

Stewarding Our Treasure

The earth is the Lord's and all that is in it. ***Psalm 24:1***

The one who sows sparingly will also reap sparingly, and the one who sows bountifully will also reap bountifully. ***2 Corinthians 9:6***

His master said to him, 'Well done, good and trustworthy slave; you have been trustworthy in a few things; I will put you in charge of many things; enter into the joy of your master.' ***Matthew 25:21***

For where your treasure is, there your heart will be also. ***Matthew 6:21***

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REDEEMER INVESTMENTS PROJECT

Mindful of God's call to us to be proper stewards of our treasure, Redeemer spent more than two years studying and re-structuring its trusts and investments to meet this Canonical mandate:

> "Christian stewardship requires ethical management of financial resources. The Church entrusts its leadership with the funds placed in its hands for mission and ministry. Treasurers and financial officers at all levels in the Church are custodians of this trust."[1]

Here is the full story about this work.

PROFESSIONAL MONEY MANAGEMENT

Over decades, Redeemer has been blessed with gifts of treasure that enrich our missions and ministries. Are we stewarding those gifts now in the best possible way? Are we using up-to-date fund management methods and realizing the greatest reasonable return?

In 2024, mindful of their stewardship and fiduciary responsibilities, the trustees of the Permanent Property Fund began a comprehensive review of how our investments were managed and the structures housing those investments.

A first step in this process looked at whether invested funds were managed in the most professional and cost-effective manner. In September 2024, Vestry adopted an updated policy for how funds are invested (an "Investment Policy Statement").

Then, the trustees requested proposals from local money management firms. In January 2025, Ft. Washington Investment Advisors was chosen as our single money manager, by a committee of trustees, investment advisory committee members, the treasurer, assistant treasurer, and finance director. This alone saved significant management fees over what we had been paying.

RESEARCH

Even with an updated IPS and new management in place, issues remained. About three-quarters of the $16 million of funds under management belonged to two trusts: the 1990 Permanent Property Fund and the 2004 Ministry Endowment Trust. The remaining $4 million was in a range of funds that were effectively managed by the Trustees even though

not legally in either trust fund. Were the trustees 'coloring outside the lines' by managing funds not in trust?

The multiplicity of funds had long plagued the finance team with 'make work' accounting. Which funds were given by donors, which accumulated by Vestry? Were funds legally restricted for specific uses or just chart accounts with names that looked like restrictions? Seven months of extensive due diligence and research was undertaken:

What the team did:

Reviewed:

- Archives
- Available trustee files
- Diocesan and Episcopal Canons
- "Manual of Business Methods in Church Affairs"
- ECF "Financial Resource Guide," guides to comprehensive endowment management services and strategic financial planning
- ECF specimen Endowment Policy and Endowment Committee Operating Plan

Met or conferred with:

- Wardens, Treasurer, Asst Treasurer, Finance Officer, Director of Operations, and Rector
- Investment Advisory Committee
- Ft Washington Investment Advisors
- Former treasurer Rob Krantz and former warden Sharon Holbrook
- Joe Dehner, Chancellor of the Diocese
- Aline Sun, a Director of Endowment Management at ECF in New York regarding endowment practices and foundations of other parishes around the country

WHAT WE LEARNED

The church's books of account had a dozen "funds"[2] but the specific nature and genesis of many were unclear. Some were called "endowment," some were not. Some clearly came from donors for specific purposes, the sources of others were not recorded. Some funds were to have income paid periodically but the calculations differed fund to fund. The research needed to be reviewed within a legal framework.

THE LAW

Redeemer is subject to both sacred and secular law. Title I of the "The Constitution and Canons for the Government of the Protestant Episcopal Church in America" govern how the church is to manage its business affairs. Pursuant to this canon, the national church publishes the "Manual of Business Methods in Church Affairs" (the 'Manual').

On the secular side, the Uniform Prudent Management of Institutional Funds Act ('UPMIFA') protects donor-restricted or true endowments and provides direction to endowment committees regarding investment and spending from these funds. In Ohio, UPMIFA is codified in Ohio Revised Code §§ 1715.51 *et seq*.

