St. Peter Lutheran Church

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Dear St. Peter Family,

Have you ever wondered how you can benefit St. Peter for generations to come?

Back in 2012, St. Peter established an Endowment Fund with the goal that eventually, it could pay annual dividends. For instance, a $250,000 Endowment at roughly 5% would earn $12,500 annually. The aim of the Endowment is not to let the congregation "coast"; rather, it is to provide extra income to move mission and ministry forward.

We are happy to report that through the faithful giving of many, the Endowment has continued to grow to a balance of approximately $91,000 today. We still need to grow that principal, and you will hear more about that in the near future. Yet the LCMS Foundation, the holder of our account, recommends that even now, we might make at least some of the yearly earnings available for use. We are excited for this opportunity! We also are especially thankful to Dave Gurnee and John Schroeder for continuing to shepherd the Endowment from its first days until now.

Yet importantly, a few months ago, Dave and John also informed the MLT that to keep our progress going, we need to make some changes to our bylaws. Thus, the MLT appointed Dave, John, President Brian Reedstrom, and myself to look into this as an ad hoc committee. After further discussion and consultation with the LCMS Foundation, we have completed **a revision of the Endowment Bylaws on which we invite the Voters to vote at the Assembly on June 7, 2026.** You will find the proposed, revised bylaws attached. Please peruse them and **send any questions *<u>ahead of</u> the June 7th Assembly*,** so that we can offer answers beforehand if possible or have answers ready for the Assembly itself. You may send questions <u>to me</u>, and I will share them with the whole committee (and/or the MLT, as needed).

To get us started on the same page, here are the most important points and changes:

1. The previous bylaws allow earnings to be spent only once we reach a principal of $250,000. The proposed bylaws allow up to *half* the yearly earnings to be spent going forward while all yearly earnings become available at the $250K benchmark.
2. Yet importantly, any earnings not earmarked for disbursement in a given year become principal, and the principal is never spent. Thus, the core of the Fund is always protected and will continue to grow.

3. The revision removes the term limits for the Endowment Committee so that those with the gifts and desire to serve may do so, with MLT re-approval every two years.
4. Note also that the Committee manages the Fund using the policies set by the bylaws and reports all earnings, but the MLT and/or Voters make all spending decisions.
5. At the recommendation of the LCMS Foundation, the proposed bylaws elevate our investment approach to a balance of moderate and aggressive strategies. This is standard for Endowment Funds, as it is essential for growing the Fund into a successful, long-term financial tool.
6. Many Endowment Funds hand control of investing and disbursement completely to the financial institution holding the account. In contrast, these bylaws will ensure that we only use accounts over which St. Peter retains the fundamental control.
7. Previously, the Fund included divisions or "buckets" for different ministry areas (e.g. pastoral ministry, music, youth), and donors could restrict their gifts to a specific area. However, small buckets grow slowly; they also are hard to track, creating significant work for current or potential Committee members. But perhaps most importantly, changing situations on the ground often make it quite difficult for gifts given today to anticipate the needs of tomorrow. Thus, even the best-intentioned restrictions can unintentionally block the very mission and ministry they seek to enable. Therefore, with trust in God and those who follow us in the faith, the new bylaws move all monies into a single, general Fund that may be used to meet any opportunity to move mission and ministry forward.

   Accordingly, the Endowment also will no longer provide for donor restrictions. Yet note that our "Special Funds" remain available for restricted giving to more immediate goals; it is simply that the Endowment, as a long-term tool, will work better as a single fund.

With these points on board, again we ask and invite you to consider the attached, revised bylaws and **send any questions *ahead* of the June 7th Voters Assembly**, that we may answer them beforehand if possible or have answers ready for the Assembly itself.

Thank you for your partnership in God's gospel work at St. Peter, and we look forward to what God will continue to do. To Him alone be the glory!

