

PRINCE OF PEACE LUTHERAN CHURCH ENDOWMENT FUND
Summary Plan Description

Adopted: 1990

Revised: 1994, 2007, 2008

ARTICLE 1: NAME

This congregation shall have an endowment fund named PRINCE OF PEACE LUTHERAN CHURCH, PALATINE, ILLINOIS ENDOWMENT FUND ("FUND").

ARTICLE 2: GENERAL PURPOSE

- A. The FUND's purpose shall be to receive gifts and bequests and to use them for the mission and ministry of Prince of Peace Lutheran Church, Palatine, Illinois, and The Lutheran Church-Missouri Synod, its districts, seminaries, colleges, institutions or agencies.
- B. Both the principal and income from unrestricted gifts and bequests to the FUND are to be used for the uses, projects and programs recommended to the voters by the Board of Directors upon recommendation from the Endowment Committee and approved by a simple majority of the Voters Assembly provided, that the uses, projects and programs shall be consistent with the general purpose for which the FUND has been established. The list of approved uses, projects, and programs shall be appended to this document and shall be made available to the members of the congregation (Appendix A).
- C. Two members of the Board of Directors, the Financial Controller and at least three congregation members selected by the Board of Directors shall constitute the Endowment Committee. The Endowment Committee shall select its own chairperson and secretary from among its members. This Committee shall make annual recommendations to the Board of Directors, who shall make, at least annually, recommendations to the Voters Assembly for distribution of the income and/or principal of the FUND for the designated uses, projects and programs. None of the income or principal from unrestricted gifts shall be distributed to the congregation's operating budget, except as hereinafter set forth. The distribution of the income and/or principal from unrestricted gifts for purposes other than the operating budget shall be determined by a simple majority of the Voters Assembly.
- D. For an initial period ("TERM") of a new congregational program or project, which is normally funded by the operating budget, the income and principal of the FUND may be used on a proportionally decreasing basis so that by the end of the TERM, if not sooner, the new program or project is fully supported by the operating budget. The TERM shall be determined for each approved project or program by the Voters Assembly. Each TERM may be unique for such program or project. Such use of the income and/or principal from unrestricted gifts needs the approval of a simple majority of the Voters Assembly.
- E. Gifts and bequests may be made upon special terms or conditions or contain limitations or directions as to the investment or use of the substance of the gift, or the use or accumulation of the income, provided that such are acceptable to the congregation. After review by the Endowment Committee with recommendations to the Board of Directors, the

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Board of Directors shall submit at the next Voters Assembly (or call a special meeting), its recommendation on the acceptability of such a gift or bequest. The acceptance of such a gift shall be by a simple majority of the Voters Assembly.

ARTICLE 3: DURATION

The FUND shall continue in existence and be used as provided above, unless earlier revoked, so long as the congregation shall continue to exist. If Prince of Peace Lutheran Church ceases to exist, then the assets constituting the FUND at that time shall become the property of a successor Lutheran Church or, if no successor Lutheran Church, then it shall become the property of THE LUTHERAN CHURCH-MISSOURI SYNOD FOUNDATION (except that any and all properties held by the FUND upon special conditions, restrictions or limitations shall continue to be subject to the conditions, restrictions or limitations upon which such properties are held). If the congregation dissolves, it shall, at the time prior to such dissolution, have the right and duty to determine the existence of a successor Lutheran Church, if any, providing any successor Lutheran Church qualifies as an exempt organization under the Internal Revenue Code, and shall execute the necessary documents to effect such transfer.

ARTICLE 4: GOVERNING BOARD AND OFFICERS

- A. At the Board of Directors' direction, the Endowment Committee shall promote and manage the FUND. The Endowment Committee shall make recommendations to the Board of Directors, who shall report to the voters. The Financial Controller shall be responsible for receipts and disbursements from the FUND, shall maintain complete and accurate books of accounts, and shall provide at least annually a written financial report of the FUND to the Voters Assembly.
- B. The Endowment Committee, if it considers it to be in the best interest of the congregation, may recommend that the assets of the FUND be transferred to a Lutheran-based foundation for investment management. Any agreement entered into for the management of the FUND shall be valid only if approved by a two-thirds (2/3) majority of the voting members present at a regular voters meeting.
- C. The Endowment Committee shall meet at least quarterly or more frequently if deemed necessary. Special meetings may be called on twenty-four (24) hours written or oral notice to the members of the committee by the chairperson or any two members.
- D. A quorum shall consist of three members. The affirmative vote of a majority present and voting shall carry any motion or resolution.
- E. The committee shall establish such written rules and regulations as may be necessary for the conduct of its business. It shall adopt standards and goals to guide in the expenditure of the income from the FUND, which it may amend, all within the stated purposes of the FUND. These rules, regulations, standards and goals shall be subject to approval by the Board of Directors.

