

## **OUR SAVIOR LUTHERAN CHURCH**

### **MISSION ENDOWMENT**

**1. Establishment of Endowment.** Our Savior Lutheran Church ("Congregation") hereby establishes and shall hereafter maintain an endowment fund known as the Our Savior Lutheran Church Mission Endowment ("Endowment"). The purpose of the Endowment shall be to provide, in our response to the Holy Spirit, permanent financial support of the mission and ministry of Our Savior Lutheran Church as we love God, love people, and live like Jesus. The Endowment's governance and operational procedure shall be defined as set forth below.

**2. Mission Endowment Committee.** This Congregation through its Board of Directors ("Board") shall establish a Mission Endowment Committee ("Committee"), which shall consist of not less than five (5) nor more than eight (8) voting members of the Congregation. The Lead Pastor shall be a voting member of the Committee included in this number. A Lead Pastor appointed Executive Administrator shall also serve as an ex officio member of the committee. In addition, one member of the Committee shall be elected by the Board from the Board's membership and shall serve a one (1) year term, not to exceed six (6) of total service on the Committee. The Joint Nominating Committee shall ensure that remaining members be vetted, nominated, and elected from the Congregation through its regular process on a staggered basis for three (3) year terms. Committee members are then typically elected by the Congregation at the Annual Voters' Assembly or at any regular congregational meeting. To begin, the Board will assign the staggered service terms after the first meeting of the Committee. Upon the occurrence of a vacancy on the Committee, the Joint Nominating Committee will recruit qualified candidates to stand for election at the next annual or regular congregational meeting. No Committee member shall serve more than three (3) consecutive terms; provided that after a lapse of one (1) year, former Committee members may be reelected. The Board shall have the authority to appoint members to fill vacancies, the term of which appointment shall be until the next congregational meeting.

**3. Duties of the Committee.** The duties of the Committee shall be as follows:

**3.1 Management.** Create and provide for management of a general endowment fund for the Congregation, as further described in Section 5.3 below, together with such additional funds as may be needed to fulfill specific requirements of donors.

**3.2 Policies.** Determine and fulfill policies and procedures for the soliciting, processing, and disposition of grant requests in accordance with the requirements and limitations of the Endowment.

**3.3 Education.** Educate the Congregation about the Endowment, promote the Endowment and solicit donations in an appropriate manner.

3.4 **Reporting.** Report at least annually to the Congregation - typically at the Annual Voters' Assembly, on new gifts, investment returns earned by the Endowment, the size of the Endowment, details of specific grants given, a list of all grant requests and disposition on requests.

3.5 **Donor Assistance.** Assist donors in the process of making gifts to the Endowment and establish policies and procedures for accepting or rejecting proposed gifts by donors.

3.6 **Other Duties.** Undertake such other related matters as the Board shall delegate to the Committee.

4. **Operation of Committee.** The Committee shall perform the duties set forth in Section 3 above as follows:

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4.1 **Meetings.** The Committee shall meet at least once a year, or more frequently as deemed by it in the best interest of the Endowment. A quorum shall consist of a majority of voting members. When a quorum is present at a meeting, a majority vote shall be required to carry any motion or resolution.

4.2 **Officers; Executive Committee.** The Committee shall elect from its membership a chair, a recording secretary, and a financial secretary, who shall serve as the Executive Committee.

4.2.1 The chair, or member designated by the chair, shall preside at all Committee meetings.

4.2.2 The recording secretary shall maintain complete and accurate minutes of all meetings and supply a copy thereof to each member of the Committee. Each member shall be given a complete copy of minutes to be delivered to his or her successor. The recording secretary shall also supply an electronic copy of the minutes to the Board to be included in the Consent Agenda.

4.2.3 The financial secretary shall work with the Lead Pastor and his appointed Executive Administrator in maintaining complete and accurate accounts.

4.2.4 Consistent with the applicable policies and practices of the Board, endowment fund checks will be processed with and through the church check writing procedures as practiced by the business office of the church. Further, that any operational documents or legally binding documents necessary on behalf of the Congregation in furtherance of the purposes of the Endowment, be restricted to final approval and signature at the Board's discretion.

4.3 **Audit.** Consistent with the applicable policies and practices of the Board, the committee shall periodically arrange for an audit of the Endowment's books.

4.4 **Subcommittees.** The Committee may in its discretion, create such subcommittees as it deems appropriate for management of the Endowment. Additionally, the Committee may request other members of the congregation to serve as advisory members and,

at the expense of Endowment income, may provide for such professional counseling on investments or legal matters as it deems to be in the best interests of the Endowment.

