

Report from the Foundation

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Project Regeneration

A Church Asset Transformation Program

- Who?

- congregations, presbyteries, and parachurch ministries who are questioning their organizational sustainability
- Running out of people ... running out of money
 - reinventions
 - nesting & mergers
 - dissolution
 - sales of property

- Where?

- 43 states and District of Columbia
- 650+ individual situations
- urban & rural; historic & new; south & north & west & east
- congregations ranging from 4 – 1200 members

Project Regeneration

A Church Asset Transformation Program

- When?

- a church has a “runway” of three years or less
- anonymous referrals are honored
- sooner is always better than later

- How?

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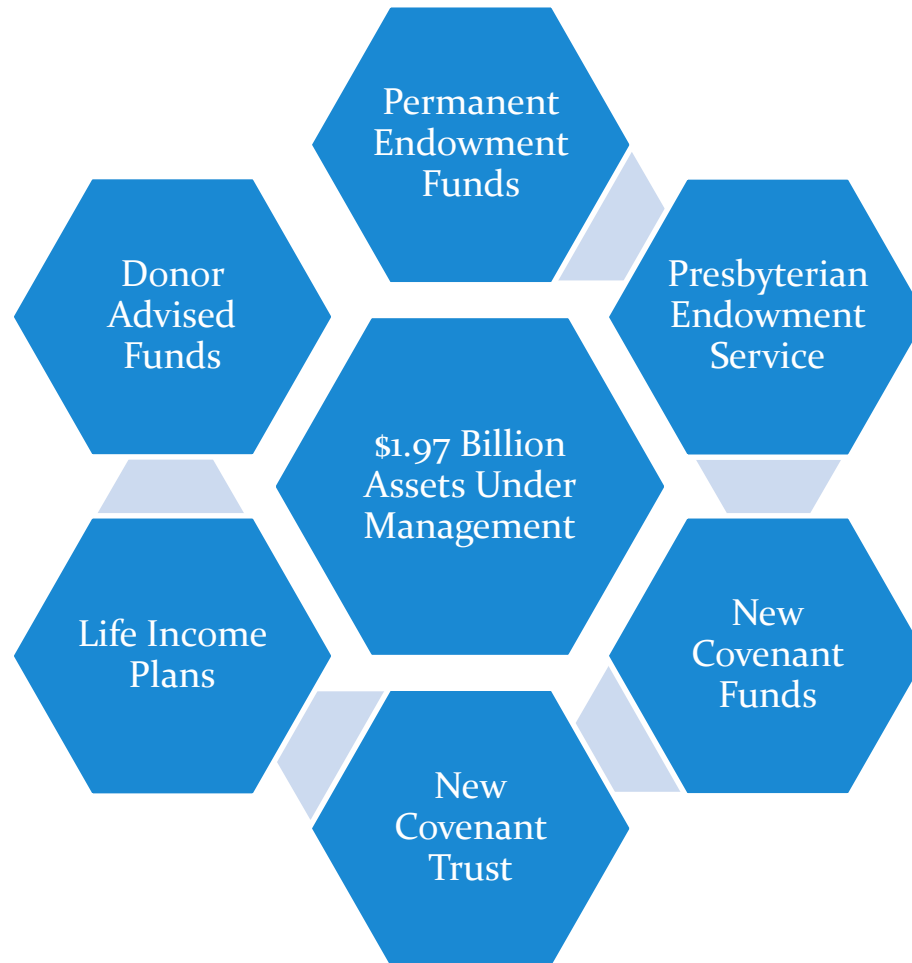
Presbyterian Church Foundation Founded 1799

Mission: The Presbyterian Foundation Gathers, Manages, and Distributes, financial resources to further Christ's Mission.

