

# Saint George's

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EPISCOPAL CHURCH

## St. George's Episcopal Church Financial Policies and Procedures

2015 Update

Vestry Approved: May 20, 2015

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## **Financial Policy and Procedures**

### **Purpose**

This document outlines the financial policies and procedures used at St. George's Episcopal Church. This document is intended to provide clear guidance to vestry members, ministry leaders, and the congregation on procedures that safeguard church funds and enable prompt payment of debts incurred either directly by the church or by individuals on behalf of the church.

The vestry is responsible for approval of the financial policies and procedures. Vestry members are also responsible for monitoring the funds for their individual ministry areas, according to the policies and procedures outlined in this document.

Recommendations for changes to this document should be submitted to the Treasurer of St. George's Episcopal Church.

### **Financial Management Committee**

The Financial Management Committee (FMC) meets monthly. It focuses on strategic financial issues and makes recommendations to the vestry for approval. The FMC has representation from the Stewardship Committee, the Investment Committee, the Treasurer's function (which includes management of the Altar and Special Funds, the Budget, the Bookkeeping function, and the Contributions tracking function) as well as the clergy, one or both vestry wardens, and the vestry liaison responsible for the Finance Ministry. The FMC is open to, and actively seeks, additional members from the parish.

The FMC also has oversight of the operational aspects of the parish's finances and will work to resolve the day-to-day financial operational issues of the church as they are referred to the FMC by the parish administrator, bookkeeper, and others.

### **Program (Committee) Chairs and Vestry Liaisons**

St. George's has a system of committees to execute the mission and ministry operations of the church. The committee chairpersons are responsible for initiating input to the budget process for their respective committees, as well as using the funds for their committees as authorized by the vestry. The vestry liaisons aligned with each committee are responsible for monitoring the activities and expenses of their committees, and assisting the program chairs to obtain vestry approval when a change to the originally approved budget is required.

### **Other Key Financial Team Members**

The other key members of St. George's financial team are as follows: Tellers count the contributions each Sunday and prepare the contributions records. The Contributions Secretary posts the contributions, by person (or contribution unit) and provides the quarterly/annual contributions statements. The Budget Chair tracks and provides monthly/annual updates on the budget, solicits annual budget inputs from vestry liaisons and committee chairs, and prepares a proposed annual budget for vestry review and approval. The Bookkeeper prepares checks to pay approved expenses, processes payroll, reconciles and maintains the bank accounts, and prepares financial reports. The Assistant Treasurer assists the Treasurer in overall financial management and serves as a back up in the event the Treasurer is unavailable.

## **Operating Budget Formation**

St. George's annual operating budget establishes the framework for the programs that the church will undertake during the program year. Each vestry member is responsible for reviewing and presenting budget recommendations developed by the committee chairs for the programs and activities in their ministry areas. The wardens provide staff compensation inputs based on recommendations from the Personnel Committee. The Budget Chair usually issues a call for budget inputs for the coming calendar year in August-September each year with final inputs due by the end of October. The vestry reviews draft budget alternatives for the coming year at the November vestry meeting and at the December vestry meeting finalizes and approves the budget. This is the budget presented to the congregation at the annual parish meeting. When the vestry finalizes the operating budget, it may include the transfer of special non-operating funds (Altar & Special Funds) to the operating budget for some capital and/or one-time expenses. Before seeking a transfer of Altar and Special funds, the committees needing the infusion of funds should first seek to meet their needs to by reallocating funds from within the operating budget.

Once the budget is approved by the vestry, committee chairs may use funds as approved for the fiscal year without formal vestry authorization. Because St. George's operating budget is dependent on contributions from parishioners, its cash flow varies throughout the year. In certain years, the vestry may require vestry approval on spending budgeted discretionary expenses over a certain amount, even though the expenses have already been budgeted. The vestry would need to pass such a motion, record it in the vestry minutes, and communicate it to committee chairs to activate this requirement for the year.

Once the budget is approved, committee chairs may reallocate, without vestry approval, up to \$750 of the budgeted funds between the funding lines in their ministry area to meet unplanned needs. However, vestry liaisons of the committees that have reallocated funds within their ministry areas must inform the Treasurer and Budget Chair of the reallocation. The ministry liaison should also inform the vestry about the reallocation at the vestry meeting immediately following the funding changes.

## **Unplanned Needs**

Occasionally during the year, unforeseen and special expenses may warrant that St. George's Altar and Special Funds (A&SF) be used to cover an expense. When these opportunities or needs arise, the vestry liaison of the ministry with such a need must bring a written motion to the vestry for approval before incurring any expense.

The Church will first look to meet these unforeseen needs by reallocating funds from the operating budget. If this cannot be done, the Church will then try to meet the needs using the A&SF. The vestry must approve the use of all Altar and Special Funds, except for recurring expenses paid from designated special funds such as altar flowers or the transportation fund for taxi vouchers, provided that individual expense items in the designated special funds do not exceed budgeted amounts. Members should notify the Treasurer, the Rector, and the Wardens as soon as they are aware of any need that may require vestry action. When the vestry approves the use of A&SF, the Treasurer and the Assistant Treasurer may, at their discretion, choose to take expenses out of one or another undesignated fund as they deem appropriate.

## **Committee Budget Formation**

Each ministry area has a budget, and this budget is a result of extensive work. The chair of each committee prepares the initial committee budget for the coming calendar year jointly with the

committee's vestry liaison. In August-September of each year, the committee chair should work with their committee on the planned program for the coming calendar year and prepare the committee's budget submission accordingly. This preliminary budget is then submitted to the Budget Chair per the timeline listed in the "Operating Budget Formation" section above. The Budget Chair develops an initial operating budget based on the individual committee's budget submission. Based on the stewardship campaign results, the budget is refined and voted on in December.

When considering large or unique projects, either the vestry liaison or the committee chair should secure multiple (three desired) bids to ensure the reasonableness of the selected vendor quotes. A rule of thumb is that multiple bids should be secured for expenditures over \$750 (\$2,000 for Buildings & Grounds). The committee chair or vestry liaison is not required to take the lowest bid, but to evaluate the bids for best overall value to St. George's. If multiple bids have not been secured when a project is presented to the vestry for approval, the vestry, on a case-by-case basis, may require multiple bids be obtained prior to considering the project for approval.

For service contracts or similar contracts where there is a continuing need for a service or product at the end of the contract period, it is St. George's policy that the renewal be competitive, that is, multiple bids should be obtained, and not simply awarded to the existing vendor.

### **Procedures for Approval of Expenses**

Accounts payable at St. George's generally come in two forms: bills received through the mail and presentation of requests by members, clergy, and staff to repay them for expenses incurred on behalf of St. George's.

The Committee Chair, or his/her designee, should prepare a check request form upon receipt of an invoice or request for payment of an approved expense and sign as the "requester". The vestry liaison for the committee which incurred the expense will then review the check request form and invoices, and sign as "approver". Once approved, the Vestry liaison submits the form with invoices to the Bookkeeper to prepare the check.

To facilitate payment of routine/recurring expenses and avoid late payment fees, the Parish Administrator is authorized to approve check requests and submit the request and supporting documentation to the Bookkeeper for payment of bills received that are for recurring budgeted expenses, such as the utility and phone bills. The Parish Administrator has to provide a copy of these check requests to the responsible Vestry liaison in order to properly track the ministry area budget. If the cognizant vestry liaison desires to sign all check requests in his/her ministry area, the vestry member should indicate in writing (letter or e-mail) to the Parish Administrator and Treasurer/Assistant Treasurer. NOTE: The Rector and Associate rectors have approval authority for check requests in any of the ministry areas.

Ministry Area Vestry liaison or Committee Chair can monitor their budgets in two ways: they may request a report from the Bookkeeper detailing expenses by budget line item or they can use the monthly budget reports to monitor their expenses and budget.

The Parish Administrator will put bills that are of a one-time or special nature in the folder located in the responsible Committee Chair's mailbox in the Volunteer Office for check request preparation, approval routing, and submission to the Bookkeeper. Vestry members must review the bill and, if appropriate, approve the expense by signing and dating the request, and placing it in the Bookkeeper's mailbox in the Volunteer Office. If vestry members or the Parish Administrator are presented with a bill for an item not authorized they must immediately report

the expense to the Treasurer and Senior Warden. In cases where people have obligated St. George's funds without proper authorization, they may be held personally liable for those expenses.

Vestry members may authorize committee heads or ministry leaders in their area of oversight the authority to approve check requisition forms provided that they notify the Parish Administrator, Treasurer, Bookkeeper, and Senior Warden of this in writing.

The vestry authorizes the Parish Administrator to approve and submit check requests on their behalf for one-time or special expenses if necessary to prevent delinquent payment by the church provided that the expense has been budgeted or approved by the vestry and documented in vestry minutes. The Parish Administrator must notify the Treasurer and Senior Warden when this occurs.

Check requests must contain a receipt, invoice, bill, or other official documentation of the expense. St. George's requires that all people who incur expenses on behalf of the church submit requests for repayment within ninety (90) days of the date that the expense is incurred. Members must make a good faith effort in December to gather and submit all bills for approval and payment in the calendar year incurred.

On voucher requests for a personal service (regardless of cost), the request must include **the full legal name, mailing address and social security number of the vendor** before a check will be issued unless that vendor has already been registered in the Bookkeeper's records prior to the request. This is an IRS requirement.

When staff or parishioners request and are provided an advanced check for goods (food for receptions, etc.) or services (musicians, supply clergy, etc.), the person receiving the check must provide receipts (store receipts or a signed receipt of payment for a personal service) to the Bookkeeper within two (2) weeks of making the purchase.

