

CHURCH FUNDS MANAGEMENT POLICY AND GUIDELINES



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Adopted/Revised



I. Purpose

The Church Funds Management Policy and Guidelines governs the administration of Church Funds Management (CFM) services offered by The Baptist Foundation of Oklahoma (“Foundation”).

Investment management decisions shall be made in accordance with the Investment Policy and Guidelines of the Foundation.

II. Scope

The Foundation offers CFM services to Southern Baptist churches and associations in Oklahoma and to other charities with like beliefs and commitments as the Baptist General Convention of the State of Oklahoma (collectively, “Clients”).

III. Responsibility

The Foundation Loan Services Committee shall have the responsibility to oversee the Church Funds Management Policy and Guidelines, recommending revisions to the Board of Directors as needed.

The Senior Vice President, Services to Churches, shall have administrative responsibility for the Church Funds Management Policy and Guidelines.

IV. Guiding Principles

- 1. Registration.** Because the Foundation is a not for profit, religious entity providing the services to Clients, neither the program nor the Foundation is required to register with the Securities and Exchange Commission or the Oklahoma Department of Securities under any federal or state securities law. Funds placed by Clients with the Foundation are not federally (e.g. FDIC) or otherwise insured.
- 2. Disclaimer.** This Church Funds Management Policy and Guidelines reflects the commitment of the Foundation to act prudently in the investment of funds entrusted to it. However, no part of this policy is to be construed as a promise, guarantee, covenant or commitment by the Foundation to attain a particular rate of return or to avert a diminution in value of the assets entrusted to it. Investments are subject to risk, and past performance is not a guarantee of future results.



V. Policy Statement

- 1. Agreement.** A Church Funds Management Master Agreement, setting forth the terms of agreement between the Client and the Foundation for CFM services, shall be signed by authorized representatives of both entities. The agreement shall apply to all of the Client's CFM accounts administered by the Foundation. The Client shall be required to give evidence of action approving the agreement.
- 2. Investment Allocation Form.** A Church Funds Management Investment Allocation Form, setting forth the Client's desired asset allocation and authorized representatives, shall be submitted for each CFM account.
- 3. Contributions.**
 - a. Church Building Loan (CBL) Term Investments may be established on any business day. Subsequent contributions designated for CBL Term Investments will be used to establish *new* CBL Term Investments.
 - b. Market Investments may receive contributions on any business day. Contributions designated for Market Investments will be held in the Money Market Mutual Fund until the end of the month, at which time the contributions will be invested in the designated Market Investments.
 - c. The Client shall transfer funds to a CFM account via personal delivery, mail, special delivery service, wire, or ACH transfer.
- 4. Renewal.** Automatic renewal of CBL Term Investments, including interest earned, is assumed unless prior written notice is received by the Foundation. Market Investments will remain invested until prior written notice of withdrawal or reallocation is received by the Foundation.
- 5. Reallocation.** The Client may reallocate its investments between CBL Term Investment and Market Investments, as follows:
 - a. CBL Term Investments may be reallocated at maturity to new CBL Term Investments and/or to Market Investments. If reallocated to Market Investments, funds will be held in the Money Market Mutual Fund until the end of the month, at which time the contributions will be invested in the designated Market Investments.
 - b. Market Investments may be reallocated to new CBL Term Investments and/or other Market Investment choices no more frequently than monthly.
- 6. Distributions.** The Client shall direct the Foundation as to the distribution of funds:
 - a. CBL Term Investments:
 - i. The Client may withdraw its CBL Term Investments at maturity without penalty.
 - ii. A partial withdrawal shall be considered an early redemption of the CBL Term Investment, with penalty. The remainder of the funds not withdrawn may be reinvested into a new term investment.
 - b. Market Investments: Distributions of net income and principal shall be made upon written



request with no penalty.

7. Termination. The Client may terminate its CFM account(s) upon written notification received from the Client, as follows:

a. CBL Term Investments:

i. Termination of a CBL Term Investment at maturity incurs no penalty.

ii. A partial withdrawal shall be considered an early redemption of the CBL Term Investment, with penalty.

b. Market Investments will be distributed with no penalty.

8. Penalty for Early Withdrawal of CBL Term Investments

a. For a term investment that is 12 months or less, the penalty is three (3) months of interest. The penalty shall be limited to accrued interest and shall not invade principal.

b. For a term investment that is longer than 12 months, the penalty is six (6) months of interest. The penalty shall be limited to accrued interest and shall not invade principal.

9. Statements. The Foundation shall make available to the Client a quarterly statement which may be accessed through the Foundation's secure website. This statement shall include portfolio holdings, activity, and performance at the end of each quarter.

10. Fee Schedule. See Fee Schedule attached as an addendum to this Church Funds Management Policy and Guidelines.

VI. Guidelines

The following statements are the guidelines for Clients participating in the CFM program administered by the Foundation:

1. The minimum amount to establish and maintain a CFM account is \$1,000.
2. The minimum amount to establish and maintain a CBL Term Investment is \$1,000.
3. Transactions received after 3:00 pm will be processed the next business day.
4. Distributions shall occur as follows.
 - a.** CBL Term Investments: Funds shall be distributed within five business days upon receipt of written notification.
 - b.** Market Investments: Funds shall be withdrawn from the Market Investments on the last day of the month in which written notice is received. Funds shall be distributed within seven business days of the subsequent month.



VII. Glossary

Not applicable.

IX. Addendum

Fee Schedule

Adopted/Revised

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