

RESOLUTION ESTABLISHING
COVENANT PRESBYTERIAN CHURCH
FOUNDATION
ORIGINALLY ADOPTED ON OCTOBER 21, 2002
AMENDED AND RESTATED ON MAY 17, 2017
PREAMBLE AND DECLARATION

In the Words of Christ:

Therefore everyone who hears these words of mine and puts them into practice is like a wise man who built his house on the rock. The rain came down, the streams rose, and the winds blew and beat against that house; yet it did not fall, because it had its foundation on the rock. Matthew 7:24-25 (NIV).

And he told them this parable: "The ground of a certain rich man produced a good crop. He thought to himself, 'What shall I do? I have no place to store my crops.' Then he said, 'This is what I'll do. I will tear down my barns and build bigger ones, and there I will store all my grain and my goods. And I'll say to myself, "You have plenty of good things laid up for many years. Take life easy; eat, drink and be merry." But God said to him, 'You fool! This very night your life will be demanded of you. Then who will get what you have prepared for yourself?' This is how it will be with anyone who stores up things for himself but is not rich toward God." Luke 12:16-21 (NIV).

Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also. Matthew 6:19-20 (NIV).

And in our own:

Covenant Presbyterian Church, has been blessed with a rich heritage of faithfulness, religious experiences, Christian compassion and service to our community and evangelical missions to the world. As God's stewards on earth, we are responsible for making productive use of our time, talents and possessions and we, as followers of Christ, are charged with carrying out the Great Ends of the Church through Christian worship, outreach and mission.

Our Prayer and Deed:

Lord, grant us Your Wisdom to honor You in all things we do and particularly bless this work to establish this foundation. In order that we may maintain and expand Your servants' worship, work and mission in Christ and to receive gifts, bequests, devises, memorials and other contributions for these purposes, we therefore create, adopt and establish this Foundation for the Church as follows:

ARTICLE I
ESTABLISHMENT OF THE FOUNDATION

1.1 Name. This foundation shall be known as the COVENANT PRESBYTERIAN CHURCH FOUNDATION (the "Foundation").

1.2 Purpose. The purpose of the Foundation is to provide a means whereby the church may expand and enrich its ministry, pursue the advancement of Christian work and service in perpetuity and seek and receive gifts, bequests, devises, memorials and other contributions for these purposes.

1.3 Segregation of Foundation Funds. The Foundation shall be maintained as a separate, restricted internal fund or account of Covenant Presbyterian Church ("the Church") not as a trust or separate legal entity. The Foundation shall be and remain the property of the Church at all times prior to its termination and disbursement in accordance with the provisions of this instrument. All increases of Foundation assets, whether characterized as income, growth, capital appreciation, or otherwise, shall be and remain a part of the Foundation, to be utilized for the purposes and in the manner hereinafter provided.

ARTICLE II
ADMINISTRATION OF THE FOUNDATION

2.1 Commission. The Foundation will be administered by the Covenant Presbyterian Church Foundation Commission (the "Commission") which shall have full and complete authority to do any and all things necessary to fulfill its commission except as otherwise limited in this resolution.

2.2 Composition of Commission. The Commission shall consist of five Commissioners appointed by the Session of the Church, all of whom shall be members of the Church. At least three Commissioners shall be Ruling Elders, as least one of whom shall be serving on the Session at the time of his or her appointment as a Commissioner. In addition to the five Commissioners, the Senior Pastor, or any person acting in that capacity, shall be a non-voting member of the Commission, but shall participate in all duties and be eligible for all offices of the Commission except the office of Chair.

2.3 Terms of Office. The initial Commission shall be appointed by the Session upon adoption of the resolution establishing the Foundation. Two persons shall be appointed to three-year terms, two persons shall be appointed to two-year terms and one person shall be appointed to a one-year term on the initial Commission. Thereafter, Commissioners shall be appointed for three-year terms unless appointed to fill unexpired terms. Any Commissioner shall be eligible to be appointed for two consecutive three-year terms, but thereafter shall not be eligible for re-appointment to the Commission until at least one year has elapsed. For this purpose, terms of less than three years, either upon the appointment to the initial board or in case of an appointment to fill an unexpired term, shall not disqualify a Commissioner from being appointed to fill two additional successive three-year

terms. The Senior Pastor, or any person acting in that capacity, shall serve continuously.