What does it mean when a fund is an "endowment"? The national Episcopal church offers this guidance:

1. *"Endowment fund*: A fund in which it is stipulated that the principal of the fund is to be maintained inviolate, in perpetuity, and only the income from the investment of the funds may be expended. The income may or may not be restricted as to its use."[3]
2. "An Endowment Fund is created when a donor's conditions allow only the earnings from his/her gift to be expended. Such a gift restricts the gift itself (often referred to as the principal) to be held either in perpetuity or for a specified term."[4]
3. "An endowment is a fund that is intended for the perpetual support of an organization. Typically the fund is invested in a mix of stocks, bonds, and various investment funds, and the return on those investments supports the work of the organization. The original gift is often referred to as the principal. Endowments often have stipulations on the use of the funds." [5]

Money given by donors and intended as a permanent "endowment" fund is treated differently from money set aside by Vestry as a permanent fund. The Vestry-designated permanent fund is known as "quasi-endowment."

> "There are two types of endowments—True Endowments and Quasi-Endowments. A True Endowment is established when a **donor** makes a gift to the endowment fund by name or places restrictions on a gift, or uses words such as 'spend income only' or 'to be held in perpetuity' in the gift instrument. The donor may further designate the gift for a specific purpose. (*emphasis added*)
>
> "A Quasi-Endowment is created when the **vestry** decides to place funds in the endowment that could have been spent otherwise, such as an unrestricted bequest to the church itself (not to the endowment fund of the church), money from the sale of property, or excess cash. It should be noted that just as a vestry can create a quasi-endowment, under extraordinary circumstances a future vestry can decide to accelerate the spending rates or dissolve it."[6] (*emphasis added*)
>
> It is critical for the church to keep permanent records of gifts to the endowment fund in order to identify the nature of the gifts—whether they are restricted as to spending, restricted as to purpose, restricted by a donor, or restricted by the vestry. These differences will determine how much of the endowment that current and future vestries can spend and for what purpose.[7]

Applying these principals, archival research showed that Redeemer has both true and quasi-endowments. Where that is the case, it makes sense as a practical matter to manage both types of funds under UPMIFA spending standards. This helps ensure that the organization is managing all endowment funds responsibly.[8]

RECORD KEEPING

Canon law requires congregations to maintain a record of each restricted gift that includes the date of gift, an exact description and amount of the gift, and the nature of restrictions on the use(s) of the gift because, once the contribution is accepted, there is a legal obligation to honor the donor's restrictions. "Restricted funds should be segregated in the accounting records so that information is available to demonstrate that fund expenditures have been made in conformity with the restrictions imposed by the donor."[9] The Vestry should approve the acceptance of any restricted gift and, if it is other than cash, determine the disposition of the gift. Restrictions are legally binding. Donor or court approval is required to use the restricted funds for any purpose other than that imposed by the donor at the time of the gift.

Thanks to the efforts of several parishioners over the years (especially Mike Krug, George Alexander, and Elizabeth Grover), Redeemer has well organized and thoroughly indexed archives of a wide range of records kept over the past hundred years. But there are gaps in these records, especially as to gifts given with donor restrictions.

THREE DONOR RESTRICTED FUNDS

Two donor-restricted permanent endowment funds were clearly recorded as such: the Journey Scholarship Fund of $100,000 in 2023 for scholarships and the Pauline Muhlhauser gift of $250,000 in 2005 for Christian Education. A third—Outreach Endowment aka Mission Outreach Endowment Fund—originated in or about 2004 as a Vestry designated fund for "Ministry Beyond Our Walls." This third was to be housed in the new Ministry Endowment Trust created for the Muhlhauser Christian education gift. Later, as part of the 2011 Enliven Our Vision capital campaign $1 million was given by several donors who clearly expected the "Mission Outreach Fund" to be a donor-restricted permanent endowment.

The Journey Scholarship Fund

One hundred thousand dollars given by a Redeemer family in June, 2023, by gift instrument to provide annual post-secondary scholarships based on an application and selection process was easily and clearly recognizable as a true donor-restricted, permanent endowment.

The Mission Outreach Fund

Archived Vestry minutes show that this fund began in 2004 as a Vestry-created or quasi-endowed fund to serve 'ministry outside our walls.' It was 'housed' in the newly created Ministry Endowment Trust (MET), created by Vestry to house the Muhlhauser Christian Education fund and other 'endowed' funds that might be created from time to time. In 2011, the church launched its Enliven Our Vision capital campaign with one pillar the raising of $1 million of endowment for Mission. Those funds were clearly and unequivocally intended by EOV donors to be restricted and held in perpetuity, thus converting the Mission Outreach fund to a donor-restricted permanent endowment but one housed inside the unamendable MET.

