

CHARTER

WESTMINSTER FOUNDATION

The Session of Westminster Presbyterian Church, Alexandria, Virginia hereby revises the Charter of the Westminster Foundation as follows:

BACKGROUND

Westminster Presbyterian Church, Alexandria, Virginia (“WPC”) authorized the establishment of the Westminster Endowment Fund on November 17, 1976, and upon receipt of \$53,937 issued a Charter on September 16, 1981, which was subsequently amended by the Session on October 17, 1984, February 19 and April 16, 1986, and November 14, 1990. On June 23, 1999, the Session revised the Charter of the Endowment Fund, creating this Charter under the name, Westminster Foundation. On September 24, 2003, and December 1, 2004, the Session amended this Charter.

In creating the Westminster Foundation, the Session of WPC enlarged the scope of the Charter to include all gifts and bequests to WPC, whether limited to endowment or not, whether restricted or non-restricted, under the name of Westminster Foundation.

This Charter supersedes the previous Charter of the Westminster Endowment Fund, while continuing the present funds thereunder on the same provisions as the funds were originally donated and/or solicited.

By the 2008 Amendment, the Charter is amended to reflect: (1) repeal of the Uniform Management of Institutional Funds Act (Virginia Code, Section 55-268.1 et. seq.), and adoption of the Uniform Prudent Management of Institutional Funds Act (Virginia Code, Sections 55-268.11 et. seq.) (“Uniform Act”), both effective July 1, 2008; (2) the Session’s determination to permit expenditure of Endowment Funds, including net appreciation, in accordance with the requirements of the Uniform Act and the applicable Gift Instrument (hereinafter defined); and (3) provide appropriate discretion to the Church Administrator for certain Fund G expenditures.

1. ORGANIZATION

1.1 Name. The Fund shall be known as the Westminster Foundation.

1.2 Creation. The Westminster Foundation is organized as an Institutional Fund under the Uniform Act.

1.3 Continuation. The Westminster Endowment’s existing subfunds shall continue as Group A-Existing Endowment Funds of the Westminster Foundation. Provided, however, that if the applicable Gift Instrument contains specific terms of limitation as to appropriation or accumulation of its funds within the meaning of Sections 55-268.14 (B) and (C) of the Uniform Act, then those funds will be transferred from Fund A to Fund C, and become a part of Fund C.

2. PURPOSE

2.1 Basic purposes

The Westminster Foundation shall exist as a means by which members and friends of Westminster may contribute to the life and work of WPC in a way that differs from normal pledge contributions and loose offerings. It is the intent of the Session that expenses for day-to-day operations and upkeep and maintenance of the building and grounds and benevolences regularly supported within the operating budget shall continue to be met by regular giving except where so designated. Endowment funds should be directed for special programs and activities that can be identified as being funded by endowment funds, and thereby enabling the Board of Directors to encourage further gifts/bequests to the Foundation. With respect to Endowment Funds in Group A, B, D, and E Funds, those funds shall be invested, managed, and appropriated for expenditure or accumulation, in accordance with the standards of the Uniform Act, the relevant provisions of which are set forth below. With respect to Endowment Funds in Group C, expenditures are limited by the terms of the Gift Instrument (defined below) in accordance with the provisions of the Uniform Act. All expenditures of Endowment Funds are intended to be primarily for extraordinary benevolent causes or other objectives designated by the Session that will expand the Christian outreach of WPC. With respect to Non-Endowment Funds, those funds may be fully expended on a current basis (Group F, G, and H Funds).

2.2 Scope

The Westminster Foundation includes and continues the existing Westminster Endowment Funds, as well as establishing additional funds, as follows:

Group A – Existing Endowment Funds as defined in Section 3.2.

Group B –Restricted Endowment Funds as defined in Section 3.9.

Group C – Restricted Endowment Funds with specific terms of limitation as to expenditures as defined in Section 3.10.

Group D – Restricted Capital Improvements Funds as defined in Section 3.13.

Group E – Unrestricted Benevolence Emergencies Funds as defined in Section 3.15.

Group F – Memorial Funds as defined in Section 3.5.

Group G –Non-Endowment Restricted Funds as defined in Section 3.7.

