

## THE IMMANUEL EVANGELICAL LUTHERAN CHURCH ENDOWMENT FUND

### I. NAME AND GENERAL PURPOSE

- A. The Congregation shall have an Endowment Fund. This fund shall be called the Immanuel Evangelical Lutheran Church Endowment Fund. It shall be one of the funds of this congregation.
- B. This fund's purpose shall be to receive gifts and bequests and to use them for the further growth of the mission and the ministry of Immanuel Evangelical Lutheran Church and its school.

### II. ENDOWMENT FUND GOVERNING BOARD AND DUTIES

- A. The endowment fund shall be promoted and managed by the Immanuel Evangelical Lutheran Church Endowment Fund Committee. The Immanuel Evangelical Lutheran Church Endowment Fund Committee shall consist of the following members:
  - 1. The President of the Congregation, ex-officio member;
  - 2. Senior Pastor of the Congregation, ex-officio member;
  - 3. The Treasurer of the Congregation, permanent member;
  - 4. Director, Board of Stewardship Committee, permanent member,
  - 5. Four appointed members.
- B. The Endowment Fund Committee members shall be voting members of Immanuel Evangelical Lutheran Church. Except as herein limited, the term of each appointed member shall be three (3) years. After the adoption of the endowment fund by the congregation, the Church Council shall appoint four (4) members to the committee, subject to ratification by Voters Assembly - one (1) for a term of three (3) years; two (2) for a term of two (2) years; and one (1) for a term of one (1) year. No appointed member shall serve more than three full or partial consecutive terms. A former committee member may be re-appointed after a lapse of twelve (12) months following completion of that member's third consecutive term.

In the event of a vacancy on the committee, the Church Council shall, at its next regular meeting, upon the recommendation of the existing committee, appoint a member to fill the vacancy.

- C. The Endowment Fund Committee shall meet at least quarterly to receive and administer gifts to the fund, make plans for fund distributions, and make plans to promote the fund.

The committee shall organize itself with a chairperson, secretary, and a financial secretary, The chairperson shall preside at all meetings of the committee.

The financial secretary shall assist the treasurer of the congregation in maintaining complete and accurate books of accounts in the endowment fund.

The endowment fund records shall be audited annually at the same time as the records of the treasurer of the congregation are audited, in time so that such audit report will be on file at the time of the February meeting of the congregation.

The secretary shall maintain complete and accurate minutes of all meetings of the committee and supply a copy thereof to each member after each meeting. Each member shall keep a complete copy of minutes to be delivered to his or her successor.

- D. The treasurer of the congregation shall be responsible for receipts by and disbursements from the fund, shall maintain complete and accurate books of account, and shall provide, at least annually, a written financial report of the fund to the Voter's Assembly.
- E. The Endowment Fund Committee shall maintain accounts with any of the following financial institutions as it, by resolution, may determine and authorize:
  - 1. Local Banks and Savings and Loans
  - 2. LCMS Foundation, St. Louis, MO
  - 3. Lutheran Church Extension Fund, St. Louis, MO
  - 4. Aid Association for Lutherans/Lutheran Brotherhood
  - 5. Other established financial institutions
- F. The treasurer of the congregation, at the expense of the fund, shall be covered by a corporate fidelity bond, in a principal amount to be determined from time to time by the Endowment Fund Committee. All checks and other documents transferring or expending any funds or assets in the fund shall be executed by the treasurer and the president of the congregation.
- G. No member of the Endowment Fund Committee shall engage in any self-dealing or transactions with the fund in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which that member's personal interests would conflict with the interest of the fund.
- H. The Endowment Fund Committee shall adopt means for acknowledging the receipt of gifts and contributions in a manner that will permit the donor to claim federal income, gift and estate tax charitable contribution deductions.
- I. All funds and property shall be kept and maintained separate, distinct and independent from the funds and property otherwise belonging to Immanuel Evangelical Lutheran Church. The congregation shall not be allowed to borrow against the endowment fund or use the fund as collateral for a loan.
- J. The Endowment Fund Committee is to inform the members of the congregation of the purpose of the fund, and may periodically arrange for members of the congregation to meet with the Lutheran Church Missouri Synod Foundation Gift Planning Counselor and other professional counselors in the area of charitable giving, wills, bequests, insurance, etc.