Blank check requisition forms are located in a mailbox in the Volunteer Office labeled "expense vouchers".

An electronic copy of the check requisition form is available on St. George's web site. Parishioners and Vestry members may use an electronic check requisition form if desired. Requesters and approvers may sign by typing their names in the appropriate lines on the form. The requestor will complete the form, electronically sign and e-mail the form to the Vestry liaison or designee for approval. Once the Vestry liaison or designee has reviewed and signed the form, they will e-mail the form to the Bookkeeper and info the Treasurer and Parish Administrator. The requestor must provide originals or electronic copies of receipts/invoices to the Bookkeeper within two weeks of initiating the check request form.

### **Parish Safe Procedures**

The Parish Safe is located in the Volunteer office. The safe is used to store checks and cash donations between the weekly counting processes. As soon as practicable after each Sunday service, the ushers should deposit the bag with the collection in the safe.

In the course of the church year, some ministry areas hold fund raising events (i.e. – car washes, wreath sales), or programs which require the participants to pay a registration fee (i.e. – retreats, trips), or programs that invite the participants to make a donation (i.e. – concerts, receptions). In many cases, the funds collected are deposited directly into the church safe rather than be held until the regular Sunday collection process.

In order for the Counters, the Contribution Secretary, and the Bookkeeper to have clear information about these monies dropped into the safe, the person dropping the monies into the safe should fill out a "Church Special Deposit Form" which is available next to the safe and deposit the completed form, along with the monies, in the safe. Any monies dropped into the safe (along with the form) should be securely sealed in an envelope or other container that will fit into the safe's slot without jamming the turn mechanism. Cash should never be placed in the safe except in a sealed envelope/container with a Church Special Deposit Form attached. The Church Special Deposit Form is included as Appendix 1.

### **Use of Tax Exemption Documentation**

Whenever possible, purchases on behalf of St. George's should be made through vendors with whom we have established an account and provided tax-exemption documentation. Those who use other vendors are responsible for providing the vendor with Commonwealth of Virginia State Sales Tax Exemption Certification (ST-13) prior to incurring the expense. Blank ST-13 forms are available in a mailbox labeled "ST-13 forms" in the Volunteer Office. St. George's policy is not to reimburse state sales tax incurred because of failure to use the ST-13 forms for purchases over \$100. It is the responsibility of each vestry member to provide information for those incurring expenses about the availability and use of these forms and to consult with the Parish Administrator or Treasurer for assistance.

### **Checks**

As a general rule, the Bookkeeper prepares checks weekly, typically on Wednesday afternoon, for signature by the people authorized to sign checks on behalf of St. George's. Two authorized signatures and appropriate paperwork documenting the expenses are always required before the check is validated and mailed. The vestry officially designates check signers at the first monthly meeting following the election of new vestry members. The Treasurer, Assistant Treasurer, or vestry financial management liaison will submit the appropriate paperwork that indicates who may sign church checks to the church's bank as soon as possible after the vestry designates these people each year. Normally, the six people authorized to sign checks on behalf of St. George's Church are the Senior Warden, Junior Warden, Vestry Liaison for Financial Management, Treasurer, Assistant Treasurer, and Register. Any two unrelated individuals of these six may sign checks. The person mailing the checks ensures two unrelated and authorized persons signed the checks.

#### **Check signers may not sign checks for reimbursement to themselves.**

To the maximum extent practical, Vestry members who are check signers should not sign as approvers of check request forms. This policy may be waived when needed to ensure timely payment of vendors/parishioners. It should be so noted on the check requisition form by the check signer.

The Bookkeeper will notify the Treasurer and/or Parish Administrator when checks remain outstanding two bank statement cycles after being written. The Parish Administrator and/or Treasurer will contact the individual or organization to whom the check was written to determine disposition of the check.

### **Stock Donation Policy**

St. Georgians donate stock to St. Georges for a variety of purposes – pledge payments, special gifts, or end-of-year giving. St. George's has an investment committee; however, neither the

Investment nor Financial Management Committees have the expertise to manage a stock portfolio. Because of the relatively small size of the holdings and the fact that most stock donations are for pledge payments, St. George's policy is to liquidate stock as soon as possible after the donation. This is a prudent strategy to preserve the value of the donated stock and to meet St. George's operating cash flow needs.

If parishioners or others plan to donate stock, please consult the Treasurer to get stock transfer information. St. George's provides the stock donor an acknowledgement letter that the donor can use for tax purposes. Thus, the value of the donation will not show on the quarterly contribution statement.

### **Cancellation Policy**

For activities external to St. George's, such as retreats, seminars, etc., the church usually incurs a monetary commitment to the organization providing the service. Once a parishioner makes a reservation for an activity, the following cancellation policy applies: An individual who makes a reservation for an event is responsible for any expenses incurred by that reservation if they do not cancel by the specified date or fail to show-up for the event. If not otherwise specified, the standard cancellation date is two weeks prior to the event.

### **Contracts and Agreements**

St. George's Church enters into a variety of contracts and agreements. These are generally for services or equipment, facility rental, and space use. In almost all cases these contracts and agreements will have financial impacts. It is important that the Bookkeeper have copies of all contracts and agreements in order to properly account for funds obligated by these documents, to be aware of terms and conditions required, and to satisfy audit requirements.

Vestry members, Committee chairs, and others who negotiate or approve contracts and agreements on behalf of St. George's will provide a legible copy of each document to the Bookkeeper within 2 weeks of approval of the contract/agreement.

For service contracts or similar contracts where there is a continuing need for a service or product at the end of the contract period, it is St. George's policy that the renewal be competitive, that is, multiple bids should be obtained, and not simply awarded to the existing vendor.

### **Building Use Fees**

As part of St. George's standard building rental/use contract, there is a section which holds the renter financially responsible for any damage to church property. The renters are required to provide advanced payment for both the building space rent plus a damage deposit as set by the space use coordinator. These checks for building use and damage deposit will be placed in the safe, processed by the counters, and deposited to St. George's accounts. The contributions manager will maintain a record of the building use payments and provide periodic reports to the space use coordinator.

Once the event has completed and the space use coordinator verifies no damage to St. George's property, the space use coordinator will notify the bookkeeper by check request form to refund the originator's damage fee by St. George's check. If there has been damage to St. George's property during the event, the facilities manager will notify the space use coordinator of the cost of repairs. If the repair cost is less than the damage deposit (by \$10.00 or more), the space use coordinator will notify the bookkeeper by check request form of the amount to be refunded to the originator. St. George's will not provide damage deposit refunds of less than \$10.00.

## **Grants**

Grant funding provides a source of revenue outside the normal budget to support and enhance programs of St. George's Church. Grant applications generally require some information on revenue or budget for the program. Approved grants generally entail a requirement to report on how the grant funding was used. Because of the financial implications, Vestry members, Committee chairs, or others who prepare grant applications must coordinate with the Bookkeeper, Treasurer, or Assistant Treasurer for input and provide a copy of each completed grant application to the Bookkeeper for St. George's financial records. For approved grants, the person/ministry area that submitted the application must provide a legible copy of all grant approval documentation to include notification letter, any grant terms & conditions, and acceptance letter to St. George's Bookkeeper. This is necessary to ensure St. George's complies with use and reporting requirements specified in the grant.

## **Donations**

Donations to St. George's, whether financial or goods, are greatly appreciated. St. George's Church makes every effort to acknowledge donations. For financial donations, the donor's contact information (name, address, etc.) is readily available and the donation is easily linked to the donor. Donations of goods (clothing or food items for the Food Pantry, for example) are more difficult to link to the donor. If parishioners wish an acknowledgment letter for donated goods for tax purposes, the donor must label the donated items with the donor's name, address, and phone/e-mail. The Committee or Program chair will provide the information on donated items and the donor to the Contributions Manager who will prepare an acknowledgement letter for clergy/church officer signature. (See Appendix 9 for additional information.)

## Appendix 1: Church Special Deposit Form

ST. GEORGE'S EPISCOPAL CHURCH  
ARLINGTON, VIRGINIA  
CHURCH SPECIAL DEPOSIT FORM

NAME OF DEPOSITOR: \_\_\_\_\_

DATE OF DEPOSIT (Dropped into the safe): \_\_\_\_\_

AMOUNT OF DEPOSIT: \$ \_\_\_\_\_

[Checks: \$ \_\_\_\_\_; Cash: \$ \_\_\_\_\_]

REASON(S) FOR DEPOSIT (Please be specific): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MINISTRY AREA: (check)

- Administration
- Adult Education
- Children & Youth
- Fellowship
- Outreach
- Parish & Diocesan Activities
- Worship Services

## Appendix 2: Internal Controls

St. George's financial "internal controls" are a system of "special purpose" processes and procedures designed and practiced for the primary purpose of preventing or deterring fraud. The internal controls fall into two categories, active and passive:

### Active Controls

#### Signatures and Countersigning

- Each expenditure requires multiple signatures
- Original voucher is required
- Accounts payable entry signature
- Two signatures on the check

#### Passwords

- PowerChurch (the accounting software St. George's uses) relies on passwords for access

#### Segregation of Duties

-Segregation of Duties means that there are processes and procedures to require that duties must be divided among a number people so that no one person or group can obtain church cash by fraud.

