

# **ENDOWMENT POLICY**

CHRIST LUTHERAN CHURCH

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## **I. PURPOSE OF FUND**

The Christ Lutheran Church Mission Endowment (“Fund”) is an account that holds funds from both current and estate gifts, from which distributions are made for ministry work beyond the operational budget of this congregation. The Fund seeks to generate stable and consistent distributions as well as to preserve the purchasing power of contributions. Moreover, the principal of the fund grows over time from additional gifts and from investment returns.

As outlined by the *Christ Lutheran Church Constitution of the Congregation Section C5.05.01*, The Christ Lutheran Church Mission Endowment Fund is to support the work of God in our local community and around the world that is aligned with the vision of Christ Lutheran Church. The Christ Lutheran Church Mission Endowment Fund shall be established to strengthen and extend God’s mission throughout the world by reaching out in response to human need in areas that support the vision of Christ Lutheran Church, specifically:

- A. Grow in Faith: Support intellectual and spiritual growth through grants to individuals, programs and/or organizations.
- B. Serve in Love: Support service to the community (local, regional, national and international) through grants to individuals, programs and/or organizations.
- C. Live in Joy: Support initiatives that offer care to people so that they can live in health and wholeness through grants to individuals, programs and/or organizations.

This *Endowment Policy* document outlines the overall structure for the Fund, including the position(s) responsible for making decisions about the Fund and the procedures for distribution. It is the intent of this congregation that distributions shall be made primarily from the calculated growth earned by the Fund, as defined by *Section IV*, and as reported by the investment manager.

## **II. GOVERNANCE**

This document is regulated by the *Christ Lutheran Church Constitution of the Congregation*.

- A. The endowment task force shall be formed by the Congregation Council in accordance with the Constitution of this congregation, *Section 13.06*, and will report to the Finance Committee.

- B. The endowment task force shall be responsible for encouraging new gifts to the Fund through education and promotion. The endowment task force may use the services of the ELCA Foundation Regional Gift Planner in assisting members with the best way to include the Fund in their current giving and estate plans.
- C. The endowment task force shall provide an annual report of its activities to the congregation. The endowment task force shall provide a written report following every meeting to the Finance Committee which will include it in the Finance Committee's report to Congregation Council every month.
- D. Records of the Fund's contributions, distributions, grants and investments shall be audited within this body's standard audit procedures, *Section C13.03 and C13.03.01*.
- E. At least two signers are required for all transactions of the Fund. Authorized signers for the Fund may include the church administrator, treasurer, endowment task force chair, council president, council vice-president, pastor, or any committee chair.
- F. All decisions regarding gift acceptance are governed by the *Christ Lutheran Church Gift Policy*.
- G. The endowment task force shall bring all recommendations to the Finance Committee and Finance to the Congregation Council for final approval. Recommendations from the task force may include, but are not limited to:
  - a. Grant awards
  - b. Change of investment managers
  - c. Changes to endowment distributions
  - d. Utilizing qualified advisors
  - e. Grant guidelines
  - f. Fund withdrawals

### **III. INVESTMENT ADMINISTRATION AND MANAGEMENT**

- A. The endowment task force 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:
  - a. ELCA Mission Investment Fund
  - b. ELCA Federal Credit Union
  - c. Bank insured by the FDIC
  - d. Credit Union insured by the NCUA (National Credit Union Administration)

- B. The endowment task force members may not engage/hire other members of this congregation to serve as advisors to the committee to provide professional counseling on investments or legal matters, but may seek advice from qualified congregation members as they deem appropriate.
- C. No member of the endowment task force shall personally manage the investments of the Fund, but rather shall use professional provider to manage the Fund assets. The Fund shall be invested through any of the following:
  - a. ELCA Endowment Pooled Trust – Fund A
  - b. ELCA Mission Investment Fund
  - c. FINRA Registered Investment Advisor
  - d. SEC Broker Dealer
  - e. Any successor or additional investment vehicles offered by the ELCA Foundation
- 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 by *Section IV*.
- 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. 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 the *Christ Lutheran Church Gift Policy* and/or via Congregation 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 during the life of the congregation.

#### **IV. DISTRIBUTION GUIDELINES**

- A. Once the Fund has achieved a minimum principal amount of \$50,000, the endowment task force is required to request at least one (1) withdrawal annually and to make every effort to award at least one (1) yearly grant.

- B. Distributions are limited to no more than 10 percent of the Fund balance as of December 31 of the previous year, which includes all interest, dividends, and capital gains from the previous year. The Endowment Committee should consider the endowment fund's long-term objectives as well as the financial performance of the fund.

## **V. GRANTING GUIDELINES**

- A. Grants may be recommended to one or more of the following, consistent with the congregation's mission and ministry:
  - a. Any ministry or program of this congregation
  - b. Any ministry or program of the SYNOD
  - c. Any ministry or program of the ELCA
  - d. Any ELCA-related organizations
  - e. Other
- B. Grant requests are available from internal or external sources to this congregation by completing a **Grant Request** (Exhibit A) form.