

# **Mount Olive Lutheran Church**

## **Endowment Fund Team**

### **Operations Document**

Initially Approved by Congregation: January 29, 2012  
Updates Approved by Congregation: January 30, 2022

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**Attachments:**

**Disbursement Request Form**

## **1.0 Mission and Roles**

### **Endowment Fund Mission Statement**

The Mount Olive Lutheran Church Endowment Fund is created to align with the mission and purpose of the congregation in the name of Jesus Christ within Mount Olive Lutheran Church, Rochester and the surrounding communities, and throughout the world.

### **Endowment Team Mission Statement**

The Mount Olive Lutheran Church Endowment Fund Team will encourage and promote gifts to the Mount Olive Lutheran Church Endowment Fund, oversee the management of fund assets, and use earnings to promote the mission of the Fund.

### **Roles**

1. Promote and invite gifts to the endowment fund in perpetual support of the mission of the Endowment Fund. Invite individuals to make current and planned gift commitments to the fund.
2. Teach members about planned giving and charitable estate planning.
3. Develop, Invest and Distribute the funds
4. Encourage and seek meaningful use of endowed funds to advance the mission of the Endowment Fund.

## **2.0 Endowment Fund Account**

The following Endowment Fund definitions and purposes have been established by the Mount Olive Lutheran Church Endowment Fund Team and approved by the Mount Olive Church Council. The purpose of these funds cannot be changed without consent of the Endowment Team and Mount Olive Church Council. Gifts given to the Endowment Fund will be considered unrestricted, with their use designated by the Endowment Committee and the Mount Olive Church Council in a manner consistent with the mission of the church. The designated distribution purposes/priorities include:

Education

Local Community Outreach

Global Outreach

Mt Olive Initiatives

Restricted gifts are also required to meet the mission of the church but may be designated by the donor for a specific purpose. Restricted gifts are accepted at the discretion of the Endowment Team and the Mount Olive Church Council. Gift acceptance policy is described later in this document.

### 3.0 Endowment Fund Team Governance

All Endowment Fund Team members are expected to be active and engaged. The Endowment Fund Team (hereinafter “Team”) shall function under the structure set forth in the By-laws of Mount Olive Lutheran Church and this Operations Document. The Team shall meet quarterly, or more often as the Team deems necessary.

**Team Members:** The Endowment Fund Team shall include, but is not limited to, three at-large members of the congregation, the Congregational Endowment Fund Representative, the Senior Pastor (ex officio), and the Congregational Administrator.

**Term:** At-large team members shall be elected to a three-year term, with a maximum of two consecutive terms.

#### **Team Member Responsibilities:**

1. Attend team meetings.
2. Promote growth of endowed funds by encouraging donor gifts;
3. Responsibly manage fund assets;
4. Assume additional team responsibilities when agreeable;
5. Communicate the Endowment Fund mission to the congregation; and
6. Disburse Endowment Fund assets pursuant to team guidelines, fund restrictions, Mount Olive Lutheran Church By-laws, and the applicable state and federal statutes.

**Team Recruitment:** Knowledge and/or experience in investments, financial planning, estate planning, foundations, fund raising, and/or communications are desirable but not required. Team members shall be recruited by the Nominating Committee and approved by the congregation at the Annual Meeting.

### 3.1 Election of Endowment Fund Team Officers

Annually, from the at-large members, the team shall elect a Chairperson, Treasurer, and Secretary. Additional positions and responsibilities for team members may be assigned as agreed upon by the Team.

Members of the Committee shall not be personally liable for any losses which may be incurred upon the investment of the assets of the Fund. Members of the Committee shall adhere to the congregation’s Conflict of Interest policy, and shall not engage in any self dealing or transactions with the Fund in which the member has direct or indirect financial interest. In cases where there is a potential conflict (either real or perceived) members shall recuse themselves from discussion or decisions in that matter. Members of the Committee shall be bonded under the congregation’s insurance policy.

