

Enabling Resolutions for an Endowment Fund

Excerpted from *Beyond Fundraising: A Complete Guide to Congregational Stewardship*
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Amendment to Congregational Bylaws

An endowment fund, whose purpose, governance, and operational procedures shall be defined by special resolution adopted by the congregation, shall be established.

A. Resolution to Implement the Endowment Fund

WHEREAS, stewardship involves the faithful management of the gifts of time, talent, and money, including accumulated, inherited, and appreciated resources; and

WHEREAS, we can support the religious mission and work of this congregation through transfers of property (cash, stocks, bonds, real estate), charitable bequests in wills, charitable remainder and other trusts, pooled income funds, charitable gift annuities, and assignment of life insurance and retirement plans; and

WHEREAS, it is the desire of the congregation to encourage, receive, and administer these gifts in a manner consistent with the loyalty and devotion expressed by the grantors and in accord with the policies of this congregation:

THEREFORE BE IT RESOLVED, that this congregation in annual [*or other*] meeting assembled on [*date*], approve and establish on the records of the congregation a new and separate fund to be known as THE [*name of your endowment fund in all caps*] (hereafter called the “FUND”);

BE IT FURTHER RESOLVED, that the purpose of this FUND is to enhance the mission of [*name of congregation*] apart from the general operation of the congregation; [*choose one of the following options*]

[*Option A*] that no portion of distributions from the FUND shall be used for the annual operating budget of the congregation;

[*Option B*] that only in particular, temporary, difficult circumstances, and where integrity of gift restrictions permit, may this congregation, by action in meeting assembled, use FUND distributions for its own operating or support services;

[*Option C*] that no more than 10 percent of the annual operating budget of the congregation may be funded by distributions from the FUND, except in particular, temporary, difficult circumstances, authorized by action of the congregation in meeting assembled, and where integrity of gift restrictions permit;

and that, except where specifically authorized otherwise in the terms of a gift, distributions from the FUND will be made annually, in amounts not to exceed 5 percent of the average fair market value of the FUND over the previous thirteen quarters;

BE IT FURTHER RESOLVED, that the endowment fund committee (hereinafter called the “COMMITTEE”) shall be the custodian of the FUND;

BE IT FURTHER RESOLVED, that the following Plan of Operation sets forth the administration and management of the FUND.

B. Plan of Operation

1. The Endowment Fund Committee

The Endowment Fund Committee (hereafter, the “COMMITTEE”) shall consist of five (5) members, all of whom shall be voting members of [*name of congregation*]. Except as herein limited, the term of each member shall be three (3) years. The minister and the president or vice president of the church governing body shall be advisory members of the COMMITTEE.

Upon adoption of this resolution by the congregation, it shall elect five (5) members of the COMMITTEE: two (2) for a term of three (3) years; two (2) for a term of two (2) years; and one (1) for a term of one (1) year. Thereafter, at each annual meeting, the congregation shall elect the necessary number for a term of three (3) years.

No member shall serve more than two consecutive three-year terms. After a lapse of one (1) year, former COMMITTEE members may be reelected.

The governing body of the church shall nominate new members for the COMMITTEE and report at the annual congregational meeting in the same manner as for other offices and committees. No member may serve on the COMMITTEE while also serving on the governing body of the church.

In the event of a vacancy on the COMMITTEE, the governing body shall appoint a member to fill the vacancy until the next annual meeting of the congregation, at which time the congregation shall elect a member to fulfill the term of the vacancy.

The COMMITTEE shall meet at least quarterly, or more frequently as deemed by it in the best interest of the FUND. A quorum shall consist of three (3) members. A majority present and voting shall carry any motion or resolution. The COMMITTEE shall elect from its membership a chairperson, financial secretary, and recording secretary. The chairperson, or member designated by the chairperson, shall preside at all meetings of the COMMITTEE.

The recording secretary shall maintain complete and accurate minutes of all meetings of the COMMITTEE and supply a copy thereof to each member of the COMMITTEE, as

well as the chair of the governing body. Each COMMITTEE member shall keep a complete copy of minutes to be delivered to her or his successor.

[Choose one of the following two options:]

Option A

The financial secretary shall assist the congregation's treasurer in maintaining complete and accurate books of accounts for the FUND and shall submit to the treasurer on behalf of the COMMITTEE written requests for checks payable from the FUND and shall sign all necessary documents on behalf of the congregation in furtherance of the purposes of the FUND.

Option B

The financial secretary shall sign all checks payable from the FUND in amounts no greater than \$250.00. Two authorized signatures are required for greater amount.

A certified public accountant or other appropriate person who is not a member of the COMMITTEE will annually audit the books. The COMMITTEE shall report on a quarterly basis to the governing body and, at each annual or special meeting of the congregation, shall render a complete audited account of the administration of the FUND during the preceding year.

The COMMITTEE may request that other members of the congregation serve as advisory members and, at the expense of the FUND (taken from the annual distribution amount OR undistributed capital appreciation), may provide for such professional counseling on investments or legal matters as it deems to be in the best interest of the FUND.

Members of the COMMITTEE shall not be liable for any losses that may be incurred upon the investments of the assets of the FUND except to the extent that such losses shall have been caused by bad faith or gross negligence. No member shall be personally liable as long as she or he acts in good faith and with ordinary prudence. Each member shall be liable for only her or his own willful misconduct or omissions and shall not be liable for the acts or omissions of any other member. No member shall engage in any self-dealing or transactions with the FUND in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which her or his personal interests would conflict with the interest of the FUND.

All assets are to be held in the name of the [*name of congregation*] [*name of the endowment fund*].

Recommendations to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other respects to manage and control the assets of the FUND, including stocks, bonds, debentures, mortgages, notes, or other securities, as in their judgment and discretion they deem wise and prudent, are to be made by the COMMITTEE for approval by the governing body of the church, with subsequent execution by the delegated member of the COMMITTEE.

2. Distributions

The COMMITTEE shall abide by and keep a record of the terms and restrictions of all gifts to the FUND and shall determine what is principal and income according to accepted accounting procedures.

[choose one of the following options]

[Option A] Lifetime and testamentary unrestricted gifts to the FUND shall accumulate until a fair market value of \$[insert amount] is achieved, after which annual distributions may commence. However, should the fair market value of the FUND subsequently decline to less than \$[insert amount], distributions shall be made only upon a 2/3 majority vote of approval from the congregation.

[Option B] Lifetime and testamentary gifts to the FUND shall accumulate for [number] years, after which annual distributions may commence.

[Option C] Distributions from the FUND shall be made annually and at such other times as deemed necessary and/or feasible to accomplish the following purposes:
[choose one of the following options, then see Continuation of Option C below]

[Option C-1]

One-third (1/3) for the building reserve fund of [name of congregation], such as but not limited to major capital expenditures and significant improvement projects related to the buildings and real property of the church, including grounds and landscaping, over and above regular maintenance;

In addition to the permitted distribution, the COMMITTEE may, from time to time, recommend lending money from this building reserve fund to the church to help advance a particular improvement project on such terms and at such rates of interest and in such amounts as the congregation deems appropriate;

One-third (1/3) for outreach into the greater community at large, including, but not limited to, grants to [name of denomination] camps and conferences, theological schools, local service agencies, or institutions to which this congregation relates, and to special programs designed for those persons in our local community who are in spiritual and/or economic need; and

One-third (1/3) for the wider mission of [name of denomination], including, but not limited to, grants for new church development; leadership training; educational ministries; world mission; denominational capital financing; scholarships or grants to members of [name of congregation] for the purpose of attending college, theological, nursing, or medical school; for denomination-related camping or leadership

conferences; or such other training which enables members of this congregation to grow in faith and service to [*name of denomination*].

[*Option C-2*]

One-fourth (1/4) to provide seed money to develop new programming and/or to increase professional staffing in [*name of congregation*], distributed over a three (3)-year period of time in which a maximum of 60 percent of the total cost of new programming or professional staffing can be distributed in the first year, a maximum of 40 percent in the second year, and a maximum of 20 percent in the third year. In the fourth year the total cost of the new programming and/or staffing must come from the annual operating budget;

One-fourth (1/4) for scholarships and grants to members of [*name of congregation*] for the purpose of attending college, theological, nursing or medical school; for [*name of denomination*]-related camping or leadership conferences; or such training that enables members of this congregation to grow in faith and service to [*name of denomination*];

One-fourth (1/4) for outreach into the community, including, but not limited to, grants to [*name of denomination*] camps and conference centers, theological schools, social service agencies or institutions to which this congregation relates, and to special programs designed for those persons in the community who are in spiritual and/or economic need; and

One-fourth (1/4) for the wider mission of [*name of denomination*] at home and overseas, including, but not limited to, grants to [*name of denomination*] for new church development, professional leadership, educational ministries, world mission, and capital financing.

[*Continuation of Option C*] Programs for support shall be recommended by the COMMITTEE and approved by the governing body for funding. Suggestions or requests for funding must be submitted to the COMMITTEE by [*month and date*] of each year.

3. Amending the Resolution

BE IT FURTHER RESOLVED, that any amendment to this resolution which will change, alter, or amend the purpose for which the FUND is established shall be adopted by a two-thirds (2/3) vote of the members present at an annual meeting called specifically for the purpose of amending this resolution.

4. Disposition or Transfer of FUND

BE IT FURTHER RESOLVED, that in the event [*name of congregation*] ceases to exist through either merger or dissolution, disposition or transfer of the FUND shall be at the discretion of the governing body in conformity with the approved congregational bylaws

and in consultation with [*name of denomination*]. Consultation with [*name of denomination*] may also be desirable for continuation of FUND obligations to grantors of gifts.

C. Adoption of Resolution

This resolution, recommended by the governing body and accepted by the congregation at a legally called congregational meeting, is hereby adopted.

_____ By _____
[*Name of Congregation*] President

and _____
Secretary

Dated this _____ day of _____, 20____.