-The following are done by different individuals for segregation of duties. No one group handles more than one step:

##### Cash receipt counting and deposit

- Counters count the money.
- There must be at least two unrelated members present
- They deposit the cash (No one else is supposed to enter the Volunteer Room during the counting.)
- All Deposits go through the counters

##### Entering contributions and reconciling to the deposit receipt

- Receipts are posted to PowerChurch by another (second) person

##### Invoice and voucher approval

- Review by responsible vestry member or Parish Administrator

##### Creation and entry of the payable expense and check cutting

- Checks are prepared by a third person
- All checks must have proper backup – invoice or voucher
  - An invoice in the case of a routine bill like electricity
  - A voucher and accompanying receipt in the case of a vestry requested check
- The third party that prepares the checks cannot sign checks or approve the payroll

##### Check signing

- Every check requires two signatures by non-related, vestry-approved persons
- Payroll payments [electronic and checks] are signed/released by persons approved by the vestry

#### Check mailing

- The person mailing the checks does not have check signature authority
- The person mailing the checks will review all checks for proper signature.

### **Passive Controls**

#### **Audit trails**

- Stored backup of receipts to match deposits and checks.

#### **Annual external audit**

- Called by the Treasurer to review financial reports.
- Financial procedures are normally audited every three (3) years.
- Focused audit on internal controls, which is done along with reporting audit.

#### **Surveillance of key activities.**

### **Appendix 3: Check Request and Reimbursement Process**

Committee chair determines a need for an expenditure.

Committee chair verifies that there is enough money in their committee's budget to make the expenditure.

Vestry liaisons are required to secure (or have their committee chairpersons secure) multiple bids when they are committing expenditures over \$750 (\$2,000 for Buildings & Grounds) to ensure the reasonableness of the selected vendor quotes. The committee chair / vestry liaison is not required to take the low bid – but to evaluate the best of multiple bids. Three bids are preferred, when practicable given the size of the job.

For service contracts or similar contracts where there is a continuing need for a service or product at the end of the contract period, it is St. George's policy that the renewal be competitive, that is, multiple bids should be obtained, and not simply awarded to the existing vendor.

Committee chair or designee signs as “requester” for the the expenditure.

Committee chair or designee submits the check request to their vestry liaison for approval. Check requests must contain a receipt, invoice, bill, or other official documentation of the expense. St. George's requires that all people who incur expenses on behalf of the church submit requests for repayment within ninety (90) days of the date that the expense is incurred. Members must make a good faith effort in December to gather and submit all bills for approval and payment in the calendar year incurred. Blank check requisition forms are located in a mailbox in the Volunteer Office labeled “expense vouchers”. There is an electronic copy of the check requisition form on the Church's web site. The Vestry member or those who approve requests should refer to the monthly budget report distributed electronically to verify fund availability.

The Vestry liaison reviews the check request and, if appropriate, approves the request by signing and dating the request. The vestry liaison then places it in the Bookkeeper's mailbox in the Volunteer office. NOTE: The Rector and Associate rectors have approval authority for check requests in any of the ministry areas.

The Bookkeeper normally prepares checks weekly, generally on Wednesday afternoon, for signature by the people authorized to sign checks on behalf of St. George's. Two authorized signatures and documenting the expense are always required before the check is validated and mailed. The person mailing the checks ensures two unrelated and authorized persons signed the checks.

Check No. \_\_\_\_\_

Check Date \_\_\_\_\_

St. George's Episcopal Church

**CHECK REQUISITION FORM**

MAKE CHECK PAYABLE TO: \_\_\_\_\_

AMOUNT: \_\_\_\_\_

DATE(S) PAYMENT DUE: \_\_\_\_\_

ACCOUNT(S) TO BE CHARGED: \_\_\_\_\_

*(see reverse for expense categories)* \_\_\_\_\_

**REQUESTER:**

\_\_\_\_\_  
(SIGNATURE of person submitting voucher)

\_\_\_\_\_  
Date signed

**APPROVER:**

\_\_\_\_\_  
(SIGNATURE of vestry member who has oversight  
of the ministry area in which this expense falls)

\_\_\_\_\_  
Date signed

**ATTACH RECEIPTS**

**NOTE**

All requisitions for personal service to be performed by an individual **MUST** have the individual's full name, full address, telephone number, and social security number **UNLESS** you are certain that the individual's information has been registered with the Church in the past year and that the information is current. St. George's cannot issue checks written to individuals for performance of personal services without this information.

**ADDITIONAL INFORMATION OR INSTRUCTIONS**

Please include any special instructions for handling.

In the absence of instructions, the check will be mailed to the individual making the request.

(Completed and signed vouchers go in the box of St. George's Bookkeeper, Bob Stone.)

**Expense Categories****Administration**

Clergy & staff Salary (5110-5118;  
5130-5143)  
Clergy & staff benefits (5150-  
5175)  
Supply Clergy (5119)  
Substitute Sexton (5138)  
Substitute Organist (5139)  
Seminary Fieldwork fee (5141)  
Misc Payments (A&SF) (5158-701  
& 5173-701)  
Workmen's Compensation  
Insurance (5171)  
Church Telephone (5181)  
Office Supplies (5182)  
Office Equipment Maintenance  
(5183)  
Copier Maintenance\* (5184)  
Office Equipment (A&SF) (5185-  
701)  
Postage (5186)

**Staff Managed Functions****-Adult Ed**

Adult Education Program (5201)  
Tract Publications (5202)  
Library Assistance (5203)  
Library Assistance (A&SF) (5203-  
701)  
Adult Ed Speakers Fund (A&SF)  
(5204-701)

**-Communications**

Publicity/Advertising (5451)  
Computer Online Services (5452)  
Online Support (A&SF) (5452-  
701)

**-Parish Care**

Stephen Ministry (5601)  
Personal Needs (A&SF) (5602-  
703)  
Transportation Aid (A&SF) (5603-  
703)  
Parish Care Activities (5604)  
Parish Sponsored Receptions  
(5606)

**Building and Grounds**

Church Natural Gas (5311)  
Church Electricity (5312)  
Church Water/Sewer (5313)  
3803 N 4th St. (Rectory) Utilities  
(5314)  
Janitorial Supplies (5321)  
Church Building Maintenance  
(5322)

Church Maintenance (A&SF)  
(5322-701)  
Special Building Projects (A&SF)  
(5322-704)  
Grounds Maintenance (5323)  
Grounds Maintenance (A&SF)  
(5323-701)  
Boiler/HVAC Maintenance (5324)  
Elevator Maintenance (5325)  
911 N Oakland St. Maintenance  
(5326)  
3803 N. 4th St. (Rectory)  
Maintenance (5327)  
Rectory Maintenance (A&SF)  
(5327-701)  
Kitchen Cleaning (5328)  
3803 N. 4th St. (Rectory) Property  
Taxes (5329)  
Property, Liability, & Boiler  
Insurance (5341)  
Capital improvements (A&SF)  
(5356-704 & 5358-704)

**Children and Youth**

Church School (5401)  
EYC (5402)  
Children's Committee (5403)  
Confirmation Class (5404)  
Youth Activities (A&SF) (5405-  
702)

**Member Support and Growth****-Evangelism and Newcomer**

Evangelism/Newcomer Outreach  
(5471)

**-Fellowship**

Shrine Mont Parish Weekend  
(5501)  
Shrine Mont Scholarships (A&SF)  
(5501-703)  
Parish Social/Kitchen/Fellowship  
(5503)  
20s and 30s (5504)

**-Connections**

Urban Abbey (5581)

**Financial Management**

Stewardship (5551)  
Stewardship Support (A&SF)  
(5551-702)  
Bank Fees (Including Pay Pal  
Deposit Fees) (5552)  
CPA Support (annual audit) (5553)

**Transition Expenses**

Rector Search Committee (5562)  
New Ministry Celebration (5564)

**Outreach Ministries**

Human Services Outreach (5662)  
Arlington Interfaith Council (5659)  
St. George's Food Pantry (5660)  
ACF FP Grant (5664)  
Lagniappe FP Grant (5665)  
HOST Program (5666)  
Rector's Discretionary Fund (5671-  
101)  
Associate's Discretionary Fund  
(5672-104)  
Diocese of Virginia (5711)  
Region III (5712)  
Seminary Scholarships (A&SF)  
(5714-702)  
Council Delegates (5752)  
Vestry Retreats (5753)  
Joint Activities w/San Jose (5754)  
Partnership Donations (5755)

**Worship**

Choir Music & Royalties (5811)  
Choir Robes (5812)  
Choir Robes (A&SF) (5812-701)  
Instrumentalists (5813)  
Special Music Programs (A&SF)  
(5814-702)  
Organ/Piano Maintenance (5815)  
Music Endowment Expenses  
(5816)  
St Cecilia Choir (5817)  
Hand bells (5818)  
Children's Choirs (5819)  
Copyright Permissions (5820)  
Communion Bread & Wine (5851)  
Worship Service Supplies (5852)  
Worship Supplies (A&SF) (5852-  
701)  
Altar Flowers (A&SF) (5853-701)

## Appendix 4: Instructions for Counting St. George's Collections

### Overview

It is St. George's policy that collections be counted by at least two unrelated adults. If the counting team consists of three (3) people, two members may be related; however, the persons verifying the count and signing the Green Sheet must not be related.

If your scheduled partner fails to show and you are unable to find a suitable replacement, do not count the money by yourself. In such an event, inform the head teller that the collection could not be counted.

Collections are picked up from the safe in the Volunteer Office. There are two keys to the safe: an A key and a B key. Counters' materials are in the small file cabinet in the Volunteer Office next to the computer workstation there.

### Loose plate cash

**Step 1.** Add up the currency and coins and have a second counter verify the two totals (currency and coins).

### Pledge envelopes

**Step 2.** Put pledge envelopes in numerical order.

**Step 3.** For each envelope:

Open envelope and remove the contents.