Ways We Serve:

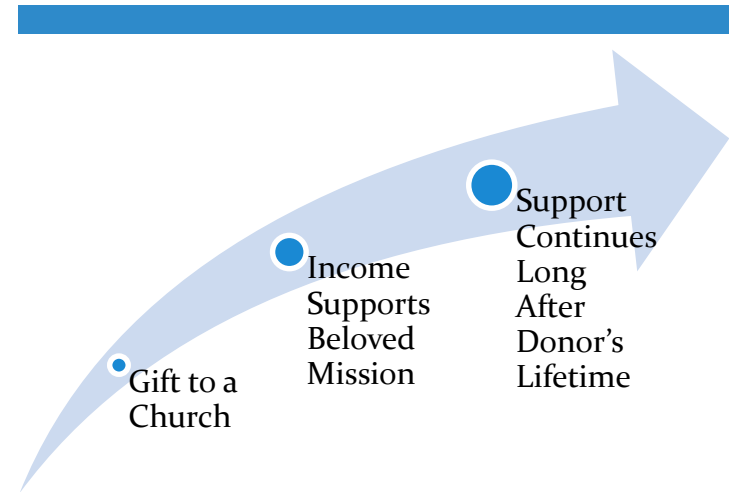


FDN Serves as Fiduciary



What is an Endowment?

- A Donation of Money or Property to a non-profit for the **on-going** support of that organization.
- Usually structured so that **investment income is available for use and part of principal is released each year** – which allows for their donation to have an **impact over a longer period** than if it were spent all at once.



How Permanent Endowment Funds Benefit Mission and Ministry



Permanent Funds: The Basics

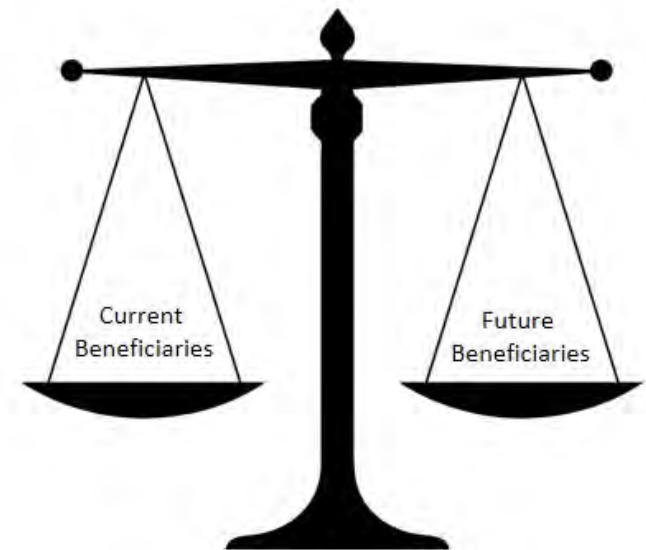
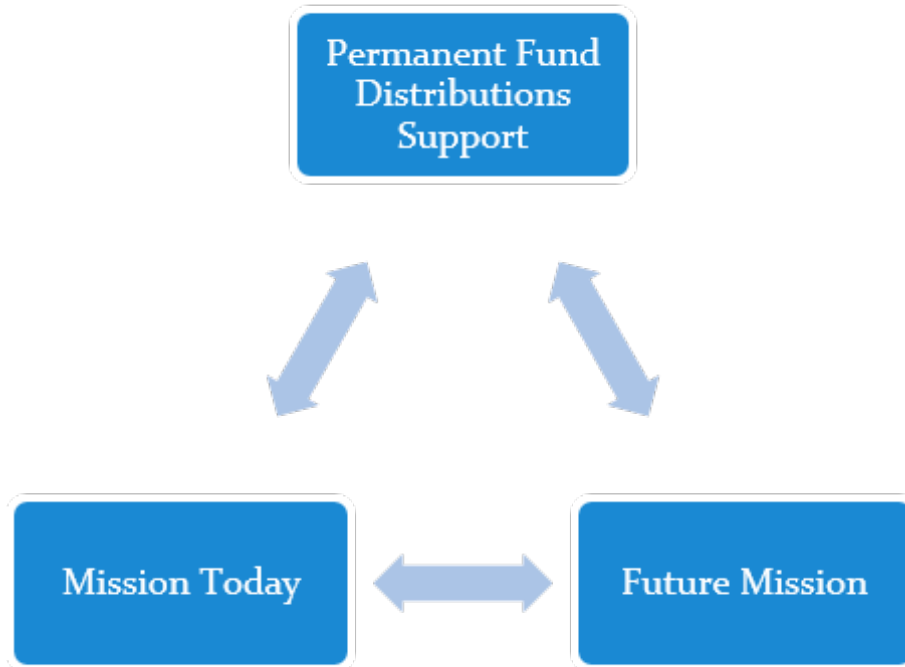


