



2023

# The Holy Comforter Endowment Fund Prospectus



Church of the Holy Comforter

Vienna, VA

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## ABOUT

### WHAT IS AN ENDOWMENT FUND?

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.”*

Contributions to the endowment are received and become part of the endowment principal, which generates investment returns from which future disbursements are made.

### STRUCTURE & HISTORY OF FUNDS

The Church of the Holy Comforter currently manages two Endowment Funds, “The Holy Comforter Endowment Fund” and “The IONA Fund,” described below.

#### THE HOLY COMFORTER ENDOWMENT FUND

The Endowment Fund was established in 2001 to enhance the church’s lasting financial health and ability to fulfill its mission. The income (capital gains, interest, and dividends) generated from the principal of the fund is used to support the ministries of the Church of the Holy Comforter. Since 2001, many parishioners have added to the fund.

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. As of 2023 all these funds are restricted, meaning they can only be used to support specific needs laid out by their donors. None of the existing sub-funds can be used to support regular parish operating expenses. These funds are overseen by the Treasurer under the direction of the Endowment Fund Board.

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#### THE GENERAL FUND

This fund is intended to enable the Parish to fulfill its mission more completely 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.

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## 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.

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## 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.

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## 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 and are not covered in this Prospectus.

For more details on the IONA Fund, please contact Director of Youth Ministry Denis McMullen, at [dmcmullen@hollycomforter.com](mailto:dmcmullen@hollycomforter.com)

## GOVERNANCE OF FUNDS & INVESTMENT STRATEGY

### ROLE OF THE BOARD

The Endowment Fund Board is made up of five members of the Church of the Holy Comforter, appointed by the Vestry to serve staggered three-year terms, and the Rector and Senior Warden of the Church.

The Endowment Fund Board is charged with making decisions regarding the investment strategy for the Endowment Fund, including setting a return objective, determining and monitoring an asset management strategy, and deciding how much of the income from the sub-funds to make available to the Vestry for disbursement each year. Finally, the Board is responsible for reviewing and accepting all gifts to the Endowment Fund.

Disbursements from the available balance of the sub-funds are made at specific requests of the Vestry, in compliance with the endowment objectives of the sub-funds.

### RETURN OBJECTIVE

The investment objective of the Endowment is to provide a sustainable and increasing level of Endowment income to fulfill Holy Comforter's mission more completely 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.

As of April 2023, the Endowment Fund Board has a target of making 2%-2.5% of funds available for disbursement across the sub-funds of the Endowment.

In order to make these disbursements while maintaining the real value or purchasing power of the funds, the Board is targeting an average total return of at least 5.5% annually. Total return consists of capital returns (changes in the value of the assets) and income returns (dividends and interest). This assumes re-investment of 2% into the funds to account for estimated inflation, reinvestment of 0.5% to maintain real growth, and payment of 1% in Investment Management Expenses.

Any income surplus (above what the Board has made available for disbursement and after the payment of fees) will be re-invested into the respective funds' principal.

### ASSET MANAGEMENT

At this time the Endowment Fund Board has decided to invest the Endowment Funds through the Episcopal Church Foundation, which provides professional asset management through well diversified Growth, Income and Balanced funds to churches across the country.

The Endowment Fund Board has elected to distribute the Endowment Funds between two funds managed by the Episcopal Church Foundation, the ECF Growth Fund and the ECF Income Fund, with an intended allocation of approximately 70%/30% respectively.