Group H –Non-Endowment Unrestricted Funds as defined in Section 3.8.

3. DEFINITIONS

3.1 “Endowment Funds” means funds that, under the terms of the applicable Gift Instrument, are not wholly expendable on a current basis, but are appropriated for expenditure or accumulated in accordance with the standards of the Uniform Act, the relevant provisions of which are set forth in Section 6.4 below.

3.2 “Existing Endowment Funds” (Group A Funds) are those endowment funds administered under the Westminster Endowment Fund as of the date the Charter was adopted. These existing funds in 1998 include: Stubbs, Campbell Preschool, Youth Programs, Cole/Kendall, Lectures, National/International Missions, Local Missions, Capital Improvements, and Religious Tolerance.

3.3 “Gift Instrument” means a will, deed, grant, conveyance, agreement, memorandum, writing, or other governing document (including the terms of any institutional solicitations from which an institutional fund resulted) under which property is granted to, transferred to or held by an institution as an institutional fund (as the term subsequently may be amended by the Uniform Act).

3.4 “Governing Board” or “Board of Directors” means the Board of Directors of the Foundation, established in Section 5, which is hereby responsible for the management of the Westminster Foundation as provided herein.

3.5 “Memorial Funds (Group F Funds)” mean non-endowment funds that the family (and/or donors) contribute as a memorial and may specify a particular purpose, project or program. If the family or donors do not designate a use promptly, or the use requires expenditures over a period of time (e.g., upkeep of the Rose Garden), the gifts within 12 months may be transferred to Group G or H Funds as appropriate; or if the family or donors specify an endowment use, the funds shall be transferred to the appropriate Group A,B,C, D or E Fund.

3.6 “Non-Endowment Funds” means funds that may be fully expended on a current basis.

3.7 “Non-Endowment Restricted Funds (Group G Funds)” mean non-endowment funds established after 1998 that the donors restrict to specified purpose, project or program.

3.8 “Non-Endowment Unrestricted Funds (Group H Funds) mean non-endowment funds established after the effective date of this Charter for which the donors specify no purpose, project or program.

3.9 “Restricted Endowment Funds (Group B Funds)” mean endowment funds established after the effective date that do not contain specific terms of limitation in the applicable Gift Instrument as to appropriation or accumulation of its Funds within the meaning of Section 55-268.14 (B) and (C) of the Uniform Act.

3.10 “Restricted Endowment Funds with specific terms of limitation as to expenditures (Group C Funds)” mean endowment funds established after the effective date that contain specific terms of limitation in the applicable Gift Instrument as to appropriation for expenditure or

accumulation of its Funds within the meaning of Section 55-268.14 (B) and (C) of the Uniform Act.

3.11 “Restricted Funds” are funds that the donor has designated to be used for a specified purpose, project or program.

3.12 “Unrestricted Funds” are funds that the donor has specified no particular purpose, project or program.

3.13 “Restricted Westminster Capital Improvements Funds” (Group D Funds) are endowment funds restricted to capital improvement needs of WPC, which can be appropriated for expenditure for that purpose, upon (a) direction of the Session, and (b) in accordance with Section 8.3. The Session may also borrow Group D Funds for capital improvements, repaying same over a reasonable time at an interest rate equal to the average overall income earned from Fund D at the time the loan is made.

3.14 “Uniform Act” means the Uniform Prudent Management of Institutional Funds Act (Virginia Code, Sections 55-268.11 et. seq.), which replaced the Uniform Management of Institutional Funds Act (Virginia Code, Section 55-268.1 et. seq.), effective July 1, 2008. All references herein to the Uniform Act, shall be construed to include any amendments thereto.

3.15 “Unrestricted Benevolence Emergencies Funds” (Group E Funds) means an endowment fund which is not designated for a particular purpose, which may be used by the Session to meet human and other non-WPC emergencies.

3.16 “WPC Committee on Gifts and Bequests” means a Committee of the Session composed of the Pastor/Head of Staff, Business Administrator, Chair of the Westminster Foundation and Chair of the Administration and Finance Committee.

3.17 “WPC” means Westminster Presbyterian Church of Alexandria, Virginia.

