

**GRACE LUTHERAN CHURCH OF APPLE VALLEY  
ENDOWMENT FUND**

**PLAN OF OPERATION**

**MISSION:**

Entrusting the present and future of Grace Lutheran through thoughtful utilization of lifetime resources.

**ORGANIZATION:**

1. At the January 21, 1996 Special Meeting of Grace Lutheran Church of Apple Valley Minnesota (Church) the congregation amended the Constitution of the Church by creating an Endowment Fund Committee, hereafter known as the "Endowment Committee." The Bylaws of the Church were amended to reference a Plan of Operation (Plan), first adopted on January 21, 1996. The Bylaws further provided that "The Endowment Fund Committee shall annually review the Plan of Operation and, as necessary, recommend amendments to the Congregation Council for approval."
2. A new and separate fund shall be established within the Church, and is to be known as The Grace Endowment Fund, hereafter called the "Endowment Fund."

**PURPOSE:**

The purpose of this Endowment Fund is to enhance the mission of the Church. Except as provided elsewhere in the Plan, no portion of the principal or income generated by the Endowment Fund shall be used for the annual operating budget of the congregation.

**SCOPE:**

1. Christian stewardship involves the faithful management of all the gifts God has given to humankind – time, talents, the created world, and wealth, which includes accumulated, inherited, and appreciated resources.
2. Christians can give to the work of the Church through bequests in wills, charitable remainder, and other trusts, charitable gift annuities, assignment of life insurance, and transfer of property (cash, stocks, bonds, and real estate).

3. It is the desire of the congregation to encourage, receive, and administer these gifts in a manner consistent with the loyalty and devotion to their Lord expressed by the grantors and in accordance with the policies of this congregation.

#### **DEFINITIONS:**

1. Asset cost: The market value of the asset upon receipt of a gift to the Endowment Fund.
2. Designated funds: Any fund established for a specific purpose, in accordance with the donor's wishes and in agreement with the mission of the Fund.
3. Endowment Committee: The Endowment Fund Committee as established in the Constitution and Bylaws of the Church.
4. Endowment Fund: The aggregate of all designated funds plus the Grace Fund, which constitute the entirety of the Endowment Fund.
5. Fund balance: The net total of all gifted assets less liabilities.
6. Total return: The amount received during the previous twelve months less any expenses by the Endowment Fund.

#### **ENDOWMENT COMMITTEE STRUCTURE AND OPERATION:**

1. The number of members, their nomination, election, term, term limits, and duties, and the advisory members to the Endowment Committee shall be as stated in the Church's Constitution and Bylaws.
2. The Endowment Committee shall meet at least quarterly, or more frequently as deemed by it to be in the best interest of the Endowment Fund.
3. A quorum shall consist of four members. When only four are present, a unanimous vote is required to carry any motion or resolution.
4. The Endowment Committee shall elect from its membership a chairperson, a financial secretary, and a recording secretary. The chairperson, or member designated by the chairperson, shall preside at all Committee meetings.

5. The recording secretary shall maintain complete and accurate minutes of all meetings of the Endowment Committee and supply a copy thereof to each member of the Endowment Committee and the Executive Committee of the Congregational Council.
6. The financial secretary shall assist the congregation's Treasurer and/or director of finance in maintaining complete and accurate books of accounts for the Endowment Fund. The financial secretary and congregational treasurer or director of finance shall sign checks and all necessary documents on behalf of the Endowment Fund; and also issue receipts to all contributors to the Grace Fund and/or a designated purpose fund. The financial secretary shall also maintain an accurate list of designated Funds in Attachment B.
7. The congregation shall indemnify each Endowment Committee member against any and all claims, losses, damages, expenses and liability arising from actions or failures unless the same is judicially determined to be the result of the members' gross negligence or willful misconduct.
8. No Endowment Committee member shall engage in any self-dealing or transactions with the Endowment Fund in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which his/her personal interest would conflict with the interests of the Endowment Fund.

#### **GENERATING INCOME:**

1. The Endowment Committee shall be responsible for promoting within the congregation opportunities to contribute to the Endowment Fund.
2. The Endowment Committee shall promote the visibility of the Endowment Fund to the congregation and shall educate members of the congregation about the advantages and benefits of contributing to the Endowment Fund.
3. The Endowment Committee shall be equipped to receive contributions on behalf of the Fund.
4. The Endowment Committee shall make the congregation aware of the Endowment Fund's activities by celebrating wherever possible the recipients of the Endowment Fund's gifts.

## **CONTRIBUTIONS TO THE ENDOWMENT FUND:**

The Endowment Fund, when specified as the beneficiary, shall accept the following:

1. Any gift by way of a will, a designation as beneficiary under a life insurance policy, a trust, or otherwise, shall be placed under the fiduciary responsibility of the Endowment Fund.
2. A gift in the form of cash, real or personal property, including stocks, bonds, or other securities.
3. A gift as designated by Congregational Council policy for **unrestricted** bequests that directs:
  - 10% to benevolence ministries
  - A minimum of 50% to Grace Endowment Fund
  - Up to 40% of the gift to other congregational priorities (e.g., debt reduction, special projects, etc.)
4. If a designation is specified by the donor (and such designation conforms to the Allocation of Funds section below), the gift shall be added to the designated fund. If there is no designation, the gift shall be added to the Grace Fund.
5. The Endowment Committee shall have the right to accept or decline all proposed gifts to the Endowment Fund, keeping in mind the overall purposes of the Endowment Fund.