2.4 Meetings. Regular meetings of the Commission shall be held no less often than quarterly. At any meeting, a quorum shall consist of a majority of voting members of the Commission and the majority vote of those present shall constitute the action of the Commission. Special meetings of the Commission may be called by the Chair or any two Commissioners upon two (2) days written notice via mail, hand delivery, fax, e-mail or other written electronic communication. Any action that may be taken at a regular or special meeting of the Commission may be taken by written consent signed by the number of Commissioners required to take such action at a regular or special meeting of the Commission at which all Commissioners are present, which written consent may be executed in counterpart and transmitted by facsimile or other electronic means. For this purpose, a meeting shall include meetings conducted by telephone or other electronic means when all Commissioners attending such meeting can be heard and can hear the proceedings of the meeting.

2.5 Officers. (a) The officers of the Commission shall be a Chair, a Vice-Chair, a Secretary, a Treasurer and such other officers as the Commission may determine. The Chair shall be appointed by the Session from among the Commissioners to serve for the duration of his or her term as a Commissioner or until a successor is designated by the Session. Other officers shall be appointed from among the Commissioners by the Commissioners to serve for the duration of his or her term as a Commissioner or until a successor is designated by the Commissioners.

(b) The Chair shall preside at all Commission meetings and ensure the Commission provides the Session with (i) an annual plan for encouraging gifts and memorials to the Foundation; (ii) an annual plan for the proposed distribution from the Foundation; (iii) recommendations for the acceptance or disposition of gifts and memorials to the Foundation; (iv) not less often than quarterly, a written financial statement setting forth the fund and account balances in the Foundation and the amount of all contributions and distributions made during the prior quarter; (v) the Commission's annual report to the Congregation, submitted through the Session; (vi) the annual audit of the Foundation; and (vii) such other information or reports that the Session may request.

(c) The Vice-Chair shall preside at any Commission meeting not attended by the Chair and perform such other duties as the Commission shall from time to time assign.

(d) The Secretary shall be responsible for (i) preparing and maintaining the minutes of each Commission meeting; (ii) all Commission correspondence; (iii) retaining custody of all such minutes and correspondence and all reports of the Commission; (iv) making such records available to any Commissioner upon request; and (v) performing such other duties as the Chair may request.

(e) The Treasurer shall be responsible for (i) serving as a liaison between the Commission and the Church Treasurer, the Chairman of the Finance Committee of the Session and the Church Business Manager with respect to all financial matters of the Foundation; (ii) maintaining all accounting records of the Foundation in accordance with this resolution and good accounting practices and standards; (iii) maintaining all records of donor gifts, devises and bequests to insure

compliance with restrictions, designations or conditions; (iv) preparing all financial reports for the Commission or the Session as required in this resolution; and (v) performing such other duties as the Chair may request.

2.6 Responsibilities of Commission. The Session has delegated to the Commission the responsibility for the investment and management of Foundation assets and the responsibility for the administration of the Foundation's distributions and expenditures. In addition and in furtherance thereof, the Commission will have the following responsibilities:

(a) To prepare and recommend for approval by the Session a written long-term policy of investment provided in Section 4.5, below, and to recommend changes thereto from time to time;

(b) To inform Church members and others of the opportunity and importance of making donations to support the Church and the Foundation;

(c) To acquaint Church members and others with the Foundation and promote and encourage lifetime and testamentary donations to the Foundation.

(d) To recommend to the Session the acceptance, rejection, retention or disposition of donations to the Foundation.

(e) To report contributions to, distributions from and the status of the Foundation quarterly to the Session and annually to the Congregation: provided, names of contributors shall be disclosed only with the consent of the donors.

(f) To perform such other functions related to the Foundation as may be assigned by the Session.

ARTICLE III ACCEPTANCE OF GIFTS

3.1 Donations to Foundation. The Session may accept gifts to the Foundation of cash or property readily convertible into cash without significant delay or expense. Donations other than in the form of cash or property readily convertible into cash may be accepted and, unless a donor has specifically designated otherwise, may be held in the form contributed or may be sold and the proceeds reinvested as determined by the Commission. The Session may also accept gifts to the Foundation of life insurance policies or proceeds of such policies and other deferred gift arrangements and cooperate with prospective donors in the establishment of annuities or other tax advantaged gifts.

3.2 Approval of Gift by Session. All gifts shall be subject to the approval of the Session. The Commission shall serve in an advisory capacity in regard to acceptance or rejection of gifts and if the gift is subject to any restrictions or conditions, or if in the judgment of the Commission the gift

is accompanied by or associated with other factors that make the gift unacceptable to the Church, the Commission shall recommend to the Session that such gift be rejected. The Commission shall then proceed upon the direction of the Session.

3.3 Transfer of Funds by Session. The Commission shall accept any Session directed transfer of funds from the general fund or other funds of the Church to be held, administered and distributed in accordance with the provisions hereof or in accordance with the specific instructions of the Session with respect to such transfer.

3.4 Undesignated Gifts. All gifts that are not Designated Gifts, as defined in Section 3.5 below, shall be Undesignated Gifts and the distributions available therefrom may be applied as the Session shall determine from time to time.