- 7,000 Permanent Funds - \$720 million
- The 1821 account
 - Provide money for religious educational materials
 - Oldest endowment still pays out today.
- The overall goal in management of these funds is to generate a long-term total rate of return to:
 - Provide sustainable distributions to support mission/ministry in perpetuity with
 - Reasonable levels of risks and
 - Grow Distributions over time with inflation while
 - Honoring Social Witness Principals of PCUSA

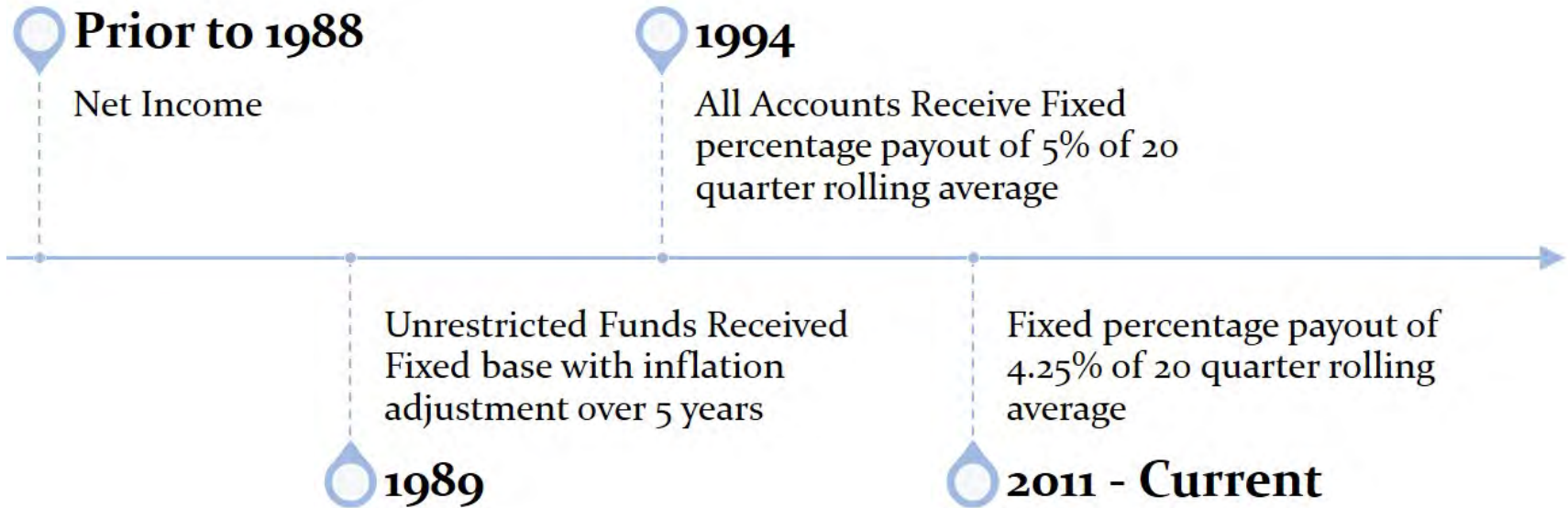
What is a Spending Formula?

The amount of expected and realized return withdrawn from the fund each year that still meets the inflationary accumulation goal.

Why do we use a Spending Formula for the Presbyterian Endowment Fund?



