

St. Mark Lutheran Church  
Clifton Heights, PA 19018  
August 2025

MISSION ENDOWMENT FUND BYLAWS

**Article I – Objective**

Section I – The Mission Endowment Fund is established by the congregation of St. Mark Lutheran Church, Clifton Heights, Pennsylvania to help and support the overall mission through the following objectives:

- A. To provide a separately established investment fund for designated monies and assets held by St. Mark Lutheran Church.
- B. To provide, through prudent investment, a source of funds to be used for the specific purposes as defined in Article V.

**Article II – Administration**

Section I – A separate trusteeship is established to provide stability and growth independent from other church financial operations and committees. This trusteeship shall be known as the Endowment Committee. The composition and responsibilities of the Endowment Committee shall include the following:

- A. The Endowment Committee shall consist of no less than three trustees, with no more than one member of Church Council, appointed by Church Council, with the pastor as an additional non-voting member. Each trustee shall be appointed for a term not more than three years, with only one term to expire each year. In the case of resignation of a trustee, the Church Council will immediately fill the unexpired term.
- B. A trustee may be appointed to serve two consecutive three year terms. After serving such terms, at least one term (3 years) must pass before an individual may serve again as a trustee of the fund.
- C. The trustees shall monitor the fund and make investment decisions according to the investment guidelines in this document or specific actions directed and approved by the congregation at a regular or specially called meeting of the congregation.
- D. The Fund may receive contributions directly from sources such as those indicated in Article IV.
- E. The trustees shall have access to the short and long range financial planning of the congregation to help them in determining investment risk and liquidity needs.
- F. The trustees shall make a quarterly report to the Finance Committee and Church Council and an annual report to the congregation.

G. The trustees shall be responsible for administering the fund. This shall include:

1. Investing the assets of the fund in accordance with Article III.
2. Preparation, maintenance, and dissemination of accurate records and reports.
3. Disbursement of funds at the direction of the Church Council and or the congregation in accordance with these Bylaws.

Section II - The Endowment Fund Trustees of the St. Mark Lutheran Church are a fiduciary, and are responsible for directing, monitoring, and managing the fund assets. As such, the trustees are authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- A. Investment Management Consultant. The consultant may assist the Investment Committee in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
- B. Investment Fund Managers. The investment managers have the discretion to purchase, sell, or hold the specific securities that will be used to meet the Investment Account's investment objectives.
- C. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Investment Account, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Investment Account accounts.

### **Article III - Investment Guidelines**

Section I – The trustees of the fund shall be guided by the following investment policy:

A. Investment Management Policy

1. Preservation of Capital

- a. The Endowment Trustees will ensure that fund managers, consistent with their respective investment styles and philosophies, will make every effort to preserve capital, understanding that losses may occur in individual securities. Emphasis is placed on minimizing return volatility while maximizing total return.

2. Risk Aversion

- a. Understanding that risk is present in all types of investment styles, the Endowment Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the funds objectives. However, the investment managers will make every effort to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the Endowment Fund investment style and objectives.

### 3. Volatility of Returns

- a. To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a payment, the Endowment Committee will review cash flow needs as defined by Church Council. The Endowment Committee will notify the investment consultant of anticipated cash flow needs to allow sufficient time to build up necessary liquid reserves (a process that usually takes two weeks).

### 4. Marketability of Assets

- a. The Endowment Committee requires that all assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently.

### 5. Investment Guidelines

#### a. Allowable Assets

##### Cash Equivalents

Treasury Bills

Cash

Money Market Funds

Certificates of Deposit

##### Fixed Income Securities

U.S. Government and Agency Securities

Corporate Notes and Bonds

Mortgage Backed Bonds

Preferred Stock

Fixed Income Securities of Foreign Governments and Corporations

##### Equity Securities

Common Stock

American Depository Receipts (ADR's) of non-US Companies

Stocks of Non-US Companies (ordinary Shares).

##### Mutual Funds

Mutual Funds which invest in securities as defined above.