### III. DURATION

The Immanuel Evangelical Lutheran Church Endowment Fund shall continue in existence and be used as hereinabove provided, so long as Immanuel Evangelical Lutheran Church shall continue to exist. If Immanuel Evangelical Lutheran Church should cease to exist, then the assets constituting the fund when Immanuel Evangelical Lutheran Church ceases to exist shall become the property of the English District or its successor.

### IV. TYPES OF GIFTS ACCEPTED

- A. How to Contribute to the Fund. Individuals who desire to support the Fund should designate that gift to: "Immanuel Evangelical Lutheran Church, for the Immanuel Evangelical Lutheran Church Endowment Fund."

These designations will ensure that gifts will be administered according to the terms of the Fund, whether they are made during an individual's life, or made following the death through a bequest or gift in a will, trust, or through a beneficiary designation of some or all of the proceeds of a life insurance policy, annuity, or retirement plan.

The Endowment Fund Committee shall 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 acceptable. In addition, certain types of property may cause adverse federal or state income tax problems for the endowment and may not be acceptable.

If the Endowment Fund Committee determines that an asset, which a donor desires to give to the Fund, is not acceptable, it will immediately explain the reasons to the donor with any suggestions or alternatives for making the asset acceptable. If the donor requests, the Endowment Fund Committee shall forward a summary of the gift, and its concerns, to the Church Council for review.

Some property may cause unexpected tax or other consequences to the donor. The congregation is not responsible for advising donors of the tax or other consequences of any gift. Donors are advised to consult with their own attorney, tax advisor and other professional advisors about the consequences of a gift in their circumstances. This Endowment Fund will abide by the requirements of the Internal Revenue Code and its regulations.

B. The Immanuel Evangelical Lutheran Church Endowment Fund shall accept two types of gifts described as follows:

1. Unrestricted Gifts - These gifts as additions to the principal of the Fund may be used for the purposes, projects and programs recommended through the discretion of the Endowment Fund Committee to the Church Council and approved by a simple majority of the voter's assembly. The distributions from these unrestricted gifts shall be for the purposes set forth in Section I. B. of this agreement for the further growth of our church, the mission, and the ministry of Immanuel Evangelical Lutheran Church. None of the income or principal of the Fund shall be used for the congregation's operational budget.

At least annually, the Endowment Fund Committee shall make distribution recommendations to the Church Council, as described in Section VI, for approval by the Voter's Assembly from these unrestricted funds.

2. Congregational Restricted Funds - There are certain areas within the Endowment Fund for which donors may designate their gift. These congregational controlled gift areas allow for the distributions from these gifts to be used for specific missions and ministries of the congregation. The approved areas for this Endowment Fund are described in Appendix A to this agreement.

Individuals who desire to support the Endowment Fund should designate their gift to Immanuel Evangelical Lutheran Church, for the Immanuel Evangelical Lutheran Church Endowment Fund and is designated for any Congregational Restricted Fund category as listed in Appendix A.

At least annually, the Endowment Fund Committee shall make distribution recommendations to the Church Council, as described in Section VI, for approval by the Voter's Assembly from these congregationally restricted funds.

The Immanuel Evangelical Lutheran Church Endowment Fund may not be able to individually manage donor-restricted gifts for the congregation due to the complex nature of administration. Donor restricted gifts for the congregation may be made using the format and requirements set forth in Appendix B. A Gift Planning Counselor may help process these restricted gifts.

## V. FISCAL YEAR

- A. For tax, accounting, distribution or other purposes, the fiscal year of Immanuel Evangelical Lutheran Church shall be the fiscal year of the Fund.
- B. Within two (2) months after the close of the Fund's fiscal year, and at other time(s) as is deemed convenient, an itemized, written statement should be prepared. It must accurately reflect the position of the Fund's income and corpus accounts as of a date reasonably close to the date the statement should be submitted, and should indicate the receipts, disbursements and changes therein since the Fund's inception or the previous accounting, as the case may be. The statement should then be submitted to the Voter's Assembly.