Presbyterian Endowment Fund Spending Policy Timeline



How does the Presbyterian Foundation calculate its Distribution to Mission and Ministry?



*Currently 4.25%, Reviewed Annually

** NAV = Net Asset Value of a share of the Presbyterian Endowment Fund

Example of Use of Spending Formula

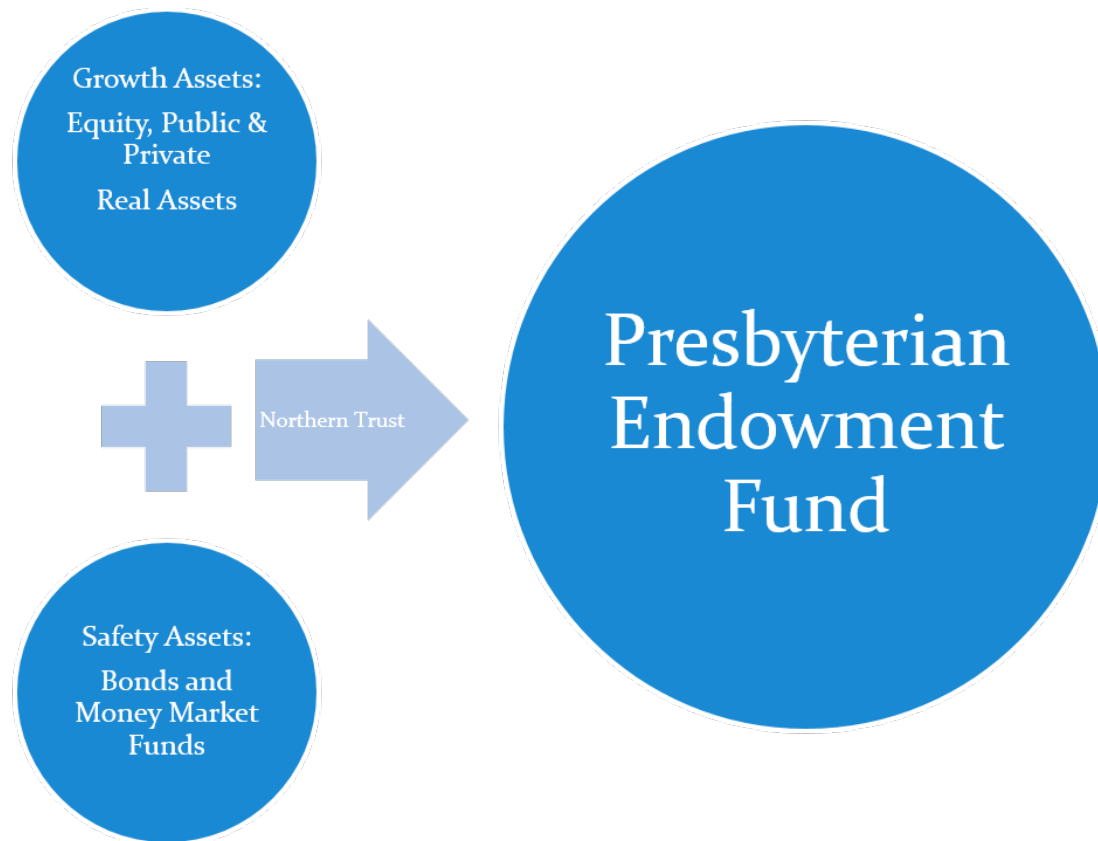
- Church in Southeast Calls MRO: What kind of Income Stream would we have received on \$300,000 over last 5 years on four different funds?

