

Endowment Fund Policy and Plan of Operation
Little River United Church of Christ
Annandale, Virginia
Adopted by Congregational Vote January 29, 2006
as amended on October 23, 2016

A. Resolution Establishing the Endowment Fund Policy and Plan of Operation

Whereas Christian Stewardship involves the faithful management of all the gifts God has given us – time, talents, the created world and money, including accumulated, inherited and appreciated resources;

Whereas, individuals can give to the work of the church through bequests in wills, charitable remainder trusts, charitable gift annuities, charitable pooled income funds, assignment of life insurance, transfer of property (cash, stocks, bonds, real estate, etc.), unused portions of retirement fund assets (such as 401k, IRA, etc.), or other means;

Whereas, it is the desire and intention of the Little River United Church of Christ, Annandale, Virginia to encourage, receive and administer these gifts in a manner consistent with the faith and devotion to God expressed by the grantors, and in accord with the purposes of this congregation;

THEREFORE BE IT RESOLVED: that the Little River United Church of Christ, Annandale, Virginia adopt purposes and approve revisions to its existing endowment fund, to be known as the General Endowment Fund, (identified hereinafter as the Fund) and adopt the plan of operation as set forth herein:

BE IT FURTHER RESOLVED: that the purpose of the Fund shall be to support the mission and outreach of Little River United Church of Christ and such projects as are consistent with the provisions of this resolution;

BE IT FURTHER RESOLVED: that unless otherwise specified by the grantor, the principal amount of gifts to this Fund shall be retained and preserved, and distributions shall be a percentage of the total return (market growth, dividends and interest) to be determined annually as defined in Section B 3, Accumulation and Distribution;

BE IT FURTHER RESOLVED, that portions of the fund may be used for purposes not stated in the Plan of Operation only in extreme situations, and only after approval by vote of the Congregation;

BE IT FURTHER RESOLVED, that an Endowment Fund Committee shall be established to oversee operation of the fund including oversight of the investment policies;

BE IT FURTHER RESOLVED: that any amendment to this document will require, for adoption, a majority vote of members present at a duly-called Congregational meeting for the specific purpose of amending this document, or at an Annual Congregational meeting providing that the Church Clerk's call for the meeting explicitly cites the intent to consider an amendment to this policy.

The following Plan of Operation sets forth the administration and management of the General Endowment Fund.

B. Plan of Operation

1. ENDOWMENT FUND COMMITTEE

The Endowment Fund Committee shall meet at least quarterly. A quorum shall be three (3) members. A majority of the Committee shall carry any motions or resolutions.

The Committee shall elect from its membership a Chairperson, Fund Treasurer, and a Recording Secretary. The Chairperson, or a designated member, shall preside at all Committee meetings. The Fund Treasurer shall maintain a record of the status of the fund including receipts and disbursements. The church Treasurer shall forward deposits to the Fund's management agent and shall make disbursements upon the authorization of both the Endowment Fund Committee Chair and Endowment Fund Committee Treasurer.

The Recording Secretary shall maintain complete and accurate minutes of all meetings of the Committee and supply a copy to each member of the Committee and to the Church Council.

The Committee shall have its financial records reviewed annually by the audit committee of the church. The review results shall be reported to the Church Council and/or to the Annual Congregational meeting.

2. INVESTMENT MANAGEMENT

The Endowment Fund Committee may appoint up to three members of the congregation to assist the committee as investment advisers, and/or at the expense of the Endowment Fund, may provide for such professional counseling on investments, accounting, or legal matters as it deems to be in the best interest of the Fund. The Committee shall retain the right to change professional advisers as it promotes the best interests of the Fund.

All assets are to be held in the name of the General Endowment Fund of Little River United Church of Christ, Annandale, Virginia.

The Endowment Fund Committee shall be empowered to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest and in all other respects manage and control the assets of the Fund, including stocks, bonds, debentures, mortgages, notes or other securities or real property as in their judgment and discretion they deem wise and prudent.

The Endowment Fund Committee may accept or reject contributions to the Fund, referring questionable cases to the governing board of the church, or the congregation.

The Endowment Fund Committee shall direct the endowment program, but may choose to use a professional investment manager. The Committee will direct the designated General Endowment Fund management agent (brokerage firm, investment counselor, Trust Department or UC Funds) as to the prudent investment guidelines to be followed, and changes thereto that may, from time to time, be deemed to be in the best interest of serving the objectives of the Endowment Fund. If an outside manager is employed, a yearly review of investments will be included in a written statement to the Committee. This statement is to be filed with the annual reports of the committee to the congregation.

These investments shall be evaluated periodically for their appropriateness, particularly in regard to socially responsible investing consistent with principles within the context of Christian ethics.

The above statement of review is not to be merged with the Treasurer's annual financial reports of the congregation. The General Endowment Fund financial and status reports are to be included in the Annual Reports to the congregation. A report to the congregation shall be made by the Endowment Fund Committee separate from other financial reports.