Muhlhauser Christian Education Fund

In 1999, Pauline Muhlhauser wrote a note to Redeemer's rector, Jim Hanisian, about her funeral plans. She added "I am considering making a memorial gift. One of the things which I am considering is…purchase of a home adjacent to the church for additional parking and future construction of church structures." Pauline died in 2003. In her trust, she bequeathed about $10 million[10] to Redeemer:

> "(1) for an additional wing and expanded Narthex, including furnishings, air conditioning and estimated operational costs of air conditioner (i.e., electrical usage and maintenance); (2) to purchase adjacent properties for additional parking and new church building expansions if allowed by the zoning authorities; (3) to purchase air conditioning, including estimated operational costs of air conditioning (i.e., electrical usage and maintenance) for the following and in the following order: (a) Church, (b) Undercroft and classroom wings on the bottom floor, (c) Lounge; (4) $250,000 Endowment for Christian Education; (5) after provision for the above purposes, any balance of the Trust remaining shall be distributed as follows: one-half to what is now known as 'The Church of the Redeemer Permanent Property Fund,' and one-half to a fund for 'capital improvements and construction.'

The final distribution of her gift occurred in 2005. For the $250,000 gift for Christian education, Redeemer created its Ministry Endowment Trust in 2004. However, the bank serving as Pauline's trustee balked at having her gift housed in this new trust. In April, 2005, the Rector Bruce Freeman and the Senior Warden Sharon Holbrook signed a single page document[11] saying:

> "The Church, through this document, establishes an endowment fund for Christian Education (the 'Fund'), comprised of $250,000 (the "Bequest") to be transferred to the Church by a recent bequest stipulating that such sum shall be applied to an Endowment for Christian Education. The Fund's assets are part of the assets of the Church. . . The Fund is an endowment fund subject to the Uniform Management of Institutional Funds Act (Ohio Revised Code Sections 1715.51-1715.59), as the same may from time to time be amended (the "Act"). . . As to the Bequest, this document replaces and supercedes [*sic*] The Church of the Redeemer Ministry Endowment Trust dated _____, 2004."

With this, the $250,000 gift was clearly and unequivocally designated as a donor-restricted permanent endowment fund.[12] And it was not to be inside the MET but held by Redeemer as a standalone restricted and permanent endowment though accounting records continued to show this fund as within the MET, creating confusion about its management: owned by the MET trustees or by the church?

TWO TRUSTS: PPF AND MET

First Trust: Permanent Property Fund

The Permanent Property Fund trust (PPF) was created October 22, 1990, when three trustees, the Rector, Wardens, and Clerk of Vestry signed a nine-page Agreement and Declaration of Trust. It was an irrevocable, unamendable trust meant to hold its principal in perpetuity and use some or all of its quarterly income (as calculated by a complex formula) to pay for maintenance and upkeep of the building and grounds with the possibility that portions of the income might be used in certain circumstances to pay the rector's salary. The terms of the trust—typical for the era—required substantial quarterly accounting by the three trustees to determine what was income and how it might be used to support maintenance.[13] It could not be amended by the trustees or Vestry.

To fund the PPF, Vestry moved $212,000 from the 1980 Redeemer Foundation (dissolving it) and the pre-1980 capital fund. Another $243,000 was added by Vestry from the Heritage capital campaign. In 1995, gifts to the PPF totaling $1.346 million came from the Guman sisters. Then, half of the remainder of the Muhlhauser bequest was added in 2005, the other half going to the capital fund. Perhaps other gifts were made to the PPF trust but no gift instruments can be found.

At the time of Pauline Muhlhauser's death in 2003, Redeemer's Cornerstone capital campaign was underway to raise funds to add a new wing and chapel, expanded the narthex and air condition the entire building. Items 1 and 3 of the bequest in Pauline's trust (quoted above) mirrored the Cornerstone project features and most of her bequest was expended in funding those project costs. Item 2 of her bequest "to purchase adjacent properties" came to nought as owners declined to sell to Redeemer. So, as she requested in item 5, half of what was unspent should go to the Permanent Property Fund trust (PPF) and the other half to the capital Improvements fund.

With investment growth, PPF became the largest pool of Redeemer funds ($9.4 million) by April, 2025. It functioned as the principal vessel for accumulating Redeemer's wealth but it was clearly not a donor-restricted endowment. Trustees and Vestry had long pretended that the 5% spending allowed by UPMIFA (which didn't take effect in Ohio until

2009) applied to the PPF trust even though the trust's terms didn't allow it and those terms couldn't be altered without court intervention.

