

Endowment Fund

Peace Lutheran Church
293 Main Street P.O. Box 309
Amherst, Wisconsin 54406

**Genesis 26:17-25 – “And Isaac dug again the wells of water which had been dug in the days of Abraham his father...”
Leave something behind which is better than what you found.**

ESTABLISHING RESOLUTION

I DEFINITIONS

- A. The term “Congregation” in this document refers to the voting members of Peace Lutheran Church, Amherst, Wisconsin, 54406.
- B. The terms “at a meeting of the Congregation” or “vote of the Congregation” will have the same meaning as a simple majority of approved voters of the Congregation at a legally called meeting as described in the Constitution of Peace Lutheran Church.
- C. The term “Fund” in this resolution will have the same meaning as the Peace Lutheran Church Endowment Fund. The term “Team” will refer to the Congregation’s elected members of the Endowment Team who are charged with managing the Endowment Fund. Managing the Endowment Fund includes educating the Congregation and potential donors as well as receiving and disbursing gifts.

II ESTABLISHMENT AND PURPOSE

- A. The membership of Peace Lutheran Church establishes this Endowment Fund to receive and administer designated bequests from estates, insurance proceeds, memorials and other assets and to invest in the name of the Peace Lutheran Church Endowment Fund.
- B. The purpose of the Fund is to enhance God’s work in the community and in our Church by establishing or supporting mission, ministries, education, leadership and stewardship opportunities as well as the general operation of the Congregation. Categories for the disbursement of funds are for religious, charitable and educational purposes as well as

for the needs of the Congregation. The Fund will not be utilized to promote non-tax exempt organizations. The formula to be used to determine the distribution allocation is:

- 10-30 % for world-wide, national or regional missions or charities promoted by the ELCA, including, but not limited to, grants for new congregation development, global mission, ecumenism, evangelism, social ministries or disaster response.
- 10-30% for local mission or outreach projects including, but not limited to, social service agencies, agencies to which this Congregation relates or to local programs and ministry.
- 5-30% to be used to support leadership training and Christian learning opportunities within our Congregation, including, but not limited to, support for professional leadership, special programs designed for leadership and growth, or for the development of a special ministry of the Congregation.
- 20-40% to be used by the Congregation for any constitutionally and legally allowed purpose recommended by the Team and approved by the Congregation, including, but not limited to, capital improvement, debt reduction, general maintenance or the general fund.

III THE ENDOWMENT TEAM

- A. The Team has a two-fold responsibility of educating the community and Congregation regarding the opportunities for Stewardship by leaving a lasting Legacy Gift through the Endowment as well as the responsibility for the management of the Fund.
- B. Five (5) Team members will be elected, and may be recalled, by a vote of the Congregation. In order to ultimately have members' terms staggered, initially, one member will have a five (5) year term; two members will have a four (4) year term; and two members will have a three (3) year term. Thereafter, all members will have a term of three (3) years.
- C. A Team member may serve a limit of three consecutive terms and after a break of one year, the member may again serve on the Team.

- D. In the event of a vacancy on the Team, the remaining members of the Team, by a majority vote, will appoint a member to fill the vacancy for the remainder of the term.
- E. The Pastor/s of the Church will be ex-officio, non-voting members of the Team. The Congregation President and Pastor/s will be notified of all Team meetings at the same time the Team is notified.
- F. Each member of the Team will maintain open communication with the Church Council, other organizations within the Church, and members of the Congregation. Expectations of Team members include confidentiality, discretion and a high level of integrity.
- G. Each new member of the Team will receive a copy of the Establishing Resolution, participate in an orientation session, and become acquainted with the function and purpose of the Fund as well as the minutes of prior meetings.
- H. The Team members will not receive compensation, but may be reimbursed from the Fund for reasonable expenses incurred and approved by the Team.
- I. The Team will develop written guidelines to help the Team in the governance and distribution of the Fund. These may be adopted and amended by a majority of the Team and must be within the stated purposes of the Fund as noted in Section II B. These guidelines will include a definition of principal, a definition of income as well as a distribution ratio based on the percentage of the fund value.
- J. The Team will make, execute and deliver all instruments necessary or proper for the ongoing benefit of the Fund. Those may include, but are not limited to, deeds, bills of sale, transfers, leases, mortgages, assignments, conveyances, contracts, purchase agreements, waivers, releases and settlements.

IV OFFICERS

The Team will elect from its membership its own officers to include a Chairperson, Treasurer, and Secretary and determine their responsibilities and authority. These will include, but will not be limited to:

1. Chairperson – The Chairperson will preside at all meetings following Robert’s Rules of Order, Most Recent Edition. The Chairperson will co-sign all expenditures of the Fund.

2. Secretary – The Secretary will maintain complete and accurate minutes of all meetings of the Team and supply a copy to each Team member and the Church Office within 14 days after the meeting. The Secretary will maintain a record of all team proceedings for the Congregation’s reference indicating the date of all votes.

