



Friendship Baptist Church Endowment Fund Questions Asked and Answered

Q. What is an endowment fund?

A. An endowment fund is a permanently invested fund that is held in perpetuity (forever) for benefit of the named beneficiary organization. The principal of the fund is invested and only the earnings or interest generated by the fund is either distributed and used to benefit the charitable mission of the benefiting organization or retained and invested to grow the value of the fund.

Q. How are endowments funded?

A. Endowments are typically funded by current and future charitable and philanthropic gifts made mostly by individuals. Donors wishing to make a current gift to grow an endowment can make that gift using cash, appreciated stock, and/or as part of their required minimum distribution from retirement accounts if the donor is age 72 or older from 2020 and beyond.

Donors wishing to make a future gift to grow the endowment can plan and prepare for those gifts by naming the Friendship endowment fund as a beneficiary within a valid will, of an insurance policy, or a retirement account with remaining assets. Specific language can be provided to donors who wish to make their gift as part of their estate distributions outlined in their will or beneficiary allocations.

Q. What is required to fund an endowment for Friendship Baptist Church?

A. The church voted to establish an endowment fund held and managed for Friendship at the Capital Region Community Foundation headquartered in Lansing. The community foundation requires a minimum endowment investment of \$10,000 to create an agency endowment fund. The fund is then invested and once gifts to the fund reach a minimum of \$50,000, annual cash distributions will be made from the fund to support the mission, ministries and operations of Friendship Baptist Church. Distributions from the fund can only legally be made to support the work of Friendship Baptist Church unless the Church ceases to exist and only then does the endowment agreement provide for other uses as identified by the Church.

Q. How much revenue will the endowment provide each year for the work of the Church?

A. The current revenue and spending policy of the Capital Region Community Foundation is 4% of the total value of the principal and interest portfolio balance of the Friendship endowment fund.

As illustration, an invested fund balance of \$50,000 should distribute to the church approximately \$2,000 annually. That annual distribution will increase as the value of the endowment fund increases.

Q. How can those annual distributions from the endowment be spent?

A. It is up to the Church body to determine how internal endowment spending decisions will be made. The endowment agreement informs spending in perpetuity or forever, so the language of the agreement with the community foundation gives the Church broad decision-making authority regarding spending.

Specifically, the agreement language reads: "It is the members' intent and expectation that this Endowment Fund will be available in perpetuity to support the Church's ministry and mission programs." The Church has developed a companion agreement or endowment use agreement that specifies how endowment spending decisions will be made by the Church.

Q. Friendship not only asks members to tithe or make a gift each Sunday to the Church. We also ask members to make an additional gift beyond tithe as part of the quarterly special giving. Now the Church is asking members to give to the endowment fund. Why should I do that as well?

A. It is important to know that a gift to build and grow the Friendship Baptist Church endowment is asked as a gift above and beyond a member's monthly tithes and offering. Members are asked to make a gift to grow the endowment fund if they can make this gift in addition to their current giving to the Church and particularly above their current tithe and offering gifts which continue to be needed to fund the annual operations of the Church. A gift to the Friendship Endowment Fund is a choice to make an investment in the future of the Church. An endowment gift is a gift that reflects a member's willingness to make this gift -- in addition to their current giving -- that will support the operations of the Church forever.

Q. Will the endowment be an asset of Friendship Baptist Church?

A. No, the endowment will be a perpetual asset of the Capital Region Community Foundation that is held and invested to provide permanent or perpetual support for the mission, ministries and operations of Friendship Baptist Church. Proceeds of the fund can only be used to support the ongoing work and future aspirations of Friendship Baptist Church. As the endowment grows, it will provide annual growing support for the work of Friendship Baptist Church.

Q. What is the plan for building the Friendship Baptist Church Endowment Fund?

A. The following is the plan for growing the fund:

1. The initial goal is to get the fund balance to \$50,000 with cash gifts made by interested members. When this initial investment goal is achieved, Friendship will be in position to receive its first endowment distribution approximately one year from the time and date the initial \$50,000 investment goal is reached.
2. After the fund is fully vested at \$50,000, the goal will be to progressively grow the endowment fund each year with both current and estate gifts. A member can make a gift of any size at any time to grow the endowment fund. A member can designate the fund to receive gifts in honor of their birthday, their anniversary or as memorial gifts. They can make a church anniversary gift each year to the endowment as a gift for Friendship's future. For future or planned estate gifts, as example, if 40 members leave an ultimate tithe of at least \$25,000 to the Friendship Endowment Fund, they will collectively grow the fund by \$1 million that can generate minimally \$40,000 each year in perpetual or permanent revenue for the operations of the Church. This operational support would be available in addition to the annual tithes and offering made each year by members.

Q. What happens if Friendship Baptist Church no longer exists?

A. Friendship has voted to include language in the constitution and bylaws that should the church close, all assets are to be liquidated and invested in the Friendship Forever Fund Endowment. The endowment fund agreement states that proceeds from the fund will be used to forever fund scholarships for diverse Lansing area youth -- in Friendship Baptist Church's name -- if the church is no longer in existence to use the fund's annual distributions.