Members of the Endowment Fund Committee shall not be held liable for any losses which may be incurred upon the investments of the assets of the Fund except to the extent such losses shall have been caused by bad faith or gross negligence. Members shall not be liable for the acts or omissions of any other members. 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 his/her personal interest would conflict with the interest of the Fund.

3. ACCUMULATION AND DISTRIBUTION

When gifts, bequests and transfers to the General Endowment Fund reach a total of \$250,000, money from the Fund may be distributed annually in support of the mission of the Little River United Church of Christ as specified below:

- a. no more than 20 percent of the amount available for distribution for support of the church operating budget, as requested by the Board of Trustees;
- b. no more than 10 percent of the amount available for distribution for college, university, theological or continuing education scholarships or support of UCC-related institutions of higher education as requested by the Board of Outreach and Social Justice;
- c. no more than 40 percent of the amount available for distribution for outreach projects - local, state, national or international as requested by the Board of Outreach and Social Justice;
- d. and the remaining 30 percent of the amount available for disbursement plus any unrequested amounts from the previous three categories for (a) innovative ministries or programs and/or (b) capital projects of the Little River United Church of Christ as requested by the appropriate Board or Committee.

In determining the amount of the annual distribution from the Fund, the Endowment Committee will be guided by the Endowment Policy.

The amount of the annual distribution will be determined on a Total Return basis as authorized by the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA). Total Return includes interest and dividends received plus the appreciation of the principal. The annual distribution from the Fund shall not exceed 5 percent of the average market value of the Fund over the previous three years. In selecting the appropriate percentage, the Committee will strive to maintain a stable level of funding from year to year while considering such factors as the preservation of the Fund, general economic conditions, the effect of inflation or deflation, and the expected total return from income and the appreciation of investments in accordance with the UPMIFA.

The basic procedure to be followed annually is as follows:

1. In July, following receipt of the previous quarterly report on investments, the Endowment Committee will calculate the average market value of the Fund over the immediately preceding 12 calendar quarters.

2. The calculated average market value will be multiplied by the percentage deemed appropriate considering the factors listed above.
3. The result of this calculation is the amount of money that will be available for distribution in the following calendar year.
4. The committee will notify the Church Council of the resulting amounts available for distribution in each of the specified categories.
5. The Board with jurisdiction will consult with the Endowment Committee as to whether the proposed use of the money is consistent with the Endowment Policy.
6. To the extent feasible, plans for use of money from the Endowment Fund will be incorporated in the annual budget considered at the Annual Meeting.
7. Approval of the Budget by the Congregation will constitute authorization for distribution.

If a proposal for use of available funding is developed after the annual meeting, the Board or Committee with jurisdiction will provide an opportunity for the Endowment Committee to advise on compliance with the Endowment Policy before submitting the proposal to the Church Council. The Council may approve or disapprove the proposal on behalf of the Congregation or refer it to the Congregation.

Generally, unused funds will not carry over. They will remain in the Endowment Fund and be subject to the regular distribution process the following year. However, if an approved use is based on planned multi-year financing, the funds will be carried forward as planned. Also, if an approved use is delayed and is expected to be completed the Funds will carry over into the next budget year.

A review of the Plan of Operation of the General Endowment Fund shall be made as needed. This review may include consultation with interested boards, committees and individuals.

The Committee shall assist and support the Stewardship Committee in devising a plan to encourage and attract more gifts to the General Endowment Fund. This plan shall be developed by the Stewardship Committee in accord with the bylaws of the church. Emphasis shall be placed on the importance of donors providing unrestricted endowment gifts. Donors shall receive personal acknowledgment of gifts at the time gifts are made, consistent with IRS rules governing the acknowledgment and valuation of gifts by charitable recipients. Unrestricted memorials and special gifts shall be transferred to the Endowment Fund.

The preexisting named funds which the church maintains as endowments shall, for accounting purposes, continue to be identified and maintained as separate endowed funds dedicated to the purposes for which they were established. At such time as a named fund is released from its original restriction by the donor/grantor or grantor's heirs, it shall be included in the unrestricted General Endowment Fund of the church.

4. DISPOSITION OR TRANSFER OF ENDOWMENT FUND

In the event Little River United Church of Christ of Annandale, Virginia ceases to exist, either through merger, separation or dissolution, disposition of the General Endowment Fund shall be at the discretion of the governing body in conformity with the approved congregational constitution, and in consultation with the staff of the Central Atlantic Conference of the United Church of Christ or the successor denominational entity to which the Little River United Church of Christ belongs at such time. Consultation with the denomination may be desirable for continuation of Endowment Fund obligations.

5. ADOPTION OF RESOLUTION ESTABLISHING GENERAL ENDOWMENT FUND

“This resolution, recommended by the Church Council and accepted by the congregation at the annual Congregational meeting, held on January 29, 2006, is hereby adopted.”