## VI. DISTRIBUTIONS TO SUPPORT THE PURPOSE OF THE ENDOWMENT FUND

- A. The Endowment Fund Committee shall be responsible for distribution of the amounts from the unrestricted portion of the Endowment Fund and the congregationally restricted portion of the Endowment Fund.
- B. The distributions from the Endowment Fund for the purpose described within this agreement shall be determined by the Endowment Fund Committee who will make its recommendations to the Church Council for approval by a simple majority of the Voter's Assembly at a regularly, or properly, scheduled meeting.
  - 1. It is the intention of the Immanuel Evangelical Lutheran Church Endowment Fund to distribute the greater of the net income earned or a percentage of the fair market value of the Endowment Fund unrestricted and congregationally restricted assets as valued on January 1 of each year. The distribution percentage should be a minimum of five percent (5%) unless restricted by an individual fund category. The Endowment Fund Committee may determine annually by February 28 of each year to increase the distribution rate available for pay out. Factors that may influence its decision may be program expenditures or the previous year's investment results.
  - 2. Should the Endowment Fund Committee be required to change the distribution intent described herein, the Endowment Fund Committee may adopt such distribution guidelines subject to applicable laws and authorization by the Voter's Assembly as provided for in Section VIII of the Amendment to this agreement.
- C. Available funds from unrestricted assets of the Endowment Fund. Requests for distributions of unrestricted funds as described in Section VI (B) (1), may be submitted to the Endowment Fund Committee by congregational members, committees or boards within the congregation seeking resources for a project within the mission and purpose of the Endowment Fund. The request should follow the distribution guidelines and criteria established by the Endowment Fund Committee. (See Appendix A.)
- D. Available Funds from Congregationally Restricted of the Endowment Fund. Generally these distributions, as described in Section VI (B) (2), will be directed by the Endowment Fund Committee to the appropriate areas within the congregation for projects or budgets for each of the restricted categories set forth in Appendix A allowing that congregational area to determine the spending of the distribution amounts. However, other requests may be submitted to the Endowment Fund Committee by congregational members, committees or boards within the congregation or outside the congregation seeking resources for a project or purpose described within the categories set forth in Appendix A.
- E. It is recommended that the Endowment Fund Committee create distribution guidelines and spending priorities in conjunction with the Church Council for proper management of Fund

distributions to support the mission and purposes of the Immanuel Evangelical Lutheran Church Endowment Fund.

## VII. POWERS

The Endowment Fund Committee shall have the following powers and authority:

- A. Sales and Distribution. To sell all or any part of the property of whatsoever kind, with the exception of real estate, which at any time may constitute a part of any trust within the Endowment Fund that may hereby be established, at such times, for cash or on credit, with or without security, in such manner and at such prices, either at public or private sale, which shall seem advisable and proper, and to execute good and sufficient deeds and bills of sale thereof.
- B. Leases. To be administered by the Board of Church Properties, as per the Immanuel Evangelical Lutheran Church Constitution.
- C. Investment. To change investments and properties and to invest and reinvest all or any part of the corpus of any trust hereby established in such securities, investments, or other property which seems advisable and proper without restrictions as to investments that are otherwise imposed by the laws of the State of California. The Church shall be guided by its concept of the policy of a prudent investor whose investment purpose includes both income and capital appreciation and shall not otherwise be restricted by any law, rule or custom (i) requiring safety of corpus as a primary consideration, (ii) regarding investment in income producing property, or (iii) requiring diversification of investments.

It is recommended that the Endowment Fund Committee adopts and implements an Investment Policy for the Immanuel Evangelical Lutheran Church Endowment Fund to provide consistency and oversight for the assets of the Endowment Fund.

- D. Retention of Assets. To retain in the Endowment Fund Committee's absolute discretion and for such period of time as shall seem advisable, any and all investments and other properties transferred to the Endowment, without liability for any loss incurred by reason of the retention of such investments or properties.
- E. Dealing with Securities. To enforce any bonds, mortgages or other obligations or liens held hereunder; to vote personally or by proxy any shares of stock which may at any time be held by the Endowment Fund Committee hereunder, and similarly to exercise by attorney any rights appurtenant to any other securities or other property at any time held by the Endowment Fund Committee hereunder; to consent to the reorganization, consolidation, merger, liquidation, readjustment of, or other change in any corporation, company or association, or to the sale or lease of the property thereof or any part thereof, any of the securities or other property of which may at the time be held hereunder, and to do any act or exercise any power with reference thereto that may be legally exercised by any person owning similar property in his own right, including the exercise of options, deposit, or exchange of securities, entrance into voting trusts, making of agreements or subscriptions which the Endowment Fund Committee deem necessary or advisable in connection therewith, all without applying to any court for permission so to do, and to hold and redeem or sell or otherwise dispose of any securities of other property which may be acquired; to cause to be registered in the Fund's name, or in the name of a nominee or nominees, without qualification or description, any securities at any time held in any trust hereby established.
- F. Deposits. To invest the Endowment property in accordance with the prudent investor standard, including the power to invest in commercial and savings accounts, money market certificates and funds, cash management accounts, any kind of property or any kind of interest therein (whether real or personal, tangible or intangible, and/or domestic or foreign) including, but not limited to,