3. Treasurer – The Treasurer will be responsible for the receipts and disbursements from the Fund and maintain complete, accurate, and up-to-date financial records to reflect the current financial status of the Fund. The Treasurer and Chairperson will be co-signers of all expenditures of the Fund. The Fund Treasurer will in no case be the Congregation Treasurer. The Treasurer will submit a written report at least annually to the Congregation and submit all financial records for audit at least annually or at the request of the Team or of the Congregation. This report will then become part of the Congregation’s Annual Report. The Treasurer will initiate an annual audit conducted by the Congregational Audit Committee.

V ENDOWMENT TEAM MEETINGS

- A. Quorum - A majority of the Team will constitute a quorum. The affirmative vote of a majority of the Team will be necessary to carry any motion. Electronic participation and voting will be permitted.
- B. The Team will meet formally no less than two times each calendar year as called by the Team Chairperson. The Chairperson, or the member designated by the Chairperson, will preside at all Team meetings.
- C. The Chairperson or any two (2) members of the Team may call special meetings. All Team members will receive at least seventy-two (72) hour prior written or electronic notice of a special meeting
- D. Each member will keep a complete copy of the minutes to be transferred to his/her successor.

VI FUND MANAGEMENT

- A. The Fund may receive by a simple majority vote of the Team any restricted or unrestricted gifts, cash, donations, estates and bequests from any individual, firm or corporation in money, securities, or any other form of property including direct gifts designated for the Fund, gifts in the form of a devise or bequest under a Will or Trust instrument, and gifts or proceeds, or portions of proceeds, of insurance, annuity, or Trust policies or contracts.
- B. The Team will adopt procedures for review and acceptance of the assets that a donor desires to give. Gifts of cash or publicly traded securities will almost always be acceptable. However, gifts of operating businesses; partial interests in property; gifts encumbered by debt; gifts of property, which may have title or environmental problems; or gifts of property, which may not be marketable within a reasonable time considering the expense of owning the property may not be accepted. In addition, certain types of property that may cause adverse federal or state income tax problems for the Fund may not be accepted.
- C. Restricted or designated gifts may be received as long as the instructions for the use of the gift falls within the scope of the mission of the congregation and the distribution formula in Section II B. Restricted gifts will be accepted under the following circumstances: (a) the gift will first be allocated to an appropriate designated fund within the General Fund of Peace Lutheran Church and potentially used for the purpose initially identified by the donor, and (b) if, for any reason after 5 years the gift has not been utilized for the intended purpose, the gift will be transferred to the Endowment Fund, at which time the distribution formula in Section II B of the Fund will guide the disbursement of the gift. All donors or executors of an estate who give a restricted gift will be made aware of the five (5) year designation limit through written correspondence.
- D. The Team will employ and reasonably compensate from the Fund, accountants, agents, attorneys or other professionals to assist and advise in the execution of the Fund, without liability for their omissions or neglect, but using reasonable care in their selection, and to rely on the advice of the person so employed. Employing professional assistance will require a majority vote of the Team of those attending a properly called meeting.
- E. Disbursement may begin after the Fund principal reaches \$100,000. The principal amount remains invested while the earnings are available for annual distribution as determined by the Team and following the distribution formula in Section II B.

- F. Once the gifted portion (principal) of the fund reaches an amount where the cost does not exceed the return, the Fund will be managed by a registered financial advisor and/or registered investment management institution selected by the Team, or be in insured accounts. An agreement entered into to manage the Fund will require a majority vote of all members of the Team.
- G. Allocations will be made annually according to the proportions outlined in Section II B.
- H. The Team will recommend the recipients of the annual distribution within any category. The Team will request suggestions regarding distribution of funds from the Congregation through an application process, then the Team will report and present the Team's recommendations to the Congregation. The Congregation will, upon receiving the Team's recommendation(s), vote at the Annual Meeting to approve or disapprove the disbursement of funds in its entirety. Approval will be a "yes" or "no" majority vote; the recommendation/s may not be amended by the Congregation.
- I. In the event of a catastrophic event or dire emergency and upon the unanimous recommendation of the Team, the Congregation, at a duly called meeting, may disburse funds that exceed the amount determined by the Fund disbursement formula and/or the disbursement ratio guidelines set by the Team. This may include the disbursement of principal. However, this disbursement will require a two-thirds (2/3) vote of the Congregation and will not be considered precedent setting. If the Fund principal drops below \$100,000 the Fund enters a rebuilding phase as outlined in this resolution in Section VI E.

VII FISCAL YEAR AND ACCOUNTABILITY

- A. The Team will provide to the Congregation as part of the Annual Report, itemized written statements accurately reflecting the Fund's income, principal, accounts, receipts, and expenditures for the previous fiscal year.
- B. In order to avoid a conflict of interest or the perception of conflict of interest, no Team member's spouse/partner/family member or near relation is to be hired to render professional services to the Fund or serve concurrently on the Team.

