

FAQs About the Ministry Trust Fund and the Georgia Baptist Foundation

Who is the Georgia Baptist Foundation?

The Georgia Baptist Foundation, Inc. is a religious, not-for-profit corporation, which was chartered in 1941 to serve as the independent trust agency of the Georgia Baptist Mission Board. Its purpose is to raise, manage and distribute earnings of endowments and other funds for the benefit of the Georgia Baptist Mission Board and Southern Baptist Convention agencies, institutions, and causes as directed by the related trusts documents and agreements with the agencies and persons served.

What is the Foundation's charity status?

The Foundation is recognized as an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and classified as a public charity under Sections 509(a)(1) and 170(b)(A)(1)(vi). As a church-affiliated organization that is exclusively engaged in managing assets used for religious activities the Foundation does not file a Form 990 or income tax returns.

What is the Ministry Trust Fund and why does it exist?

The Ministry Trust Fund is the Georgia Baptist Foundation's vehicle for administering long-term investments of charitable assets. The Fund has existed since 1983 and today holds over \$175,000,000 in investments for 1,500 accounts. The great advantage of the Ministry Fund is that it provides an opportunity for all accounts to be invested with the same best practices and efficiencies of a large institution. The fund is administered by an investment policy ([link](#)) and holds a diversified portfolio of investment assets, directed by a group of investment managers with specific investment styles selected to meet the investment objective. The assets are in the custody of a national bank that provides both asset protection and independent reporting.

What types of accounts are invested in the Ministry Trust Fund?

Endowment Accounts – These are individual accounts, created by one or more donors, or entities representing a group of donors. An endowment fund is held in perpetuity and the income from the fund is paid to the charities chosen by the donors. An example would be an endowment fund created by a college alumni class to create income for the college library.

Ministry Accounts – These accounts are similar to endowment funds in that they are irrevocable and the donor or donors identify charities and causes they would like to benefit from the fund. The accounts traditionally have regular additions by the donors who are actively engaged in putting their charitable dollars to work for ministry causes.

Management or Revocable Accounts – These accounts hold funds delivered to the Foundation for safekeeping and investment. The accounts benefit the institution that owns them – a church, an association, a school or other ministry. The accounts frequently benefit from regular additions and amounts may be withdrawn from time to time according to the needs of the organization.

Is there a limit to the number of accounts a donor can create, or an agency can open with the Foundation?

There are no limits to the number of accounts because the Foundation has an accounting and reporting system that enables sub-accounting in a variety of ways. As examples, a donor can create an endowment fund that benefits one or more charitable causes – “my church, the ministry where I volunteer, the college I attended” and so on. A church can have multiple accounts to segregate its multiple funds – building capital projects fund, youth mission trip fund and others. The Foundation will also manage accounts with a very modest beginning. An entity may contact the Foundation with the intention of seeding a new account to promote and raise awareness for an endowment cause. Very small accounts are reinvested until the principal reaches an amount that would create a meaningful annual payout.

How is an investment in the Fund valued?

Investment in the Foundation’s Ministry Trust Fund represents an investment in a privately pooled investment. The value of the investment is based on the number of units owned and the Net Asset Value of the unit. The account statements provided to you by the Foundation disclose the total units held, the unit value and the total market value of the investment in the Ministry Trust Fund.

The unit value is updated as of the last business day of each month. The calculation of the new value takes place during the first 10 business days of each month. Additions to an account, or withdrawals of investment from an account, are based on the unit value calculated as of the prior month-end. As an example, if the unit value were \$10.00 per unit at the previous month end, an \$100 addition to an account’s investment over the subsequent month would purchase 10 additional units (\$100 investment divided by \$10-unit value.)

What is an “Income Spending Policy” and how does it support charity and ministry work?

The Foundation trustees appropriate a dividend from The Ministry Trust Fund based on the Foundation’s Income Spending Policy ([link](#)). An Income Spending Policy is a plan that identifies a dividend that will be distributed to endowment fund participants. It has these objectives. First, it should create a reliable and predictable stream of income, period after period, in up and down economic cycles. Second, it should be thoughtful and prudent to protect the fruitfulness of the fund for income paid out in the future. The Foundation trustees have identified a dividend rate of 4% to 5.5% for these purposes. The dividend is an amount per unit of participation in the Fund. As an example, if the unit value were \$10.00 and the payout were 5%, the payout per unit would be 5% of \$10.00 or \$.50 per unit. The dividend amount is identified once a year during the first quarter and remains constant over the upcoming year unless the dividend rate is less than 4% or more than 5.5%.

When and how is the income distributed?

The income available for distribution to each charitable beneficiary, or the entity that owns the account, is generally paid out through a quarterly deposit to the recipient organization’s bank account on the 15th

(or next business day) of April, July, October and January. An organization can also direct the Foundation to retain the income until it is requested, or reinvest the income by buying additional units of the Ministry Trust Fund.

What is the return for an investment in the Ministry Trust Fund?

