

Grow the Kingdom Fund Q&A

1. How and why was the Grow the Kingdom Fund formed?

The donors, as members of our congregation inspired by our Grow the Kingdom initiatives, hope to make an impactful, long-lasting contribution to our efforts to grow our Church and provide more charitable help to others in need, while also prioritizing our ability to meet our financial obligations each year. The donors have served on our leadership boards and understand the budgeting challenges we (like so many churches) have faced in recent years. The goal is to provide our Church another long term source of funding to both support our annual budget and increase our ability to fund external giving and benevolence efforts each year.

2. Are there specific rules on how much funding from the Grow the Kingdom fund can be used each year and how the funding is allocated?

Yes. No funds will be spent until \$1 million of donations in total have been received for the Grow the Kingdom Fund. Once that occurs, the purpose of the Fund is to use up to 10% of the Fund in any future budgeting year to enable us to adopt an effectively balanced budget each year with at least 20% (or as close to 20% as leadership determines feasible) of projected donations to our Church in each budget year allocated to "Benevolence". No more than 10% of the prior year-end balance of the Fund can be utilized in any budget year.

3. What is considered "Benevolence" and who determines how funds available for Benevolence are allocated?

Benevolence includes allocations to Missions, Deacons and any future external charitable giving by our Church approved by Session that is not self-funded by separate fundraising activities. The amount available for Benevolence from the Fund in any budget year will be determined in accordance with the rules of the Grow the Kingdom Fund as approved in our annual budget for that year. The annual budget is initially approved by our Budget Committee (a joint committee of Session and Board of Trustee members) and requires subsequent approval by our Board of Trustees and ultimately Session. Session (including through its Missions Committee) will continue to determine how funds available for Benevolence are utilized.

4. Does the Church plan to solicit additional donations to the Grow the Kingdom Fund from the congregation?

We do not intend to solicit the congregation for donations to the Grow the Kingdom Fund. Leadership is grateful for the various ways the congregation already responds to our requests for financial support. The donors have stressed that giving to the Grow the Kingdom Fund should never reduce a donor's annual pledge to FPC Moorestown, annual giving to our September 12th Fund, or other giving through existing platforms to our Church. While donations to the Grow the Kingdom Fund by others are not prohibited, any such giving is not expected and would be completely voluntary. The founding donors intend to fund the full amount required to enable use of the Fund. As always, you can reach out to our Accounting Manager Norman Vandergrift (nvandergrift@fpcmoorestown.org or 856.235.1688 x112), if you have questions about any opportunities to give to FPC Moorestown. **(over)**

5. How do the Grow the Kingdom Fund rules prioritize the potentially competing goals of achieving a balanced budget and increasing funding to Benevolence?

The Fund rules stipulate that in any budget year, monies used from the Fund (subject at all times to the 10% annual limit of funds available) shall be applied:

- First, if necessary, to ensure that any projected annual budget deficit in a proposed budget is not more than \$50,000;
- Second, to Benevolence as needed until 20% of projected giving (as defined by Fund rules) for that year is allocated to Benevolence. If the Fund's 10% annual limit prevents achieving the required budget deficit reduction and a full 20% allocation to Benevolence in any budget year, the remaining funding available from the 10% annual limit (after the First step is satisfied) shall be applied to Benevolence to get as close to 20% of projected giving as possible;
- Third, at the discretion of the Budget Committee and subject to approval of the annual budget by the Board of Trustees and Session, remaining funds available from the Fund in any budget year (after the First and Second steps above are satisfied) may be applied as necessary proportionally to each goal (such that until any projected budget deficit is reduced to zero, 80% of what remains available from the Fund is applied to reduce the projected budget deficit and 20% of what remains available from the Fund is allocated to Benevolence); and
- Fourth, at the discretion of the Budget Committee and subject approval of the annual budget by the Board of Trustees and Session, to further increase Benevolence allocations for such budgeted year.

To the extent the full 10% annual limit on amounts available from the Fund is not utilized in the adopted budget for a given budget year, effective at the end of such budget year the Board of Trustees may in its discretion authorize use of any remaining funds for that budget year (up to the 10% annual limit) to reduce as much as possible any actual annual budget deficit incurred at the end of such budget year.

6. Why do Fund rules require that a full \$1 million in donations be received before the Grow the Kingdom Fund is used and what will be done with Fund donations until that time?

The requirement that a full \$1 million in donations be received before Grow the Kingdom Fund donations can be utilized is intended to enable the Fund to reach a sufficient size to meaningfully assist our Church for many years to come. Donations to the Fund will be invested at the direction of the Investment Committee of our Board of Trustees, who already directs the investment of our September 12th and other restricted funds. The expected four-year time horizon before this funding requirement is reached will enable contributions to the Fund to be invested and potentially grow over time (subject to market conditions) before withdrawals from the Fund begin. Our hope is that by the time the minimum funding requirement is reached, the Fund balance will be meaningfully higher than

\$1 million (which would ultimately increase the dollar amount of the initial 10% annual funding limit and enhance the impact and duration of the Fund).

7. Why should our Church have this Fund in addition to our September 12th Fund?

The September 12th Fund is critical to our Church's foundation, contributes regularly to our annual budget (subject to 4% annual distribution limits that help ensure its perpetual existence) and is expected to remain our largest endowment fund for the lifetime of our Church. The Grow the Kingdom Fund, for as long as it remains sufficient in size, can become a first option to help support our annual budget during times of economic stress and help protect the perpetual existence of the September 12th Fund. The higher annual distribution limit of the Grow the Kingdom Fund (10% vs. 4% for the September 12th Fund) will enable our Church to use these restricted funds more aggressively when needed to help relieve any future financial issues we may face.

At the same time, the higher annual distribution limit makes it less likely the Grow the Kingdom Fund will be perpetual. The size and effectiveness of the Fund could be severely impacted if we experience an extended period of economic or budgetary decline and/or poor investment conditions. The founding donors acknowledge this heightened risk to the duration and impactful size of the Fund and accept that risk so that the Grow the Kingdom Fund can prioritize any immediate help needed for our Church.