Second Trust: Ministry Endowment

As noted above in the discussion of Pauline Muhlhauser's gift creating the Christian Education Fund, Vestry created a second trust on September 23, 2004, signing of the ten-page Ministry Endowment Trust. This document was very similar to the PPF except that it sought to serve as a 'chest of drawers' to house "Endowment Funds for the support of other areas of Church ministry established from time-to-time within the overall Trust by action of the Vestry of the Church corporation whenever such action appears necessary or convenient." It recites that its first such fund was going to be the $250,000 Muhlhauser Christian Education gift but, as noted above, that money never arrived in the MET by virtue of the bank's insistence that it stand alone.[14]

A second "drawer" in the MET trust was the Mission Outreach Endowment the history of which was reasonably well documented as a true donor restricted permanent endowment (page seven above).

A third "drawer" was the Music Endowment but no donor records for this could be located.[15]

The MET had the same constraints as the PPF: it couldn't be invaded or amended. It did adopt a 5% of trailing three-year average market value spending policy not because Ohio law permitted it yet but because it was "typical for endowments."

ISSUES UNDER THE OLD SYSTEM

MIXED AUTHORITY: Trusts had $12 million but trustees also 'managed' $4 million *NOT* in trusts.

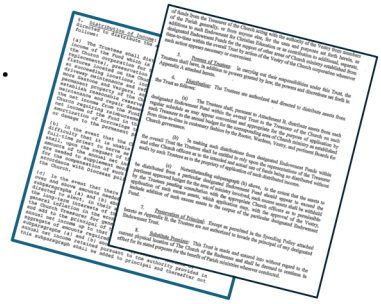
OUTDATED TRUSTS: Complicated formulae for distribution of income.

OVERFUNDING: We had $12 million in four different funds just for the building!

RESTRICTIONS: Who knows? Not documented.

IMPAIRED INVESTMENT RETURN: Cannot commingle everything for investment.





Redeemer's two trusts (with about 75% of Redeemer's investments) shackled Vestry's ability to deliver on its mission. The money could not be accessed or commingled for better investment returns. The trusts themselves could not be amended. They had different income formulae. It wasn't clear that they were compliant with current canon and secular law. The Chancellor of the Diocese wondered why Redeemer would hold its funds in trusts like these.

The other 25% of Redeemer's investments were in funds[16] that had names that suggested they might be restricted funds. Canon 7(c) requires records "made and kept of all…permanent funds showing at least…source and date [and] terms governing the use of principal an income…" But for these named but non-trusteed funds, we could find no such records, who donors (if any) might have been, or how they were supposed to be used beyond what might be suggested by their names.

INVESTMENTS RECONFIGURATION PROCESS

Goals:

Could this patchwork structure be adjusted to meet our stewardship mandates? Could we re-structure to have:

- Fewer named funds,
- Clear restrictions for donor-restricted funds,
- Improved investment returns,
- No more 'make-work' accounting,
- Flexibility to serve our mission & ministries,
- Updated policy for all Redeemer investments, and
- Demonstrable good stewardship for our legacy givers?

Legal Counsel hired:

By August 2025, the team addressing these issues had grown to more than 20 parishioners and staff. They recommended that Vestry hire outside lawyers to help assess a legal approach to resolving the issues. Vestry authorized hiring counsel and the PPF and MET trustees and Redeemer together retained the firm of Vorys, Sater, Seymour, & Pease LLP. Elizabeth Weinewuth and Suzanne Galyardt from that firm worked with the trustees and finance team to determine the legal path forward.

At its February, 2026 meeting, Vestry heard counsel's recommendation that a lawsuit be filed in Hamilton County Court of Common Pleas, Probate Division, to terminate

both old trusts and merge them with other funds into a single "Legacy Portfolio." The Legacy Portfolio would house just five funds:

1. Three true donor-restricted true endowments;
2. A new "Vision Fund" for non-donor restricted funds (a quasi-endowment); and
3. A capital reserve fund to meet non-operating capital costs.

Vestry resolved to authorize counsel to file suit.