Fund	Dividends Only	Ending Market Value
– Growth Fund	\$13,661	\$500,269
– Income Fund	\$27,797	\$296,314
– Balanced Income	\$25,837	\$354,421
– Balanced Growth	\$27,899	\$398,075

- FDN recommended considering the Balanced Growth Asset Allocation (60% Equity/40% Fixed Income) and use a 4% Spending Formula:

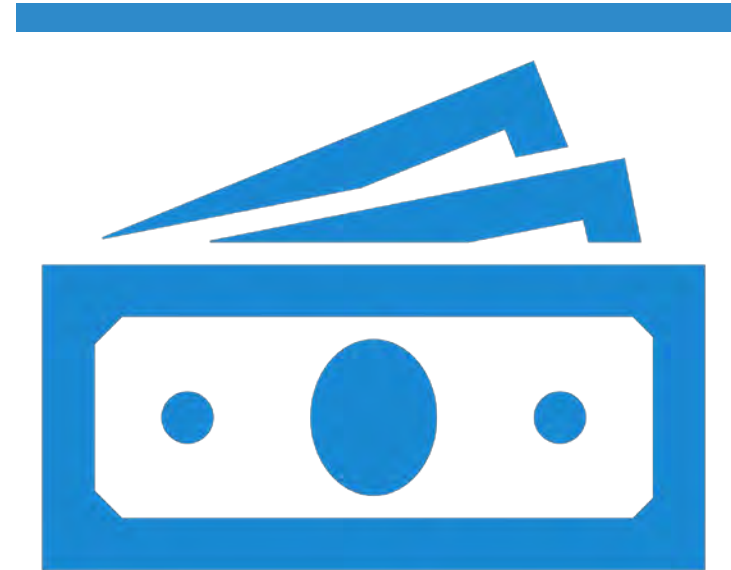
60% Equity/40% FI \$65,798 distributions \$351,861 Remaining

How are Permanent Funds Invested?



Presbyterian Endowment Service

- Continue to Hold Title & Receive Benefits
- Allows PCUSA Entity to invest in the Presbyterian Endowment Fund and retain title to the investment.
- Minimum investment \$200,000
- Limited Quarterly Liquidity with holdbacks for valuations



Why the Endowment Service?

- Who would you prefer to manage your Endowment?
 - Northern Trust is 14th Largest Money Manager in World
 - Access to Money Managers not available to all
- What is a fair fee to manage an Endowment?
 - **Endowment Service** annual admin fee is 0.99%
- Do you want to continue to hold title to the assets – just in case you need them?
 - With the **Endowment Service** – YOU HOLD TITLE

Why the Endowment Service?

- What type of structure would you want for your Endowment?
 - Growth & Safety Assets
- Do you want access to Private Equity for your Endowment?
 - **Endowment Service** recently received allocation to Sequoia
- Do you want someone to take on Fiduciary Responsibility for:
 - How much to distribute? **Endowment Service** provides support for spending formula
 - How to invest the assets, how much in stocks, bonds, cash, active or passive? **Endowment Service** makes strategic and tactical allocations to stocks, bonds and cash with active/passive strategies to achieve returns at reasonable costs.

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Ministers for Diversity and Inclusion

Rev. Helen Locklear

Native American Congregations

Rev. Ruth-Aimee Belonni-Rosario

Hispanic/Latino Congregations

Rev. Dr. Jerry Cannon

African American Congregations

Rev. Dr. Jonah So

Korean Congregations

Bringing People and Mission Together

Ministry Partnership Funds

Your church can easily accept secure online donations through the Foundation's online giving system.

- Add a donation form to your website to accept gifts by electronic funds transfer, debit or credit card.
- Simple, safe and secure.
- No setup or maintenance fees.

Bringing People and Mission Together

Church Financial Literacy and Leadership

Part of the Lilly Endowment Inc.'s National Initiative to Address Economic Challenges Facing Pastoral Leaders, this program helps to equip and train pastors and church leaders in their financial management and leadership for congregations.

- Resources help pastors navigate the changing cultural context they face as they seek to strengthen the financial vitality of their congregations.
- Grants for finance-related educational activities are available.