3.5 Designated Gifts. Designated Gifts are those that can only be used for a purpose specified by the donor, or are under a time limitation for use of the gifts of income from the gift.

(a) Generally. The Session may accept Designated Gifts for use only in the following categories: Capital Needs, Christian Education, Worship, Mission and Evangelism. Except as provided in Section 3.5(b), donors may not direct the use of any gifts with any greater particularity.

(b) Other Designations (i) The Session may authorize the Commission to accept Designated Gifts for other purposes specified by the donor, provided no such gift shall be accepted unless it is determined that the purposes are consistent with Church policies and missions and the amount of such gift is or will be sufficient to accomplish the stated purpose of the gift. Once accepted, the Commission will make every reasonable effort to comply with donor-imposed restrictions that are and remain consistent with Church policies and missions. If such restrictions or designations become contrary to the policies or missions of the Church, or if the amount of the gift is or becomes insufficient to accomplish the designation or purposes of the donor within the time specified, the Commission will so advise the Session and upon the Session's direction the gift shall be applied to a like purpose that is in keeping with the Church policies and missions and that can be fully accomplished. If the amount of the gift exceeds the amount needed to accomplish the donor's designation or purpose, the excess funds may be directed to a similar purpose, or if a similar use cannot be found, the funds or excess funds shall be treated as an Undesignated Gift.

(ii) The Session shall accept Designated Gifts for special projects established by the Session to be held, distributed and administered in accordance with the instructions of the Session.

ARTICLE IV INVESTMENT OF THE FOUNDATION FUNDS

4.1 Investments and Investment Objective. The Commission shall invest the principal of gifts, devises and bequests to the Foundation as well as such other gifts or sums received by the

Commission. Investments by the Commission shall be made as would a prudent investor. Where not in conflict with donor restrictions, the Commission's investment objective shall be to achieve an annualized total return (net of fees and expenses), through appreciation and income, equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and administrative expenses, thus, at a minimum, maintaining the purchasing power of the Foundation's assets. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year distributions.

4.2 Investment of the Foundation Funds. The assets of the Foundation shall be invested in the following types of assets: insured deposits; publicly-traded corporate equity and debt securities; annuities issued by an insurance company; obligations of the U. S. government and its agencies including U. S. Treasury Bills, notes and bonds; municipal bonds; and common trust funds, mutual funds, and pooled funds investing in any of the above securities; and in such other forms of investment as the Session may from time to time authorize. At its discretion the Commission may retain cash balances in the Foundation for liquidity in administration of the Foundation. Except as otherwise provided by the donor or as may be specified by the Session, all Foundation funds may be commingled for investment; provided the Commission shall maintain sufficient accounting records to identify the balances of funds in each designated category and for each special project fund maintained within the Foundation.

4.3 Custody of the Foundation Funds. The Commission may employ a bank, trust company, brokerage firm or other entity to act as custodian of all or portion of the Foundation. The expenses thereof shall be paid out of the Foundation.

4.4 Professional Advice. The Commission may seek advice from, and may use the services of, registered investment advisors, certified public accountants, attorneys, and others, in the administration of the Foundation; provided, no member of the Church shall be directly compensated or directly receive financial fees or profits from the Foundation for such professional advice or related services.

4.5 Written Investment Policy. Within one-hundred twenty (120) days of its formation, the Commission shall submit to the Session for approval the initial written investment policy of the Foundation called for in Section 2.6(a) which policy shall address the investment objective enumerated in this Article IV. The Commission shall review its written investment policy at least annually and provide a written report to the Session and the Congregation assessing its performance under the policy and recommendations for any changes to the policy.

4.6 Expenses of the Commission. The Commission is authorized to pay reasonable administrative expenses out of the Foundation Funds.

ARTICLE V DISTRIBUTION OF FUNDS

5.1 Distribution Policy. (a) For the calendar years 2002, 2003 and 2004, distributions shall not exceed the income of the Foundation measured by all interest, dividends, rents, profits, short term capital gains (as defined from time to time by the federal income tax laws), and other revenues derived from the investment of the principal of the Foundation, reduced by the expenses of the Foundation.

(b) Unless otherwise directed by the donor, for calendar years after 2016, funds available for distribution are determined by a total return on assets system. The amount to be distributed in any such year shall be calculated as follows: (i) a three-year rolling average of the total market value of the Foundation's assets as of December 31 for each of the past three years shall be determined, and (ii) the amount available to be distributed shall not exceed four percent (4%) of the applicable three-year rolling average market value determined under (i) above.