Enter the amount on the envelope or, if it is already written on the envelope, be sure that it matches the amount of the check.

Write "cash" next to the amount if cash was enclosed.

Stamp all checks with a "For Deposit" stamp. The rubber stamp may have the bank account number, but this is not required.

**Step 4.** Run an adding machine tape to total the amounts written on the envelopes.

**Step 5.** Run an adding machine tape of all pledge checks that were in envelopes. Label this tape "Tape 1" and indicate the date. It shows only the pledge checks and does not include the cash. The amount on Tape 1, plus the cash taken from the pledge envelopes, should equal the total from the envelopes (Step 4).

### Other offerings (loose checks and designated offerings)

**Step 6.** For checks with a designated purpose other than a pledge, ensure that the purpose is written on the memo line of the check.

**Step 7.** Copy all loose checks. NOTE: On the Copier, select and print to 8.5x11 paper.

**Step 8.** Stamp all loose checks with a "For Deposit" stamp. The rubber stamp may have the bank account number, but this is not required.

**Step 9.** Run an adding machine tape of all loose checks. Label the tape "Tape 2" and date it. To verify the total of loose checks, a second counter will do a backup of Tape 2 to confirm the total.

**Step 10.** Count the designated cash, if any, and enter the purpose and amount on the green sheet (sample attached).

### **Making the deposit**

**Step 11.** Prepare two deposit slips, the original for the bank and the carbon copy for Norine Florian (Contributions Manager). On the deposit slip, list the totals for currency, coins, all checks, Tape 1, and Tape 2. Make a copy of the paper tapes for Norine Florian, and include the original paper tapes with the checks in the deposit envelope.

**Step 12.** Take the bank envelope to M&T Bank at the corner of Glebe Road and Lee Highway. Two counters need to make the deposit.

### **Accounting for other offerings**

(may be done by head counter or designated other counter after the deposit has been made)

**Step 13.** On the photocopies of checks not specifically earmarked, annotate the envelope number (1-299 for pledgers, 2000s for other regular donors), based on the "Envelope Numbers List" for St. George's.<sup>1</sup> For other checks that belong with the loose plate offering, write "V" for Visitor.

**Step 14.** Complete the green sheet to show the amounts and purposes of designated offerings (food pantry, building use, flowers, etc.).<sup>2</sup>

**Step 15.** Place the completed green sheet, the photocopies of the checks, and the adding machine tapes in Norine Florian's box in the Volunteer Office no later than Sunday evening.

**Step 16.** Place the tear-off deposit envelope stub in Bob Stone's box (St. George's Bookkeeper).

Note 1: In practice, the counting team often completes its bookkeeping work (steps 13-16) before the bank deposit is made. In this case, envelope numbers are written on the loose checks before they are photocopied.

Note 2: During the weekly counting process, Counters are not allowed to accept checks in exchange for cash that has been contributed.

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<sup>1</sup> The former "pink sheets," which included a list of pledgers (#1-299) and a separate list of other contributors (2000s), have been discontinued.

<sup>2</sup> The green sheet will list designated contributions, one by one, but they need not be added up. The Excel spreadsheets have been discontinued.

## St. George's Church: "Green Sheet"

Inclusive Dates: \_\_\_\_\_

Bank Bag #: \_\_\_\_\_

I. Cash contributions	Currency	Coins	Total
Loose plate	_____	_____	_____
Pledge envelopes	_____	_____	_____
All other (designated contributions)	_____	_____	_____
Subtotal cash	_____	_____	_____

**II. Checks**

Tape 1 -Pledge envelopes \_\_\_\_\_

Tape 2 –Designated contributions \_\_\_\_\_

Subtotal Checks \_\_\_\_\_

**TOTAL DEPOSIT (cash + check totals)** \_\_\_\_\_

Food Pantry (please specify name of donor and amount of donation):

Memorial donations (please specify name of donor, amount of donation, and in whose memory the money is donated):

Flower donations (please specify name of donor, amount of donation, and the date for which the flowers are given, if provided):

Building-use donations/payments (please specify the name of the person or group and amount)

Other donations/payments (please specify the name of the person making the donation or payment and the purpose of the donation or payment):<sup>3</sup>

Counted by: \_\_\_\_\_

<sup>3</sup>If numerous donations are made for one purpose (for example, United Thank Offering, or the special offerings at Christmas and Easter), they need not be listed individually on the green sheet. Instead, ensure that photocopies of these checks are clearly labeled.

## Appendix 5: Flexible Spending Account (FSA) – Health Care

St. George's Episcopal Church offers medical and dental insurance carried through the Diocese of Virginia to all employees who work 20 hours a week or more. However, St. George's recognizes that this insurance does not cover all costs related to medical and dental expenses.

St. George's established a Flexible Spending Health Plan under IRS section 105, the purpose of which is to reimburse employees for those eligible expenses made on behalf of themselves or their spouse and dependents which are not paid by the church's medical and dental insurance.

All employees of St. George's Episcopal Church who work 20 hours a week or more are eligible to participate in this FSA plan.

Employees desiring to participate in this plan will designate in December of the previous calendar year the amount that they will contribute to the plan during the upcoming plan year. Employees may designate any amount up to a **maximum of \$2,500** for the plan year. One twenty-fourth of the total contribution for the plan year will be deducted from participating employees' semimonthly pay checks. Employees' contributions to this FSA plan are not subject to Federal or State income, social security, or Medicare taxes.

St. George's will reimburse a participating employee for eligible out-of-pocket medical and dental expenses incurred during the plan year (Jan 1 thru Dec 31) up to the total amount of the employee's contribution to the plan for the year. Employees must submit a reimbursement claim form with receipts in order to be reimbursed. Reimbursement claims may be submitted at any time during the year and up to 3 months after the end of the plan year. For example, claims for calendar year 2013 must be submitted no later than March 31, 2014.

A Section 105 Health Plan expense line will be established in St. George's operating budget for participating employees. Employees' semimonthly contributions will be credited to their budget lines; employees' reimbursements will be debited from their budget line. An employee's contribution in excess of his/her expenses at the end of the year will be credited to the general fund of the Church. If an employee leaves St. George's employment before the end of the calendar year and his/her reimbursed expenses are greater than his/her contributions to that point, the difference will be covered by the general fund of the church.

## Eligible Health Care Expenses

Acupuncture	Legal fees associated with the commitment of a mentally ill person
Ambulance	Mileage related specifically to an eligible medical visit
Artificial limbs	Obstetrical fees
Braille books and magazines (above cost of regular print)	Orthodontia (refer to orthodontia expenses under "Health Care Reimbursements")
Chiropractor's fees (to treat specific medical condition)	Orthopedic shoes (above cost of ordinary shoes)
Christian Science practitioner's fees	Physical therapists' fees
Coinsurance	Prescription drugs (for non-cosmetic reasons)
Contraceptive prescriptions	Prescription eyeglasses and/or contact lenses
Copayments	Psychiatrists' fees (for medical reasons)
Crutches	Psychologists' fees (for medical reasons)
Dentists' fees (other than cosmetic services)	Psychotherapists' fees (for medical reasons)
Dentures	Radial keratotomy/Ortho keratotomy
Diabetic supplies	Routine physicals
Eye exams	Seeing-eye dog (purchase, training, & care)
Fees associated with organ donation	Solutions for the care & maintenance of contact lenses
Gynecologists' fees	Skilled nurses' fees (including room, board & Social Security taxes you pay for)
Health insurance deductibles (associated with specific costs)	Speech therapists' fees
Hearing aids/batteries	Sterilization fees
Hearing trained cat (purchase, training, & care)	Treatment for substance addiction
Hypnosis for medical reasons	Transportation expenses (for medical reasons)
Immunizations/vaccinations	Wheelchair
Insulin	
Laboratory fees	

## Ineligible Health Care Expenses

This is a partial list of health care expenses that are not eligible for reimbursement from your HCSA.

Cosmetic surgery procedures of any kind	Smoking cessation programs, treatments & prescriptions (even if prescribed by a physician)
Domestic help fees (for services of a non-medical nature)	Solutions for the care & maintenance of eyeglasses
Health club memberships	Union dues
Lens replacement insurance	Over-the-counter vitamins
Over-the-counter drugs, products or formulas (even if prescribed by physician)	Weight loss programs, treatments, and prescriptions (even if prescribed by a physician)
Physical therapy treatments for general well-being	

## Appendix 6: Pension & Benefit Plans

### Pension Programs

St. George's clergy and staff are enrolled in the National Church's pension program, the Church Pension Fund (CPF). These are "defined benefit" programs. For clergy, St. George's contributes 18% of their salary; for staff employees (those who work ½ time or more), 9%.

St. George's employees, both clergy and staff, may enroll in a 403(b) IRA program offered through the CPF and contribute a portion of their salary, up to IRS annual limits.

### Benefit Programs

St. George's clergy and staff employees are offered the option of enrolling in health, dental, and vision programs offered through the Diocese of Virginia. If not specified otherwise in the employee's (clergy or staff) contract, St. George's will provide coverage as recommended by the Diocese of Virginia. The Diocese of Virginia-developed model of parity recommends the following levels of coverage: 90% of single health coverage; 80% of couple health coverage; 80% of parent and child(ren) health coverage; or 60% of family health coverage. If an employee has health coverage through a spouse or other program, St. George's will provide an 'in lieu of' payment of the single member rate. As of January 2013, the Episcopal Church implemented a "self funded" insurance program. All Episcopal Church employees who opt for health care are required to use this program.