- b. Prohibited Assets - Prohibited investments include, but are not limited to the following:

Commodities and Futures Contracts

Private Placements

Options

Limited Partnerships

Venture-Capital Investments

Real Estate Properties

Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs

Cryptocurrencies

Non-Fungible Tokens

c. Prohibited Transactions - Prohibited transactions include; but are not limited to the following:

Short Selling  
Prohibited Margin Transactions

## 6. Asset Allocation Guidelines

a. Asset Allocation - Investment management of the assets of the St. Mark Lutheran Church Endowment Fund shall be in accordance with the following asset allocation guidelines:

### Investment Account Asset Allocation Guidelines

<u>Asset Class</u>	<u>Amount</u>
Cash & Cash Equivalents	10%
Fixed Income	25 %
Equities	65 %

## Article IV – Contributions to the Fund

Section I – Monies will be received by the Endowment Fund in the following ways:

- A. Unless otherwise stipulated by the donor, 70% of all estate gifts shall be added to the principal of the Endowment Fund. The remaining 30% will be handled in accordance with the guidelines and policies outlined by council.
- B. The receipt of stocks, bonds, real or personal property shall be immediately converted to cash through redemption or sale. The proceeds will be placed under management by the Endowment Fund.
- C. Contributions and gifts made specifically to the Endowment Fund only will be accepted in total, added to the principal, and placed under Fund management.
- D. The Church Council, upon the recommendation of the Endowment Committee, shall have the authority to refuse any gift that is not in accordance with the Mission of the Church because of its purpose, form, or source.

## Article V – Use of Funds

Section I – Definitions

### A. Principal

1. All monies in the Endowment Fund less the amount designated as “Spendable”.
2. Any contribution to the Fund as described in Article IV.
3. Gains or losses on the sale of investments.

B. Spendable

1. Spendable funds are the income generated by the Fund.

C. Income

1. Monies that are generated by the investment of the principal. Income includes interest and dividends.
2. Investment income reported for a given calendar year shall include all income earned during that year.

Section II – Use of Principal

- A. If the donor restricts the use of a gift in any way, the restriction must be followed explicitly.
- B. If funds are received by the Endowment Fund by the action of the Church Council or operation of this document they become part of the principal.
- C. Up to five percent (5%) of the principal value as of December 31<sup>st</sup> each year may be withdrawn for use in the subsequent year's approved budget.
- D. Additional principal may be removed from the Endowment Fund only for a purpose approved by vote of the Congregation.
- E. The principal shall not be borrowed by the Congregation.
- F. All management fees and maintenance fees charged to the fund will be charged to the Fund Principal.

Section III – Use of Income

- A. All spending of income must be approved by action of the Church Council.
- B. Income may be used for the following purposes:
  1. For community outreach and evangelism.
  2. For building and grounds, including capital improvements.
  3. For community support and care.
  4. Other needs identified by Church Council.
  5. Synodical Mission Support.
- C. Income not spent during the calendar year will carry over as income to the following year.

## **Article VI – Records and Audits**

### Section I – Records

- A. The Trustees will establish and maintain records of all contributions to the Fund including the source, amount, date and any binding stipulations that apply to the gifts.
- B. Receipt of all gifts will be recorded in the Minutes of the Endowment Fund Committee.
- C. Records shall be kept of all transactions including contributions, disbursements, Income (spendable), and principal.
- D. The financial records must clearly distinguish between principal and income (spendable).
- E. The Endowment Committee will report the financial position of the Endowment Fund to Church Council on a quarterly basis.
- F. The files, Minutes and financial reports of the Endowment Committee will be retained in accordance with the Records Retention Program established by Church Council.

### Section II – Audits

- A. Church Council will provide for either an internal or external audit of the Endowment Fund at least every two years.

## **Article VII – Amendments & Dissolution**

### Section I – Amendments

These Bylaws can only be amended by a two-thirds vote of the members present at the annual or special meeting of the congregation. Upon approval by the congregation, the Bylaws shall immediately become part of the Bylaws of the church.

### Section II – Dissolution

Dissolution of the Congregation will automatically terminate the Endowment Committee. The endowment fund assets will be dealt with as any other assets of the St. Mark Lutheran Church as stated in the Articles of Incorporation and Bylaws.