Participants in a privately pooled investment fund, like the Ministry Trust Fund, experience a return made up of two components. The first part of the return is the dividend income, described above. The second part is the change in the Fund's unit value. The unit value is updated at each month-end. It fluctuates based on the value of the underlying investments which consists of bonds or fixed income securities, stocks of large and small, domestic and international companies, and alternative investments. (Refer to the Foundation's Investment Policy -link). The unit value experiences both appreciation and depreciation over the short-term. The Ministry Trust Fund is structured to be a long-term investment and is appropriate for investments no less than a five-year horizon.

The Foundation publishes quarterly investment performance reports for the Ministry Trust Fund. They can be viewed on the Foundation's website. (link)

How are the costs of investment shared?

A privately pooled investment fund requires cost to administer. By holding shares in the Ministry Trust Fund, the participating account benefits from the group purchasing power of the collective investment. This creates a structure for competitive bank custody and money manager expenses that are borne by the Fund. The Foundation also accesses a fee that covers just part of its cost of oversight, accounting, reporting and directing income payouts. This fee is called the Cost Recovery Fee Schedule (link). It is deducted quarterly from each account.

How is account activity reported?

All persons responsible for accounts administered by the Foundation have multiple options for obtaining information on account balances and activity. First, quarterly statements are created for each account around the 15th day following quarter-end. Second, the Foundation offers an on-line client portal (Ministry ClientView). The client portal makes it possible to view account balances and transactions at any time. It is also the fastest and most efficient way to receive quarterly account statements and maintain an on-line database of historic account information. Third, from time to time Foundation clients have special reporting needs to support the service they receive from their CPAs and outside accountants. After receiving an organization's authorization, the Foundation will work with CPAs and outside accountants by supplying additional information and customized reporting.

Who can represent my organization or my family to the Foundation?

Whether assets are given to the Foundation by a donor, or are delivered to the Foundation for safekeeping and administration by a charitable organization, the Foundation maintains contact information. At the beginning of a relationship with the Foundation, and over the course of time, the Foundation will ask for the names and titles of individuals who are authorized to have access to written

and verbal information about an account. Furthermore, if the investment is available for withdrawal, the Foundation asks for identification of the person/s authorized to request a withdrawal. An account authorization form is available to keep the Foundation up-to-date and is downloadable from the website ([link](#)).

My organization has a revocable account, otherwise known as a management agreement. How do we request a withdrawal of principal?

Not all accounts administered by the Foundation are irrevocable endowments that require holding principal assets in perpetuity. A large number of accounts are served under a management agreement. In those cases, the organization may occasionally need to submit a request to withdraw some or all of its investment. Withdrawal requests:

1. Should be made on the organization's stationary
2. Are distributed on the first and fifteenth day of the month
3. Can be submitted by mail, attached image to an email, or fax and must be received by noon on the day prior to the distribution

My parents created an endowment fund for a charity close to their heart, can we add to that endowment fund?

The Foundation welcomes additions to all its accounts and they come to the Foundation in a variety of ways. The important point to note is that the additions should always identify the account by name and account number if the name is generic. This ensures that the right account receives credit. Please call the Foundation at 770.452.8338 or email at contactus@gbfoundation.org if you need assistance in identifying the correct account name and number.

How do we add to an account?

Additions to accounts can be delivered by check to the Foundation's address and again, should include specific information on the account to be credited. Please see the information above. Gifts of publicly traded securities (stocks, bonds and mutual funds) or the electronic delivery of a deposit can also be arranged by calling the Foundation at 770.452.8338 or email at contactus@gbfoundation.org.

I would like to include an endowment gift in my Will, how do I do that?

Estate planning is an important part of every Christian will. A bequest (a gift given through a will), regardless of size, can memorialize a loved one and leave a meaningful legacy for your family, your Christian community, and future generations. Wills provide a heartfelt opportunity to express your Christian values to your family and friends. The Georgia Baptist Foundation is a 501(c)(3) public charity and bequests are 100% deductible for estate-tax purposes. The Foundation's federal tax ID number is 58-6030046. To discuss making a gift by bequest or for further information, please contact Sam Warner, Director of Development at 770.216.7542 or swarner@gbfoundation.org For sample bequest language ([link](#))

What receipts are provided for account additions?

When additions are received from individuals a charitable gift receipt is issued to the donor. When additions are received by a church or ministry the Foundation also sends a confirmation of the addition. By viewing an account at the on-line portal, or reviewing the quarterly account statement, the responsible person/s will also see documentation of the details of an addition.

Also, there are special circumstances that can merit multiple acknowledgements upon the request of the donor. For example, if a donor makes an honorary gift to an endowment fund created by a friend the Foundation can send both the charitable receipt to the donor, and a letter to the honoree as well, to inform them that a gift was made by a named person, or anonymously.

What is the best way to contact the Foundation?

The Foundation works to serve you in the ways that accommodate your needs. Our staff directory is available on our website. General inquiries can be made by calling our main number at 770.452.8338 or contactus@gbfoundation.org. The fax number is 770.457-5782. The core office hours are Monday through Friday, 8:30 AM to 4:30 PM with a broadened schedule made available to suit the needs of the Foundation's client ministries and donors.