## **ALLOCATION OF FUNDS:**

1. Grace Fund: the recipient of all undesignated income. The Endowment Committee will establish distribution guidelines that support and are not limited to, youth programs, worship and music ministry, education, community and world missions.

2. Donors whose initial or cumulative gifts to the Endowment Fund reach or exceed \$5,000 may establish a designated purpose fund if the purpose of the Fund is consistent with the goals and mission of the Endowment Fund.

#### **INVESTMENT OF FUNDS:**

All assets are to be held in the name of the Grace Lutheran Church of Apple Valley, Minnesota Endowment Fund and/or managed by a professional designated resource.

1. The Endowment Committee shall have the authority to direct or transfer endowment gifts on behalf of the Endowment Fund at any time.
2. The Endowment Committee chairperson acts as the advisor with respect to administrative matters with responsibility to report activity to the committee and Congregation Council directly.
3. Members of the Endowment Committee are entrusted with fiduciary responsibility for the Endowment Fund and shall be guided by the following objectives:
  - a. The Fund shall be invested with a long-term growth objective in keeping with the current best practices for endowment investing as recommended by the ELCA Foundation or similar organizations with endowment expertise, and, to the extent possible, realizing growth that allows both the distributions from the Fund and the principal of the Fund to keep pace with rate of inflation and preserve purchasing power over time.
  - b. The investment of the Fund shall also be governed by all applicable and prevailing state and federal laws (e.g., UPMIFA) (Uniform Prudent Management of Institutional Funds Act).
  - c. To have the ability to meet financial obligations when each is expected to occur.
  - d. To maintain a level of a cash reserve in order to meet short-term expenditures.
  - e. The Fund shall also be invested in a socially responsible manner in keeping with the generally accepted policies on social purpose investing.

## **DISTRIBUTION OF FUND TOTAL RETURN:**

Members of the Endowment Committee are entrusted with the fiduciary responsibility for the Endowment Fund to ensure that distributions from the Fund are governed by all applicable state and federal laws (Uniform Prudent Management of Institutional Funds Act).

1. The total return shall be allocated annually to the Grace Fund and to each of the designated funds in proportion to the principal amount in each Fund.
2. The total return shall remain allocated to each Fund until distributed.
3. The total return allocated annually to the Grace Fund and to each of the designated funds may either be distributed or obligated for a specific use. The portion of the total return that is not distributed or encumbered shall be reinvested.
4. The process for selection of recipients of awards is as follows:
  - a. The Congregational Council may make recommendations to the Endowment Committee for worthy recipients of returns.
  - b. The Endowment Committee will make final recipient selections.
  - c. Distributions from designated funds will be in agreement with the donor's specific requests made at the time of the gift.

## **OPERATION AND MAINTENANCE OF THE ENDOWMENT FUND:**

1. The Endowment Fund is independent of all other funds of the Church.
2. The Endowment Committee will maintain accounting records of the Endowment Fund in the same manner as other Church funds and will provide for the annual audit.
3. The Endowment Committee, at each annual meeting of the congregation, shall render an audited account of the administration of the Endowment Fund during the preceding year.

4. The Endowment Committee may request other members of the congregation to serve as advisory members. At the expense of the Endowment Fund income, the Endowment Committee may provide for such professional services as it deems to be in the best interest of the Endowment Fund.
5. The Endowment Committee shall provide the Treasurer and/or director of finance with an accurate and timely record of all investment transactions related to the Endowment Fund.
6. All transactions and accounts shall require two signatures, one of the financial secretary of the Endowment Committee and one of the Treasurer or Director of Finance of the congregation.

#### **DISPOSITION OR TRANSFER OF THE FUND:**

In the event the Church ceases to exist whether through merger or dissolution, disposition or transfer of the Endowment Fund shall be at the discretion of the Congregational Council in conformity with the Church's Constitution, donor's request, and in consultation with the bishop of the synod to which the Church belongs at the time.

#### **AMENDING THE PLAN OF OPERATION:**

Any amendment to the Plan of Operation, which will change, alter, or amend the provisions of the Plan of Operation shall be approved in advance by a two-thirds vote of the Congregational Council.

**ATTACHMENT A:** The Endowment Fund shall be managed by the ELCA Endowment Fund "A."

**ATTACHMENT B:** The current list of Designated Funds, as of April 22, 2015:

1. Shirley L. Kindem Endowment for the Grace Choir. (Est. 2005)
2. Endowment for the Community Social Ministry Fund called 360 Communities. (Est. 2010)
3. The Heidi Ness Youth Fund. (Est. 2010)
4. The Allan Lindell Memorial Music Fund. (Est. 2014)

5. The In Memory of Alexander Hagen Fund. (Est. 2014)

**HISTORY:**

**Version 1: January 21, 1996**

**Version 2: October 12, 2010**

**Version 3: June 24, 2013**

**Version 4: April 22, 2015**