### 3.2 Chairperson Responsibilities

The chairperson is responsible for the overall functioning of the Endowment Team. Chairperson responsibilities include:

1. Preside at meetings of the Mount Olive Lutheran Church Endowment Fund Team;
2. Establish team meeting agendas;
3. Conduct business according to the By-Laws of Mount Olive Lutheran Church and the Mount Olive Endowment Fund Operations Document;
4. Assure follow-up of all team decisions;
5. Meet with prospective donors;
6. Initiate and/or oversee a report to the congregation at the Annual Meeting, thank donors, and communicate with the Church Council and other teams;
7. Communicate with the Nominating committee regarding open team positions;
8. Sign all Disbursement Requests after Endowment Team review; and
9. Review and sign all investment documents as required.

### **3.3 Treasurer Responsibilities**

The Treasurer, working with the Congregational Administrator, is responsible for prompt and accurate preparation of all financial and investment reports to the Endowment Team. Treasurer responsibilities include:

1. Oversight of preparation of a Treasurer's Report for each Team meeting
2. Review of the Treasurer's Report with the Team at each Team meeting;
3. Reconcile Treasurer reports and Investment Manager reports for all investment balances;
4. Request and obtain Investment Manager reports to the team on a semi-annual basis;
5. Oversight of preparation of the Endowment Fund Annual Report for the Mount Olive Lutheran Church Annual Congregational Meeting;
6. Review and sign all investment documents as required;
7. Oversight of preparation, execution, and mailing of any and all financial documents and reports related to the Endowment Fund as may be required by the State of Minnesota or the United States governments.
8. Ensure the fund is audited along with other accounts annually.

#### **3.3(a) Treasurer Endowment Fund and Investment Reporting Guidelines**

Financial reports will be prepared on a timely basis in order to provide an accurate accounting of funds to the Team and the Mount Olive congregation. The reports shall contain the following:

##### Treasurer's Reports:

1. Current year market value of all investments;
2. Contributions received, tracking separately monies put in by the church (quasi unrestricted);
3. Principal value of each endowment account;
4. Accumulated monies allocated for disbursement;
5. Current year interest/dividend income;
6. Endowment fund disbursements to date and pending disbursements;
7. Market value fluctuation;
8. Account administrative fees paid or assessed; and
9. Audit findings pertaining to this fund.

##### Annual Report:

1. Summary and activity by fund to include: balances, contributions, administrative fees, interest/dividends, and disbursements; and
2. Year end market value.

The Team may modify report requirements in order to meet changing informational needs.

### **3.4 Secretary Responsibilities**

The Secretary is responsible for the accurate recording of all Team meeting minutes. The Secretary shall:

1. Take minutes of Team meetings.
2. Incorporate the results of all electronic voting into the minutes of the team meeting immediately following any electronic vote;
3. Submit minutes to the Administrative Secretary for distribution to team members.
4. Record the disposition made by the Team of all requests made to the Endowment Fund.

### **3.5 Congregational Endowment Fund Representative Responsibilities**

1. Act as Endowment Fund representative on the Church Council.
2. Report events to the Church Council at least quarterly.
3. Advise Church Council members of Endowment procedures.
4. Advise Endowment Trustees of Church Council requests.

### **3.6 Congregational Administrator Responsibilities**

1. Assist in the administration of Endowment Fund Operations.
2. Serve as needed on the Endowment Fund Team in a non-voting capacity.
3. Interface with donors if requested by the Senior Pastor and Endowment Team.
4. Record and maintain a history of fund descriptions and purposes in the Endowment Fund Accounts Document.
5. Maintain card/computer files on all activity and transactions, including record keeping of individual contributions as well as correspondence and business with the donor.
6. Maintain an ongoing log and filing system of all Endowment Fund files.
7. Write and send disbursement checks approved by the Endowment Fund Team.
8. Prepare monthly Endowment Financial statement.
9. Work with the Endowment Fund Treasurer in preparation of financial and investment reports.

### **3.7 Senior Pastor Responsibilities**

1. Interface with Endowment Fund donors
2. Attend Endowment Fund Team meetings as needed.
3. Advise the Endowment Team of pastoral staff requests and recommendations.
4. Advise the Endowment Team of sensitive donor relations that require special attention.
5. Advise the Endowment Team when special recognition or a personal letter from the Senior Pastor is required.

