MIDDLE CREEK CHURCH

ENDOWMENT FUND POLICY

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As of December 8, 1999, MIDDLE CREEK CHURCH has established THE ENDOWMENT FUND OF THE MIDDLE CREEK CHURCH ("Endowment Fund").

I. **Purpose:**

The Endowment Fund of the Middle Creek Church is hereby established to provide a financial base to perpetuate three important goals of the Middle Creek Congregation. One such goal is to facilitate the continuing development of current and new leadership in the congregation. A second important goal is to encourage members of the congregation, whether as individuals or as families, to pursue God's calling to long-term mission service. A third goal of the congregation is to provide ongoing monetary support to select mission organizations and individual missionaries from outside of the congregation who are fulfilling the Great Commission in a manner that is consistent with the values and beliefs of the Middle Creek Church.

II. **Distribution of Funds:**

A. Distribution for Education of Ministers.

1. General Guidelines for Distribution for Educational, Licensing and Ordination Expenses.

In fulfillment of the above-established purposes of the Endowment Fund, a portion of the earning on the monies contributed to the Endowment Fund, in an amount determined from time to time by the Endowment Fund Committee, will be used for the education, licensing and ordination expenses of ministers who have been called by the congregation in the manner consistent with the Bylaws of the Middle Creek Church. As used in this Endowment Fund Policy, "educational expenses" would be defined as those expenses relating to training in the many areas of church ministry, including teaching, preaching and counseling. Such training can be foundational or continuing in nature, and would include seminars, and/or courses at or through Bible schools, colleges or seminaries whose teaching is compatible with the teachings and beliefs of Middle Creek Church. These educational experiences could include either short term, specialized courses or semester-long courses. "Educational expenses" can also include books, correspondence courses, and/or other materials which would be of benefit to ministers as they serve the congregation. As used in this Endowment Fund Policy, "licensing and ordination expenses" would include the costs associated with licensing and ordaining ministers as required by the Middle Creek Church. In addition to tuition, this would include any books, correspondence courses or additional educational materials required to attain ordination.

2. **Guidelines for Educational Expenses of Minister's Spouses.**

Because the congregation calls both the minister and spouse to serve, it is appropriate to also cover certain education expenses of the spouse in obtaining training in areas that allow the spouse to better assist in ministry. In some cases, this could include training in counseling or music (if music is an area of ministry for such spouse), as well as other areas of service. The amount of monies utilized for the educational expenses of the spouse would be included in the annual educational expense allowance for the minister (as described below).

3. **Determination of Annual Amount Available for Educational Expenses.**

The Endowment Fund Committee will periodically establish the maximum annual educational expense allowance available to each licensed or ordained minister who is actively serving the congregation. This annual maximum amount, or any portion of it, would be utilized only if the ministers actively continue their education or actively pursue ongoing education. The sum of $10,000 can be made available per year for each licensed or ordained minister who is actively serving the congregation in order to generally further the minister's education. This annual amount shall also include tuition, registration fees, books, and travel and lodging expenses (where such travel and lodging expenses are reasonable and prudent when considered in the context of the particular educational experience incurred by the minister's spouse as more fully described in Paragraph 2 above.

4. **Disbursement of Funds for Educational, Licensing and Ordination Expenses.**

Eligible ministers shall make written requests for funding on the forms provided by the Endowment Fund Committee, either for themselves or their respective spouses. The Endowment Fund Committee may elect to interview the individual requesting funds. All requests for funding must be given to the Chairperson of

the Endowment Fund Committee no later than two weeks prior to a regularly scheduled meeting of the Endowment Fund Committee. Such written requests will be reviewed by the Committee to assure that they are within the guidelines and scope set forth in this Section II, Paragraph A of this Endowment Fund Policy. The Committee shall approve or deny the request based on those guidelines and will issue a written response to each request following the regularly scheduled quarterly meeting of the Endowment Fund Committee. All requests shall be decided by 4/5 vote of the ten (10) member committee. Any unused funds shall not be accumulated for use in the following year.

B. Distribution for Those Serving in Long-Term Missions.

1. **General Guidelines for Distribution for Long-Term Mission Expenses.**

   A portion of the earnings on the monies contributed to the Endowment Fund, in an amount determined from time to time by the Endowment Fund Committee, will be used for the training and support of individuals or families from the Middle Creek Congregation called to and/or serving in long-term missions. For purposes of this Endowment Fund Policy, "long-term missions" shall be defined as service of six (6) continuous months or longer with mission organizations whose teachings and programs are consistent with the values and beliefs of the Middle Creek Church. Eligible long-term mission expenses, as provided by the mission organization, would include living expenses, fees or costs as required by the mission group with which the individual or family is affiliated. As shall b determined by the Endowment Fund Committee, support for such missionaries will be limited to partial support, not to exceed 50% of the afore mentioned eligible expenses. Travel costs will only be considered for those entering mission terms of 2 years or longer.

