

**FIRST MENNONITE CHURCH, DENVER
STEWARDSHIP FUND
POLICIES AND PROCEDURES**

SECTION 1. ESTABLISHMENT AND PURPOSE

- A. First Mennonite Church (FMC) of Denver, Colorado, hereby establishes the FMC Stewardship Fund (hereinafter referred to as the "Stewardship Fund") for the purpose of receiving immediate or deferred charitable gifts, or bequests, made to FMC. The Stewardship Fund shall be invested and distributed in accordance with the policies and guidelines set forth herein, while at the same time respecting the interests and intentions of the donors. The Stewardship Fund shall remain separate as to its investments, policies, and purposes for the receipt of all deferred charitable gifts or bequests to FMC from those designated for the FMC Mennonite Education Endowment.

SECTION 2. STEWARDSHIP FUND COMMITTEE

- A. The Stewardship Fund shall be administered by a committee (referred to herein as the "Stewardship Committee" or simply the "Committee") comprised of:
1. Five members, consisting of two (2) representatives from the Leadership Council (Vice Chair of Council and current or recent Finance Commissioner), and three (3) representatives recommended by the Leadership Council of First Mennonite Church, Denver (hereinafter referred to as the "Leadership Council") and approved by the members of FMC.
 2. Committee members shall serve 3-year terms and may succeed themselves. The initial terms will be staggered.
- B. The Committee shall hold regular meetings, no less frequently than annually, at such time and place as may be fixed by the Committee. All meetings shall be made known and be open to members of FMC.
- C. A majority of the members of the Committee shall constitute a quorum. Action approved by a majority vote of the Committee members present at a meeting at which a quorum is present shall be an action of the Committee.
- D. The Stewardship Committee shall:
1. Accept gifts of any kind of property, real or personal, including (by way of example and not limitation) stocks of any class, shares of regulated investment companies ("mutual funds"), bonds and debentures, real estate investment trusts, share or interests in common trust funds, commingled funds, certificates of deposit, cash, or other investments deemed appropriate by the Committee. The Committee shall review gifts in the form of real property or an interest in real

property, other than cash or other liquid assets. The Committee reserves the right to determine if such real property or an interest in real property may carry with it liability, which may include, but not necessarily be limited to, environmental issues, liens, property tax issues, or other matters that might or could create liability for FMC. For these reasons, the Committee reserves the right to decline any such gift which might present liability or other detrimental issues for FMC. The Committee also reserves the right to decline a gift that is inconsistent with these policies.

2. Carry out the purpose and objectives of the Stewardship Fund.
3. Oversee and review the management and investment services provided by outside investment managers.
4. Make known the availability of funds and the disbursement policies and guidelines;
5. Actively seek projects or programs which meet the disbursement policies and guidelines stated herein.
6. Evaluate and approve or disapprove all requests for funds.
7. Disburse in the form of grants the Income received from the investment of the Stewardship Fund, and when appropriate, Principal. All payments to organizations or persons receiving grants shall be made by checks signed by such officer or officers determined from time to time by action of the Committee. In the absence of such determination by the Committee, all checks may be signed by the FMC Finance Commissioner or Congregational Administrator.

SECTION 3. INVESTMENT OF STEWARDSHIP FUND

- A. The Stewardship Committee shall invest the Principal of the Stewardship Fund, and may enter into appropriate legal contracts and arrangements with an outside manager or managers, to accomplish such purpose, all within the sole discretion of the Committee.
- B. The Stewardship Fund shall be invested consistently with the beliefs and mission of First Mennonite Church, Denver, and to that end, the Committee will adhere to principles of socially responsible investing consistent with the policies of Everence (formerly known as Mennonite Mutual Aid or MMA).
- C. Within the guidelines of socially responsible investing, the Stewardship Fund may be invested in any kind of property, real or personal, including (by way of example and not limitation) stocks of any class, shares of regulated investment companies (“mutual funds”), bonds and debentures, real estate investment trusts, share or interests in common

trust funds, commingled funds, certificates of deposit, cash, or other investments deemed appropriate by the Committee or an appointed outside manager.

- D. The term “Income” used herein shall mean ordinary income and realized capital gains income; it shall not include unrealized capital gains.
- E. The term “Principal” used herein shall mean the capital or main body of the financial holding as distinguished from the Income.
- F. The term “Endowment Account” shall mean the account identified in Section 4 in which the principal shall not be spent and the annual spending rate shall be no more than the Income from the fund. The donor may restrict a gift to the Endowment Account or the Committee may designate funds to such account as provided in Section 4.
- G. The term “Quasi-Endowment/Program-Designated Account” shall mean the accounts identified in Section 4 in which a portion of the Principal as well as Income from the fund may be spent annually. The donor may restrict a gift to one or more of the Quasi-Endowment/Program-Designated Accounts or the Committee may designate funds to such accounts as provided in Section 4.

