

# **ST. PETER EVANGELICAL LUTHERAN CHURCH**

## **ENDOWMENT POLICY**

### **I. PURPOSE OF FUND**

The Endowment Fund (Hereinafter Fund) is an account that holds funds from which distributions are made for ministry. The Fund seeks to generate stable and consistent distributions as well as to preserve the purchasing power of the contributions. It is the intent of this congregation that distributions shall be made primarily from the calculated growth earned by the Fund. The principal of the Fund shall only be distributed upon dissolution of the Fund or by an emergency distribution under VI. This Fund only holds endowment funds. Other charitable gifts (not endowment gifts) to St. Peter will not be bound by this policy and those funds will be immediately available to be invested or used as needed.

### **II. GOVERNANCE**

- A. This document is regulated by this congregation's council.
- B. An Endowment Committee (hereafter Committee) shall be formed by the Congregation Council in accordance with the constitution of this congregation.
- C. The Committee shall be responsible for encouraging new gifts to the Fund through education and promotion. The Committee may use the services of the ELCA Foundation in assisting members with the best way to include the Fund in their giving and estate plans.
- D. The Committee shall provide an annual report of its activities to the congregation. The Committee shall provide a written report to the Congregation Council after every meeting.
- E. Records of the Fund's contributions, distributions, grants and investments shall be audited within St. Peter's standard audit procedures.
- F. At least two signers are required for all transactions of the Fund. Authorized signers for the Fund may include the church administrator, treasurer, committee chair, council president, council vice-president, pastor, or any committee member.
- G. All decisions regarding gift acceptance are governed by the St. Peter Evangelical Lutheran Church of Prairie du Chien Gift Policy.
- H. The Committee shall bring recommendations to the Congregation Council for approval.
- I. The church council has continuing authority to make modifications to this policy including decisions about acceptance of a gift, ongoing operation of the endowment, investment policy, spending policy, oversight of the Endowment Committee and designation of the committee's responsibilities.
- J. The church council does not have authority to withdraw principal of the fund unless specifically authorized in the Endowment Policy. The church council does not have authority to change the designated ministry category to which a gift is made without the consent of the donor. Congregational approval would be required to authorize such action.

### III. MINISTRIES TO BE SUPPORTED

The Fund may receive gifts to support 4 distinct ministries. Individuals may designate their gifts to one of these categories or can make an unrestricted gift to the Fund.

- a. Building Fund –To support facilities and technology for St. Peter Evangelical Lutheran Church
- b. Education and Youth - To support education for all ages and youth ministries at St. Peter as well as camperships, scholarships, youth gatherings, youth mission trips and other youth programs
- c. Outreach – To support the community, synod, missions of the ELCA both in the US and worldwide
- d. Budget Support – To provide ongoing support for the ministry at St. Peter

In the event the donor does not designate one of the above categories; after consultation with the church council, the gift shall be distributed to the above ministries (with at least 10% going to the Outreach ministry category)

### IV. INVESTMENT ADMINISTRATION AND MANAGEMENT

A. Holding Account – The Committee may utilize one or more separate holding accounts for monies that are to be invested into the Fund, and monies that have been distributed/withdrawn/removed out of the Fund prior to disbursement, through any of the following:

- i. ELCA Endowment Pooled Trust – Fund A
- ii. ELCA Mission Investment Fund
- iii. ELCA Federal Credit Union
- iv. Bank insured by the FDIC
- v. Credit Union insured by the NCUA (National Credit Union Administration)

B. The Committee may engage other members of this congregation or others to serve as advisors to the Committee to provide for such professional counseling on investments or legal matters as it deems to be in the best interest of the Fund.

C. No member of the Committee shall personally manage the investments of the Fund, but rather shall use a professional provider to manage the Fund assets. The Fund shall be invested through any of the following:

- i. ELCA Endowment Pooled Trust – Fund A
- ii. ELCA Mission Investment Fund
- iii. FINRA Registered Investment Advisor
- iv. SEC Broker Dealer
- v. Any successor or additional investment vehicles offered by the ELCA Foundation
- vi. Bank insured by the FDIC

D. The Fund shall accumulate until a principal amount of \$50,000 is achieved, at which time earnings of the Fund may be distributed annually as defined below.

E. Differentiation of assets within the Fund:

- a. Principal – the investment or cost basis, including all gift contributions added to the Fund.
- b. Growth/Gain – the amount an investment or asset grows in value over time, above the principal amount, regardless of whether the investment is reinvesting its growth or distributing it.
  - i. Investment gain is not counted as or recalculated as principal and therefore available to be distributed as per these bylaws.
- c. Council Designated Funds – Funds which are received by the congregation as unrestricted and are placed into the endowment fund via Council Designation.
- d. Donor Restricted Funds – Gifts received by the congregation restricted for the Endowment Fund by the donor; funds shall be permanently restricted, and principal will remain in perpetuity.

**V. DISTRIBUTION GUIDELINES**

- A. Distributions will be reinvested. The Committee shall request withdrawals as needed to be used to accomplish the mission initiatives of the Fund.
- B. Distributions are limited to no more than 5% of the average market value of the Fund for the prior 12 quarters. The market value includes all interest, dividends and capital gains earned and available for reinvestment.
- C. One exception to Paragraph B. above relates to funds designated for the Building Fund. Due to the nature of this fund which can be used for capital improvements and to support facilities and technology, distributions can be made from the principal of that fund upon approval of the Church Council.

**VI. GRANTING GUIDELINES**

- A. Grants may be made to any of the following:
  1. Any ministry or program of this congregation
  2. Any ministry or program of the LaCrosse Area Synod
  3. Any ministry or program of the ELCA
  4. Any ELCA-related organizations
  5. Other organization which supports the missions set forth above, as approved by the committee
- B. Grant requests are available from internal or external sources to this congregation by completing a Grant Request form.

**VII. EMERGENCY DISTRIBUTION**

Principal distribution of the Fund shall be allowed only for expenditures of an emergency nature, including expenditures necessary for the continued existence of St. Peter, but only if a majority of the church council votes to bring such a request to the congregation. The congregation may authorize the use of up to one-half of the principal of the Fund at any one time by an affirmative vote by two-third of those present, if a quorum. Prior to the vote, there shall be an initial meeting which shall present the proposal. Thereafter, a congregational meeting shall be held with at least 30 days advanced notice.