The Lawsuit

On April 24, 2026, Redeemer and the three PPF/MET trustees, as plaintiffs, filed their "Complaint to Terminate Charitable Trusts" naming the Ohio Attorney General as defendant.[17] The material allegations of the Complaint were:

> 12. The current value of the PPF Trust is approximately $10,500,000. The current value of the ME Trust is approximately $2,976,000.
>
> 13. The Trustees "are not authorized to invade the principal of the [PPF Trust] at any time for any purpose," and the principal of the ME Trust may not be invaded except as provided in the associated Spending Policy, which generally limits expenditures to an annual distribution equal to five percent of each endowment fund's market value.
>
> 14. Pursuant to O.R.C. § 5804.13(A), if the charitable purpose of a charitable trust becomes impracticable, this Court "may apply cy pres to modify or terminate the trust by directing that the trust property be applied or distributed, in whole or in part, in a manner consistent with the settlor's charitable purposes."
>
> 15. Additionally, pursuant to O.R.C. § 5804.12(A), this Court may "terminate the trust if because of circumstances not anticipated by the settlor modification or termination will further the purposes of the trust."
>
> 16. The combined assets of the Trusts are now in excess of $13,000,000, the majority of which cannot be accessed to further the charitable purposes of the Church. The following factors contribute to the impracticability of continuing to administer the Trusts: (i) The terms of the Trusts are outdated and rely on complicated formulae that present a significant burden for Church volunteers (including the Trustees, who serve without compensation) to interpret and implement, including determinations of investments, income, permitted distributions and other tax and trust administrative matters; and (ii) The Trusts have grown so large that they cannot be used only for the purposes designated by the Trusts, and the Trusts' restrictions prevent their annual distributions from being fully utilized.

17. The Church desires to establish a new investment pool, referred to as the Legacy Portfolio, to hold all assets of the Church not immediately needed for operating expenses. The Trusts' assets would be distributed to the Legacy Portfolio; however, donor-restricted endowments would remain as such as funds within the Legacy Portfolio (including the Christian Education Endowment Fund, the Mission Outreach Endowment Fund, and the Callard Scholarship Endowment Fund). The Church may establish other quasi-endowment or nonrestricted funds within the Legacy Portfolio. The Church has approved the Enabling Resolutions and associated governing documents for the Legacy Portfolio attached as Exhibit C, subject to and contingent upon the approval of this Court and the Office of the Ohio Attorney General.

18. In considering the current restrictions on the assets, the Church and the Trustees have agreed that (i) the Trusts' charitable purposes are frustrated, (ii) it is impracticable to continue the Trusts in their current structure, (iii) the current circumstances were not anticipated by the Church when it established the Trusts, and (iv) it is consistent with the Church's charitable purpose as settlor to terminate the Trusts and distribute the Trusts' net assets, after satisfying their legal and tax obligations, to the Legacy Portfolio subject to the Enabling Resolutions.

WHEREFORE, Plaintiffs hereby request the following:

1. Entry of judgment ordering (1) the Trustees to distribute the Trusts' assets to the Church's Legacy Portfolio to be held in accordance with the Enabling Resolutions as soon as reasonably practicable; (2) the Trustees to thereafter terminate the PPF Trust and the ME Trust pursuant to O.R.C. § 5804.13(A) and/or O.R.C. § 5804.12(A); and (3) the Trustees then to be relieved and discharged of further duties or obligations.

2. For such other relief both legal or equitable as this Court may deem just and proper.

After negotiations with the Ohio Attorney General, the parties agreed to the entry of a final order. On April 30, 2026, the Court ordered the Permanent Property Fund and the Ministry Endowment trusts to be terminated and the Legacy Portfolio to be created.

WHEREFORE, THE COURT HEREBY ORDERS, pursuant to O.R.C. §§ 5804.13(A) and 5804.12(A), that:

1. The Trusts' assets shall be distributed by the Trustees to the Church's Legacy Portfolio to be held in accordance with the Enabling Resolutions attached to the Complaint as Exhibit C.

3. The Trustees shall thereafter be relieved and discharged of further duties or obligations.

Date:_____

Judge Ralph Winkler

A COPY OF THIS ENTRY WAS MAILED TO THE FOLLOWING PARTIES NOT IN DEFAULT ON 4-30-26

NEW INVESTMENT STRUCTURE

In compliance with the Court's order, Vestry adopted to packages of resolutions on June 8, 2026. The first package established that multiple accounts managed by Ft. Washington be combined into the single Legacy Portfolio:

RESOLVED, that the Vestry hereby establishes the "Legacy Portfolio" (the "Portfolio") of The Church of the Redeemer. The purposes of the Portfolio are to house various funds for the benefit of the Church to provide a reliable and flexible source of revenue over time to support the mission and ministry of the Church and, for donor-restricted funds, to assure the purposes specified by the donors of such funds are carried out.

