

# **MESSIAH EVANGELICAL LUTHERAN CHURCH ENDOWMENT FUND CHARTER**

## **1.0 Purpose**

The Messiah Evangelical Lutheran Church (MELC) Endowment Fund, hereafter referred to in this document as the “Endowment Fund,” is established for the long term needs of the church by providing members and friends the opportunity to make bequests and charitable gifts for the purpose of serving God. This will allow the Endowment Fund to become a living memorial and provide ongoing financial support to MELC. The Endowment Fund is intended to be used primarily for special needs/goals of MELC, but may also be used for enhancing the general support given by the congregation through the annual stewardship process.

## **2.0 Administration**

The Endowment Fund will be administered by the Endowment Fund Board of Trustees of MELC, hereinafter referred to in this document as the “Board”, under authority granted by the congregation.

**2.1** The following persons shall be members of the Board:

**2.1.1** Senior Pastor of the congregation

**2.1.2** Financial Secretary or Financial Director as appointed annually by the Congregational Council

**2.1.3** Five elected representatives of the congregation

**2.2** The Chairperson of the Board shall be elected by a simple majority of Board members.

**2.2.1** The Chairperson shall be one of the five Board members elected by the congregation.

**2.2.2** The Board may elect other officers from among the Board members and establish sub-committees as it deems necessary.

**2.3** The five representatives of the congregation shall be elected to three year terms by a vote of the congregation at the annual meeting. A slate of candidates will be presented by the Congregational Council at the annual meeting. Nominations may also be accepted from the floor. The elected representatives shall be eligible to serve no more than three consecutive full terms. Their terms shall begin at the close of the annual meeting at which they are elected. Should a member’s place on the Board be declared vacant, the Congregational Council shall elect, by majority vote, a successor to fill the vacancy until the next annual meeting.

### **3.0 Powers and Duties**

The Board shall encourage the members of MELC to recognize all of the gifts they have received by the grace of God and offer with open hearts these gifts in His service. The Board shall receive and administer all gifts, bequests, and transfers of real or personal property made to the Endowment Fund. The Board may retain or sell any or all of the property received, and shall invest the property or proceeds from the sale as provided in this Charter.

- 3.1** Voting membership of the Board shall consist of all members of the Board as defined in Section 2.1 of this document.
  - 3.1.1** Routine matters shall be approved by a simple majority of the Board.
  - 3.1.2** Allocation of expenditures requires approval of five Board members, however, allocation of individual expenditures that exceed \$25,000 may only be made by the Board if the project/request has been approved by the congregation as per the MELC Constitution.
  
- 3.2** The Board shall report, and be accountable to, the Congregational Council and the congregation.
  - 3.2.1** The Board shall make a full report to the Congregational Council no less frequently than every six (6) months.
  - 3.2.2** Each year the Board shall identify the amount of money to be used from the available resources. The Board will allocate amounts of the money to be used for specific projects or needs. This process will take place in a time frame consistent with the planning and budgeting process of the church.
  - 3.2.3** The Board shall report to the congregation at its' annual meeting.
  - 3.2.4** The fiscal year of the Endowment Fund shall coincide with that of the church.
  - 3.2.5** Financial reports, and records shall be maintained by the Board.
  - 3.2.6** Income and disbursements shall be maintained by separate individuals as designated by the Board.
  - 3.2.7** The Endowment Fund financial records shall be audited in a manner consistent with the auditing process for other church financial records. In the event that an independent audit of the Endowment Fund financial records becomes necessary, the cost of the audit will be paid by the Endowment Fund.
  
- 3.3** The Board shall receive and administer funds from the following sources:
  - 3.3.1** Funds existing in the current MELC Endowment Fund.
  - 3.3.2** Funds specifically designated for the Endowment Fund.
  - 3.3.3** Funds from unrestricted bequests and unspecified gifts as allocated by the Congregational Council.

- 3.4** In addition, the Board shall:
- 3.4.1** Create an environment for congregational members to understand how bequests and charitable giving can work into their financial and estate plans.
  - 3.4.2** Provide leadership for MELC in all matters related to planned giving and endowments.
  - 3.4.3** Conduct periodic appeals for the Endowment Fund as appropriate.
  - 3.4.4** Assume other responsibilities as determined by the Congregational Council.

#### **4.0 Investment of Endowment Funds**

- 4.1** The Board shall:
- 4.1.1** Take into consideration the Social Purpose Guidelines of the ELCA when investing in institutions, corporations, companies or funds.
  - 4.1.2** Invest assets in conformity with the laws of the State of New York and as otherwise provided in this Charter.
- 4.2** The Board shall have latitude to change investment vehicles as it deems necessary as long as it is in accordance with this Charter.

#### **5.0 Limitation on Use of Principal**

The objectives of the Endowment Fund are to conserve principal and make use of only the available resources of the Endowment Fund as specified in Appendix 1. Any part of the principal may be withdrawn only in extreme and overwhelming circumstances, and when recommended by the Board, the Congregational Council, and a two-thirds (2/3) affirmative vote at an official congregational meeting called in accordance with the church constitution.

#### **6.0 Merger, Consolidation or Dissolution of MELC**

If at any time MELC is lawfully merged or consolidated with any other church, all the provisions hereof with respect to the Endowment Fund shall be deemed to have been made in behalf of the merged or consolidated church, which shall be obligated to administer the same in all respects in accordance with the terms hereof. If MELC is in danger of dissolution without successor, the Board shall make recommendations to the Congregational Council regarding disposition of the funds in a manner that will benefit the community and the greater church.

#### **7.0 Liability of Congregational Council, Members of the Endowment Fund Board of Trustees and Other Officers of the Church**

In the absence of gross negligence or fraud, no member of the Congregational Council of MELC, the Board or other officers of MELC shall be personally liable for any action or omission made with respect to the Endowment Fund.

## **8.0 Amendments**

There shall be no amendments to this Charter that alter the stated purpose as defined in section 1.0 of the Endowment Fund Charter. Original approval of this Charter for the Endowment Fund, and future amendments to the Charter that do not alter the stated purpose, may only be made by a two-thirds (2/3) affirmative vote at an official congregational meeting called in accordance with the church constitution.

### **8.1 Severability**

If any provisions or any application of any provisions of this Endowment Fund Charter shall be held or be deemed to be or shall be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or application of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

## Appendix 1 – Endowment Fund Financial Terms and Uses

- Account Value = Value of Investments (not including real property)
- Principal = Contributions as defined in section 3.2 of the charter
- Net Gains = Account Value - Principal
- Available Resources Annually = Account Value - Principal

Available Resources are capped at \$150,000 per fiscal year

If the principal is less than \$100,000 then the available resources are zero

### **Examples:**

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Account Value	\$100,000	\$125,000	\$150,000	\$300,000
Principal	\$ 50,000	\$ 50,000	\$100,000	\$100,000
Available Resources Annually	\$ 0	\$ 0	\$ 50,000	\$150,000