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- F. The committee shall maintain accounts with such financial institutions as it may by resolution authorize and determine. All checks and other documents transferring or expending any funds or assets in the FUND shall be executed by the Chairman of the Endowment Committee.
- G. At the expense of the FUND, any members of the committee with check signing authority, shall be covered by a corporate fidelity bond in a principal amount to be determined from time to time by the Board of Directors.
- H. The committee may ask other members of the congregation to serve as advisory members and may employ, at the expense of the FUND income, such professional counseling on investments and legal matters as it deems to be in the best interest of the FUND.
- I. The committee shall maintain complete and accurate books of account and may employ such professional help as it deems necessary in this connection.
- J. The secretary shall maintain complete and accurate minutes of all meetings of the committee and supply a copy thereof to each member within seven (7) days after the meeting. Each member shall keep a complete copy of minutes to be delivered to his or her successor.
- K. The chairperson, or the member designated by the chairperson, shall preside at all committee meetings.
- L. No member of the Board of Directors or Endowment Committee shall engage in any self-dealing or transaction with the FUND in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which his/her personal interests would conflict with the interest of the FUND.
- M. Disbursements from the FUND managed by a Lutheran-based foundation will require a written request to the foundation and include authorization signatures, and a copy of the minutes from the Voters Assembly meeting where the disbursement was approved.
- N. Changes to authorized signers for funds managed by a Lutheran-based foundation must be submitted to the foundation within 60 days of the change

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ARTICLE 5: FISCAL YEAR

- A. For tax, accounting, distribution, or other purposes, the fiscal year of the congregation shall be the fiscal year for the FUND.

- B. Within two months after the close of the fiscal year, and at such other time(s) as is deemed convenient, an itemized written statement accurately reflecting the position of the FUND's income and corpus accounts as of a date reasonably close to the date the statement is submitted, and the receipts, disbursements and changes therein since the FUND's inception or the previous accounting, as the case may be, shall be submitted to the Voters Assembly.

ARTICLE 6: DUTIES

- A. The Endowment Committee shall, at least annually, render a full and complete account of the administration of the FUND during the preceding year to the Board of Directors who shall present an annual report to the Voters Assembly.

- B. Gifts and contributions from any individual, firm or corporation, in money, in securities, or in any other form of property, including, by way of explanation and not in limitation, direct gifts for the purpose of the FUND, gifts in memory of any deceased person or in appreciation or recognition of any living person, gifts in the form of a devise or bequest under Will or Trust Instrument, and gifts or proceeds or portions of proceeds of insurance, annuity, or endowment policies or contracts, may be received by the FUND at any time, as long as in accordance with the current Designated Giving Policy.

- C. Means for acknowledging the receipt of each gift and contribution shall be established and maintained, including, whenever feasible, a designation of the value ascribed to each gift.

- D. Separate identification and recording shall be made of all transactions with respect to any special or restricted gift or gifts.

- E. All funds and property shall be kept and maintained separate, distinct and independent from the funds and property otherwise belonging to the church. However, the Board of Directors shall in no event be required to make physical segregation of the assets of the FUND in order to conform to the directions of any individual donors, but may establish separate accounts in its accounting records.

- F. The committee is to inform the members of the congregation of the purpose of the FUND, and may periodically arrange for members of the congregation to meet with professional counselors in the areas of charitable giving, wills, bequests, insurance, etc.

- G. All new members of the committee shall receive a copy of this Summary Plan Description to become acquainted with the function and purposes of the FUND.

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ARTICLE 7: POWERS

The manager of the FUND, whether managed and administered by the committee, or transferred to a Lutheran based foundation for management and administration, shall have the following powers and authority.

