

GOVERNING DOCUMENT TO ADMINISTER AND MANAGE THE WORD OF PEACE ENDOWMENT FUND

WHEREAS, Christians may give to the work of the church through transfers of property (cash, stocks, bonds, real estate, etc.), bequests in wills, memorials, charitable remainder and other trusts, charitable gift annuities, assignment of life insurance and in other manners; and

WHEREAS, it is the desire of the members of Word of Peace Lutheran Church (hereinafter the “Congregation”) to encourage, receive and administer gifts in a manner consistent with the loyalty and devotion to our Lord expressed by the grantors and in a manner consistent with the policies of this Congregation;

NOW, THEREFORE, BE IT RESOLVED:

1. **Definition and Aspirations of Word of Peace Endowment Fund.** The Endowment Fund is a perpetual fund which shall receive, hold and administer, as hereinafter set forth, all gifts of money or property to Word of Peace Lutheran Church (hereinafter the “Congregation”) which are designated for the Endowment Fund by a donor (whether by gift, Will, memorial, trust, beneficiary designation, remainder, gift annuity, agreement or otherwise) and which are not designated by the donor for another use and any money or property of the Congregation which may be designated for the Endowment Fund by the Congregation or the Executive Team.

This Governing Document is intended to assure the integrity of the Endowment Fund and to encourage gifts by assuring donors that their charitable intentions will be fulfilled. By approving this Governing Document, the Congregation covenants with any donor or potential donor that the provisions of this Governing Document with respect to the Endowment Fund will not be substantively amended without the approval of the Congregation as hereinafter set forth and that the intentions of any donor will be followed to the extent possible and consistent with the stated purposes of the Endowment Fund except upon a specific finding by a majority of the Endowment Fund Team and the Executive Team, acting together, that a restriction by the donor or the provision being amended is obsolete, inappropriate or impracticable, or upon action taken by the Congregation as hereinafter provided.

2. **Purpose of the Endowment Fund.** The purpose of this Endowment Fund is to enhance the mission of Word of Peace Lutheran Church apart from the general operations of the Congregation. Except where otherwise authorized by the terms of the gift, no portion of the principle or the income generated by the Endowment Fund shall be used for the annual operating budget of the Congregation.
3. **Ownership of Assets.** The assets of the Endowment Fund shall be owned by Word of Peace Lutheran Church and custodianship of the same shall be vested under the authority of the “Word of Peace Lutheran Church Endowment Fund.” The income

and assets of the Endowment Fund shall be held, managed, administered, accounted for, reported, invested and expended separately from other income and assets of the Congregation.

4. **Accounts**. The Team shall maintain at least five (5) separate accounts or subfunds:
 - A. **Ministry Fund**. The purpose of this account shall be to provide grants to individuals, groups or organizations to which this Congregation relates, for witnessing to the Christian faith, supporting the mission of Christ's church and ministering to the needs of people in Christ's name, in the community, the state, the nation and throughout the world, and shall include, but not be limited to grants to support and aid special programs and new ministries not funded in the annual operating budget.
 - B. **Scholarship Fund**. The purpose of this account shall be to provide grants to individuals to pay, in full or in part, for tuition and/or other fees associated with Word of Peace Church School, Word of Peace Vacation Bible School, Kids of Peace Preschool, seminaries, private Christian colleges, other post-secondary education, and other similar activities.
 - C. **Outreach Fund**. The purpose of this account shall be to provide grants for outreach into the community, including but not limited to grants to ELCA colleges, seminaries, social service agencies, institutions and groups to which this Congregation relates, special programs designed for those persons in our parish area who are in spiritual, educational and/or social justice needs.
 - D. **Designated Funds**. The purpose of this account shall be to accept gifts and distribute grants designated for specific purposes.
 - E. **Undesignated Fund**. The purpose of this account shall be to distribute grants in any manner and proportion as determined for the purposes of enhancing the mission of Word of Peace Lutheran Church.

And such other separate accounts as the Team shall, in its sole discretion, deem necessary or appropriate from time to time to manage the funds of the Endowment Fund.

5. **Income and Principal**. Gifts and bequests to the Endowment Fund and reinvested increases thereon shall accumulate until the principal value of Twenty Thousand Dollars (\$20,000) is achieved for a separate Fund Account, as hereinbefore defined, after which one-half (1/2) of the annual net income from that Fund Account may be expended. When the principal value of a separate Fund Account exceeds the amount of Fifty Thousand Dollars (\$50,000), three-fourths (3/4) of the annual net income from that Fund Account may be expended. When the principal value of a separate Fund Account exceeds the amount of Seventy-five Thousand Dollars (\$75,000), all of the annual net income from that Fund Account may be expended.

If at any point the market value of the principal in a separate Fund falls below Twenty Thousand Dollars (\$20,000), distributions from that Fund shall be halted until the market value has once again exceeded Twenty Thousand Dollars (\$20,000).

In addition, once the market value of the principal of a Fund has exceeded One Hundred Thousand Dollars (\$100,000), the greater of (i) five percent (5%) of the fair market value of the Fund Account as of the beginning of each year, or (ii) the net income of the Fund Account for the preceding calendar year may be expended.

Money from the funds shall be available for distribution according to the formula on page 2 Item 5 of the Governing Document. Any money not distributed by July 1 will be returned to the fund from which it came.

6. **Duties and Responsibilities of the Team.** The Team shall have the sole authority and the duty to manage the assets and affairs of the Endowment Fund, including the sole authority and duty to carry out the actions described in the following subparagraphs:
 - A. **Acceptance of Gifts.** The Team shall either accept or decline to accept any gift to the Endowment Fund pursuant to paragraph 1 of this document. Upon receipt of any inter vivos gift, the Team shall attempt to obtain a signed Gift Form from the donor in substantially the form attached hereto Exhibit A. Testamentary gifts which impose conditions shall be accepted on a case-by-case basis, in the sole discretion of the Team.