## **4.0 Solicitation of Gifts and Donations to the Endowment Fund**

The Endowment Fund provides a vehicle for Mount Olive members and others to fulfill Christian stewardship and personal long-term interest at Mount Olive. Endowment Fund Team members acknowledge that donor relationships require a high degree of sensitivity and understanding.

### **4.1 Donor Contact Guidelines**

1. Pastors, the Congregational Administrator, and/or the Endowment Team Chairperson shall oversee contact with potential donors and cultivate a relationship between potential donors and the Endowment Fund.
2. Solicitation of new gifts to the Fund is primarily the responsibility of the Senior Pastor.
3. The Team shall develop and make available appropriate written materials to inform donors of opportunities available through the Endowment Fund, as well as fund policies and restrictions.
4. The Team will express thanks to all donors as agreed upon by the Team.

### **4.2 Receipt of Gifts and Donations**

1. All gifts to existing endowment fund accounts may be recorded with a Gift Receipt Form at the donor's request.
2. No new fund accounts may be established without Team approval.
3. All donations must be recorded under the fund designated by the donor.
4. The Congregational Administrator will keep accurate historical records of gifts made and fund principal as may be required by state and federal law.

### **4.3 Confidentiality**

If confidentiality is requested, the donor-contact person, the Endowment Chairperson, Treasurer, and staff assisting the Treasurer will be informed of the donor's name. Further confidentiality requests will be honored. Only the amount and conditions of the gift will be reported to the Endowment Team members.

### **4.4 Gift Acceptance**

The Committee shall encourage and invite and the Fund receive all forms of outright gifts, planned gifts and bequests that are permanently restricted for the Fund and whose designations are aligned with the mission, purpose and perpetual priorities of the congregation, including, but not limited to: 1) extraordinary programs/ministry initiatives within this congregation, 2) outreach into the local community or Synod, 3) support for churchwide ministries, world hunger and global mission programs, and 4) education.

Unless the donor designates a specific use, the gift will be placed in the undesignated mission support fund. Donors may establish a separately named fund for a minimum gift of \$25,000. In the case of every named fund, the donor and the congregation shall establish a signed gift agreement that includes a clear description of the donor's intent, the congregation's investment and distribution commitment, and an understanding regarding any unforeseen need to redirect distributions or dissolve the fund.

Gifts offered for purposes outside of the stated mission priorities must be reviewed by the Committee in consultation with the congregational council's executive committee, and may be accepted or declined at the congregational council's discretion.



## **5.0 Investment of Endowment Fund Assets**

All assets shall be held in the name of Mount Olive Lutheran Endowment Fund. The Team shall invest assets using the prudent business person standard with the main objective being to preserve capital and obtain a reasonable rate of return. All investment decisions shall be made and approved by the Team.

The following guidelines shall be used to allocate investment assets. Mutual funds and exchange traded funds (ETFs) may be used to diversify investment assets and achieve the target allocations.

30% to 70%	Equities (eg, stocks)
30% to 70%	Fixed income (eg, bonds)
0% to 20%	Cash (eg, money market investments)

The benchmark for evaluating investment performance shall be the average of the Morningstar category Allocation – 30% to 50% Equity, or Allocation – 50% to 70% Equity, based on the current year's investments.

### **5.1 Re-Investment Policy**

All investment income and growth not eligible for disbursement under the Disbursement Allocation Policy shall be reinvested. The intent of the limited disbursement of assets and reinvestment strategy is to promote a gradual increase in the funds available for disbursement allocation each year while allowing the Fund to maintain sufficient balance to grow.

### **5.2 Investment Manager Reports**

On a semi-annual basis, or more often as the Endowment Team requires, the Investment Manager shall report the following information to the Endowment Team:

1. Summary of account activity by investment;
2. Market value of investment accounts;
3. Annualized net yield by investment accounts;
4. Benchmark results; and
5. Make recommendations regarding investment policies and allocations.

## **6.0 Disbursement of Endowment Fund Assets**

Designated endowment funds are restricted for a specific purpose. Assets in designated endowment funds can be used for other purposes only in the instance that that the specific purpose of the Fund no longer exists, and in compliance with applicable state and federal laws.