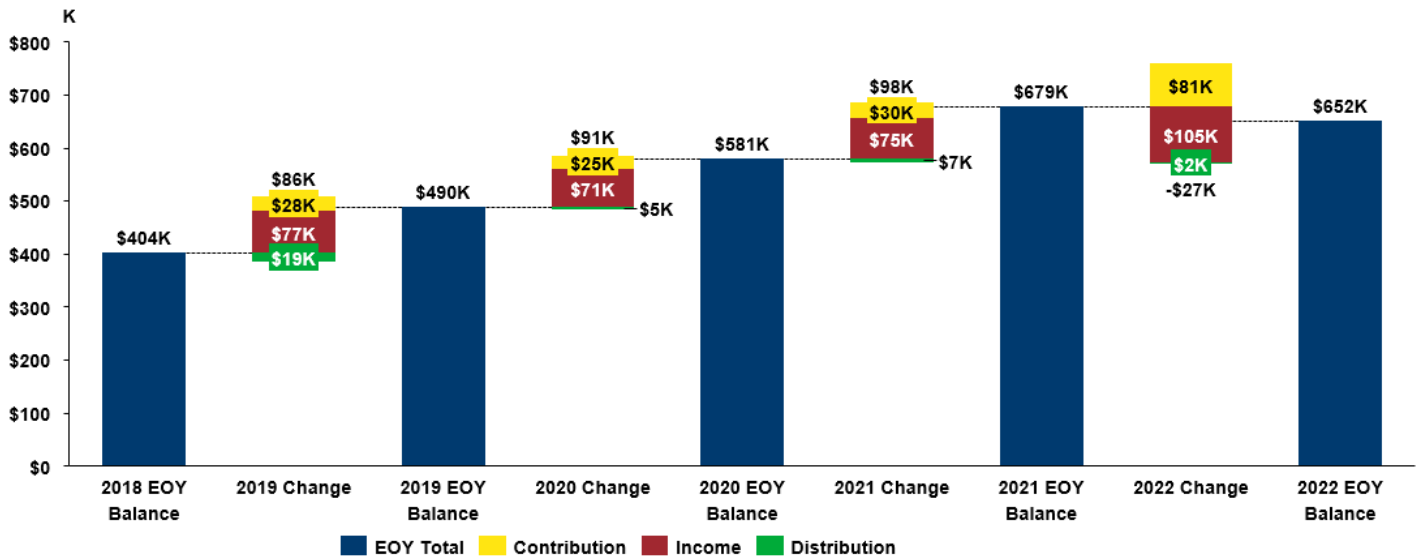
As of December 31, 2022, the allocation of assets is as follows:

- 62.0% ECF Growth Fund
- 26.3% ECF Income Fund
- 11.7% Cash

## HISTORICAL PERFORMANCE

### OVERALL 3-YEAR PORTFOLIO PERFORMANCE

#### Historical Holy Comforter Endowment Balances



(EOY = End of Year)

ECF Fund Annual Returns as of 12/31/2022	Quarter	1-Year	3-Year	5-Year	10-Year
Growth Fund	9.70%	-17.66%	4.32%	5.39%	8.82%
Benchmark	9.60%	-17.74%	4.44%	5.63%	9.12%
Income Fund	2.18%	-9.01%	-1.18%	0.85%	1.19%
Benchmark	2.22%	-9.01%	-1.19%	0.89%	1.34%
70% Growth / 30% Income Blended	7.44%	-15.07%	2.67%	4.03%	6.53%
Benchmark	7.39%	-15.12%	2.75%	4.21%	6.79%

## SUB-FUND 3-YEAR FINANCIALS

The General Fund	2020	2021	2022
Contributions	\$ -	\$ 1,800	69430
Income	\$ 46,416	\$ 46,774	\$ (68,440)
Distributions	\$ (4,244)	\$ (6,023)	\$ -
Ending Balance	\$ 375,847	\$ 418,398	\$ 419,388
% Made available for disbursement	1.7%	2.4%	1.7%
\$ New Income Available for disbursement	\$ 6,249	\$ 10,185	\$ 7,247
Total Available for disbursement (End of Year)	\$ 12,272	\$ 16,434	\$ 23,681
YoY Principal Growth (%)	12.6%	11.3%	0.2%

The Carol Stock Book Fund	2020	2021	2022
Contributions	\$ 180	\$ -	\$ 11,070
Income	\$ 8,079	\$ 8,792	\$ (12,426)
Distributions	\$ (900)	\$ (1,200)	\$ (2,250)
Ending Balance	\$ 69,977	\$ 77,569	\$ 73,963
% Made available for disbursement	2.1%	2.5%	2.3%
\$ New Income Available for disbursement	\$ 1,451	\$ 1,903	\$ 1,678
Total Available for disbursement (End of Year)	\$ 2,869	\$ 3,572	\$ 3,000
YoY Principal Growth (%)	11.8%	10.8%	-4.6%

