



POLICIES AND PROCEDURES:

Learning from Real-Life Examples

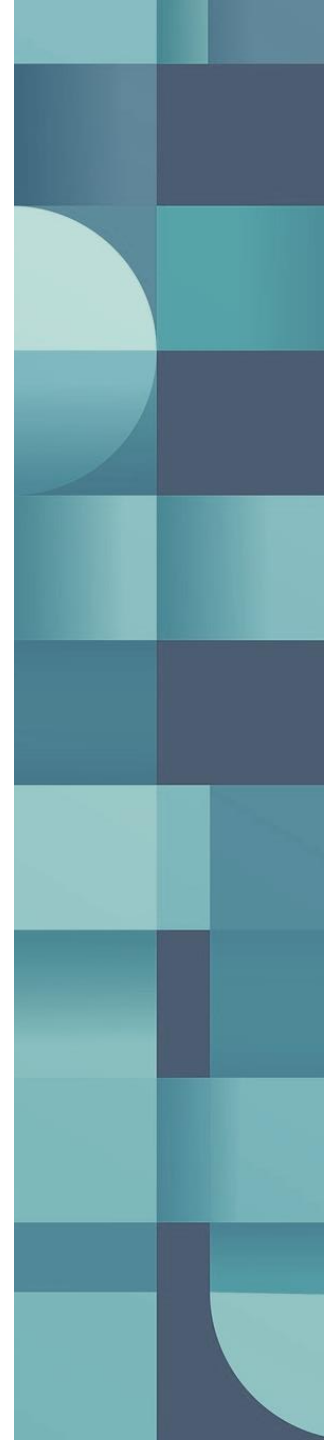
Today's Team



The Rev. Dr. Rick Young
President
Texas Presbyterian Foundation

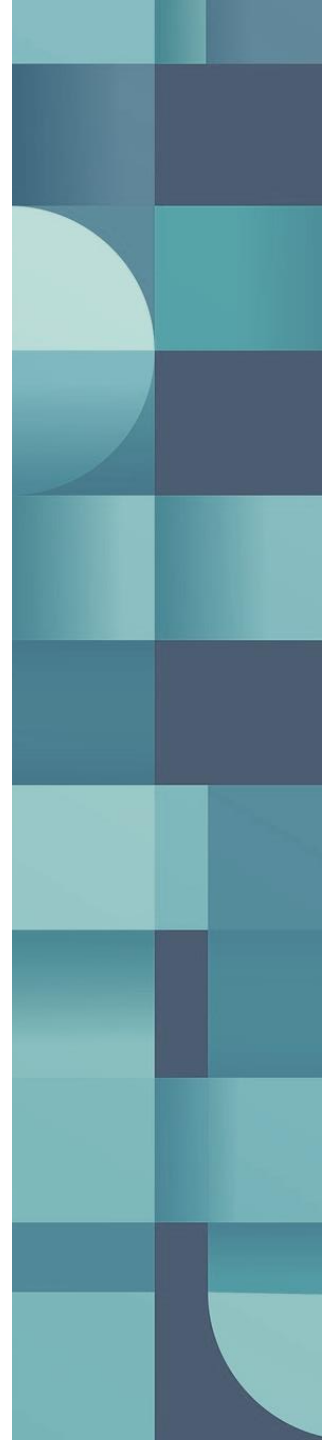


Jake Wilson
Relationship Manager
Texas Presbyterian
Foundation



Agenda

1. Overview
2. Case Study #1: Financial Management
3. Case Study #2: Handling Gifts
4. Case Study #3: Managing Assets
5. What's Most Important



**Ensuring
Transparency**

Accountability

Trust



**Foster
Donor
Confidence**

Limit Liability

Compliance

**Protect
Assets**

Case Study #1: Financial Management (1)

1

Westminster PC is a medium sized congregation who relies on donations, tithes, and offerings to fund its day-to-day operations.



2

Like many churches, Westminster PC operated with a small staff, and several key financial duties were handled by volunteers from the congregation, including managing the church's bank accounts.



3

In 2021, the church's leadership faced a devastating financial setback when they discovered that their bank account had been hacked, resulting in the loss of \$75,000.



Case Study #1: Financial Management (2)

4

The breach exposed significant vulnerabilities in how the church handled access to its bank accounts, raising questions about the safeguards they had (or lacked) around financial security. The resulting long-term solutions, policy changes, and lessons learned led to financial loss recovery, increased accountability and trust, and a new security culture for the church.

Long-Term Solutions and Policy Changes

- Implementation of stronger access controls
- Creation of a financial access policy
- Regular financial audits
- Enhanced cybersecurity measures
- Updating insurance policies

Lessons Learned

- Limit financial access
- Use strong authentication methods
- Conduct regular audits
- Be proactive about fraud prevention
- Review insurance policies, and update as necessary

Case Study #2: Handling Gifts (1)

1

Grace PC is a small congregation located in a rural town. In 2022, the church received the unexpected gift of a parcel of land donated by a long-time church member who left the land to the church in his will.