2. **Disbursement of Funds for Long-Term Mission Expenses.**

Eligible individuals and families in long-term mission service, or intending to enter such service, shall make written requests for funding on the forms provided by the Endowment Fund Committee either for themselves or their families. These forms can be found on the church website. Initially, the individual or family requesting funds will be contacted to schedule a meeting with the Endowment Fund Committee to discuss the spiritual goal/purpose of the mission and the individual(s). All requests for funding must be given to the Chairperson of the Endowment Fund Committee no later than two weeks prior to a regularly scheduled meeting of the Endowment Fund Committee. Such written requests will be reviewed by the Committee to assure that they are within the guidelines and scope set forth in this Section II, Paragraph B of this Endowment Fund Policy. The Committee shall approve or deny the request based on those guidelines and will issue a written response to each request following the regularly scheduled quarterly meeting of the Endowment Fund Committee. All requests shall be decided by 4/5 vote of the ten (10) member committee. Any unused funds shall not be accumulated for use in the following year.

C. **Distribution of Balance to Mission Projects.**

The remainder of the earnings on the monies contributed to the Endowment Fund, less a reasonable amount to remain in the Endowment Fund for inflation protection and to allow for growth of the fund, realized after the above items of educational expenses for ministers and long-term missionary support, will be made available to the Middle Creek Church Missions Committee. Such monies shall be disbursed for the support of mission organizations and/or individual missionaries in such amounts and proportions as may be recommended by the Missions Committee and approved by Middle Creek Church Council.

III. **<u>Term of the Fund:</u>**

Contributions to the Endowment Fund will be invested under the direction of the Endowment Fund Committee (as described below in Section IV) and a portion of the earnings thereon will be available annually to meet the purposes of the Endowment Fund as described in

Section I above. It is the intention of the congregation that the Endowment Fund would exist in perpetuity. Accordingly, in determining the amount of earnings available to be disbursed from the Endowment Fund, the Endowment Fund Committee shall provide for a portion of the earnings, in an amount determined by the Endowment Fund Committee from time to time to remain in the Endowment Fund in order to provide a reasonable margin of protection against inflation and other applicable economic factors, in order to perpetuate the Endowment Fund. In no event shall the principal of the Endowment Fund be applied to the general operating expenses of Middle Creek Church and/or ministries under the direction and control of Middle Creek Church .

IV. **<u>Endowment Fund Committee:</u>**

An Endowment Fund Committee ("Committee") of no less than ten (10) persons shall be responsible for overseeing the investment and disbursement of the monies of the Endowment Fund. The Committee shall consist of the following:

- Three (3) members of the Finance Committee, each chosen annually by the Finance Committee;
- One (1) minister chosen by the Ministry Team for a four (4) year term;
- One (1) deacon chosen by the Deacon Board for a four (4) year term;
- One (1) member of the Missions Committee chosen annually by the Missions Committee;
- Two (2) men laity elected by Church Council for four (4) year terms;
- Two (2) women laity elected by Church Council for four (4) year terms.

Any member of the committee may be reappointed or reelected for successive terms. In the event of a vacancy on the Committee, a successor shall be chosen or elected (as the case me be) as promptly as possible.

The Endowment Fund Committee shall annually elect the following officers: Chairman, Vice Chairman, Secretary, Assistant Secretary and Treasurer.

V. **<u>Investments of the Fund:</u>**

A. **Investment Guidelines.**

The Endowment Fund Committee shall invest the monies in a prudent manner and may engage such investment advisors and managers as the Committee may determine to be appropriate. The Endowment Fund Committee is authorized to utilize a reasonable portion of the earnings from the Endowment Fund to pay the reasonable fees of such advisors and managers. In addition, the Committee is authorized, in its discretion, to allocate the investments in the Endowment Fund between equities and fixed income vehicles in such proportions as the Committee may determine to be prudent from time to time. Proper fixed income investments shall include, but shall not be limited to, Federally insured Certificates of Deposit, Government and Agency Securities, Corporate Bonds of investment grade as determined by the rating agencies, and mutual funds that invest in such investments. Proper equity investments shall include, but shall not be limited to, individual stocks and stock mutual funds. The Committee shall not invest in nor retain investments in individual securities of companies whose primary business is in violation of Christian and historic Brethren ideals (i.e. gambling, alcohol, tobacco, weaponry, etc.). The Committee may invest in mutual funds which hold some of these securities provided the percentages of these holdings within the total fund is not significant. Upon receipt of an investment that violates the above-described investment policy of the Endowment Fund, the Endowment Fund Committee shall act expeditiously to liquidate and replace such investment.