Pastor Adam Clark
on behalf of the ad hoc Endowment and Revision Committee
Questions or comments? Send to: adamclarknd@gmail.com | 574-323-0654 (PC's cell)

ST. PETER LUTHERAN CHURCH

ENDOWMENT FUND

BY-LAWS

Amended and Restated, Not Yet Approved: May 5, 2026

ENDOWMENT FUND BY-LAWS

Adopted by ST. PETER LUTHERAN CHURCH, Mishawaka, Indiana

I. NAME AND FORMATION

St. Peter Lutheran Church, Mishawaka, Indiana (the "Church"), established the St. Peter Lutheran Church Endowment Fund (the "Fund") which was approved on May 20, 2012, and amended on May 19, 2013. The by-laws of the Fund are hereby amended and restated in their entirety. The Fiscal Year of the Fund is that of the Church.

II. PURPOSE: A SINGLE FUND FOR PROACTIVE MISSION WITH NO DIVISIONS

A. The purpose of the Fund is to support the mission and ministries of the Church to the glory of God, the benefit of the Church, outreach to its neighbors, or capital improvements to our facilities in support of these goals.

B. Fund proceeds are not to be used to replace the regular offerings of God's people in sustaining a baseline budget, to maintain a bare-minimal ministry, or to "coast." Rather, they are to be invested in direct opportunities to move mission and ministry forward, or to support aspects of the budget plan approved by the St. Peter Voters Assembly ("Voters").

C. With trust in God and those who follow us in the faith, the Church establishes a single, general Fund that may be used to meet any opportunity to move mission and ministry forward. Therefore, in a change to previous policy, the Fund makes no provision for the restriction or designation of gifts to specific purposes.

III. DURATION

The Fund shall continue in existence so long as the Church shall continue to exist. Otherwise, it shall be dispersed with other Church property per congregational bylaws.

IV. GOVERNING BODIES

A. The Fund shall be administered by the Endowment Committee ("EC"). Ultimately, the EC reports and is accountable to the Voters; regular supervision of the EC will be carried out by the Mission Leadership Team ("MLT"). All actions and decisions also shall be governed by the Constitution and Bylaws of the Church and shall conform to the laws of Indiana and the United States.

B. The MLT will appoint members to the EC for 2-year terms and will name a Chair. EC members may be removed for any reason by a unanimous vote of the MLT or a majority of the Voters. The Church President, Treasurer, and Senior Pastor are automatically non-voting, *ex-officio* members. The MLT Treasurer shall also serve as the EC Treasurer. There is no set number of EC members, though a minimum of three beyond the *ex-officio* members is preferred.

C. The Chair or their appointee shall preside at all EC meetings. The EC shall maintain complete and accurate minutes of all meetings and submit an electronic copy to the Church's archive. These will be available to any member of the congregation.

D. The EC may adopt any other goals, standards, policies, or procedures necessary to guide its work in conformity with the stated purposes of the Fund and these bylaws.

E. Before being appointed as an EC member, potential EC members will be required to disclose potential conflicts of interest (see VI). New members of the EC will be given a copy of these bylaws and will affirm that they have read and will follow them, that they have no undisclosed conflicts of interest (see VI), and that they will not accept gifts besides cash or check without EC/MLT approval (see IX).

F. The Church indemnifies each committee member or other volunteer empowered by the MLT to act on behalf of the Fund against any and all liabilities or expenses that might arise in executing Fund business. No EC member or volunteer shall be taken to be acting within the scope of any professional position, license, or certification unless such is expressly indicated in writing to the Fund.

<u>V. ACCOUNT TYPE AND DISBURSEMENT RULES</u>

A. The Fund shall be established as a separate *investment* account of the Church and not as a separate entity with its own tax identification number. Initially, the Fund shall be invested with The LCMS Foundation (the "Foundation"). Any accounts selected for the Fund shall ensure that the Fund retains control of investment strategy and all aspects of the account.

B. The Church shall *treat* this investment account as a true endowment, such that the principal of the Fund shall not be disbursed or recalled for other purposes.

C. At least half the earnings of the Fund shall be reinvested in the account until the Fund balance reaches $250,000 and shall be considered principal.

D. After the Fund balance reaches a minimum of $250.000 subsequent earnings are eligible for disbursement to the Church. The disbursement decision shall be made as follows:

   a. The EC shall inform the MLT of the amount of funds available for disbursement.
   b. The MLT shall determine if the available funds shall be disbursed to the Church. If any potential disbursement is greater than $15,000 or will be used to fund any budget item of the Church, then the request for disbursement to the EC shall first be approved by the Voters after reading paragraphs of II. A and B of the By-laws to the Voters and informing the Voters of how their recommendation is correlated with a concrete plan to move mission and ministry forward.