4. MANAGEMENT AND CONTROL

4.1 Management of Funds The Board of Directors shall manage the investment of the funds contributed as provided for in the Uniform Act. Except for emergency loans from Group D Funds, the Session and applicable committees shall consult with the Board of Directors prior to requesting any loan that constitutes an investment of Westminster Foundation funds. This consultation shall include the proposed terms and conditions of such loan. As to emergency loans from Fund D, at least two (2) members of Session (or the Senior Pastor and at least one Session member) shall advise the Board of Directors (either the Chair or at least two (2) other Directors) the amount of the loan, the nature of the emergency, and the capital expenditure need prior to disbursement of funds. Management and investment of funds shall be in accordance with the standards of the Uniform Act, the relevant provisions of which are set forth in Section 6.3 below.

4.2 Recommendations The Board of Directors shall make recommendations and suggestions to the Session with respect to expenditures consistent with the Uniform Act, donor designation, restrictions, limitations, and instructions.

4.3 Control of Expenditures The Session of Westminster Presbyterian Church shall control the use and timing of expenditures of Foundation Funds, but always in accord with the restrictions and limitations of the Gift Instrument and the Uniform Act. Except for emergency expenditures from Group D Funds and expenditures from Group G Funds of less than \$1,000.00, the Session and applicable committees shall consult with the Board of Directors, prior to any final action by the Session on fund expenditures, to ascertain the availability of funds and whether the proposed expenditure is in accord with the restrictions and limitations of the Gift Instrument, the applicable fund Group and the Uniform Act.

4.3.1 As to emergency expenditures from Group D Funds, at least two (2) members of Session (or the Senior Pastor and at least one Session member) shall advise the Board of Directors (either the Chair or at least two (2) other Directors) of the amount of the loan, the nature of the emergency and the capital expenditure need, prior to disbursement of funds.

4.3.2 As to expenditures of less than \$1,000.00 per transaction from Group G Funds, such expenditures may be made upon the request of a member of the appropriate committee and approval of the Church Administrator, which approval shall include a determination that the expenditure is in accordance with any restrictions and limitations of the applicable Gift Instrument or sub-account from which the expenditure is to be made. The Church Administrator may disburse upon such request and approval, or may refer the matter to Session.

5. SELECTION OF DIRECTORS OF FOUNDATION

The Session shall elect twelve Directors to oversee and administer the Foundation, with four Directors being named each year to 3-year terms to provide continuity. The twelve Directors shall elect from their own ranks a Chair and a Secretary in January of each year to serve 1-year terms. A person so elected Chair or Secretary may be re-elected at the pleasure of the Board, but not for more than three consecutive terms. Nominations of potential Directors shall be made by the incumbent Board of Directors and submitted to the Session at the October meeting of the Session, and election of new Directors shall be held by the Session in November of each year. Vacancies on the Board shall be approved by the Session based on nominations submitted by the incumbent Board of Directors. The Church Treasurer shall be one of the twelve Directors and the Senior Pastor shall be an *ex officio* member of the Board of Directors.

6. DUTIES OF DIRECTORS

6.1 Directors of the Foundation shall:

- meet quarterly or more often as needed to conduct the business of the Foundation
- encourage contributions to the Foundation
- counsel with potential donors, explain the purposes of the Foundation, and outline the options open to donors
- offer advice and recommendations to the Session regarding the operation and administration of the Foundation
- review the actions of the Investment Committee to assure that Foundation assets are invested in accordance with Section 6.3.
- review, as the Board may deem appropriate, such prospective gifts to the Foundation prior to their acceptance by the Session for administration under the Foundation
- insure that adequate books and records concerning the operation of the Foundation shall be kept
- advise the Session with regard to recommendations for expenditures from the Foundation, but always in accord with the provisions of Section 6.4, and the restrictions and limitation of the Gift Instrument
- appoint committees as appropriate, and act upon any recommendations from such committees.

6.2 In performance of these duties, the Directors shall appoint an Investment Committee composed of the Chair of the Board of Directors, plus two knowledgeable members of the Board, with the Church Treasurer and the Senior Pastor serving as advisors and *ex officio* members. Investment Committee recommendations of the investment policy, made in accordance with the standards set out in the Uniform Act, shall be considered and acted upon by the Board of Directors. The Church Treasurer shall implement the investment instructions in accordance with the approved investment policy; and, with the advice and consent of the Investment Committee, may invest Foundation assets in a common investment program and prorate the earnings to the various separate Foundation funds. In addition, the Directors may appoint such subcommittees as the Board may deem appropriate.