### **6.1 Fund Disbursement Procedures**

The procedure for the disbursement of Endowment Funds assets is as follows:

1. Requests for disbursement of fund assets must be made in writing using the Endowment Fund Disbursement Request form. The completed form must be delivered to the Endowment Fund Team by one of the following methods:
  - a) Delivery to the Chairperson of the Endowment Fund Team.
  - b) Delivery through the office.
2. The Team will review all requests properly submitted. Factors to be considered include, but are not limited to:
  - a) Ensuring the request complies with the purpose of the particular fund;
  - b) Confirming that the required amount does not exceed the amount of assets available pursuant to the Disbursement Allocation Policy; and
  - c) The availability of cash as determined by the Endowment Fund Treasurer.
3. The Congregational Administrator will inform the team/person making the request of the Endowment Fund Team's determination.
4. If assets are to be disbursed, the Congregational Administrator will write a check and distribute it to the appropriate person.
5. All requests, approved or rejected, will be retained on file in the church office by the Parish Administrator.

### **6.2 Disbursement Allocation Policy**

Disbursement of fund interest, growth, and principal are governed by 1) current state and federal law, and 2) the By-laws of Mount Olive Lutheran Church. The Endowment Team must approve the disbursement of any money requested from these funds.

The disbursement allocation for the current year shall not exceed 4.25% of the Fund's 5-year rolling average. The distribution rate shall be reviewed and revised from time to time, based on current best practices for endowment management. To determine the maximum disbursement allocation:

1. Calculate the average monthly balance of the Endowment Fund total for the most recent 60 months.
2. Multiply the average Endowment Fund total by a pre-determined percent set by the Trustees.
3. Disbursement allocations shall be in accord with applicable state and federal laws.
4. Any team's unused allocations may be brought forward for use by that team in future years.

Distributions from unrestricted funds shall occur annually, or at such other times as is deemed necessary or feasible to accomplish the Fund's purposes. Over time, the funds shall be distributed as follows:

- A minimum of 10% for extraordinary programs and ministry initiatives within this congregation
- A minimum of 10% for outreach into the local community or Synod
- A minimum of 10% for the support of church wide ministries, world hunger and global mission programs
- A minimum of 10% for education

The Committee, in collaboration with the congregation's planning and budgeting procedures shall develop a distribution plan and recommendation for the Congregation Council. The Congregation Council shall review the recommendations and give final approval before distribution occurs.

Sub-Funds permanently restricted by the donor shall be distributed according to the signed gift agreement established by the donor and the congregation.

## 6.3 Fund Designations & Disbursement Guidelines

Donations received into the Endowment Fund shall be identified using the following definitions.

- **Permanently Restricted:** Principle, growth, income **and** use are specifically directed
- **Quasi-Restricted:** Principle, growth, income **or** use are specifically directed. Often times, the wishes are directed at the use of the funds.
- **Unrestricted:** Principle, growth, income and use of the funds are not directed

Applying these definitions, it is the intent of the Endowment Fund Committee to ensure that most, if not all funds will fall under the designation of either Quasi-Restricted or Unrestricted and that their use is directed in accordance with the priorities of the church.

While it is the intent to grow the Endowment Fund to such an amount that the income is significant enough to support the priorities of the church, it should be understood that the Principle of all Funds within the Endowment can be spent.

# Endowment Fund Disbursement Request

Name of Person Requesting Funds: \_\_\_\_\_ Date: \_\_\_\_\_

Amount Requested: \_\_\_\_\_

Description: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The following questions must be answered:

- 1. Has the requestor determined that this expense is NOT included in the general church budget? Yes / No
- 2. Has the requestor determined that this need is NOT part of an ongoing event or activity? Yes / No
- 3. Does this need meet the Intended Purpose criteria for the selected Endowment Fund? Yes / No
- 4. Would the congregation view this expenditure as fulfilling a significant and special need? Yes / No
- 5. Has this request been reviewed by a Council member and the Congregational Administrator? Yes / No

\*\*\*\*\*

Date Reviewed by the Endowment Fund Team: \_\_\_ / \_\_\_ / \_\_\_

Circle one: Approved   Not Approved   Tabled

Dispositions: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Endowment Fund Team Chairperson