Community of Christ

CANADIAN CORPORATION BOARD

POLICY NUMBER: BP005
SECTION: Financial
SUBJECT: Endowment and Spending Policy
APPROVAL AUTHORITY: Canadian Corporation Board
EFFECTIVE: July 1, 2025 | APPROVED

Policy Statement

Endowment Funds represent contributions which are invested in perpetuity, with a portion of the investment earnings used to support specific Community of Christ Canada (the Church) initiatives as set out in the purpose of each Endowment Fund. They are an important source of long-term permanent funding and play an integral role in helping the Church achieve its goals. The Church will engage in the proper stewardship of Endowment Funds, including carefully investing funds for the purpose for which the endowment was given, and reporting to donors and Church members on the spending and investment returns.

Purpose

The purpose of this policy is to:

- Set out the framework for oversight of Endowments Funds and the determination of the Spending Allocation Rate; and
- Ensure that the Church complies with its responsibility to properly manage and administer Endowment Funds and related spending.

Scope

This policy applies to the Board of Directors (Board), the Bishop of Canada, Board Treasurer, Executive Director, the Business Services Committee and those personnel providing service within the accounting and administrative system.

Definitions

A list of terms specific to this policy. All policies implicitly also include the generic terms defined by the BP000-Board Policies policy document.

"Budget" is a financial plan that projects income and expenses and details the required net expenditures for the provision of various programs and services.

"Endowment Funds" represent donor funds contributed to support specific projects and initiatives, and include:

- Canadian Temple Endowment Fund supports the costs of operation, maintenance, and the programs of ministry of the Temple, which includes peace, spiritual and discipleship formation, and leadership education. The fund is managed as a permanently endowed fund with both donor funds and accumulated unexpended investment income externally restricted to the specific purposes of the Canadian Temple Endowment Fund.
- Canadian Worldwide Communications Endowment Fund provides funding to accelerate church growth through targeted, consistent multimedia efforts that inspire and awaken congregations, members, leaders, and seekers to make Christ's mission their mission. The fund is managed as a permanently endowed fund with both donor funds and accumulated unexpended investment income externally restricted to the specific purposes of the Canadian Worldwide Communication Endowment Fund.
- Canadian Mission Endowment Fund provides funding for basic operational and ministry needs to support the revitalization of congregations and develop new expressions of ministry in Canada and worldwide. The fund is managed as a permanently endowed fund with both donor funds and accumulated investment income externally restricted to the specific purposes of the Canadian Mission Endowment Fund.

"Intergenerational Equity" principle seeks to ensure that the same level of support, after taking into account the impact of inflation, be provided each year to the endowment's purpose. This means that the real value of Endowment Funds should be preserved over time to maintain the future purchasing power of the spending allocation.

"Spending Allocation Rate" is the rate expressed as a percentage that is applied to Endowment Fund capital balances to generate an annual source of revenue to support specific programs and initiatives.

"Strategic Plan" is a core guiding document for governance, program and service delivery. An organization's strategic plan identifies its priorities and goals, and details concrete actions to achieve these goals.

Responsibilities

1. The Board is responsible for:

   (a) Establishing program and service priorities through the Strategic Plan;
   (b) Overall oversight of Endowment Funds adhering to specific legal obligations and financial management and reporting responsibilities;
   (c) Ensuring the thoughtful and careful management and administration of Endowment Funds maintains and enhances the confidence and trust of the Church's donors;
   (d) Approving an annual Spending Allocation Rate; and
   (e) Approving, as required, agency agreements with the budget details of the specific purposes planned for the coming year for each Endowment Fund.

2. The Bishop of Canada is responsible for:
    (a) Exercising financial control over all corporate operations related to Endowment Funds to ensure compliance;
    (b) Ensuring that the Endowment Fund resources and assets are effectively managed on an ongoing basis;
    (c) Reviewing and annually recommending a Spending Allocation Rate; and
    (d) Arranging for, as required, agency agreements for Board review and approval.
3. The Business Services Committee is responsible for:
    (a) Reviewing, commenting on, and recommending the annual Spending Allocation Rate to the Bishop of Canada.

Guidelines

<u>Endowment Funds</u>

Endowment Fund Source of Funds

Endowment Funds are funded by donations, accumulated unexpended investment income, and other sources as approved by the Church.

Endowment Funds Optimal Balance

Endowment Funds capital investment balance is required to be of a sufficient amount to support the average annual contribution that meets Church Budget targets based on an annual Spending Allocation Rate typically in the range of 3%-4% (to be reviewed annually). As necessary, funding strategies will be developed to assist in achieving optimal balances.

Endowment Funds Investment

Endowment Funds are pooled for investment purposes and invested in accordance with Investment Policy IP001. The equivalent of three (3) years' estimated spending may be invested in more secure investments. For example, in the event the approved Spending Rate is 3%, 9% of Endowment Funds may be invested in low-risk investment vehicles (*e.g.,* high interest savings).

Endowment Funds Withdrawal

Use of Endowment Funds is externally restricted to the specific objective(s) described in the purpose. The withdrawal of funds is limited to the percentage specified by the approved Spending Allocation Rate.

Endowment Funds Duration

The duration of a specific Endowment Fund is permanent and ongoing until the objectives of the Endowment Fund are determined to have been achieved, and the Endowment Fund is no longer required. Funds remaining in the Endowment Fund may be disbursed to other funds and/or reserves as approved by the Church.

Spending Allocation Rate

Spending Allocation Rate Guideline

The Board will be presented a Spending Allocation Rate recommendation annually in coordination with the presentation of the annual Budget. The Spending Allocation Rate recommendation will consider and be guided by the principle of Intergenerational Equity.

Spending Allocation Rate Calculation

The Spending Allocation Rate recommendation will generally be guided by the following in determining the annual value to be used as income each fiscal year from each Endowment Fund:

- The balance to which the Spending Allocation Rate will be applied will be calculated using a three-year annual rolling average for the Endowment Fund balance as of a date six (6) months prior to the beginning of the fiscal year.
- The Spending Allocation Rate shall not exceed the ten (10) year average return on the investment portfolio in which the Endowment Fund is invested, less the average inflation rate over that same ten (10) year period.
- A Spending Allocation Rate will only be calculated and applied to Endowment Fund balances held in cash or marketable securities, including stocks, bonds, and other liquid investments. Endowment Fund balances held in real estate solely owned by the Church will not be included in the spending rate calculation.

Spending Allocation Rate Timeline

The annual Spending Rate Allocation recommendation will be determined and approved along the same timelines as the annual Budget as outlined in Budget Policy BP001.

Endowment Fund and Spending Approval Rate Management

The Bishop of Canada will manage the organization in accordance with the approved Budget and will ensure any changes to its approved scope receive appropriate approval.

The Bishop of Canada will provide to the Board on a quarterly basis a financial report comparing actual investment and financial results to planned amounts and an analysis of differences from those planned amounts.

Policy Record

Board Approval:	July 1, 2025
Last Review Date:	
Next Review Date:	July 1, 2026