St. George's employees (clergy and staff) are provided life and disability insurance coverage equal to their annual salary through National Church programs. Clergy have the option of increasing insurance coverage up to two (2) times their annual salary at their own expense.

## Appendix 7: Annual Audit

In accordance with Diocesan requirements, St. George's Church will complete an annual audit of its prior year's financial records. The audit must be completed, approved by the Vestry, and submitted to the Diocesan Treasurer not later than August 31 (i.e., for 2012 financial records, the audit must be submitted by August 31, 2013).

The Diocese offers churches several options for completing the annual audit.

An outside audit firm may be employed. If used, churches must forward a copy of their entire audit report, the supporting management letter and the church response to issues raised by the auditors.

Second, churches may use the Diocese of Virginia internal audit program which is based on the Manual of Business Methods in Church Affairs (available online at <http://www.episcopalchurch.org/documents/MANUAL.PDF>). This internal audit program is a usable and proactive process for an audit committee to assure each congregation of their financial position. The provided program should be directed to the person(s) responsible for the audit process. A "short form" audit is an alternative for churches with total operating budgets of less than \$150,000, and these pages should be used rather than the longer format. The attached proof of cash form is to be completed for all church accounts in accordance with national and diocesan canons.

A third option is a process known as "Agreed Upon Procedures (AUP)" and involves the contracting of a Certified Public Accountant (CPA) or audit firm to test specific information. This is not meant to be a Generally Accepted Accounting Procedures (GAAP) audit and there should be no expectation that an opinion will be issued by the involved CPA or audit firm. There are several items to the AUP. The first is a sample engagement letter that the auditor/firm will provide in some form to the church once they have reviewed what is being asked of them in this model. The second document is the sample report the firm will submit based on their testing of the third document (the Church Financial Report). The third document is an Excel document with the report in a yellow-tab and the instruction in a blue-tab. The church is responsible for the completion of the underlying report that the auditor or firm will test against.

St. George's current practice is to employ a professional audit firm every 5<sup>th</sup> year. In the intervening 4 years, St. George's will employ a CPA/firm to review financial documents and prepare the underlying financial statements (proof of cash, investment summaries, journal entries, etc.). Once these are completed, an Audit Committee of three persons is commissioned to use the Diocese of Virginia audit form to complete the audit. This assures that both financial and policy aspects of St. George's financial management are reviewed annually.

## **Appendix 8: Church Assets & Inventory Procedures**

### **Church Assets**

St. George's policy is to capitalize fixed assets with an original individual value of \$1,000 or greater. Capitalized assets will be subject to the appropriate depreciation schedule. All other Church assets of less than \$1,000 are non-capitalized assets and not subject to depreciation rules.

### **Inventory Procedures**

Capitalized assets are reviewed each year in conjunction with the annual audit, and reported on the financial statements with the depreciation accumulated for the current year.

Non-capitalized assets (tables, chairs, etc.) will be inventoried every three years, beginning in calendar year 2013. The Financial Management Committee (FMC) chair, or designee, will arrange for a triennial inventory of non-capitalized assets to be completed by August 31. The inventory may be completed by a volunteer from the parish and should contain a listing by room of the non-capitalized assets within that space. If possible, a photographic record of the assets within each room should accompany the list. The FMC chair will provide the completed inventory to the Parish Administrator to be maintained with the Church's insurance policies/information.

## **Appendix 9: Gift / Bequest Acceptance & Acknowledgment Policy**

*Note: One task of the newly formed Investment Committee will be to draft revisions to the Investment Policy below for subsequent review and approval by the Financial Management Committee and the Vestry.*

The Vestry of St. George's Episcopal Church in Arlington, Virginia has established this combined Gift and Bequest Acceptance Policy and Investment Policy Statement for the purpose of providing general guidelines to investment managers for the prudent management of St. George's investment assets. We recognize that changing economic and market conditions may make it impossible for the management of such assets to precisely mirror all aspects of this investment policy at any point in time and, as such, we agree and understand that this policy is to serve primarily as a general framework within which these assets are to be managed.

### **Gift and Bequest Acceptance Policy**

Gifts or bequests of money, property, or services outside the annual Stewardship and pledge giving must be approved by the Vestry before being accepted on behalf of St. George's church. St. George's Vestry must review the gift or bequest and ensure that it has no stipulations which would be at variance with St. George's mission or with the Canons of the Diocese of Virginia or those of the Episcopal Church.

If there are such stipulations, St. George's Vestry will designate a representative to work with the donor to modify stipulations such that they are in accordance with St. George's mission and standing within the Episcopal Church. If accommodations cannot be made, the Vestry must decline the gift or bequest.

### **Donation Acknowledgement**

Donations to St. George's, whether financial or goods, are greatly appreciated. St. George's Church makes every effort to acknowledge donations. For financial donations, the donor's contact information (name, address, etc.) is readily available and the donation is easily linked to the donor. Donations of goods (clothing or food items for the Food Pantry, for example) are more difficult to link to the donor. If parishioners wish an acknowledgment letter for donated goods for tax purposes, the donor must label the donated items with the donor's name, address, and phone/e-mail. The Committee or Program chair will provide the information on donated items and the donor to the Contributions Manager who will prepare an acknowledgement letter for clergy/church officer signature.

## Appendix 10: Investment Policy

### I. Introduction

This Investment Policy Statement (“IPS”) for St. George’s Episcopal Church, Arlington (“the Church”) sets forth the policies governing the investment of the Church’s financial assets. The IPS begins with a description of the objectives of the Church’s investment policy. Next, it sets forth broad objectives for the investment of the Church’s financial assets; describes three Church Funds (the “Funds”), as proposed in June 2014; and lists specific investment objectives for each. The IPS then provides both general and specific guidance for the Church’s investments. It explains how financial assets and cash inflows should be allocated to the three Funds, how outflows should be drawn from them, and how investments will be monitored and evaluated. The IPS also describes the duties and responsibilities of St. George’s Investment Committee (IC) and a potential role for an Investment Consultant. Finally, it lists procedures for revising the IPS and includes an Annex of defined financial terms.

### II. Investment Policy Objectives

This IPS describes the purposes and goals for the management of the Church’s financial assets and sets forth policies that promote these goals. The IPS is intended to:

1. Foster a common understanding of investment policies among the IC, Financial Management Committee (FMC), Vestry, Clergy, and Congregation;
2. Help the Church build its financial base through the sound management of financial assets;
3. Provide confidence to donors about the stewardship of the funds entrusted to the Church;
4. Set forth specific investment objectives for the Funds;
5. Assist the IC in effectively supervising, monitoring, and evaluating the investment of the Church’s financial assets; and
6. Facilitate budget planning by the Vestry, with assistance from the FMC, by clarifying the purposes and investment time horizons of the Funds.

### III. Investment Objectives for the Funds

**Broad investment objectives.** The Church’s financial assets will be managed to balance the following objectives:

- Income—to produce current and continuing cash flow to support the Church’s ministries and to contribute to the expansion of the Church’s financial resources.

- Growth—to provide for expansion of financial resources through investments in financial assets that can be expected to appreciate in value.
- Safety—to seek preservation of principal by managing financial risks through prudent investment management and the application of asset-quality, asset-allocation, and diversification guidelines.
- Liquidity—to meet cash needs with minimal transaction and other costs.

Investments in financial assets offer tradeoffs among these objectives. Importantly, Funds with different purposes may balance these objectives differently, in part by utilizing different asset-class allocations (that is, divisions of a financial portfolio into stocks, bonds, and other assets). In addition, the value of and return on most financial assets will fluctuate to some extent unpredictably with market conditions, and changing market conditions will affect the likelihood that some objectives are achieved, particularly over short time horizons. The asset allocations listed below for the Church's individual Funds are designed to be consistent with the long-term objectives of each Fund.

**Specific investment objectives.** The three Funds listed below are designed to meet the IPS objectives outlined in Section II.

**(1) The Cash Management Fund** is to be used for the Church's cash management, including the management of day-to-day cash receipts and expenditures, seasonal variations in income and expenses, and limited emergency needs. The primary investment objectives of the Cash Management Fund are safety and liquidity, and a secondary objective is income. The Cash Management Fund is to be invested in safe, liquid, short-term assets, such as *federally insured deposits* and *money market mutual funds* that invest exclusively in government securities. Cash Management Fund accounts should have minimal or no transaction fees. A return benchmark for the Cash Management Fund is the 3-month Treasury bill rate. Money from the Cash Management Fund may be used as needed for the Fund's intended purposes at the direction of the Church Treasurer, acting with the authorization of the Vestry.

**(2) The Reserve Fund** is to be used to support the work of the Church's ministries and programs over a medium-term, multi-year time horizon and to meet emergency needs that are larger than can be accommodated with cash from the Cash Management Fund. Contributions to the Reserve Fund generally are expected to be spent over a time horizon of more than one year. The primary investment objectives of the Reserve Fund are income and growth, and secondary objectives are safety and liquidity. Since the Reserve Fund has a longer time horizon than the Cash Management Fund, a higher degree of risk and volatility can be tolerated in the Reserve Fund than in the Cash Management Fund, and the Reserve Fund would generally have only small direct holdings of cash and *cash equivalents*. A return benchmark for the Reserve

Fund is a weighted average of the total returns on appropriate broad-market indexes, such as the Wilshire 5000 (for stocks) and the Barclays U.S. Aggregate Bond Index (for bonds), with the weights in proportion to the Reserve Fund's asset-class allocations. Money from the Reserve Fund may be used as needed for the Fund's intended purposes at the direction of the Church Treasurer, acting with the authorization of the Vestry.