SECTION 4. Stewardship Fund Accounts

- A. The Committee shall maintain separate accounts in the Stewardship Fund for the following types of gifts and designated funds: 1) Endowment Account; and 2) Quasi-Endowment/Program-Designated Accounts (i.e., “Facility Account,” “Education Account,” “Music Account,” and “Program and Outreach Account”).
- B. With the exception of emergency, one-time circumstances, the Stewardship Fund accounts are available only to be used for special projects and capital projects that serve the mission of First Mennonite Church beyond the annual operating budget.
- C. The Committee shall develop templates for donors to complete, which specify the type of gift being made pursuant to Section 4.A. The donor may provide additional written directions for use of his, her, or their gifts consistent with these policies.
- D. The principal in the Endowment Account shall be invested long-term. The Committee shall distribute Income from the Endowment Account to the Quasi-Endowment/Program-Designated Accounts in accordance with standard best practices for endowment funds, which should average approximately five percent (5%) per year of the total value over a period of years.
- E. The Principal in the Quasi-Endowment/Program-Designated Accounts shall be invested mid- to long-term except when principal disbursements are anticipated. Except for the Facility Account, the annual spending rate shall be no more than ten percent (10%) of the total value of each individual account unless unusual circumstances warrant use of additional Principal in a calendar year. There is no annual limit for spending Principal

from the Facility Account. The Committee shall distribute money from each Quasi-Endowment/Program-Designated Account to be used only for the specific purpose for which the account is intended.

- F. Undesignated gifts shall be allocated among the Stewardship Fund Accounts at the Committee's discretion.
- G. The Facility Account is to be used for special projects and capital projects that enhance the physical facilities or overall safety of the church building and improvements.
- H. The Education Account is to be used for educational purposes that do not overlap with the FMC Mennonite Education Endowment such as the examples listed in Section 6.B.
- I. The Music Account is to be used for special musical needs such as replacement of pianos or the organ, purchase of new hymnals, or other one-time music needs.
- J. The Program and Outreach Account is to be used for special FMC programs or special Outreach efforts such as as the examples listed in Section 6.B.

SECTION 5. BOOKS, RECORDS & REPORTING

- A. The Stewardship Committee shall keep current and complete books and records of accounts, and shall keep minutes of its proceedings.
- B. The fiscal year of the Stewardship Fund shall begin on January 1 and end on December 31 of each year.
- C. The Committee is responsible to, and shall report to, the members of FMC and Leadership Council. The Committee shall report annually to the members of FMC and Leadership Council, or at special times, as needed by the members of FMC.

SECTION 6. DISBURSEMENT POLICIES AND GUIDELINES

The Stewardship Committee shall disburse the Income, and at its discretion consistent with the Stewardship Fund policies herein, principal, received from investment of the Stewardship Fund in accordance with the following general policies and specific guidelines.

- A. General Policies:
 - 1) Grants shall be made annually or more frequently and upon such terms or conditions as deemed best by the Committee. Once approved, grants may be distributed in one or more installments.
 - 2) A grant should supplement or enhance, rather than replace or duplicate, funds available from the FMC general operating budget, church conferences or other institutional sources.
 - 3) While a new project or program may require assistance over a period of years, the Committee shall generally not make "entitlement" grants which are open-ended or which

extend over an indefinite period of time in order to avoid having a project or program become dependent upon receiving a grant for its continued existence. However, in certain instances, the funding of ongoing programs may be appropriate, specifically when such programs are donor directed and accepted by the Committee.

- 4) Except as provided in Section 4 herein, there is no limitation on the amount of any grant. Flexibility should be maintained to enable the Committee to respond to a wide variety of needs.
- 5) The Committee should support new programs within or associated with FMC that propose creative solutions to problems not adequately addressed, as well as existing programs that are established and have proved successful.
- 6) The Stewardship Fund is not intended to replace or supplement the FMC Mennonite Education Endowment Fund.

B. Specific Guidelines for the Education, and Program and Outreach Accounts

- 1) All disbursements shall be in furtherance of the religious and/or charitable purposes of FMC and associated organizations that have tax exempt status under Section 501(C)(3) of the Internal Revenue Code, for legitimate tax-exempt purposes. The Committee shall give preference to the following types of grant requests (in no particular order):
 - a) Requests to assist in church planting or in opening and establishing new areas of mission or service;
 - b) Requests for “seed money” to assist with start-up costs of new programs;
 - c) Requests which will cultivate or nurture the understanding or practice of Christian stewardship in its various aspects;
 - d) Requests which will enable persons to receive training for Christian service or ministry or engage in full-time Christian service or ministry;
 - e) Requests which will strengthen educational programs and opportunities;
 - f) Requests which will provide for relief or rehabilitation of persons;
 - g) Requests which will propose innovative approaches or address recognized needs or problems;
 - h) Requests which are “inter-Mennonite” in nature in that they are supported by, or will foster cooperation among, two or more Mennonite denominational groups or institutions;
 - i) Requests for economic development projects or programs that will assist the poor around the world

C. Limitation for funding

Since this Stewardship Fund cannot fund every worthy endeavor, its resources should be directed to those areas meeting these policies and guidelines and where support will have the greatest positive impact. In general, the following should not be considered for funding.

1. Annual budget, maintenance, or operating expense requests.
- 2) Loans to individuals.
- 3) Fellowship and travel grants which are primarily for personal benefits or enrichment.
- 4) Efforts that support political candidates or promote specific political philosophy.
- 5) Efforts to influence, promote, or attempt to initiate legislation.

SECTION 7. EFFECTIVE DATE, AMENDMENTS AND DISSOLUTION

- A. This Stewardship Fund shall become effective following the recommendation of the Leadership Council and approval by the members of FMC.
- B. To change any of the provisions of the Stewardship Fund, including its ongoing existence, a vote of a two-thirds majority of both the Stewardship Fund Committee and the Leadership Council of First Mennonite Church, Denver is required.
- C. In the event this Stewardship Fund is dissolved, all funds shall become the unrestricted property of First Mennonite Church, Denver or its successor.

Adopted by First Mennonite Church, Denver the _____ day of _____, 20____.

By:

Chairman

Coordinator of Finance

Congregational Administrator