#### 4.5 **Limitation of Liability; Conflict of Interest**

4.5.1 Members of the Committee shall not be liable for any losses which may be incurred upon the investments of the assets of the Endowment except to the extent such losses shall have been caused by bad faith or gross negligence. No member who acts in good faith and with ordinary prudence shall be personally liable. Each member shall be liable only for willful misconduct or omissions and shall not be liable for the acts or omissions of any other member.

4.5.2 No member shall engage in any "self-dealing" or transactions with the Endowment in which the member has a direct or indirect financial interest and shall at all times refrain from any conduct in which such member's personal interests would conflict with the interest of the Endowment.

4.5.3 No part of the income or property of the Endowment shall inure to the benefit of or be distributable to any member of the Committee or the Board or to any other individual, except as reasonable compensation for services rendered to the Endowment.

### 5. **Management and Distribution of Endowment Assets**

5.1 **Assets of Endowment** All assets are to be held in the name of the Our Savior Lutheran Church Mission Endowment; provided that, if the Committee elects to use a foundation or other money management firm to manage the Endowment, the assets may be held in the name of the foundation or other money management firm. The assets of the Endowment shall be divided into two (2) general categories: (a) the General Endowment Fund consisting of undesignated and unrestricted gifts to the Endowment ("General Fund"); and (b) such specific funds as donors may create through designated and/or restricted gifts to the Endowment (collectively, "Specific Funds"). The Board, with the advice of the Committee, may create such gift acceptance policies with regard to Specific Funds as are appropriate and helpful to both Specific Funds donors and to the Congregation.

5.2 **Management Policy.** In managing the Endowment assets, the Committee shall have the power:

5.2.1 **Manage.** Take, have, hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest and in all other respects to handle and manage and control, the Endowment, or any part thereof; provided that the Committee may elect to use a foundation or other money management firm to manage the Endowment and, in connection therewith, may transfer the Endowment assets to such foundation or other money management firm.

5.2.2 **Retain.** Retain any property in the form in which it is received; to convert and reconvert the fund, or any part thereof, into other kinds and forms of property, real or personal or mixed.

5.2.3 **Instruments.** Make, execute and deliver all instruments necessary or proper for the accomplishment of the purpose of the fund or of any of the foregoing powers, including deeds, bills of sale, transfers, leases, mortgages, assignments, conveyances, contracts, purchase agreements, waivers, releases and settlements, provided that the Committee shall not execute and deliver any such document without the prior written approval of the Board if such document may subject the Congregation to liability;

5.2.4 **Donate.** Contribute, donate, support or distribute, from time to time for the purposes hereinabove stated, such payments or amounts as the Committee in its discretion shall determine and decide.

5.2.5 **Employ Professionals.** Employ and reasonably compensate accountants, agents, and attorneys in and about the execution of the Endowment without liability for the Committee's omissions or neglect, but using reasonable care in its selection, and to rely with acquittance on advice of persons so employed.

5.2.6 **Retain Assets.** Hold and retain any securities, properties or other investments, and to continue to hold, manage and operate any property, business or enterprise received or acquired at any time hereunder, as long as in its discretion it elects to do so, and the profits or losses therefrom, if any, shall inure to be chargeable against the Endowment.

5.2.7 **Life Insurance.** If a gift of a policy of life insurance provides with it monies for the purpose of maintaining life insurance on the life of the donor, use the income of the fund to maintain the policy on the life of the donor, provided that the Board accepts the gift, the donor agrees and the proceeds of such policy, or some parts thereof, are payable to the Endowment.

5.3 **Investment Policy.** The Committee shall establish and recommend to the Board an investment policy for Endowment assets. Pursuant to such policy, the Committee shall have the authority to make all decisions to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest and in all other respects manage and control the assets of the Endowment, including stocks, bonds, debentures, mortgages, notes, or other securities, as in the judgment and discretion the Committee deems wise and prudent and to execute such decisions. If the Committee elects to use a foundation or other money management firm to manage the Endowment and the investment policy, procedures, or mission of such foundation or firm no longer aligns with the desires of the purposes of this Endowment or the Committee, the Board, or the Congregation, the Committee may, upon two thirds (2/3) majority vote may withdraw all funds from the foundation or other firm and reinvest those funds in accordance with the investment policy.

5.4. **Principal and Income.** The Committee shall determine what is principal and income according to generally accepted accounting principles.

5.5 **Accumulation Threshold.** Gifts and bequests to the General Fund, and the income generated thereby, shall accumulate until the principal amount of Fifty Thousand and no/100 Dollars (\$50,000.00) is achieved, after which up to Five percent (5.00%) of the balance at June 30th of the preceding year of the General Fund may be distributed in the following calendar year as approved by the Committee.