(3) The **Endowment Fund**, once established, is to be used to provide a dependable and sustainable source of income to support the current and future ministries of the Church, while preserving the principal of the Fund in real (inflation-adjusted) terms. The primary investment objectives of the Endowment Fund are growth and income. Since the Endowment Fund is intended to be a perpetual source of income for the Church, its longer time horizon allows a higher degree of risk and volatility compared with what is appropriate for the Reserve Fund, and the Endowment Fund would generally have minimal holdings of cash and cash equivalents. A return benchmark for the Endowment Fund is a weighted average of the total returns on appropriate broad-market indexes, with the weights in proportion to the Endowment Fund's asset-class allocations. The Endowment Fund shall adhere to a spending policy consistent with best practices in endowment management. To that end, the spending rate for the Endowment Fund in a given calendar year will be between three and five percent of the average market value of the Fund over the three years ending on September 30 of the preceding year. The IC shall review the spending rate each year and update it, if necessary, in consultation with the FMC (updates should be reflected in Table 1 of this IPS).

Key features of the three Funds are described in Table 1. Section 1 of the table lists each Fund's purpose, and section 2 shows the Fund's approximate time horizon. Section 3 indicates how the Funds relate to the Church's current financial accounts. Section 4 lists the investment objectives of each Fund in order of importance, and section 5 sets forth the allowable and target ranges for the major asset classes in each Fund. Finally, section 6 illustrates how cash inflows and outflows would typically be allocated among the Funds.

#### **IV. Investment Guidelines for the Funds**

##### **1. Broad investment guidelines**

**Diversification.** Prudent financial management requires diversification of financial assets in a portfolio. A diversified portfolio allows an investor, such as the Church, to minimize risks for any given level of expected return, in part because diversification ensures that no single security or category of assets (such as stocks) has a disproportionate adverse effect on the performance of the entire portfolio.

This IPS provides asset-allocation guidelines that require diversification across broad categories of assets. For example, as noted below, asset-allocation policies for the Reserve Fund and the Endowment Fund (together, the "*Investment Funds*") limit those Funds' holdings of each broad asset type – such as stocks and bonds – to no more than a specified portion of each Fund. In addition, as described below, the fixed-income securities and equities held in the Investment Funds will be globally diversified and diversified with respect to exposures to economic sectors.

The diversification guidelines also require that each Fund limit its total exposures, through equity and debt, to any single private firm or institution to no more than five percent of the Fund's total assets. In practice, because the Funds will generally only hold shares of diversified *mutual funds, exchange-traded funds (ETFs)*, and – largely through the *Trustees of the Funds* of the Diocese of Virginia (*TOTF*) – other types of *pooled investment vehicles*, this limit usually will not be binding.

**Minimizing fees and transaction costs.** Because asset-management fees and other financial-services fees can be a persistent drag on performance, this investment policy seeks, consistent with the broad investment objectives of each Fund, to minimize such fees. In addition, transaction costs diminish the resources available for the Church's use, so the investment policy aims to minimize the likelihood that transaction costs will be incurred, in particular, by ensuring that money to be used for cash management is not subject to material transaction costs.

**Holdings of pooled investment vehicles vs. direct holdings.** Generally, the Funds will limit themselves to holding only mutual funds, ETFs, and other pooled investment vehicles. In principle, the Investment Funds could directly hold individual stocks, bonds, and other financial and real assets. In practice, because of the relatively small size of those Funds, their investment objectives and diversification and asset-allocation targets will be met most efficiently through investments in low-cost mutual funds, ETFs, and (largely through investments in the *TOTF*) other types of pooled investment vehicles. Adherence to this policy and to best practices for handling donations generally will require liquidation upon receipt of any individual stocks or bonds that are donated to the Church.

**Allowable types of pooled investment vehicles.** The Funds will limit their direct holdings of pooled investment vehicles to mutual funds and ETFs. The relatively low cost structure, transparency, and regulation of mutual funds and ETFs make these vehicles preferable to direct investing and to other types of pooled investment vehicles. However, the Investment Funds may invest indirectly in other types of pooled investment vehicles—such as *real estate investment*

*trusts (REITs), private equity funds, and hedge funds*—for example, through investments in the TOTF. Evaluation of indirect holdings of pooled investment vehicles (such as investments in *funds of funds*) should include an assessment of the full costs of management and other fees, since indirect holdings may incur multiple layers of fees.

## 2. Asset categories and asset allocations

Financial markets offer a broad range of assets, including cash, deposits, other cash equivalents, short- and long-term bonds and other fixed-income securities, equities, real estate, commodities, *futures, options, and other derivatives*. In addition, investors can choose from a range of investment vehicles, such as mutual funds and ETFs, which themselves invest in a variety of assets.

As noted above, prudent financial management requires that a diversified mix of assets be included in the Funds. For example, the Investment Funds would hold both equities and fixed-income securities, such as bonds and other debt instruments. Equities typically offer greater opportunity for growth through capital appreciation than fixed-income securities, while fixed-income securities generally offer a larger share of their returns as income and are less risky and volatile than stocks. Even so, the value of longer-term bonds can decrease significantly when interest rates rise unexpectedly, and some stocks do provide reliable dividend income. Given the different advantages of these asset classes, it is important for the Investment Funds to hold both stocks and fixed-income securities.

**(a) Cash and cash equivalents** should be invested in risk-free accounts and securities that can be converted to cash within one day. Allowable holdings include federally insured deposits and shares of *government money market mutual funds*, which invest exclusively in securities issued or guaranteed by the U.S. Government and in *repurchase agreements* backed by such securities. Note that the TOTF also operates a *Short-Term Asset Management Pool (STAMP)*, which may be an appropriate investment option for the Church's cash and cash equivalents.

**(b) Fixed-income instruments** include bonds, notes, and other debt instruments (other than cash equivalents) issued by U.S. and non-U.S. public- and private-sector entities. Fixed-income instruments will only be held indirectly, in pooled investment vehicles such as mutual funds and ETFs. Hence, the guidelines below for fixed-income instruments will be applied by looking through to the portfolio holdings of the pooled investment vehicles held by the Investment Funds.

Decisions about the selection of individual securities, exposure to various economic sectors, number of securities held, current income levels, and turnover are left to the discretion of the managers of the various investment vehicles held in the Funds, subject to usual standards of fiduciary prudence. However, the following guidelines apply:

- The asset-weighted average duration of the fixed-income securities held by the Reserve Fund shall be between three and seven years. The Endowment Fund's fixed-income securities shall have an asset-weighted average duration of between three and ten years.
- Tax-exempt investments (including shares of tax-exempt bond mutual funds and ETFs) generally should not be held in the Funds. Since income earned by the Funds is not taxable, exemption from taxation is not relatively advantageous for the Church or the Funds.
- Fixed-income securities rated less than investment grade should represent no more than 20 percent of the total fixed-income allocation, largely because the performance of investments in securities rated less than investment grade (that is, below "BBB-" or the equivalent) tends to be more highly correlated with equity returns than is the performance of investment-grade fixed-income securities.
- Obligations denominated in foreign currencies shall represent at least 10 percent, but no more than 25 percent, of the fixed-income allocation.
- Obligations issued or guaranteed by the U.S. Government may be held without limitation. All other fixed-income securities shall be well diversified with respect to type, industry, and issuer.

**(c) Equities.** Equities include both domestic and international common stocks that are traded on recognized public stock exchanges with sufficient liquidity to allow prompt purchase or sale of the security at a fair market price. Not included in this category are private equity and *restricted securities* (which are included in "Other assets and vehicles," below). Equities will only be held indirectly, in pooled investment vehicles such as mutual funds and ETFs. Hence, the guidelines below for equities will be applied by looking through to the portfolio holdings of the pooled investment vehicles held by the Investment Funds.

In general, equity holdings shall be well diversified with respect to type, industry and issuer. The total investment in non-U.S. stocks, including *American Depositary Receipts (ADRs)*, shall be at least 25 percent, but no more than 50 percent, of the market value of the equity allocation. Other decisions about the selection of individual stocks, exposure to various economic sectors, the number of holdings, current income levels, and turnover are left to the discretion of the

managers of the various investment vehicles held in the Funds, subject to usual standards of fiduciary prudence.

**(d) Other assets and vehicles.** The Investment Funds will hold shares of mutual funds and ETFs that invest primarily in publicly traded equity and fixed-income securities. However, the Investment Funds may invest indirectly in other types of investment vehicles—such as real estate investment trusts (REITs), private equity funds, and hedge funds—via funds of funds, for example, through investments in the TOTF.

**Allowable and target asset-allocation ranges** for each of the Funds are listed in section 5 of Table 1.

**Calculating the asset allocations of the Funds.** For the purposes of selecting investments for, monitoring of, and reporting on the Funds, asset allocations shall be calculated by looking through to the underlying asset allocations of the investment vehicles held in the Funds. For example, if the Reserve Fund holds half of its assets in shares of mutual fund ABCDX, which in turn owns equities valued at 40 percent of its total assets, ABCDX shares contribute 20 percentage points of equity allocation to the Reserve Fund.

**Additional guidelines.** In general, the Funds will not invest in pooled investment vehicles, such as mutual funds or ETFs, that:

- Follow highly leveraged or *inverse strategies*;
- Follow strategies that rely heavily or primarily on derivatives;
- Have substantial fees for redemptions; or
- Have fees that exceed industry norms (e.g., above-median expense ratios or other fees).

In addition, each Fund will limit its total exposures, through equity and debt, to any single private firm or institution to no more than five percent of the Fund's total assets.