6.3 Management and Investment of funds. Except as otherwise provided by a Gift Instrument, in managing and investing Foundation funds, the Board shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, to the extent relevant, the factors set forth in Section 55-268.13(E)(1), or any successor provision, of the Uniform Act, which, as of the effective date hereof, are as follows:

- (a) General economic conditions;
- (b) The possible effects of inflation or deflation;
- (c) The expected tax consequences, if any, of investment decisions or strategies;
- (d) The role that each investment or course of action plays within the overall investment portfolio of the fund;
- (e) The expected total return from income and the appreciation of investments;

- (f) Other resources of WPC;
- (g) The needs of WPC and the fund to make distributions and to preserve capital;
- (h) An asset's special relationship or special value, if any, to the charitable purposes of WPC;
- (i) Management and investment decisions about an individual asset shall be made not in isolation but rather in the context of the Foundation's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to WPC;
- (j) Except as otherwise provided by law, the Foundation may invest in any kind of property or type of investment consistent with Section 55-268.13 of the Uniform Act;
- (k) The Foundation shall diversify the investments unless it reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification;
- (l) Within a reasonable time after receiving property, the Foundation shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the fund into compliance with the purposes, terms and distribution requirements of WPC as necessary to meet other circumstances of WPC and the requirements of the Uniform Act; and
- (m) A person that has special skills or expertise, or is selected in reliance on the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing the funds.

6.4 Determination to appropriate for expenditure or accumulate Endowment Funds. Subject to the terms of limitation set forth in the Gift Instrument (as to funds allocated to Fund C), the Board of Directors may appropriate for expenditure or accumulate so much of the Endowment Funds as it determines is prudent for the uses, benefits, purposes, and duration for which the Foundation was established. In making a determination to appropriate or accumulate, the Board shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, to the extent relevant, the factors set forth in Section 55-268.14(A), or any successor provision, of the Uniform Act, which, as of the effective date hereof, are as follows:

- (a) The duration and preservation of the Endowment Funds;
- (b) The purposes of WPC and the Foundation;
- (c) General economic conditions;
- (d) The possible effect of inflation or deflation;
- (e) The expected total return from income and the appreciation of investments;
- (f) Other resources of WPC;
- (g) The investment policy of the Foundation; and
- (h) The terms of limitation set forth in the Gift Instrument (as to funds allocated to Fund C).

7. GUIDELINES FOR ACCEPTANCE

7.1 **Acknowledgment.** Upon receipt of any actual or offered gift/bequest, the WPC Committee on Gifts and Bequests will acknowledge in writing receipt of the offer of gift. Gifts or bequests that are restricted, or unrestricted gifts of other than money or the equivalent are governed by the policies and procedures set forth in 7.2 and 7.3, and shall be acknowledged by the WPC Committee on Gifts and Bequests, subject to the process set forth in this section. If the gift offer is for a “restricted” gift or bequest, the acknowledgment shall request that the donor state in writing all restrictions/conditions of the gift/bequest. If the gift/bequest is “restricted,” the acknowledgment shall also state WPC’s policy on acceptance of restricted gifts, i.e. that such gifts be accepted only if they are consistent with Westminster’s mission and purpose. An unrestricted gift or bequest of money or equivalent may be acknowledged and accepted immediately by the WPC Committee on Gifts and Bequests.

7.2 **Standards for Acceptance.** Within thirty (30) days of receipt of the gift offer, the WPC Committee on Gifts and Bequests shall meet and review the gift offer and consider whether the gift shall be accepted with its restrictions. In making this determination, the Committee (and the Session, under Section 7.3.2) shall consider the following:

- (1) Whether the purpose of the gift is consistent with the Mission and Purpose of WPC;
- (2) Whether the purpose of the gift is consistent with the Long Range Plan of WPC, if such a plan is in existence at the time of the offer;
- (3) The potential adverse impact of the gift upon existing and future WPC resources, whether the benefits of the gift to WPC outweigh any potential adverse impact;
- (4) If the gift is found not to be consistent with WPC’s Mission and Purpose and/or Long Range Plan, whether circumstances exist which nevertheless favor acceptance of the gift;
- (5) If accepted, whether the gift will adversely affect the congregation or the congregation’s level of giving to WPC;
- (6) If not accepted, whether a proposal should be offered to the donor that the restrictions be modified; and if so, in what manner; and
- (7) Such other factors as the Committee deems appropriate to consider to determine whether the gift offer should be accepted. Specifically, the Committee shall seek input from other church committees and organizations in the program area(s) relating to the donor’s designation/restriction.