**5.6 Distribution of Specific Funds.** The Committee shall distribute income and principal of assets given to Specific Funds within the Endowment in accordance with the directions of the donor(s) thereof or, absent such directions, in accordance with the provisions set forth therein. The distribution direction shall be directed from the donor(s) election of a category of spending as stated in Section 6.1.

**5.7 No Income for Ordinary Operating Expenses.** The Committee shall use the Endowment to enhance the mission and ministry of the Congregation apart from the general operation of the Congregation. No portion of the Endowment shall be used for the ordinary operating expenses of the Congregation unless specifically designated for such purpose by the donor(s) or in accordance with 5.9 below.

**5.8 Use of Endowment Principal.** When, in the opinion of the Committee, circumstances are such that the future of the Congregation is at stake, and that the only reasonable recourse is deemed to be use of the Endowment, the Committee may, upon two thirds (2/3) majority vote, recommend to the Board that a portion of the income or principal of the Endowment be used to pay ordinary operating expenses of the Congregation.

## **6. Distribution of General Fund Income**

**6.1 Annual Income from General Fund.** Any amount distributed from the General Endowment Fund on an annual basis shall be distributed for programs at the discretion of the Board, after considering the recommendations of the Committee. The Committee will solicit congregational support and generally focus on these areas:

a. **Programs:** Youth ministry, missions such as local, regional, and global. Missions would include the outreach to partner relationships beyond our elder faith-based tithing.

b. **Education:** Scholarship and grants for congregation members, congregational staff (called, contracted, and hired). Educational improvements as training for bible study, Sunday School, VBS, confirmation, teachers, and leaders.

c. **Growth opportunities:** The start-up funding of new programs or staff that support beyond our normal budgetary resources.

d. **Worship and Music:** Support of the worship and music life of the church as shared with the community.

e. **Capital projects:** The major renovations and building of any new facilities.

As noted in Section 5.3, it is the desire that specific donations are designated to any of these five broader categories of spending. The church will endeavor to maintain the identifying, capital growth and spending of funds specifically donated to a purpose, to assure and fulfill the intentions of the donor.

**6.2 Choice of Programs to Support.** The Committee shall recommend for approval by the Board programs for support and funding according to guidelines established by the Congregation as set forth in Section 6.1 above.

**6.3 Full Disbursement not Required.** The Committee need not disburse all income annually if the Board has not approved sufficient causes and programs to utilize such income or if the Committee determines that total annual disbursement is not recommended.

**7. Miscellaneous.**

**7.1 Amendments.** The provisions of the Endowment may be amended or modified from time to time by the Board by a two-thirds (2/3) affirmative vote of those present at a duly constituted meeting of the Board, whenever necessary or advisable for the more convenient or efficient administration of the Endowment.

**7.2 Prohibitions.** No part of the direct or indirect activities of this Endowment shall consist of carrying on propaganda, or otherwise attempting to influence legislation, or of participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office. Committee members are prohibited from engaging in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code ("Code"); from retaining any excess business holdings as defined in Section 4943(c) of the Code which would subject the trust to tax under Section 4943 of the Code; from making any investments which would subject the trust to tax under Section 4944 of the Code; and from making any taxable expenditures as defined in Section 4945(d) of the Code. If Section 4942 of the Code is deemed applicable to the Endowment, the Board shall make distributions at such time and in such manner that the Endowment is not subject to tax under Section 4942 of the Code. Notwithstanding any other provision herein, this Endowment shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501(c)(3) of the Code, or by any organization contributions to which are deductible under section 170(b)(1)(A)(viii) of the Code.

**7.3 Intent for Charitable Contributions.** In creating the Endowment, the Congregation intends to obtain or make available the full benefit of any income, gift, and estate tax deductions on account of charitable contributions to which any contributor to the Endowment may be entitled under the Code. Accordingly, the terms of the Endowment shall be interpreted in a manner consistent with this intent.

**7.4 Disposition or Transfer of Endowment.** To the extent permitted by Washington law concerning charitable assets owned by nonprofit corporations, if the Congregation ceases to exist either through merger or dissolution, disposition or transfer of the Endowment shall be determined by the Board in conformity with the provisions of the Congregation's Constitution that address ownership of assets of the Congregation, and in consultation with the applicable adjudicatory of the Lutheran Church - Missouri Synod. The intent of the Congregation is that, if the Congregation is no longer affiliated with the Lutheran Church-Missouri Synod, the Endowment shall remain the property of the Congregation.

**7.5 Law Governing; Savings Clause.** This document shall be governed by the laws of the State of Washington. Any provision prohibited by law or unenforceable shall not affect the remaining provisions. However, in any conflict with Section 501(c)(3) of the Internal Revenue Code and the Regulations thereunder, the Code and the Regulation shall govern.

Approved by Board of Directors on 4/20/23