## **V. Guidelines for Allocating Financial Assets among the Funds and for Handling Flows to and from the Funds.**

These guidelines govern (a) the allocation among the Funds of the Church's financial assets, donations, investment income, other income, and capital gains distributions; (b) the Funds that should serve as sources for various types of expenditures; and (c) the rebalancing of assets to move asset allocations back within target ranges. The guidelines are summarized in section 6 of Table 1.

**General guidelines for allocating money among the Funds.** These guidelines summarize how money should be divided among the Funds. Some additional guidance regarding each of the three funds is provided below.

1. Any contributions that are designated for the Church's endowment will be put into the Endowment Fund.
2. Any contributions that are designated for expenditure over more than one year will be put into the Reserve Fund.
3. Amounts sufficient to meet the Church's cash-management needs, including the management of day-to-day cash receipts and expenditures, seasonal variations in income and expenses, and limited emergency needs, will be put into the Cash Management Fund.
4. The remainder – that is, any amounts that are not designated for the endowment or for expenditure over more than one year and which exceed cash-management needs – will be put into the Reserve Fund.

In general, when monies are added to or withdrawn from a Fund, the changes should be made in a manner that preserves the current asset allocation of the Fund, unless the IC determines that the current asset allocation is inappropriate and that changes should be made to effect a more appropriate allocation.

**Cash Management Fund.** Current income, including pledge income, loose-plate collections, rent, and building fees will be deposited initially into the Cash Management Fund. Annual budget expenses, as well as emergency expenses within prudent limits, will be withdrawn from the Cash Management Fund. If the FMC determines that Cash Management Fund balances are too small to meet foreseeable cash-management needs, or if significant monies are required for an emergency, the needed cash will be transferred from the Reserve Fund to the Cash Management Fund. If the FMC determines that Cash Management Fund balances exceed those needed for foreseeable cash-management needs, the extra cash will be transferred from the Cash Management Fund to the Reserve Fund.

**Reserve Fund.** Contributions that are designated for special, multi-year purposes and other special contributions (e.g., those that traditionally went to Altar and Special Funds) will be put into the Reserve Fund. Capital expenses, significant emergency expenses, and some multi-year project expenses will be paid from the Reserve Fund. As noted above, money from the Reserve Fund will be used to replenish the Cash Management Fund as necessary to ensure that it can meet cash-management needs, and, if the Cash Management Fund is larger than necessary for cash management, the excess will be transferred from the Cash Management Fund to the Reserve Fund.

**Endowment Fund.** Contributions that are designated for the Church's endowment will be put into the Endowment Fund. Endowment Fund income that is designated to be used for budget expenses and other current expenses will be periodically transferred to the Cash Management Fund.

**Income and capital gains distributions.** When a Fund receives income or other distributions (such as mutual fund capital gains distributions), the receipts shall be reinvested—automatically, if possible—into the investment vehicle that has generated the income or distribution. If reinvestment is not possible, the receipts shall be promptly invested in similar assets.

**Rebalancing asset allocations.** The IC shall review periodically—at least once a year—the allocations of assets within the Funds to ensure that those allocations remain consistent with each Fund's investment objectives. Allocations that are outside their allowable ranges, or which are not consistent with investment objectives, shall be promptly adjusted. If the current mix of pooled investment vehicles in a Fund does not facilitate remediation of asset allocations (for example, because a pooled investment vehicle has changed its own investment objectives or asset allocation), the IC shall consider whether pooled investment vehicles should be added to or dropped from the Fund.

## **VI. The Investment Committee (IC)**

The IC will assist the FMC and Vestry in establishing and implementing an IPS to promote good stewardship of the Church's financial assets.

The IC shall have at least three members, each of whom will serve a two-year term that may be renewed. IC members are nominated by the FMC in consultation with the Rector and approved by the Vestry. The need for continuity of the IC and its work should be balanced against the desirability of bringing fresh perspectives and ideas from new committee members from time to time. To this end, a staggered rotation of committee membership is encouraged.

The IC will develop its own procedural rules and will elect one of its members as Chair for an annual term. Committee meetings will take place at least two times a year and more frequently if warranted by, for example, a request from the Treasurer of the Church for information or advice.

## Responsibilities of the IC

1. Establish an IPS, review the established IPS on an annual basis, and revise it as needed. The initial IPS, prepared by the IC for review by the FMC in 2015, takes effect following approval by the Vestry. The IC will review and modify the IPS, as appropriate, and will submit any draft revisions for review by the FMC and approval by the Vestry, as outlined in Section IX.
2. Implement the IPS, including, as needed, by:
  - Choosing specific investments for the Funds in consultation with the FMC, the Church's Treasurer, and, if applicable, an Investment Consultant;
  - Determining specific asset allocations for the Funds, based on the guidelines described in this IPS;
  - Making other changes in the portfolio as needed for full implementation of the IPS (this might include, but not be limited to, portfolio adjustments warranted by "socially responsible" investment policy);
  - Monitoring of, reporting on, and evaluation of the performance of the Funds;
  - Reviewing and, if necessary, updating the spending rate of the Endowment Fund, in consultation with the FMC; and
  - Hiring, working with, and evaluating an Investment Consultant, who would assist the IC and FMC in implementing this IPS.

The IC's role and purposes are not expected to include giving advice on the size or composition of the Church's expenditure, setting goals for the size of the Reserve Fund or the Endowment Fund, or day-to-day management of assets.

## VII. Reporting on, Monitoring, and Evaluation of Investments

The IC will collaborate with the Church's Treasurer and the FMC to incorporate summaries of the performance of the Funds in quarterly Treasurer's reports.

The IC will assess, whenever it deems appropriate but at least on an annual basis, whether the Funds are meeting the Church's investment objectives; whether the pooled investment vehicles held by the Funds are performing adequately and contributing appropriately to the achievement of the Church's investment objectives; whether pooled investment vehicles should be added to or dropped from the Funds to help meet the Church's investment objectives; and whether the assets of the Funds must be rebalanced so that asset allocations remain within

target ranges. In addition, the IC will also take action as soon as possible in the event that asset allocations move outside allowable ranges.

Evaluation of Fund performance will include comparisons of each Fund's returns to those of appropriate benchmark indexes. Evaluation of the investment vehicles held in each Fund will include comparisons to appropriate benchmark indexes and other assessments of fund performance, such as third-party evaluations (e.g., by Morningstar or Lipper).

### **VIII. The Investment Consultant**

From time to time, the IC will assess the need to retain the services of an Investment Consultant, taking into account IC members' expertise and availability, in order to help the IC fully implement the IPS. The IC would prepare terms of reference for the Investment Consultant, based on current needs, including but not limited to assisting the IC in selecting, monitoring, and evaluating the performance of the investment vehicles held by the Funds.

The IC would select, hire, and evaluate the Investment Consultant, subject to FMC approval and budgetary provision for consultant fees.

### **IX. Procedures for Revising the Statement**

On an as-needed basis, the FMC may request that the IC examine the need to modify any part of the IPS. In the absence of such requests, the IC shall review the IPS at least annually with a view to making appropriate modifications where needed. Changes proposed by the IC shall be subject to review by the FMC and approval by the Vestry.

**Table 1. St. George's Funds**

	<b>Cash Management Fund</b>	<b>Reserve Fund</b>		<b>Endowment Fund</b>	
1. Purpose	Manage cash, receipts and expenditures  Meet seasonal and certain other cash needs	Support work of the Church's ministries and programs over multi-year horizon  Meet emergency needs		Provide dependable and sustainable income to support the current and future ministries of the Church	
2. Time horizon	Short-term: daily to annual	Intermediate term: donations expended over several years		Long-term (perpetual)	
3. Similar current Church funds	General Fund	Altar & Special Funds		None (TOTF holds Food Pantry and music endowments for the Church)	
4. Investment objectives					
a. Primary	Safety, liquidity	Income, growth		Growth, income	
b. Secondary	Income	Safety, liquidity			
c. Return benchmark	3-month Treasury-bill rate	Weighted average of total returns on broad stock, bond, and other market indexes*		Weighted average of total returns on broad stock, bond, and other market indexes*	
5. Asset allocations (percent)	<u>Target</u>	<u>Allowable range</u>	<u>Target range</u>	<u>Allowable range</u>	<u>Target range</u>
a. Cash & cash equivalents	100	0-10	3-7	0-5	0-2
b. Other fixed income**	0	30-50	35-45	10-35	15-25
c. Equities**	0	40-70	50-60	60-90	70-80
d. Other assets, including real assets**	0	0-10	0-3	0-10	3-7

Table 1, continued. St. George's Funds

	Cash Management Fund	Reserve Fund	Endowment Fund
6. Inflows, outlays, and spending policy			
a. Typical sources of inflows	<ul style="list-style-type: none"> <li>• Pledge income</li> <li>• Loose-plate collections</li> <li>• Rent, parking fees</li> <li>• Other current income</li> </ul>	<ul style="list-style-type: none"> <li>• Donations to be spent over several years</li> <li>• Bequests other than for endowment</li> <li>• Capital campaign contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Gifts for endowment</li> </ul>
b. Typical outlays	<ul style="list-style-type: none"> <li>• Annual budget expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Some current expenses</li> <li>• All capital expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Current outlays financed by endowment</li> </ul>
c. Spending policy	Spending as needed, at direction of Treasurer, acting with the authorization of the Vestry	Spending as needed, at direction of Treasurer, acting with the authorization of the Vestry	Annual spending of 3-5 percent of average market value of Fund for three years ending September 30 of preceding year

\* Broad stock and bond market indexes are those deemed appropriate by the Investment Committee. These might include the S&P 500 or the Wilshire 5000 for U.S. equities and the Barclays U.S. Aggregate index for bonds. Weights on broad-market equity, bond, and other indexes used to compute benchmark weighted-average returns should reflect the percentage shares in each Fund of these respective asset classes.

