

1 **OVERTURE 29 from Southern New England Presbytery** (to PCAF, OC)

2 “Direct the Board of the PCA Foundation to Adopt a Policy on Risk Management”

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4 **Be it resolved** to direct the Board of Directors of the PCA Foundation to adopt a policy
5 requiring prudent and conservative management of the risks associated with the
6 activities of the Foundation; requiring Board oversight of the Foundation’s risk
7 management; and addressing financial, reputational, and legal risks as well as any
8 other risks identified by the Board.
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10 **Rationale:**

11 The PCA Foundation benefits the denomination by offering services to donors, such as donor-
12 advised funds. In these funds, which make up most of the Foundation’s assets, a donor makes
13 a gift to the Foundation and then typically requests the Foundation donate the funds to a
14 specific organization, which may or may not be related to the Presbyterian Church in America.
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16 While most contributions to the Foundation are straightforward gifts of marketable securities,
17 the Foundation also performs more risky activities, such as the receipt of “complex gifts,”
18 including donations of entire businesses. Accepting complex gifts introduces risks to the
19 Foundation, and by extension, to the PCA as a whole. These risks include financial,
20 reputational, and legal risks.
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22 Financial risk is introduced when the Foundation receives gifts that may cause it to incur
23 future losses or liabilities. Reputational risk is introduced when gifts cause moral or ethical
24 concerns or may result in negative publicity. Legal risk is introduced when a transaction puts
25 the Foundation’s status as a non-profit public charity at risk. These risks must be carefully
26 managed to ensure the Foundation can continue serving donors and to prevent damage to the
27 denomination.
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29 The Foundation’s current policies related to risk management have not been substantially
30 updated since their initial adoption in 1995. In recent years the Foundation has begun to accept
31 complex gifts more often and of a much larger size. The existing policies do not effectively
32 address the range and level of risks associated with these activities.
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34 The Foundation’s current policies prevent effective oversight by General Assembly. The
35 current policies generally place responsibility for risk management on the President of the
36 Foundation rather than on the Board, which is accountable to the Assembly. Current policies
37 require the President of the Foundation to seek approval from individual members of the
38 Board when a transaction exposes the Foundation to elevated risk, but the Board itself does
39 not have to act. By placing responsibility on individual members of the Board, the risk
40 management activities of the Foundation are outside of General Assembly’s review and
41 control. It is inappropriate for individual members of the Board to carry responsibility for the
42 Foundation. Ultimate responsibility for risk management must lie with the Board itself, as
43 designated by General Assembly.
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Overture 29, Southern New England Presbytery

1 The Board of the Foundation should adopt a policy codifying their oversight of the
2 Foundation's approach to risk management. This policy should require prudent and
3 conservative management of the various risks introduced by the Foundation's activities,
4 including financial, reputational, and legal risks. By doing so, the Board will ensure the
5 Foundation may continue serving the denomination for many years to come.

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7 *Adopted by Southern New England Presbytery at its stated meeting, April 28-29, 2023*

8 *Attested by /s/ RE Ron Heald, stated clerk*