B. **Reporting by Committee.**

Prior to each March Council Meeting of the Middle Creek Church, the Endowment Fund Committee shall meet to determine the amount of earnings available to be disbursed to fulfill the purposes of the Endowment Fund set forth in Section I (above) *in the following year,* and shall report such amounts at the regular meeting of the official Church board that precedes each March Council meeting. The Endowment Fund Committee shall also report such amounts at each March Church Council meeting. In determining the amount of earnings available to be disbursed from the Endowment Fund, the Endowment Fund Committee shall provide for a portion of the earnings, in an amount determined by the Endowment Fund Committee from time to time, to remain in the Endowment Fund in order to provide a reasonable margin of protection against inflation and other applicable economic factors, in order to perpetuate the Endowment Fund. For purposes of this Endowment Fund Policy, "earnings" shall include interest, dividends and any net realized capital gains allocated to income in accordance with the Pennsylvania Nonprofit Corporation Law of 1998 as amended. The Endowment Fund Committee shall also report the current balance of the Endowment Fund at each regular meeting of the official Church Board, and otherwise as may be requested by the Board from time to time. In addition, at each March Council Meeting, the Endowment Fund Committee shall provide a written report to the congregation setting forth the current balance of the Endowment Fund and detailing the current investment mix of the Endowment Fund.

VI. **Amendment of Endowment Fund Policy.**

Subject to the recommendations and daily investment control of the Committee, the Middle Creek Church Congregation shall be ultimately responsible for and have exclusive final control over monies in the Endowment Fund and this Endowment Fund Policy. The Middle Creek Congregation shall have the right to amend any of the provisions of this Endowment Fund or any amendment thereof. A vote of four-fifths (4/5) of those in attendance and eligible to vote at a regular or special meeting of the Church Council shall be required to amend any of the provisions of this Policy.

VII. **Indemnification:**

The Endowment Fund shall indemnify to the fullest extent now or hereafter permitted by law, any person who was or is made a party to or a witness in or is threatened to be made a party to or a witness in any threatened, pending or completed action, suit or proceeding, by reason of the fact that such person is o was a member of the Endowment Fund Committee, against all expenses (including attorneys' fees and disbursements), judgments, fines and amounts paid in settlement actually and reasonable incurred by such person in connection with such action, suit or proceeding provided that the official Church Board determines that the person seeking indemnification acted in good faith and in a manner such person reasonably believed to be in or opposed to the best interest of the Endowment Fund.

VIII. **Revocation of Endowment Fund Policy or Dissolution of the Church:**

Should Middle Creek Church, by a vote of four-fifths (4/5) of those in attendance and eligible to vote at a regular or special meeting of the Church Council, determine that the Endowment Fund is no longer serving the purposes set forth in Section I above, this Endowment Fund Policy may be revoked in its entirety and all monies in the Endowment Fund may be disbursed from the Endowment Fund. Upon such revocation, all monies shall be disbursed from the Endowment Fund as determined by the Middle Creek Church Congregation in accordance with the Bylaws of the Middle Creek Church. In the event of the dissolution of Middle Creek Church, the Endowment Fund will be disbursed at the same time and according to the terms of the Bylaws of Middle Creek Church.

IX. **Fiscal and Tax Year:**

The Fiscal year and the tax year of the Endowment Fund shall run from January 1 to December 31.

X. **Account Transactions:**

The Endowment Fund Committee will invest or cause to have invested the Endowment Fund and account for the monies in the Endowment Fund. The Endowment Fund Committee shall from time to time select three persons to be authorized to withdraw from or deposit monies into the Endowment Fund. All contributions received by the Endowment Fund Committee shall be deposited into the Endowment Fund within thirty (30) days of receipt of such contribution.

XI. **Situs and Governing Law:**

The situs of the Endowment Fund shall be in the County of Lancaster, Commonwealth of Pennsylvania, and all questions relating to the construction, validity, and administration of the Endowment Fund shall be governed by the laws of that Commonwealth, regardless of the jurisdiction in which the Endowment Fund may at any time be administered.

XII. **Captions:**

The captions set forth in this document have been used solely for convenience of reference and shall not control or affect the meaning or interpretation of any of the provisions hereof.