RESOLVED, that the Church will maintain within the Legacy Portfolio the following three donor-restricted endowment funds, a Vestry-created quasi-endowment fund, and an unrestricted administrative capital reserve fund. Additional funds may be added by future Vestry resolution under its policies and procedures for such action.

1. The donor-restricted, permanent endowment named "Christian Education Endowment Fund" created April 25, 2005, subject to the Uniform Management of Institutional Funds Act (Ohio Revised Code Sections 1715.51-1715.59, the "Act") with a historic value of $250,000 and a market value of **$368,243** as of April 30, 2026.

2. The donor-restricted, permanent endowment named "Mission Outreach Endowment Fund" created in 2011, subject to the Act with a historic value of $1,000,000 and a market value of **$1,761,864** as of April 30, 2026.

3. The donor-restricted, permanent endowment named "Journey Scholarship Endowment Fund" created 2024, subject to the Act with a historic value of $100,000 and a market value of **$165,951** as of April 30, 2026.

4. The unrestricted, Vestry-created quasi-endowment fund ("Vision Fund") comprised of assets with a market value of **$11,853,652** as of April 30, 2026, to be distributed from

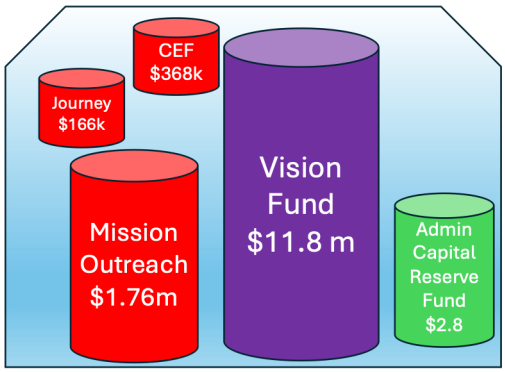
1990 Permanent Property Fund Trust and the 2004 Ministry Endowment Trust after segregating the above-named permanent endowments, which trusts were distributed and terminated by Court Order entered April 30, 2026, by the Hamilton County Court of Common Pleas, Probate Division, Case No. 2026001700. This Vision Fund is to be managed as if it were a permanent endowment fund (as defined by O.R.C. §1715.51) and may be used to support the mission and ministry of The Church of the Redeemer in accordance with the spending policy for the Legacy Portfolio except that, in the event of an emergency or compelling need as defined by the Vestry, the Vestry may authorize additional distributions or borrowing from this or any future quasi-endowment within the Portfolio, beyond the distributions recommended by the Legacy Portfolio Committee pursuant to the spending policy for the Portfolio, following a *two-thirds vote* of the Vestry at two consecutive regularly scheduled meetings and informing the congregation prior to action.

5. The unrestricted, Vestry-created non-endowed fund ("Administrative Capital Reserve Fund") derived from general ledger funds formerly denominated as air conditioning endowment, capital improvements, Columbarium, memorial, memorial garden, and projects, with a market value of **$2,787,912** as of April 30, 2026. The principal of the Administrative Capital Reserve Fund may be distributed from time to time to meet capital (but not operating) needs of the Church as may be determined by, and on authority of, the Vestry by a simple majority vote. Vestry may from time-to-time delegate by resolution (adopted by a simple majority vote) differing levels of authority for such distributions.

The June 8 Vestry resolutions also created a new Legacy Portfolio Committee and Operating Plan to oversee operation and investment of the Legacy Portfolio, Select and liaise with profession fund investment managers, and recommend from time to time for Vestry Approval, investment and spending policies for the Portfolio and gift acceptance policies. The June 8 resolutions also created a second investment account, the Operating Reserve, holding Redeemer's preschool funds and short-term cash flow management funds as well as approval matrices for that account and the new Administrative Capital Reserve Fund in the Legacy Portfolio.

Redeemer's investments now look like this:

Our "Legacy Portfolio" Funds

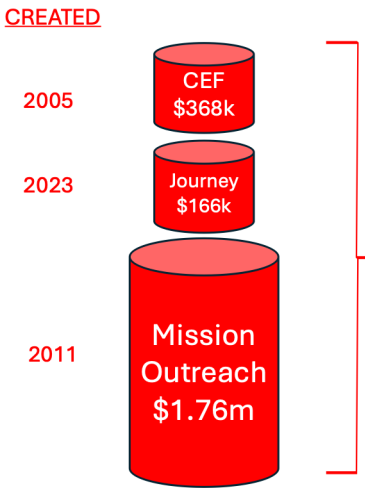


Values as of April 30, 2026

WHAT HAPPENED TO THE OTHER FUNDS?

