolio is diversified but is focused on equities, with approximately 70% invested in equities and approximately 30% invested in fixed income.



# Distribution Policy

Distributions from the invested funds are based on the current earnings. A portion of the total return of those permanently restricted funds for which Church of the Holy Comforter is the beneficiary is distributed for purposes that meet the instructions of the donors. The distribution rate of these funds is currently 2% to 2.5% of current earnings.

## Return Objective

As of September 2019, the Endowment Fund Board believes that in order to maintain the real value or purchasing power of the funds, it is necessary to obtain an average total return of 5.5% annually. Total return consists of capital returns (changes in the value of the assets) and income returns (dividends and interest).

## Return Objective Formula

The expected 3.5% annual real return objective is achieved as follows:

Average Total Return	5.5%
<u>Less Allowance for Inflation</u>	<u>2.0%</u>
Average Real Return	3.5%

The annual distribution of the 3.5% investment return is based on the following formula:

Annual Distribution for Funds (payout rate/spending rule)	2.0%
Annual Investment Management Expenses (based on actual)	1.0%
<u>Remainder Returned to Principal (real growth)</u>	<u>0.5%</u>
<b>Total:</b>	<b>3.5%</b>

## Oversight of Assets

Church of the Holy Comforter’s investment portfolio is overseen by the Endowment Fund Board, which recommends investment objectives, policies and strategies for the management of the portfolio. These recommendations are then forwarded to the Vestry for its approval. The Endowment Fund Board meets quarterly to review investment performances, policy and strategy implementation.

The Endowment Fund Board is responsible for the implementation of investment policies. This includes determining appropriate asset allocation – the division of assets

among different classes/types of investment vehicles – acceptable levels of risk, total return goals and income distribution levels. Although the Endowment Fund Board reviews and recommends the distribution payout rate from the Endowment, the actual distribution is set by the Vestry.

The Endowment Fund Board is also responsible for developing investment guidelines, including eligible investment alternatives, portfolio diversification and performance objectives for each portfolio manager. The Endowment Fund Board selects investment managers and other professionals and evaluates the performance of investment managers relative to return objectives and other investment guidelines.

The Church of the Holy Comforter Endowment is now invested with the Episcopal Church Foundation. Assets are invested in the Foundation's two pooled asset funds, the Growth Fund and the Income Fund, with the funds split about 70% and 30%, respectively.

## **Endowment Funds**

The Church of the Holy Comforter Endowment Fund consists of four sub-funds:

- 1. The General (non-designated) Fund** – This fund is intended to enable the Parish to more completely fulfil its mission by developing its ministries beyond what is possible through its annual operating funds. Distributions from it are limited to: capital needs of the Parish; outreach ministries and grants; and seed money for new ministries and special one-time projects. Distributions from this fund cannot be used for regular Parish operating expenses.
- 2. The Carol Stock Book Fund** – This fund was established as a memorial to Mrs. Carol Stock, a parishioner of the Church of the Holy Comforter. The purpose of the fund is to give book grants to active members of Holy Comforter youth activities who are graduating high school seniors and have been accepted into an accredited educational or vocational institution.
- 3. The Columbarium Fund** – The purpose of the fund is to provide funds in perpetuity to provide for current operation of the Columbarium and to provide such other funds as the Vestry may deem appropriate to provide for future expansions, rebuilding, replacement, or relocation.
- 4. The Leadership Education and Development (LEAD) Fund** – The purpose of the fund is to help support continuing education and/or professional development of the non-clergy staff and the lay leadership of the Parish in areas directly related to their current or reasonably expected responsibilities in the Parish.

# The IONA Fund

The IONA Fund was created as a perpetual endowment by an anonymous donor in 2007. The purpose of the Fund is to support activities of the Parish, whether local, national, or international, involving the youth of the Parish. The donor specified that the Fund would be managed and invested by a five-person Board. The membership of the IONA Board is specified as follows: the Rector or Rector's clergy delegate; a Vestry member; the Chair of the Mission/Evangelism Committee; the Youth leader; and a Youth representative. The Fund is open to additional donations. The IONA Board, which meets twice a year, has adopted Investment and Distribution Policies very similar to those of the Parish's Endowment Board. The IONA Board decides what activities to support with investment return funds.

The IONA Board has created a three-person Investment Management Committee to oversee the details of investing and managing the Fund's assets. The Committee members are: the Vestry member of the Board; the Parish Treasurer; and a Parish member, appointed by the Board, who is not an IONA Board member. The Committee meets at least twice a year, chooses and evaluates the performance of the investment managers, decides on the allocation of assets between equities and fixed income, and determines the percentage of the Fund's value to be made available for distribution.

The IONA Fund's assets are invested in a separate account with the Episcopal Church Foundation. Currently, the Fund assets are invested about 60% in equities and 40% in fixed income. The Fund's value was about \$111,800.00 on February 29, 2020. Between 2% and 4% of the asset value, averaged over the most recent 12 calendar quarters, has been made available for spending in each of recent years.

## Planned Giving Options

There are many ways to give to the Church of the Holy Comforter Endowment Fund or to the IONA Fund:

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|--|-------------------------------------|
| ➤ <b>Cash, check, or stock</b>         | ➤ <b>Real Estate</b>                |
| ➤ <b>Will bequest or Living Trust</b>  | ➤ <b>Tangible Personal Property</b> |
| ➤ <b>Life Insurance</b>                | ➤ <b>Charitable Remainder Trust</b> |
| ➤ <b>Individual Retirement Account</b> | ➤ <b>Charitable Lead Trust.</b>     |

You should discuss your giving options with your attorney or financial advisor.

**For more information, contact:**

**Bob Bruce, Endowment Fund Board Chairman, at [rwbruce1@cox.net](mailto:rwbruce1@cox.net)**