(c) Notwithstanding the provisions of the preceding paragraph 5.1(b), funds available for distribution on special project funds maintained within the Foundation shall be distributed or accumulated based upon the instructions of the Session with respect to such special project.

5.2 Allocations. The total return realized and all expenses incurred by the Foundation shall be allocated among all categories of Designated and Undesignated Gift funds in proportion to the account balances for such categories as shown in the books and records of the Foundation. Any return on assets allocated in accordance with this provision that is not distributed shall be retained and become a part of the principal of such category.

5.3 Distributions. Within thirty (30) days after the adoption of the budget for each calendar year, or on such other date as the Session shall determine, the Commission shall advise the Finance Committee of the Session of the funds that are available for distribution in accordance with Section 5.1 and 5.2. The Commission shall then distribute said funds in accordance with the further instructions of the Session.

5.4 Guiding Philosophy and Limitation. The Commission shall be guided by the general philosophy that it shall expend funds of the Foundation in a prudent manner to accomplish the purposes of the Foundation as set forth herein and such funds shall be expended only from the total return on assets of the Foundation as outlined above. The Commission may also, from time to time but only in unusual circumstances and with the consent of at least a three-fourths (3/4) majority of the entire Session obtained at two (2) successive stated monthly meetings thereof, expend funds from the principal of the Foundation for such purposes as the Session shall determine; provided, that the Commission may not in any single calendar year expend from the principal of the Foundation an amount in excess of ten percent (10%) of the value of the entire Foundation assets on hand on the last day of the preceding calendar year. In lieu of a disbursement of principal of the Foundation, the Commission may lend principal to the general fund or to another fund of the Church upon such terms and at such interest rate as the Session shall determine with the consent of at least a three-fourths (3/4) majority of the entire Session obtained at two (2) successive stated monthly

meetings thereof; provided, that the Commission may not in any single calendar year lend from the principal of the Foundation an amount in excess of ten percent (10%) of the value of the entire Foundation assets on hand on the last day of the preceding calendar year.

5.5 Restrictions. Except as provided in the preceding Section 5.4, neither principal nor distributions of the Foundation shall be used or disbursed to support the Church's annual operating budget unless the terms and conditions of a particular donation specifically so direct or permit.

ARTICLE VI NO PERSONAL LIABILITY; INDEMNITY

No Commissioner shall become personally liable for loss to the Foundation resulting from acts or omissions done in good faith or for honest errors of judgment. Rather, a Commissioner shall have personal liability only for gross negligence or willful misconduct. The Church and the Foundation shall indemnify, without the requirement of any action by the Session or the Foundation with respect to any specific claim, any current or former Commissioner who is a party, or is threatened to be made a party, to any claim, action, suit or proceeding by reason of the fact that he or she is or was a Commissioner of the Foundation (an "Action") for any loss, cost, expense or damage arising from such Action if the Commissioner acted in good faith and reasonably believed that his or her conduct was in the best interests of the Foundation. No current or former Commissioner shall be entitled to indemnification in connection with any proceeding charging improper benefit to him or her in which he or she is judged liable on such basis.

ARTICLE VII MISCELLANEOUS

7.1 Separate Accounting. All distributions from the Foundation will be separately accounted for by the Church Business Administrator.

7.2 Bond. The Session may require that Commission members be bonded.

7.3 Merger of Church. If the Church lawfully merges or consolidates with any other church, all provisions of this resolution with respect to the Church will be deemed to have been made for and in behalf of such merged or consolidated church, which will be entitled to receive all the benefits of the Foundation and will be obligated to administer the Foundation in all respects and in accordance with the terms of this resolution.

7.4 Dissolution of Church. If the Church is dissolved, the Presbytery in which the Church is a member will be entitled to receive all the benefits of the Foundation and will be obligated to administer the Foundation in all respects and in accordance with the terms of this resolution.

7.5 Separation of Church. Should the Church cease to exist under the jurisdiction of the Evangelical Presbyterian Church, by dismissal to another body or independence or otherwise, all


funds will follow the Church in its new estate.

7.6 Annual Audit. The financial records of the Foundation will be audited annually by a Certified Public Accountant selected by the Session.

7.7 Amendment. This resolution may be amended from time to time by approval of at least a two-third (2/3) majority of the entire Session obtained at (two) 2 successive stated monthly meetings thereof, provided that (i) any amendment to Section 5.4, hereof, shall require the approval of three-fourths majority of the entire Session at two (2) successive stated monthly meetings thereof, and (ii) no such amendment will apply retroactively to Designated Gifts if such amendment is in direct conflict with the written intent of the donor.

THIS RESOLUTION originally adopted on October 21, 2002, amended and restated by the Session of the Covenant Presbyterian Church on the 17th day of May, 2017.

SESSION APPROVAL

By: 
Clerk of Session