Notwithstanding any other provision of this Governing Document, in the event a donor has clearly designated or stated in writing, at or before the time of the gift, the purpose of a gift, the causes to be benefitted, the timing of benevolent grants, restrictions on the use of principal, or other intentions with respect to a gift, the Team, if it decides to accept such gift, shall manage and administer such designated assets in accordance with the expressed intentions of the donor, unless a majority of the Team and the Executive Team, acting together, specifically find that any such restriction by the donor is obsolete, inappropriate or impracticable, in which case, the gift shall be used or distributed in an alternate but similar manner consistent with the general intention of the donor.

- B. **Education of Congregation and Promotion of the Endowment Fund.** Members of the Team shall be responsible for informing and educating the Congregation on the purpose and benefits of the Endowment Fund. Such education may be accomplished from time to time through meetings or seminars and printed materials which address estate planning issues and vehicles available for distribution of gifts, etc. Such reasonable expenses will be paid for using funds from the Undesignated Fund account.

In addition, the Team members shall promote and encourage gifts to the Endowment Fund. The Team should seek major lifetime gifts and gifts which become effective upon or after the death of the donor, but should not seek annual gifts which may conflict with annual stewardship giving.

- C. **Investment of the Endowment Fund**. The Team shall invest and reinvest the assets of the Endowment Fund in prudent investments, as legally defined, following the Investment Policy Statement for Word of Peace Endowment Fund, hereto and incorporated herein by this reference, but not tangible personal property or real estate. The Team shall make all decisions with respect to investments and the sale of assets, subject to any requirements of the Constitution relative to the disposition of real property. Designated Tangible property and real estate donated to the Endowment Fund would be sold with the approval of the Congregation at a duly called meeting. After a completed sale the proceeds would be deposited in the account designated by the donor. In the case of undesignated gifts, the Executive Team and the Endowment Team would designate appropriate funds for the proceeds.
- D. **Distribution of Funds**. The Team shall establish guidelines for and make all decisions regarding disbursement to be made from the Fund. Distribution amounts will be based on the December 31 closing balance. In the event a gift of Two Hundred Thousand Dollars (\$200,000) or greater is received and is not designated to a particular fund account or is designated to the Undesignated Fund account, the Executive Team and Endowment Fund Team will allocate the monies to the appropriate Endowment fund or funds by a simple majority vote.
- E. **Delegation of Authority**. The Team may delegate to and authorize such persons as it deems appropriate to take actions on behalf of the Endowment Fund which are necessary or appropriate to exercise the Team's authority and carry out its duties.
- F. **Expenses**. The Team may spend reasonable amounts of money from the Undesignated Fund account to pay its reasonable expenses, including, but not limited to such professional counselors on investments or legal matters as it deems to be in the best interests of the Endowment Fund.
- G. **Financial Reporting**. The Director of Administration shall be responsible for the financial records and reports of the Endowment Fund. At the end of each calendar quarter, the Director of Administration shall report to the Team the amount of income earned by the Endowment Fund during the preceding calendar quarter, computed according to generally accepted accounting principles, excluding capital appreciation or depreciation whether realized or unrealized, and shall further report the fair market value of all assets of the Endowment Fund, excluding any non-liquid assets received from donors and any designated assets.

- H. **Audit.** The books and records of the Endowment Fund shall be audited annually in the fourth quarter by the Word of Peace Audit Committee.
- I. **Evaluation of Fund Objectives.** The Team shall evaluate the purpose and objectives of the Endowment Fund every five (5) years beginning in 2015. The results of each evaluation shall be reported to the Executive Team. If the designated purposes of the Endowment are in need of change, such recommendations shall be proposed by the Executive Team to the Congregation.
7. **Termination, Disposition or Transfer of the Endowment Fund.** In the event Word of Peace Lutheran Church ceases to exist, either through merger or dissolution, or in the event the amount of assets in the Endowment Fund become so small that it is unduly burdensome to continue administering the Endowment Fund, the same shall be, in the discretion of the Executive Team, disposed of or transferred to another fund in conformity with the approved congregational Constitution and in consultation with the Bishop of the Synod to which this Congregation belongs at time.
8. **Amending this Governing Document.**
- A. Any amendment to this Governing Document which will change, alter or amend the purpose for which the Endowment Fund is established shall be adopted by a two-thirds (2/3) vote of the voting members present at an annual meeting of the Congregation or at a special meeting called specifically for the purpose of amending this Governing Document.
- B. Any amendment to this Governing Document which will change, alter or amend the content of Ownership of Assets, Accounts, Income and Principal, Duties and Responsibilities of the Team, Termination, Disposition or Transfer of the Endowment Fund, or Liability of Team Members shall be adopted by a simple majority vote of the voting members present at an annual meeting of the Congregation or at a special meeting called specifically for the purpose of amending this Governing Document.
9. **Liability of Team Members.** Team members shall not be liable for any losses which may be incurred upon the investments of the assets of the Endowment Fund except to the extent such losses shall have been caused by gross negligence. Each Team member shall be liable only for his or her own willful misconduct or omissions and shall not be liable for the acts or omissions of any other Team member. No Team member shall engage in any self-dealing or transactions with the Endowment Fund in which the Team member has direct or indirect financial interests and shall at all times refrain from any conduct in which his or her personal interests would conflict with the interest of the Endowment Fund.

Approved Sept. 2007
Amended Jan. 2013
Amended Jan. 2014