

CORNERSTONE CHRISTIAN SCHOOL
ENDOWMENT STARTER FUND OPERATING AGREEMENT
(adopted by CCS Board on 3/5/13)

1. PURPOSE:

- a. The purpose of this agreement is to establish a separate bank account ("Starter Fund") which is to be used for non-operating purposes and is to be managed by a separate board ("Endowment Board") within the membership of the Cornerstone Christian School.
- b. The purpose of the Starter Fund is to act as an initial effort to raise money which can later be contributed into a Foundation or other IRS recognizable charitable organization used to fund charitable donations to benefit the ongoing operations of Cornerstone Christian School.
- c. The intention is that the principle donated into the Starter Fund and the future Foundation will remain intact with only the income to be used towards the operating or capital projects budget of the Cornerstone Christian School.
- d. The idea is that persons can donate funds during their life or at their passing (via their Will) to benefit Cornerstone Christian School for many years rather than simply benefiting the annual operating budget.

2. ENDOWMENT BOARD:

MEMBERS:

- a. The Endowment Board shall consist of at least three members.
- b. Once the Starter Fund's balance reaches \$100,000, the Endowment Board shall consist of at least five members.
- c. All Endowment Board members must also be Cornerstone Christian School Society members.
- d. No more than one Cornerstone Christian School board members may serve on the Endowment Board.
- e. The Endowment Board may nominate members to serve on the board, but shall be voted using the procedures as provided for selecting the Cornerstone Christian School Board members.
- f. Each Board member shall serve for three years. The membership may re-elect any member for an additional term.
- g. Once elected by the membership, the Endowment Board shall appoint specific roles for themselves such as Chairman and Secretary.

FUNCTION: The Endowment Board shall be charged with the following activities

- a. Meet at least semiannually to discuss the following:
- b. Review the operations of the Starter Fund
- c. Provide recommendations for investments of the Starter Fund.
- d. Decide on distribution, if any, of the net income earned in the Starter Fund.

- e. Discuss strategy for promotion and marketing of the Starter Fund.
- h. Recommend transfer of the Starter Fund into a Private Foundation/Endowment Fund at an appropriate time once the Starter Fund has grown to a given level.

VOTING:

- a. Decisions on these matters are by a majority vote by all Endowment Board members.
- b. The Chairman of the Board of the Cornerstone Christian School shall provide for the tie-break vote, if required.

3. STARTER FUND:

- a. The Starter Fund shall initially consist of a savings account held at a financial institution.
- b. The Starter Fund is to be a non-operating asset. Any income or expenses associated with the Starter Fund shall not be included in the annual operating budget.
- c. The Starter Fund may be included in the bookkeeping and financial records of Cornerstone Christian School. However, all authority for management of the Starter Fund is held with the Endowment Board.
- d. Income from the Starter Fund may only be distributed to benefit the Cornerstone Christian School.

4. CONTRIBUTIONS INTO THE STARTER FUND:

- a. Charitable contributions into the Starter Fund should be clearly documented by the donor either by letter, notation on the check payment or other reasonable method.
- b. The Endowment Board shall provide a written letter to the donor after the amount was received to confirm the understanding that the amount was donated to the Starter Fund and to acknowledge that only the income will be used towards non-operating purposes benefiting the Cornerstone Christian School.

5. EXPENDITURES:

- a. The Starter Fund shall not incur any expenditures related to the fund unless specifically approved by the School Membership.
- b. Exceptions:
 - i. The Endowment Board shall be entitled to incur \$250 annually for miscellaneous administrative expenses. However, the Endowment Board is not entitled to incur any expenses which diminish the principle contributed into the Starter Fund.
 - ii. The School Board may apportion funds in the annual operating budget for reasonable expenses related to the Starter Fund. However, the School

Membership must approve the apportion of such funds in the annual operating budget.

6. INVESTMENT GUIDELINES:

- a. If the Endowment Board recommends the money in the Starter Fund to be invested other than through a savings account or Certificate of Deposit ("CD") at a financial institution, then the Board shall seek approval by vote at a Cornerstone Christian School Membership Meeting.
- b. If the Starter Fund is invested other than through a savings account or CD, then the Endowment Board must develop and adhere to an Investment Policy which shall be approved by the Membership.
- c. The Starter Fund shall be maintained in a savings account or CD when the principle balance is less than \$50,000.

7. EXIT STRATEGY:

- a. The Starter Fund ceases to exist in the following circumstances:
 - i. The Starter Fund is transferred into a separate IRS recognized charitable giving vehicle such as a Foundation. The Endowment Board shall seek approval by vote at a Cornerstone Christian School Membership Meeting for transfer into a separate fund.
 - ii. Cornerstone Christian School ceases to exist. In this circumstance, the funds will be distributed to the Cornerstone Christian School and will follow Cornerstone Christian School's process of liquidation in accordance with the School's constitution and bylaws.

8. ANNUAL REVIEW OF THE STARTER FUND:

- a. The books of the Starter Fund shall be reviewed by two independent school society members at least annually.
- b. The review shall be completed and reported upon prior to disclosure of the financial statements to the School Membership.

9. DISCLOSURE TO SCHOOL MEMBERSHIP:

- a. The contributions, current balance, income and other relevant financial information for the Starter Fund shall be disclosed in writing to the School Membership.
- b. Disclosure shall be made at least annually at either the Fall or Spring Cornerstone Christian School Society Membership meetings.

10. TAX RECEIPTS:

- a. The Endowment Board shall provide a charitable donation tax receipt to each donor for the amount donated to the Starter Fund during the tax year.
- b. The tax receipt may be included with the Cornerstone Christian School charitable donation tax receipts, but should specifically note the amounts contributed to the Starter Fund.

11. DOCUMENTATION:

- a. Documentation shall be maintained in the bookkeeper's file to support the inflows and outflows of the fund.
- b. Bank and investment statements shall be maintained on file.

IN WITNESS WHEREOF, CHAIRMAN AND MEMBER have signed their names this _____ day of _____, 2013.

**CORNERSTONE CHRISTIAN SCHOOL,
CHAIRMAN OF THE BOARD:**

JIM BAREMAN

**CORNERSTONE CHRISTIAN SCHOOL, ON
BEHALF OF THE MEMBERSHIP OF THE
CORNERSTONE CHRISTIAN SCHOOL
SOCIETY:**

[NAME TO BE ENTERED HERE]

On this day personally appeared before me, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this ____ day of _____, 2012.

Print Name: _____

NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham.