



## Shepherd of the Hills' *Alive in the Spirit* Endowment Fund

### Guiding Principles

Shepherd of the Hills Lutheran Church has established the *Alive in the Spirit* endowment fund to extend the ministry of the church apart from its general operation—and designated for purposes such as outreach to others, religious education and non-recurring items that are not regularly budgeted.

#### **Gifts—Sources and Intended Purposes**

This endowment fund shall receive and invest all approved gifts designated specifically for this fund. Gifts may come from sources such as:

- Funeral memorials,
- Bequests,
- Insurance policy proceeds,
- Trusts distributions,
- Publicly-traded stock, bonds or mutual fund transfers, and
- General cash gifts, which are not otherwise designated for the operational budget, building fund or short-term matters.

On occasion, a questionable gift may be given by a donor. For example: property with a chemical problem in the soil—or a collectible that may not be readily marketable into cash for suitable investment. In this case, the Financial Ministry team, in concert with the pastor, will consider such gift with sensitivity to the giver—and decide if Shepherd of the Hills can accept it.

On other occasions, a conventional gift may be designated by the donor for some special purpose—different than the general categories of outreach to others, religious education, social ministry or undesignated. If it is for a questionable purpose, once again the Financial Ministry team, in concert with the pastor, will consider such gift with sensitivity to the giver—and decide whether to honor it in such fashion, or perhaps place the proceeds in the undesignated category of the endowment Fund. For example, a gift designated for development of a dirt bike track on the church's wilderness area would certainly need discussion.

Members may offer gifts to the endowment fund as designated or undesignated.

In general, the Financial Ministry team has deemed gifts for the following purposes acceptable and pre-approved for the *Alive in the Spirit* endowment fund:

1. Gifts of broad ministry:
  - Undesignated
  - Mission
  - Christian scholarship (sometimes called Vineyard Club)
  - Social ministry
2. Gifts of specific ministry:
  - Land development (including Nature Trail)
  - Christian works of art
  - Music ministry
  - Organ
  - Altar paraments

In addition, money will be set aside to endow the ongoing education of church members about charitable giving—which is carried out by the Charitable Giving team, primarily through a series of dinner seminars and one-on-one estate & charitable gift counseling with interested members.

Members may also make restricted or unrestricted gifts. Unless otherwise stated, all endowment gifts will be deemed unrestricted.

A restricted gift is one where the principal cannot be spent—and the Administrative Board is limited to annually spending the interest earnings from such gift, or 5% if less. It is permissible to accumulate interest over a few years, and spend that accumulation all at once at some future date.

Finally, a family may designate an honorary gift. For example, the Brown family could designate a gift in the name of the Brown Fund. That would be another sub-category of designated gifting. In order to make this administratively feasible, Shepherd of the Hills will not accept & designate an honorary gift unless it is at least \$50,000 per specified purpose, if any. Since it is a gift, the family cannot place limitations on it other than to make it a restricted gift and/or a designated gift.

## **Duties of Financial Ministry Team**

The endowment fund shall be invested and managed professionally in order to achieve a reasonable gain, while not incurring significant risk to the principal of the fund. It will be the responsibility of the Financial Ministry team to:

- Select an appropriate investment manager(s)
- Determine the investment strategy—so as to properly diversify the endowment fund in a socially responsible manner
- Review the fund performance in accordance with an Investment Policy Statement developed by the Financial Ministry team
- Maintain records, including the specific endowment sub-categories
- Create awareness of the endowment fund among church members

Creating awareness fits with the Financial Ministry team's charge of providing financial education for members of Shepherd of the Hills. In carrying out this duty, the Financial Ministry team will look for expertise both in and outside of the congregation to educate members about creative ways to endow Shepherd of the Hills. **The Financial Ministry team will look to the Charitable Giving team to carry out this work on their behalf.**

As Shepherd of the Hills grows in managing the endowment fund, it will find new ideas to incorporate from time to time into these Guiding Principles. When it does, it will be the responsibility of the Financial Ministry team to update the Guiding Principles—and recommend such changes to the Administrative Board for approval.

## **Duties of the Administrative Board**

Direction for distributions from the endowment fund will be given by the Administrative Board, subject only to:

- Keeping at least \$25,000 in the endowment fund;
- Not using the fund to influence legislation or other political purpose; and
- Not using the money for operational matters or building funds, except in extreme financial emergency, in which case approval by the voting members of Shepherd of the Hills must be given.

**At some point a sub-category of the *Alive in the Spirit* endowment fund may exceed any practical limit of usability. As an extreme example, \$1,000,000 in the organ fund. If the Administrative Board deems any sub-category to be excessive, it may formally recommend to the voting members of Shepherd of the Hills to reallocate some or all of such money to another sub-category, eg, to the undesignated area of the endowment fund.**

The Administrative Board is well positioned to understand and implement the long-range strategy of Shepherd of the Hills. Monies in the endowment fund typically align with this long-range strategy. Thus, by tasking the Administrative Board with direction on endowment fund distribution—and by not tying their hands to some artificial amount, they will be able to effectively help Shepherd of the Hills carry out its ministry through:

- New mission outreach, be it locally within our church or globally within the area, state or beyond
- Enabling aspiring students to attend colleges & seminaries through scholarship awards
- Supporting social ministries that are deemed important
- Or, using undesignated monies—perhaps to take advantage of opportunities that arise from time to time, such as land acquisition, unique staffing needs or special programs—none of which are deemed of operational in nature.

The Administrative Board may choose to appoint a committee to give special focus and consideration for the types and amounts of money that should be distributed annually from the endowment fund. This committee would then recommend to the Administrative Board for discussion and approval. This committee might be made up of:

- One or two members of the current Administrative Board—one of which would serve as chairman of the committee
- A member of the Financial Ministry team
- **The Charitable Giving Director (ie, leader of the Charitable Giving team)**
- One or two members from within Shepherd of the Hills

### **Role of the Members of Shepherd of the Hills**

Church members will have a healthy interest in their *Alive in the Spirit* endowment fund. At least once a year the Administrative Board, with support from the Financial Ministry team **and Charitable Giving Director**, should report and discuss essential matters of the endowment fund, such as:

- Size of the fund
- Donations received during the year
- Sub-accounts within the fund designated for new mission outreach, scholarships, social ministry and undesignated
- Current distributions—use and amount
- Financial performance of the invested monies