The non-trusted funds and the MET's Music Endowment were pooled into the new Vision Fund. The old names were all dropped though, of course, all the money in those old funds is now in the new Vision Fund. That gives Redeemer more favorable fund management rates, investment opportunity (economy of scale), and simpler, more transparent accounting.

Donor Restricted Funds



"Donor-restricted, permanent endowments subject to the Uniform Management of Institutional Funds Act (Ohio Revised Code Sections 1715.51-1715.59)."

Principal held in perpetuity.

5% earnings allocated (spent) according to the donor's requirements.

These documented donor restricted funds are permanent endowments. They are governed by Ohio law, with income spent only according to donor requirements:

1. **Christian Education Endowment Fund** (historic value of $250,000 and a market value of **$368,243** as of April 30, 2026). The income from this fund shall be used solely to support the work of the Church of the Redeemer in educating its congregants and guests about Christ's teachings, the Biblical foundations of our faith, and our further spiritual formation as Christians.

2. **Mission Outreach Endowment Fund** (historic value of $1,000,000 and a market value of **$1,761,864** as of April 30, 2026). This fund reflects the ongoing commitment of donors to support mission and outreach for ministries of the Church of the Redeemer in accordance with the Church's values, priorities, and areas of focus as established through its ongoing discernment and planning. Not less than 85% of the income from this fund will be used solely to support the service, justice, and community work of the Church of the Redeemer as may be determined and directed by the SJC Funding Committee (or its successor) each year and not more than 15% of the income from this fund may be used to support staff expenses necessary for delivering the Church's commitment to mission.

3. **Journey Scholarship Endowment Fund** (historic value of $100,000 and a market value of **$165,951** as of April 30, 2026). This fund reflects the ongoing commitment of donors to invest in the young people of the community and support them as they step into their next chapter. The income from this fund will be used for annual scholarship awards. Award recipients are chosen from eligible applicants who include all graduating high school seniors who have a connection to Church of the Redeemer—whether as a regular Redeemer worshiper or involved in a Redeemer youth program (like Redeemer's "After School") or as a participant in any other Redeemer ministries. Awarded scholarships may be used for college, trade school, or entering the workforce. Applications for a scholarship award are to be submitted at an annually specified date in the Spring of each year to the Senior Finance Officer at the Church of the Redeemer. Awards will be made in May or June of each year.

FUND MANAGEMENT AND POLICIES

On November 9, 2026, Vestry reviewed and approved an updated Investment Policy Statement, a Spending Policy, and a Gift Policy as presented by the new Legacy Portfolio Committee with input from staff, Ft. Washington Investment Advisors, legal counsel, and the SJC Board and Funding Committees.

INVESTMENT POLICY

The Investment Policy Statement (IPS) adopted in November 2026, updates the September 2024, version.[18] It sets forth general investment guidelines and the Legacy Portfolio investment objectives, asset classes and ranges, equity and fixed income benchmarks, review procedures and broker/custodial arrangements.

SPENDING POLICY

UPMIFA sets a standard of prudent spending using a total return policy. However, the quasi-endowment can be spent outside of the rules of UPMIFA. The November 2026 Spending Policy approved by Vestry permits Redeemer to annually 'spend' from its Legacy Portfolio on a five-year trailing average market value, determined quarterly. Specifically, it provides:

> The spending rate shall not be more than five percent (5%) of the average quarterly market value of the applicable Legacy Portfolio funds during the preceding twenty (20) fiscal quarters. (For those quarters preceding the creation of the Legacy Portfolio in 2026, the sum of the average quarterly market values of the former Permanent Property Fund, Expendables Fund, Capital Improvements Fund, A/C Endowment Fund, and Ministry Endowment Fund shall be used.) The spending rate is intended to preserve the inflation-adjusted purchasing power of the Legacy Portfolio over time after accounting for fees and market volatility. The Vestry may exclude extraordinary inflows or outflows, such as unusually large bequests or one-time capital expenditures from the averaging formula, when appropriate. The Legacy Portfolio Committee will periodically review the spending rate with the Investment Advisor.
>
> The Vestry shall act in good faith with the care an ordinarily prudent person in a like position would exercise under similar circumstances and shall consider, as relevant, the prudence factors set out in the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted in Ohio. At no time shall the Vestry approve a spending rate that creates a presumption of imprudence under UPMIFA for donor-restricted permanent endowment funds.
>
> The Vestry is responsible for ensuring that any funds distributed from the Legacy Portfolio are spent according to donor restrictions or church policy. The Vestry may apply a uniform spending rate across all applicable funds or may apply different rates where appropriate and consistent with donor restrictions and Vestry policy. Donor-restricted permanent endowment funds shall be appropriated only in accordance with UPMIFA and the governing gift instrument.