2

The member intended the land to be used for future expansion or sold to raise funds. Excited by the new resource, church leadership accepted the property without conducting a thorough assessment.



3

Soon, the church discovered that the land had been used as a gas station, and there were still underground fuel tanks on the property.



Case Study #2: Handling Gifts (2)

4

The church quickly learned that they were now responsible for addressing the environmental hazards associated with these tanks, including their immediate removal and possible soil contamination. The outcomes and lessons learned serve as an example of the potential risk associated with any gift and the importance of due diligence when managing new assets.

Outcomes

- Implementation of a new gift acceptance policy
- Tank removal and clean up
- Financial strain and recovery
- Increased awareness of gift management
- Stronger community bonds
- Future use of the property

Lessons Learned

- Approve and implement a Gift Acceptance Policy
- Always conduct due diligence
- Understand legal responsibilities
- Be transparent and engage the congregation
- Explore multiple solutions
- Turn a negative into a positive

Case Study #3: Managing Assets (1)

1

FPC kept most church assets in a local savings account and CDs, earning little growth for decades.



2

Following the Dot-Com Bubble, some new investment-savvy Session members proposed starting a long-term investment fund for the church.



3

Dec. 2002 - the church moved \$100K from savings to establish an Endowment Fund.

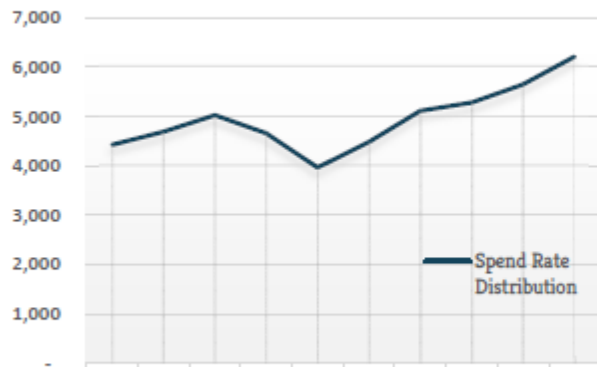


Case Study #3: Managing Assets (2)

4

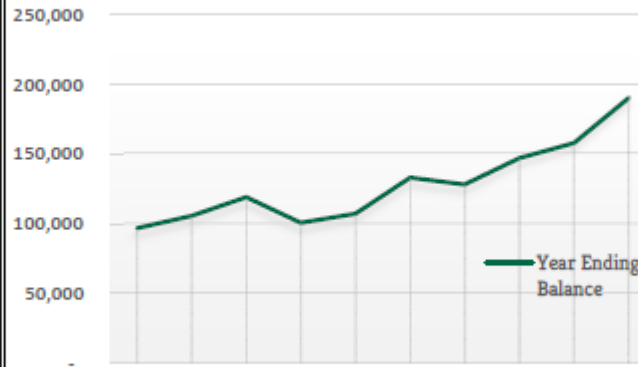
Upon meeting with TPF, the church drafted and approved an Investment Policy Statement and invested the Endowment in the TPF Balanced Fund with a prudent spend policy of 4-5% per year.

GROWTH OF INCOME



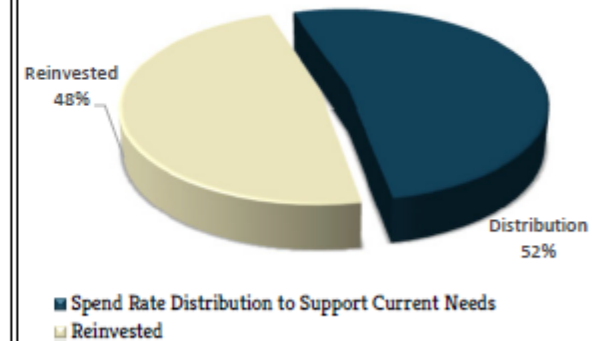
Total Distribution over 20 years: **\$98,467**

GROWTH OF ENDOWMENT



Net Growth over 20 years: **\$90,482**

APPORTIONMENT OF TOTAL RETURN OVER 20 YEARS



■ Spend Rate Distribution to Support Current Needs
■ Reinvested

Key Takeaways

Why Is an Investment Policy Important?

- Describes your financial goals and investment objectives.
- Documents the specific roles of everyone involved.
- Contextualizes your spending outlook.
- Exists as a living document and is the central point of reference for investment management.
- Creates a solid, sustainable foundation.

Key Takeaways

Best Practices

- Clearly define purpose of funds and remain transparent
- Prudent and professional investment management
- Adopt and adhere to policies and procedures
- Garner additional gifts
- Fulfill donor wishes and stay true to mission
- Communication



Thank You!

The Rev. Dr. Rick Young
President
Texas Presbyterian Foundation

Jake Wilson
Relationship Manager
Texas Presbyterian Foundation