The Columbarium Fund	2020	2021	2022
Contributions	\$ -	\$ 3,000	\$ -
Income	\$ 8,810	\$ 9,652	\$ (13,408)
Distributions	\$ -	\$ -	\$ -
Ending Balance	\$ 75,940	\$ 88,592	\$ 75,184
% Made available for disbursement	1.7%	2.3%	2.0%
\$ New Income Available for disbursement	\$ 1,289	\$ 2,074	\$ 1,493
Total Available for disbursement (End of Year)	\$ 3,461	\$ 5,535	\$ 7,028
YoY Principal Growth (%)	13.1%	16.7%	-15.1%

The LEAD Fund	2020	2021	2022
Contributions	\$ 25,000	\$ 25,000	\$ -
Income	\$ 8,006	\$ 10,021	\$ (10,800)
Distributions	\$ -	\$ -	\$ -
Ending Balance	\$ 59,541	\$ 94,562	\$ 83,762
% Made available for disbursement	0.5%	1.3%	1.6%
\$ New Income Available for disbursement	\$ 296	\$ 1,270	\$ 1,324
Total Available for disbursement (End of Year)	\$ 296	\$ 1,566	\$ 2,890
YoY Principal Growth (%)	124.4%	58.8%	-11.4%

Notes on table sub-fund data:

1. Disbursement decisions are made in Q3 of each year and are calculated based on the percentage of the average balances from the previous 12 quarters.
2. Principal growth calculated as Year over Year growth in 'Ending Balances' after contributions and distributions have been accounted for.

## RECENT DISBURSEMENTS

In 2022, at the request of the Vestry, the Endowment Board approved the following disbursements:

- 15 book grants of \$150 each were given from the Carol Stock Book Fund to high school seniors who were active members of the parish and who were accepted into an accredited educational institution.

Other notable disbursements over the years have included:

- \$12,834 to help with the installation of the upgraded A/V system in the new Ministry Center.
- \$6,000 from the General Fund to purchase new A/V equipment for outdoor and virtual worship.
- \$4,244 from the General Fund to help purchase the new tables and chairs for the Ministry Center.
- \$5,489 from the Columbarium fund to purchase new, upgraded, more durable nameplates.
- 69 total book awards given between 2015 and 2021.

## HOW TO GIVE

We are asking for donations to grow the principal of the endowments to help provide for the needs and missions of the church long into the future. There are many ways to contribute: Your planned giving could include one-time, monthly, or annual gifts to the Endowment Fund, in addition to your pledge to the Church's operating fund.

Gifts can be directed to any combination of the sub-funds. In the absence of specific direction, funds will be added to the General Fund.



Gifts can be made online at the Church website [www.holycomforter.com/Stewardship](http://www.holycomforter.com/Stewardship) by selecting the appropriate drop down, by sending a check to the Church office (please add a note on how you would like your funds allocated,) or by contacting the Parish Treasurer, Peggy Miller at [pmiller@holycomforter.com](mailto:pmiller@holycomforter.com) or 703-938-6521.

Other ways to contribute could be as a part of your estate planning or in celebration of the life or memory of a loved one, or for occasions of thanksgiving, such as the birth of a child, a child's graduation, a wedding, an anniversary, the impact of a mission trip on a youth's faith journey, or any blessing. Contributions can be in the form of cash, stock, real estate, or other instrument, please reach out to the Endowment Board for more details.

## **BISHOP DENIG SOCIETY**

The Bishop Denig society honors those who have pledged to designate estate gifts to the church's Endowment Fund. Please contact Bob Bruce at [rwbruce1@cox.net](mailto:rwbruce1@cox.net) for more information.

## **CONTACT INFORMATION**

For more information on the Holy Comforter Endowment fund, please contact the Chairman of the Endowment Board, Bob Bruce, at [rwbruce1@cox.net](mailto:rwbruce1@cox.net)