- C. No member of the Team will engage in any transactions with the Fund in which the member has direct or indirect financial interest. Members of the Team will refrain from any conduct in which his/her interests would conflict with the interest of the Fund. A Conflict of Interest Policy will be signed by each member of the Team once a year.
- D. No Team member shall be personally liable in damages or otherwise to any individual or entity for any act or omission on his or her part made in accordance with and pursuant to the authority to the Team members by the Team and the Congregation. Except, if the act or omission results from the subject Team member's own bad faith, fraud, gross negligence, or willful or wanton misconduct.
- E. To the fullest extent permitted by law, Peace Lutheran Church indemnifies and holds each Team member (indemnitee) harmless from and against all claims, demands, action, suites, or proceedings whether civil, criminal, administrative, or investigative: which the indemnitee may be involved as a party or otherwise arising out of or incidental to the operation of the Peace Lutheran Church Endowment Fund regardless of whether an indemnitee continues to be a Team member at the time such liability or expenses are incurred.
- F. For the purposes of providing indemnification to the indemnitee, Peace Lutheran Church shall purchase liability insurance insuring and indemnifying each Team member for actions or omissions taken in good faith. The limits of liability shall be \$1,000,000 per occurrence \$1,000,000 aggregate.
- G. The Team will not be liable for any losses which may be incurred upon investments of the Fund, except to the extent that such losses will have been caused by bad faith or gross negligence of the Team members. No member will be personally liable as long as he or she acts in good faith and with ordinary prudence in discharging the duties of the office and will be liable only for his or her own willful misconduct or omissions in bad faith. No Team member will be liable for the acts of omissions of any other Team member, or of any accountant, agent, attorney or custodian selected with reasonable care.
- H. Although safety and security of all Fund assets are sought at all times, it is recognized that losses may occur due to circumstances beyond the control of the Team, such as market conditions, economic changes, or natural disasters.

- I. All gifts and property of the Fund will be kept and maintained separately, distinctly and independently from the funds and property otherwise belonging to the Peace Lutheran Church. A record of restricted funds will be noted in the Endowment Team minutes. It is the Endowment Team's responsibility to ensure restricted gifts are reviewed and accounted for annually.
- J. Original records of the Fund will not be stored at Team member's homes and should be safeguarded from fire and disaster. All records of the Fund are the property of the Peace Lutheran Church Endowment Fund.

VIII DURATION AND DISPOSITION

- A. The Fund will continue to exist in perpetuity and not be dissolved, so long as Peace Lutheran Church or its legal successor continues to exist. If the Congregation ceases to exist, dissolves or is disbanded, all assets of the Fund will be dispersed in the same manner as all other property of the Congregation. If the Congregation splits, the Fund will stay with whichever group legally owns the church building.
- B. Alterations or amendments to this Establishing Resolution may be made by two-thirds (2/3) vote of the members of the Congregation present at a legally called meeting, called specifically for the purpose of amending this Resolution.

IX TAX EXEMPTIONS

- A. The Congregation is not responsible for advising donors of the tax consequences of any gift. Donors will be advised to consult their own attorney, tax advisor and other professional advisors about the consequences of a gift. This Fund will abide by the requirements of the Internal Revenue Code and its regulations.
- B. The Team will formally acknowledge the receipt of each gift and contribution in a way that permits the donor to claim a charitable tax deduction. The Gift Acceptance Letter sent to the donor will be signed by two members of the Team.
- C. Any gifts given to the Fund, as well as all income derived there from, will be used exclusively for religious, charitable and educational purposes with section 501 (c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal Revenue Law. This Fund is created and will be operated

exclusively for church purposes. No part of the income or property of this fund will inure to the benefit of or be distributable to any member, director or officer of the church or to any other private person, except that the Team is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. No part of the activities of the Fund will be carrying on any propaganda or otherwise attempting to influence legislation, and it will not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of this document, the Fund will (a) not carry on any activities not permitted to be carried on by an entity exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal Revenue Law or (B) not perform any act which would render contributions to the Fund non-deductible under Section 170 (c)(2) of the Internal Revenue Code of 1954 or the Corresponding provision of any future United States Internal Revenue Law.

Endowment Committee: Pastor Dwight, Sandra Lynne Schmutzler, Kris Barnes, Jill Villnow, Cathy Kirsling, Sarah Beversdorf, Duane Klabon

Approval: November 6th, 2016

Motion One: Move to approve the Endowment Resolution as presented.

Motion Two: Move to approve the members of the **Endowment Team** to include Kris Barnes, Duane Klabon, Mark Schmutzler, Heidi Dombrowski and Cathy Kirsling to fill Lori Carlson's term until which time Lori Carlson retires as office manager and can assume duties on the Team. The length of term for each member will be determined at the first meeting of the Team according to the Endowment Resolution, Section III B.