real estate, oil, gas, and other natural resources, common and preferred stocks, bonds, U.S. governmental obligations, mutual funds, mutual funds which are under the management or control of the corporate fiduciary (and its affiliated entities), notes, debentures, and common trust funds, including the power to deposit cash funds of the Fund in the commercial or savings departments of the corporate fiduciary (if any) or of any other bank or trust company or in any other depository.

- G. Borrowing. To borrow money, whether to pay taxes, exercise subscription rights and options, pay assessments, or to accomplish any other purposes of any nature incidental to the administration of any fund hereby established, and to pledge any securities or other property held by the Endowment Fund Committee as security therefor.
- H. Principal and Income. To allocate to principal and not to income all dividends paid in stock of the paying corporation and all subscription rights, and except as otherwise expressly provided for herein, to allocate other receipts and disbursements between principal and income in accordance with sound principles of accounting.
- I. Division of Property. The Endowment Fund assets may be pooled and allocated for investment purposes to allow for ease of administration. To divide the Endowment Fund, determining values and designating particular assets for the categories of gifts received by the Fund, to assign like or unlike properties to different categories, to create or hold undivided interests in any property of the Endowment Fund, and to make distributions and payments in cash or in kind or in both.
- J. Delegation of Authority. To delegate authority to agents or proxies for the administration of the Endowment Fund, with liability only for reasonable care in the selection, conferring on such delegates both administrative and discretionary powers and duties, and paying them reasonable compensation from the Endowment Fund. Any fiduciary hereunder shall not be prohibited by such fiduciary capacity from being employed by or compensated from the Endowment Fund or by any business in which the Endowment Fund is interested. The Endowment Fund Committee may employ, at the expense of the Fund, attorneys, investment counsel, brokers, custodians of assets, and other agents and employees.
- K. Execution of Instruments. In connection with the exercise of the powers granted herein, to execute all deeds, mortgages, notes, leases, security agreements, bills of sale, contracts, and all other instruments in writing which the Endowment Fund Committee shall deem necessary and proper.
- L. General Powers. To enter upon such contracts and agreements, and to make such compromises or settlements or debts, claims, or controversies as the Endowment Fund Committee may deem necessary or advisable; to submit to arbitration any matter or difference; to perform all other acts which are deemed necessary or advisable for the complete administration of the Fund, including the exercise of all powers provided by applicable law.
- M. The Endowment Committee may protect the Fund and its property by insurance against damage, loss or liability.
- N. The Endowment Committee may establish checking account(s) in which cash may be deposited to income and/or corpus.
- O. All powers and authorities of the Endowment Fund Committee stated herein can, except as expressly delegated to the Voter's Assembly, be exercised by the Church Council.
- P. The Endowment Fund Committee may establish Subcommittees for its responsibilities in managing the Fund, and may seek the assistance of volunteers with the skills needed to carry out the purposes of the Fund. Subcommittees may include, but not be limited to Investments, Acceptance of Assets, Acceptance of Restrictions, Receipts, Priorities, Distributions, Reports and Publicity.

VIII. AMENDMENTS

Any amendment to this Agreement that will change, alter or amend the purposes for which the Fund is established shall be adopted only if approved by a two-thirds (2/3) majority of the voting members present at a duly called and constituted meeting of the Voter's Assembly.

This Endowment Agreement was adopted by Immanuel Evangelical Lutheran Church on

\_\_\_\_\_ day of \_\_\_\_\_, 200\_.