Under the old trusts (PPF and MET), Redeemer had no access beyond the income authorized by those trusts. The new Vision Fund may, in extraordinary circumstances, be accessed beyond the 5% with super-majority Vestry votes and notice to the parish:

The Vision Fund, as a Vestry-designated quasi-endowment, shall be managed under the same general spending discipline as donor-restricted endowments, except that in the event of an emergency or compelling need, the Vestry may authorize additional appropriations or borrowing from the Vision Fund beyond the annual spending rate. Such action requires:

1. A two-thirds (2/3) vote of the Vestry;
2. Approval at two consecutive regularly scheduled Vestry meetings; and
3. Prior notice to the congregation before final action is taken.

GIFT POLICY

Vestry last approved a policy governing acceptance of gifts in 2007. Much has changed in the succeeding two decades, not just configuration of investments. The new Legacy Portfolio Committee prepared a new Gift Policy which Vestry adopted on November 9, 2026. It distinguishes between restricted and unrestricted gifts, sets forth the donor objectives for the three donor restricted funds, and offers directions to Vestry for proffered gifts of various sizes and classes from cash and publicly traded securities to real estate and cryptocurrency. Provision is made for ad hoc committees to consider offered gifts of an unusual nature and there is now an entire section is devoted to planned giving. A copy of the Gift Policy is available from the parish office.

NEED FURTHER INFORMATION?

If you would like further information or have questions about this investments refresh, please feel free to speak to the Treasurer, the Senior Finance Officer, or members of the Legacy Portfolio Committee.

Endnotes

[1] The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the USA (2023), *Manual of Business Methods in Church Affairs* (i-1), the "Manual."
[2] Even the precise number was confusing because some funds were held inside others.
[3] Manual, appendix B, p. B-1. Cf., ORC § 1715.51(D).
[4] Manual, p. III-4.
[5] Seiferth, Nicole and Demi Prentiss (2019), *Finance Resource Guide,* © 2019 Episcopal Church (pp. 212-213).
[6] *Ibid*. Similarly, ORC § 1715.51(D): "'Endowment fund' does not include assets that an institution designates as an endowment fund for its own use."
[7] Seiferth, Nicole and Demi Prentiss (2019), *Finance Resource Guide,* © 2019 Episcopal Church (pp. 212-213).
[8] Seiferth and Prentiss, *supra*.
[9] Manual, Chapter III, Section B. Basic Record Keeping, 1.c.
[10] The precise total amount is unclear from the records. The gift was the remainder of her estate so it seems likely that sums were paid in tranches to Redeemer over several years. A six-page memorandum dated June 25, 2003, about the Muhlhauser gift, what it could mean for Redeemer, and how it might be used is in the archives, file 9.10.4.1. A complete copy of the Muhlhauser trust was not given to Redeemer but four pages were faxed on August 28, 2003.
[11] Full document at Redeemer archives file 8.6.2.1.
[12] Redeemer accounting continued to show this fund as part of the Ministry Endowment Trust but it is beyond disputed that it should have been held outside of that Trust as its own donor-restricted endowment.
[13] Statutes at the time did not yet permit the simpler spending based on up to 5% of trailing market value.
[14] *See* text at fn. 12, *supra*.
[15] The archives do have extensive bank and brokerage statements. Perhaps a forensic accounting analysis of these might reveal amounts for the Music Endowment but not the donors (if any) and the cost of doing so would be prohibitive. Even if successful, it would not have met the canonical record keeping standards for permanent donor restricted endowments.
[16] These included the Air Conditioning Endowment, the Projects Fund, the Capital Improvements Fund, the Memorial Fund and the Memorial Garden Fund.
[17] *The Church of the Redeemer, et al., v. David A Yost*, Case No. 2026001700.
[18] *See* p. 3, *supra*.