E. Approved funds shall be disbursed to the Church for use upon the signature of one non-ex-officio member and the Church Treasurer.

F. Any eligible earnings not disbursed or committed to disbursement within six months of notice given in accordance with Bylaw #V.D.a above shall be considered additional principal to the Fund.

VI. CONFLICTS OF INTEREST

No member of the EC shall engage in self-dealing, i.e., making decisions or taking actions that result in direct or indirect financial benefit to the member. In the event of a conflict, the member will recuse themself from discussion and voting on that issue.

VII. MEETINGS, REPORTING, AUTHORITY FOR DECISIONS, OTHER BASIC DUTIES

A. The EC will meet at least once annually, including one meeting in-person at least two months ahead of the Voters' Assembly designated to pass the Church budget. By the end of September each year the EC shall report to the MLT, to share with the Voters, the balance of the Fund and any monies available for disbursement.

B. A majority of the non-ex-officio EC then in service shall constitute a quorum for the transaction of business at any meeting of the EC.

C. The MLT may call for the EC to meet at any time, and any EC member may ask the EC to meet or request the MLT to call for the EC to meet.

D. The EC shall keep complete and accurate records of all gifts received, balances, transfers, and disbursements, and of the annual performance of all investment accounts.

E. The EC shall author a Donor Invitation letter that gives an overview of the Endowment Fund, basic gift guidance, and a copy of our Donor Rights. The EC also shall honor those Rights.

F. Gifts received through the regular church contribution process (electronic, envelope, or plate) shall receive acknowledgement on donor's regular statement. The EC shall issue a receipt and thank you note to all other donors in a timely fashion.

G. The EC shall actively keep the Endowment Fund and its benefits in front of the Church and strive to find and work with potential donors on one-time gifts and on estate planning to benefit the Church and her Mission through the Fund.

VIII. INVESTMENT, TRANSFER, AND EXPENDITURE

A. The Fund's investment approach shall be a balance of Moderate and Aggressive strategies, as this is essential to the growth of the Fund into an effective long-term tool. However, if the need for a different temporary strategy arises, adjustments may be recommended by the EC in consultation with the professionals at the financial institution holding our account for consideration by the MLT. Any such decision must be announced to the Voters and revisited on a yearly basis with an aim to move back to the regular strategy when possible.

B. Only the MLT can change the financial institution holding the account. Any proposed change should remember the desire to retain control over investment decisions and ensure that no principal will be disbursed.

IX. GIFTS AND THEIR ACCEPTANCE

A. Cash and checks may be accepted directly by any member of the EC and brought directly to the Church Treasurer for deposit. Except for marketable securities, any other form of proposed gift must be brought to both the EC and MLT for an affirmative decision. The decision shall be given to the prospective donor in a timely manner. In the process of rendering a decision pertaining to the acceptance of non-cash / non-marketable securities the EC and MLT shall weigh the value of the asset against any certain or potential risks and liabilities, as well as the ability of the Church, MLT, and EC to manage the asset and effect its sale.

B. For gifts besides cash and checks, the donor should be encouraged to convert to cash before making the gift. For non-cash gifts the donor shall provide a precise legal description of the asset and its value. The EC and MLT should not give any formal determination of the Fair Market Value of any real property; the donor should do that for IRS purposes.

C. If the gift is a marketable security, the EC should verify that it may immediately liquidate the gift to cash.

D. Prior authorization and funding by the MLT shall be required to consult with professional financial advisors if fees will be incurred to evaluate the acceptance on non-cash / non-marketable security gifts. Funds necessary to receive or manage a gift asset shall be paid by the Church and reimbursed to the Church by the Fund only after the asset has been converted to cash and received by the Fund.

E. Gifts received in memory or honor of someone should be shared as such with the congregation. However, the Church does not mount signs of donations in our building, and this practice should be respectfully and kindly shared and followed with potential donors who inquire into that possibility. So many have given, we cannot only honor some.

X. AMENDMENTS

These by-laws may be amended, repealed, or replaced at any time by a vote of not less than two-thirds majority of a valid Voters Assembly, duly called and fully informed for this purpose.