\_\_\_\_\_  
President

\_\_\_\_\_  
Congregational Secretary

## APPENDIX A

The congregationally-restricted funds of the Immanuel Evangelical Lutheran Church Endowment Fund shall maintain these categories:

- I. **OPPORTUNITIES WITHIN OUR CONGREGATION** - The distributions from this Fund may be used for any of the following areas within the congregation that the donor selects. The descriptions following the categories may not describe all possible uses for distributions within the categories.
  1. Congregational Education - Special projects to support Immanuel local Christian education programs (e.g. VBS, Sunday School, Midweek, Confirmation, Adult Classes, Leadership Training, Stewardship Training, Mission Education, and Staff Development).
  2. Scholarships - Scholarships to students going into full-time church work as Pastors, Teachers, Directors of Christian Education, Church Musicians, and Deaconesses.
  3. Building and Grounds Improvement - Special projects locally to improve and repair church facilities (e.g. painting, remodeling, new furnaces, landscaping).
  4. Lutheran Day School and/or Preschool - Special projects to support our congregation's day school and/or preschool.
    - A.) Hardware/technology/equipment (e.g. computers, software, music, athletic, furniture, playground).
    - B.) Specialized faculty and staff positions.
    - C.) Teacher continuing education.
    - D.) Student scholarships
  5. Family Counseling - Special gifts to aid families in our congregation with the cost of Christian counseling (e.g. Lutheran Family Service, marriage, drug and alcohol dependency, family).
  6. Youth Programs - Special projects to support our congregation's youth ministry programs (e.g. youth retreats, counselor training, youth gathering scholarships, summer camp scholarships).
  7. Building Fund - Income and/or principal used for new building projects or property acquisition. The Church Council may recommend that the principal be used on some type of a matching basis with the members of the congregation. This may help the congregation to have a feeling of ownership of the project.
  8. Church Music - Special gifts to support the congregation's music program (e.g. choir robes, purchase and repair of musical instruments, special music programs).
  9. Evangelism - Special projects for programs to reach the unchurched in our community, (e.g. radio, TV, newspaper, training for evangelism, evangelism supplies).
  10. Technology - Special projects of electronic or other technological opportunities as they become available (e.g. additions to sound system, audio-visual equipment, office machines, computers, etc.).
  11. Senior Programs - Special projects to support our congregation's senior ministry programs (e.g. transportation, counseling, equipment, retreats).
  12. Worship Aids - e.g. banners, flowers, hymnals, etc.
  13. Congregational Day School Assistance: Income used to offset congregational aid to Immanuel Lutheran Day School and/or Preschool. Principal and interest to accumulate within this category for a period not less than 10 years from the establishment of the Immanuel Evangelical Lutheran Church Endowment Fund, after which time, interest only to be used to support (offset) the Immanuel Lutheran Day School and/or Preschool proposed expenditures.

## APPENDIX B

The (name of family) Designated Fund  
Immanuel Evangelical Lutheran Church  
DESIGNATED FUND AGREEMENT

In thanksgiving to God for the gift of life, and for the providential blessings which have sustained me/us; and in thanksgiving to God for His grace in *giving* me/us His Son Jesus Christ to die and pay the penalty for my/our sins; and in thanksgiving to God for the gifts of nurture and love through the church where I/we have shared faith and fellowship,

I/ We the undersigned, subject to the special terms and conditions herein set forth establish the \_\_\_\_\_ Designated fund (hereinafter referred to as "the Fund"). The Fund is intended as an expression of my/our thanksgiving and stewardship with the prayer that the Lord's work will be strengthened and extended throughout the world.

THIS AGREEMENT is made by and between \_\_\_\_\_ of \_\_\_\_\_, STATE (hereinafter referred to as the "Donor/s"), and Immanuel Evangelical Lutheran Church.

1. This Fund is established as a separate fund of the Immanuel Evangelical Lutheran Church Endowment Fund on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. It is agreed that the Donor/s or any other person or persons may, at any time hereafter, during life, by Will, or by otherwise, transfer money or property to Immanuel Evangelical Lutheran Church to be added to the Fund. The Fund shall be managed according to the Bylaws of the Immanuel Evangelical Lutheran Church Endowment Fund.
2. The principal of the Fund shall be kept intact and the annual net income from the Fund shall be distributed as outlined below.
3. The annual net income of the Fund is to be used for:

This Fund is dedicated to the glory of the Triune God, Father, Son, and Holy Spirit, Amen.

This Fund agreement is executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Donor

\_\_\_\_\_  
Donor

Acknowledgment of this Agreement By: \_\_\_\_\_  
Immanuel Evangelical Lutheran Church