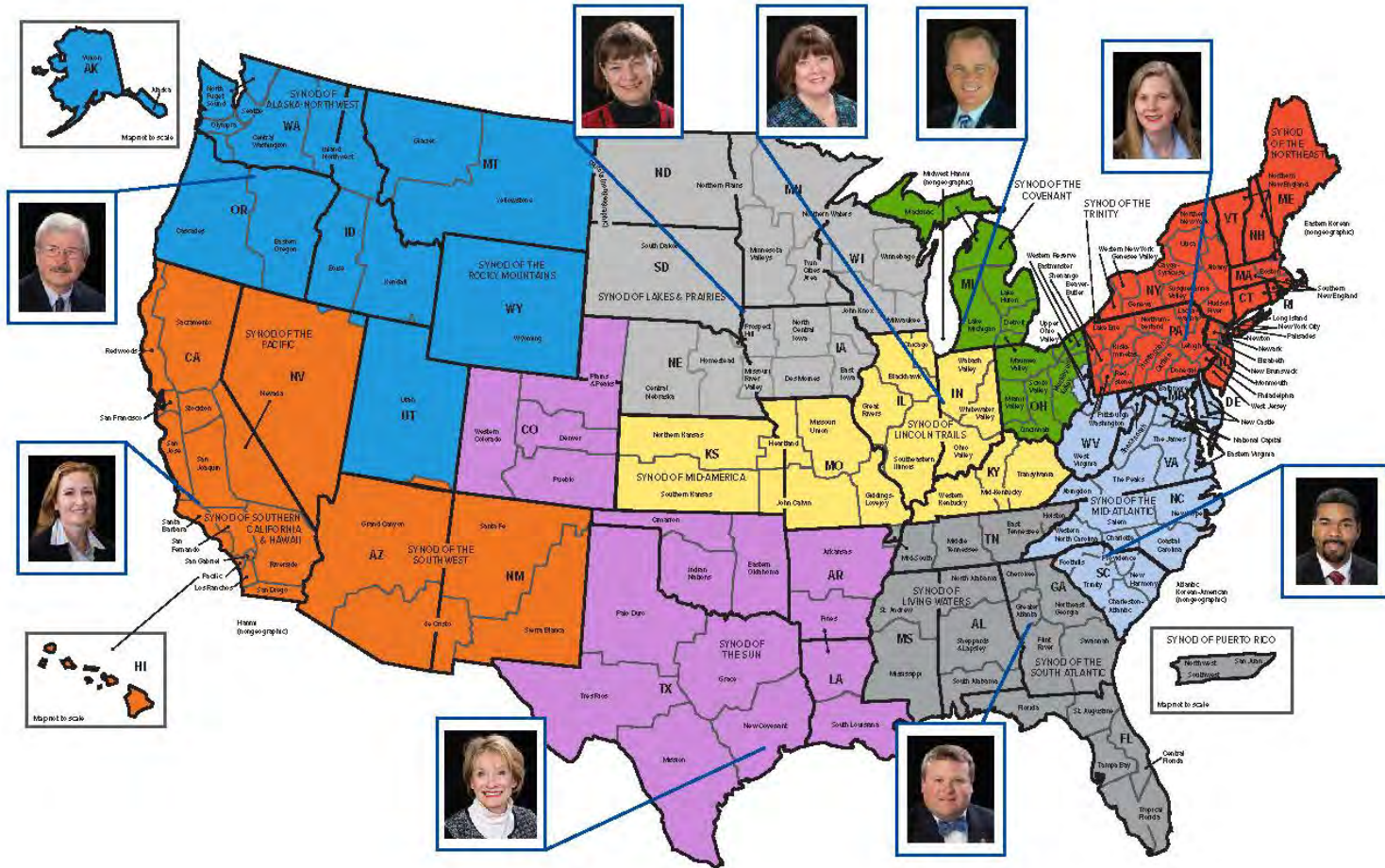
Bringing People and Mission Together

Ministry Relations Officers

- Workshops
 - Planned Giving
 - Culture of Generosity
- Endowment Program development
- Annual Stewardship consultation
- Capital Campaign Services
- Gift planning

Bringing People and Mission Together

Ministry Relations Officers



Presbyterian
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