\*\* Equities, fixed-income assets, and other assets will only be held indirectly, in pooled investment vehicles such as mutual funds and ETFs.

## Annex: Glossary

*(Italicized terms, both in the text and in this glossary, are defined here.)*

***American Depositary Receipt (ADR).*** ADRs are a convenient way for U.S. investors to invest in foreign stocks. Each ADR is a negotiable certificate that represents an ownership interest in American Depositary Shares (“ADSs”) which, in turn, represent an interest in the shares of a non-U.S. company that have been deposited with a U.S. bank. ADRs trade in U.S. dollars and clear through U.S. settlement systems, allowing ADR holders to avoid having to transact in a foreign currency.

***Cash equivalent.*** An investment that is short term, highly liquid, readily convertible to known amounts of cash, and which presents insignificant risk of changes in value because of changes in interest rates. *Federally insured deposits* and the shares of *money market mutual funds* are examples of cash equivalents.

***Derivative.*** A financial instrument with performance that is derived, at least in part, from the performance of an underlying asset, security, or index. For example, the value of a stock *option* changes in relation to the price movement of an underlying stock. Derivatives may be used to offset, or hedge, risks from other investments, but a derivative also may embed substantially more risk than the underlying instrument to which the derivative is linked.

***Exchange-traded fund (ETF).*** A *pooled investment vehicle* that does not sell individual shares directly to investors and only issues shares in large blocks (blocks of 50,000 shares, for example). Purchasers of these blocks of shares are typically institutions, which divide up the individual shares and sell them on a secondary market, such as a stock exchange. Individual investors generally only purchase ETF shares in secondary markets. Individual investors who want to sell their ETF shares usually must sell them to other investors on the secondary market, although large institutions can sell large blocks of shares back to the ETF. Because ETF shares can be bought and sold in secondary markets, transactions in these shares can be conducted on an intraday basis, whereas *mutual fund* shares generally can only be purchased or sold once per day. ETF shares also have some tax-efficiency advantages over *mutual funds* for investors who are subject to capital-gains taxes.

***Federally insured deposits.*** Deposits at a bank, trust, or credit union that are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF). Such insurance covers all deposit accounts, including checking accounts, savings accounts, money market deposit accounts, and certificates of deposit. The standard

insurance amount is \$250,000 per depositor, per insured financial institution, for each account owner.

**Fund of funds.** A *pooled investment vehicle*, such as a *mutual fund*, that invests exclusively or primarily in the shares of other pooled investment vehicles.

**Futures contracts (or "futures").** An agreement to buy or sell a specific quantity of a commodity or financial instrument at a specified price on a particular date in the future. Futures are a type of *derivative*.

**Government money market mutual fund.** A *money market mutual fund* that invests exclusively in securities issued or guaranteed by the U.S. Government and in *repurchase agreements* backed by such securities.

**Hedge fund.** A type of *pooled investment vehicle* that is not a *registered investment company* and thus is not subject to many of the provisions of federal and state law that are designed to protect investors. For example, hedge funds are not required to provide the same level of disclosure as registered investment companies, so hedge funds may be more difficult to evaluate as investments than registered investment companies, and the representations by hedge funds may be more difficult to verify than those by registered investment companies. Hedge funds typically have more flexible investment strategies than registered investment companies, such as *mutual funds*. For example, hedge funds may use leverage (that is, borrowing to increase investment exposure as well as risk), *short sales*, and other speculative investment practices to a greater extent than mutual funds can.

**Inverse strategy.** An investment strategy designed to provide investment results that match the opposite of the performance of a specific benchmark (such as the S&P 500 stock market index). Inverse strategies are typically executed using *derivatives* and *short sales*.

**Investment company.** A company (corporation, business trust, partnership, or limited liability company) that issues securities and is primarily engaged in the business of investing in securities. An investment company is a form of *pooled investment vehicle*. Investment companies are regulated under federal securities laws, particularly the Investment Company Act of 1940. *Mutual funds* and most *exchange-traded funds* are investment companies.

**Investment Funds.** St. George's Reserve Fund and St. George's Endowment Fund.

**Money market mutual fund.** A type of *mutual fund* that is required by law to invest in low-risk securities. Hence, money market mutual funds have relatively low risks compared to other mutual funds, but unlike a “money market deposit account” or other *federally insured deposits*, money market mutual fund shares are not insured. Most money market mutual funds attempt to keep their net asset values (NAVs) at a constant \$1.00 per share, but a money market mutual fund’s per-share NAV may fall below \$1.00 if its portfolio investments perform poorly. While investor losses in money market mutual fund shares have been rare, they are possible.

**Mutual fund.** A type of *registered investment company* that sells its shares to investors directly or through a broker for the fund. Shares of mutual funds, unlike those of *exchange traded funds*, cannot be bought or sold in a secondary market, such as a stock exchange. The price that investors pay for mutual fund shares is the fund’s approximate net asset value (NAV) per share plus any fees that the fund may charge at purchase, such as sales charges (or “loads”). Mutual fund shares are redeemable on a daily basis. When mutual fund investors want to sell their fund shares, they sell them back to the fund, or to a broker acting for the fund, at their current NAV per share, minus any fees the fund may charge. Like other registered investment companies, mutual funds are registered with the U.S. Securities and Exchange Commission (SEC) and subject to SEC regulation.

**Option.** A contract that gives the purchaser the right to buy or sell a security, such as a stock, at a fixed price within a specific period of time. Options are a type of *derivative*.

**Pooled investment vehicle.** A generic term for a fund that collects (“pools”) money from many investors and invests that money in a common portfolio of securities and other assets. Examples include *mutual funds*, *exchange-traded funds (ETFs)*, other *investment companies*, and *hedge funds*. The gains and losses of the pooled investment vehicle will be based on the performance of the securities and other assets in its portfolio, and each investor in a pooled investment vehicle shares in its gains and losses in proportion to the investor’s interest in the vehicle. Pooled investment vehicles can offer investors diversification and cost-reduction opportunities from investing greater amounts collectively than they could individually.

**Private equity fund.** A *pooled investment vehicle* that primarily invests in private equity—that is, equity that is not publicly traded. Private equity funds are typically limited partnerships with a fixed term of several years, and partners are usually large institutional investors.

**Real estate investment trust (REIT).** A *pooled investment vehicle* that owns—and typically operates—income-producing real estate or real estate-related assets, such as office buildings, shopping malls, apartments, hotels, other commercial real estate, and mortgages or loans.

Hence, REITs provide an indirect means of investing in real estate. REITs must have the bulk of their assets and income connected to real estate investment and must distribute at least 90 percent of their taxable income to shareholders annually in the form of dividends. Equity REITs typically own and operate income-producing real estate, while mortgage REITs invest in mortgages, mortgage-backed securities, or other types of real estate loans. Many REITs are registered with the SEC and are publicly traded on a stock exchange, but some REITs are not publicly traded.

**Registered investment company.** An *investment company* that is registered with the U.S. Securities and Exchange Commission (SEC) and subject to SEC regulation. All *mutual funds* and most *exchange-traded funds* are registered investment companies. In contrast, *hedge funds* generally are not registered investment companies.

**Repurchase agreement ("repo").** An arrangement by which an investor purchases a security from a counterparty that simultaneously agrees to repurchase the security for a specified price at an agreed-upon date in the future. For the investor, a repurchase agreement is economically similar to making a short-term secured loan; the security that the investor purchases serves as the collateral. The difference between the purchase price and the (usually higher) repurchase price, adjusted for the length of time between purchase and repurchase, implies an interest rate for the repurchase agreement. *Money market mutual funds* invest heavily in repurchase agreements, particularly those that use U.S. government securities as collateral.

**Restricted securities.** Securities that are acquired in unregistered, private sales from the issuing company or from an affiliate of the issuer. Investors typically receive restricted securities through private placement offerings, employee stock benefit plans, as compensation for professional services, or in exchange for providing "seed money" or start-up capital to the company.

**Short sale.** The sale of a stock that an investor does not own. To conduct a short sale, an investor typically borrows the stock and sells it. Investors may sell stock short because they believe the price of the stock will fall, and they hope to buy the stock later at a lower price and make a profit. However, if the price of the stock rises, short sellers can incur a loss. Short sales of a stock also may be used to hedge the risk of holding the same or similar stocks.

**Short-Term Asset Management Pool (STAMP).** A cash-management option offered by the TOTF. STAMP is largely intended for investment of the cash reserves that many churches maintain for emergencies. The STAMP portfolio is designed to provide an annualized return in excess of bank deposits, together with immediate liquidity.

*Trustees of the Funds (TOTF).* The investment entity of the Episcopal Diocese of Virginia. The TOTF was chartered by the General Assembly of Virginia in 1892 to raise, receive, manage and disburse funds for the support of the Episcopate, churches, related organizations, clergy, widows and orphans and for other purposes of the Diocese of Virginia. For much of its history, the TOTF operated as a collective pool of primarily diocesan funds that generated income to support various diocesan purposes. Over time, and particularly in the last 20 years, the TOTF has expanded in the number of funds managed, and the growth of “parish funds” has been a key part of this growth. The TOTF operates an investment portfolio that holds a variety of *pooled investment vehicles*.