- A. The property constituting the corpus of the FUND shall be invested and reinvested in any kind of property, (whether real or personal, tangible or intangible, domestic or foreign), including, but not limited to, securities, real estate, oil, gas, and other natural resources and/or accounts or certificates of banks or other lending institutions, and each investment shall be managed and protected in accordance with the principles herein established. In exercising the authority granted in this section, the decisions with respect to investment shall be guided by the concept of a prudent investor whose investment purpose includes both income and capital appreciation and shall not otherwise be restricted by any law, rule or custom (i) requiring safety of corpus as a primary consideration, (ii) regarding investment in income producing property, or (iii) requiring diversification of investments. It is further understood that any part or all of the FUND may be invested in obligations of The Lutheran Church Extension Fund-Missouri Synod, St. Louis, Missouri (or district's church extension fund). In amplification, but not limitation, of the foregoing, authority is granted:
1. To acquire interests in property by purchase, lease, rental or other method; to sell, option, exchange, redeem or convert any property interests; and to rent or lease property of the FUND;
 2. To exercise all rights and privileges accruing to a holder of securities, including all voting, conversion, subscription, and preemptive rights; to deposit any securities with, delegate discretionary power to, and participate, cooperate and contract with, as a member or otherwise, any protective committee of security holders; and to effectuate any merger, consolidation, dissolution, reorganization or financial adjustment of the issuer of any securities and/or any transfer, demise, or encumbrance of any of its properties;
 3. To manage and/or develop any real property owned, leased or otherwise held by the FUND; to erect, repair, remodel, reconstruct, demolish or remove buildings or other improvements on it; to partition or subdivide it; to dedicate all or any part of it to public or semi-public use, and to grant easement or other charges with respect to it;
 4. To abandon any property interest deemed worthless or of insignificant value;
 5. To borrow money from any source, to encumber property of the FUND and to repay any loan due by the FUND;

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6. To foreclose any mortgage, lien, or other encumbrance, and to purchase the encumbered property, whether through foreclosure or private arrangement;
 7. To establish and maintain, out of income, depreciation, depletion and/or amortization reserves;
 8. To maintain a portion or all of the property constituting the FUND in liquid or nearly liquid form, even though little or no income is earned thereon;
 9. To use income or corpus funds (irrespective of their derivation) for any purpose of the FUND and with respect to any property of the FUND (irrespective of the income, of any, it produces) even if such funds are derived from the sale of or income from, other property the FUND or from a loan (from income or an outside source) using such other property as security.
- B. Without limiting the authority otherwise conferred, the additional authority is hereby granted to be exercised as is believed to be in the best interest of the FUND:
1. To accept and receipt for any inter vivos, testamentary or other transfer of property to the FUND;
 2. To hold property, and to negotiate and execute documents on behalf of the FUND, in the name of the FUND or in the name of a nominee(s) without disclosing any fiduciary, relationship to anyone;
 3. To allocate between income and corpus (in cases where reasonable doubt of the applicable law exists) in equitable proportions, and money or other property received, and any loss or expenditure incurred;
 4. To vote, or refrain from voting, securities having voting privileges, and to give any type of proxy (with or without voting directions) to vote the same;
 5. To make division and distribution of property held in the FUND (whenever directed to do so) either in kind or in cash, or partly in kind and partly in cash and for such purpose to set values upon any property of the FUND;
 6. To protect the FUND and its property by insurance against damage, loss or liability;
 7. To establish checking account(s) in which may be deposited income and/or corpus cash;
 8. To employ, at the expense of the FUND, attorneys, investment counsel, brokers, custodians of assets, and other agents and employees.

APPENDIX A

OPTIONS FOR THE PRINCE OF PEACE ENDOWMENT FUND

EDUCATION

Tuition assistance for students attending Lutheran elementary schools, colleges, and seminaries. Grants for students training for a professional church work vocation.

Funds for special programs of education for the congregation: Speakers, seminars, convocations that facilitate growth in Christian life, awareness and stewardship.

Funds for staff education: Seminars and potential sabbatical leave to enrich the staff and to benefit the congregation.

EXPANSION

Building expenditures and/or projects that are extraordinary in nature and non-recurring.

MISSION OUTREACH

Funds to reach out with the Gospel through ministries of the Lutheran Church-Missouri Synod, ministries associated with the Northern Illinois District, and ministries and projects of Prince of Peace Lutheran Church, Palatine, Illinois.

CATASTROPHIC ASSISTANCE

Funds to assist Prince of Peace and families of Prince of Peace during times of great need in the areas of property or physical well being.

STAFF HOUSING LOAN

Funds to assist in the purchase of a home when a full-time staff person is called. These funds would be reimbursed if the staff member moves on.

Criteria and conditions for the above uses shall be formulated by the Endowment Committee.