

[8-19-14]

APPENDIX A

DIVINE REDEEMER MINISTRY ENDOWMENT FUND
DISTRIBUTION POLICY

I. Introduction.

Divine Redeemer Evangelical Lutheran Church ("DRLC") is a congregation of The Lutheran Church-Missouri Synod located in Delafield, Wisconsin.

II. The Endowment Fund Mission.

DRLC has established a Ministry Endowment Fund ("Endowment Fund") in order to encourage, receive, and manage gifts and bequests which will provide financial support to advance and sustain its Christian mission, vision and faithfulness over an extended period of time.

III. Purpose of this Distribution Policy.

A. Purposes.

- To facilitate the distribution of Available Funds from the Endowment Fund.
- To inform current and potential donors to the Endowment Fund of how the Endowment Fund Committee intends to distribute funds and for what purposes.
- To build trust among DRLC members and the community regarding the management of the Endowment Fund in order to enhance the long term viability and growth of the Endowment Fund.
- To maintain a balanced approach of providing a steady flow of distributions to support designated ministries and building the corpus of the fund to grow and sustain the Endowment Fund over an extended period of time.
- To help the Endowment Fund Committee safeguard the fiscal and legal integrity of the Endowment Fund.

IV. Distribution Policy.

A. Intention of Endowment Fund and Determination of Available Funds.

The intention of the Endowment Fund is to distribute Available Funds to support approved ministries at least annually. If the amount of Unrestricted Funds is less than five hundred thousand dollars (\$500,000.00) at the close of the most recent Fiscal Year, then Available Funds shall mean all of the net income generated by such Unrestricted Funds in the subject Fiscal Year. If the amount of Unrestricted Funds is greater than five hundred thousand dollars (\$500,000.00) at the close of the most recent Fiscal Year, then Available Funds shall mean the greater of (i) all of the net income generated by such Unrestricted Funds in the subject Fiscal Year, or (ii) Seven and one-half percent (7.5%) of the amount of the Unrestricted Funds at the close of the subject Fiscal Year. The Endowment Fund Committee, with approval of the Board of Directors, may choose to retain some portion of the annual net income for up to three consecutive years to help grow the assets of the Endowment Fund. Factors that may influence the committee's decision may be the size or amount of a potential distribution, program expenditures, previous years' investment results, anticipated future needs, among others.

1. Definition of Net Income.

The Endowment Fund Committee recognizes "net income" to be the interest and dividends earned from the investments of the Endowment Fund.

Both realized and unrealized capital gains will be retained in the Endowment Fund to reduce the possibility of reduction of principal over time due to the normal fluctuations in invested asset values.

B. Distribution of Available Funds.

1. Uses of Unrestricted Funds.

Distributions of Unrestricted Funds may be used for any purpose, project or program consistent with the mission and purpose of the Endowment Fund as recommended by the Endowment Fund Committee and approved by the Divine Redeemer Board of Directors.

Available Funds for distributions shall be distributed to individuals or entities set forth below which are involved in the following ministry categories:

Outreach/Mission/Evangelism
Human Care/Mercy Ministries
Education/Discipleship/Personnel
Divine Redeemer Lutheran School
Facilities & Technology Improvements/Program Expansion

Allocations of Available Funds to the respective ministry categories will be at the discretion of the Endowment Fund Committee, subject to the approval of the Board of Directors, and may vary significantly from year to year.

No assets of the Endowment Fund are to be used for the congregation's operating budget, except as may be directed by a donor restricted gift.

Capital Campaign - From time to time, up to fifty percent (50%) of the unrestricted fund balance in excess of five hundred thousand dollars (\$500,000) may be distributed for a DRLC capital campaign if (i) the distribution is matched dollar for dollar with additional funds from members of DRLC or other donors, and (ii) the distribution is approved by a two-thirds (2/3) majority of DRLC voting members present at a voter's assembly meeting.

2. Uses of Restricted Funds.

The Restricted Funds of the Endowment Fund shall be maintained in sub-accounts or separate endowment fund accounts, and distributions of Restricted Funds shall be administered in accordance with the directives of each gift that has been accepted by the Endowment Fund Committee. If a Donor Restricted Gift is restricted as to use only and does not include directives as to the amount and timing of distributions, then the amount and timing of distributions from such Restricted Gifts shall be determined in the same manner as the Unrestricted Funds.

C. Timing of Distribution and Procedures.

1. Determining the Amount Eligible for Distribution.

During the Fiscal Year, the Committee will meet at least quarterly to determine the estimated amount available for distribution from the Endowment Fund and to make plans for Fund distributions.

2. Proposals.

Congregation members, committees, or groups seeking resources for a project within the mission and purpose of the Endowment Fund may submit requests for distributions of Unrestricted Funds to the DRLC staff. The DRLC staff will prepare and submit distribution recommendations to the Endowment Fund Committee on a timely basis. In evaluating the DRLC staff proposals and requests for distribution, the Endowment Fund Committee will examine (1) whether the proposed distribution is consistent with the mission and purpose of the Endowment Fund and Divine Redeemer Lutheran Church, (2) the perceived need, (3) the amount of the request in relation to the total available for distribution, (4) the number of other requests received, and (5) whether the individual or group has received a distribution in the past. If no such requests are submitted, the Endowment Fund Committee may make recommendations for distribution consistent with the mission and purpose of the Endowment Fund and Divine Redeemer Lutheran Church based on perceived needs of various ministries, groups, or the congregation.

Likewise, the Endowment Fund Committee will consult with the DRLC staff with respect to recommended distributions of Restricted Funds in keeping with the directives of the respective Restricted Gifts.

3. Recommendation to BOD.

The Endowment Fund Committee shall make distribution recommendations to the Board of Directors for its approval at least annually. The Committee shall also notify the BOD as to the amount of principal and interest contained in the Endowment Fund and in each of the sub-funds. The Board of Director's decision on distributions is final.

4. Emergency Distributions.

Proposals requesting distributions in between meetings will not be considered, unless the Committee, in its sole discretion, determines that the proposal requires immediate action, as in the event of a critical need, emergency or natural disaster. In this event, the Committee must call an emergency meeting and submit the recommendation to the BOD for approval.

D. Borrowing Against the Fund Prohibited.

The congregation shall not be allowed to borrow against the Endowment Fund or to use the Fund as collateral for a loan.

E. Endowment Fund Corpus

The Endowment Fund's purpose is to provide funds for special ministry uses outside of normal operating expenses of DRLC. Any use of the Endowment Fund's corpus outside of the amount constituting Available Funds is generally contrary to the accepted purpose of the Endowment Fund. Therefore, invasion of the corpus is not allowed except for a qualifying capital campaign as described in B.1. herein, or as necessary in the event of catastrophe or dire emergency. In the event of a catastrophe or dire emergency affecting DRLC and based on the recommendation of the Board of Directors, the congregation is to decide when and if any Endowment Fund corpus is to be invaded and spent. Any vote to spend corpus of the Endowment Fund shall require the affirmative vote of two-thirds (2/3) of DRLC voters present at a duly called and constituted meeting of the voter's assembly.

F. Governing Principles.

This Distribution Policy is meant to supplement the Endowment Fund By-Laws and shall be construed consistently therewith. In the event of a potential inconsistency with the By-Laws, the By-Laws shall provide the final authority.

