

The Vestry of St. John's is asking for approval of amendments to Article XI of the St. John's By-Laws. This Article addresses the Endowment.

Q: Why are any amendments needed?

A: Two reasons. First, the Vestry is charged with the responsibility and authority to manage the property and funds of the Parish (Diocesan Canon 23). Since the Endowment's Board is elected by the Parish, in the opinion of the Diocesan Chancellor the Vestry is not in control of the Endowment's assets. Our By-Laws must comply with all the Canons of the Episcopal Church.

Second, the name and structure of the Endowment has changed: the Vestry has authorized the formation of a non-profit organization within the meaning of section 501(c)(3) of the Internal Revenue Code for the Endowment. This is the most common legal structure for church endowments. The name of the Endowment becomes St. John's Episcopal Church Endowment, Inc.

Q: So what are the amendments to Article XI?

A: In the first sentence, the name of the Endowment is updated and its legal identity is added. We removed the language about the Foundation since that no longer exists. In the next sentence, we renamed the Board to be a Board of Trustees. More significantly, we removed the election by the Parish and replaced it with appointment by the Vestry. The Board of Trustees will propose appropriate By-Laws and a Plan of Operation for approval by the Vestry.

Q: Why set up a 501(c)(3) organization?

A: The 501(c)(3) structure provides a separate entity for endowed funds and directed gifts that can be used to support St. John's for many years to come. There are greater checks and balances in this structure: Vestry and Endowment Board members are held to a higher level of accountability due to laws applicable to nonprofit organizations; more disclosure is required for Endowment operations; as well, there is additional scrutiny from the IRS and the NC Attorney General. Endowment assets may be protected from creditors of the Parish in case of any liability.

At present, ours is a small endowment that needs to grow to support St. John's ministry and mission. The Endowment Board and Vestry believe that parishioners will feel more confident about including SJE in their planned giving if they know that their legacy will have the protections offered by a 501(c)(3) structure. The 501(c)(3) is considered "best practice" in the Consortium of Endowed Episcopal Parishes.