7.3 Process for Acceptance

7.3.1 **Gifts/Bequests under \$5000.** The WPC Committee on Gifts and Bequests shall, within thirty (30) days of receipt of a restricted, or unrestricted, gift or bequest of other than money or its equivalent, and/or gift offer, meet to decide on acceptance of the gift/bequest pursuant to Section 7.2 and promptly inform the Session of the action taken.

7.3.2 **Gifts/Bequests of \$5000 or more.** The WPC Committee on Gifts and Bequests shall, within thirty (30) days of receipt of the gift or bequest and/or gift offer, shall meet

and make written recommendations in a report to the Session regarding the disposition of the gift or bequest for consideration at the Session's next meeting either special or regularly scheduled. This report shall contain the specifics of the gift offer, the findings of the Committee as to any potential impact the gift/bequest may have on other Church resources, and the Committee's recommendation as to whether the gift/bequest offer should be accepted. The Session shall promptly consider and act to accept or reject a gift or bequest pursuant to the standards of Section 7.2. The Chair of the Board of Directors shall report to the donor the action of the Session. The donor will be requested to permit WPC to inform the congregation of the gift/bequest and name of the donor, unless requested to be anonymous.

8. GUIDELINES FOR ALLOCATION OF GIFTS/BEQUESTS

8.1 Restricted gifts/bequests shall be allocated and transferred to funds (new or existing) that fully comply with the use, purpose, project or program designated by the donor, and with any limitations imposed by the donor.

8.2 Unrestricted gifts/bequests shall be allocated (absent a specific direction of the Session upon acceptance) 80% to the Group D Fund and 20% to the Group E Fund.

8.3 The Group D Fund shall

(a) be directed to uses apart from the day-to-day upkeep and maintenance of the WPC facilities such as recurring items necessary for WPC's daily operations normally covered by WPC's operating budget.

(b) be expended only for unusual capital improvements such as

(i) major work to restore the infrastructure of WPC buildings and grounds;

(ii) significant modernizing and upgrading of WPC facilities;

(iii) major alterations to better utilize the WPC facilities; or

(iv) major redecoration

(c) be accumulated on a continuing basis as a reserve, not to be used unless and until there is an emergency major capital expenditure requiring use thereof.

9. RECORDS

9.1 Gifts and Bequests. The Church Business Administrator, under the direction of the Church Treasurer, shall prepare and maintain a permanent comprehensive record of each gift/bequest made to WPC; each gift/bequest accepted; the Fund to which the gift/bequest is allocated and transferred; the Gifts Instruments for each gift/bequest properly indexed, including any and all restrictions, limitations, and instructions from the donor; for each Group, a listing of all gifts/bequests allocated to that Fund; and annual reports of the Church Treasurer setting forth for each Group the principal balance, earnings (whether realized or unrealized), and all expenditures from each Fund.

9.2 The Church Treasurer shall provide, periodically and upon request and at least annually, reports to the Board of Directors and the Session, and provide an annual report setting forth for

each Fund (i) the previous principal balance, (ii) earnings, both realized and unrealized, (iii) any expenditures from each Fund, and (iv) the remaining balance of the Fund.

9.3 Review of Accounts The Board of Directors shall review the periodic and annual reports prepared by the Church Treasurer and shall forward to the Session the report and any recommendations with respect to such reports as the Board may deem appropriate.

10. LIMITATIONS OF LIABILITY

The Session, the Directors of the Foundation, and the Church Treasurer shall not be liable except for gross negligence or willful violation of their duties.

11. EFFECTIVE DATE

This Charter shall become effective on July 1, 1999, and the Charter for the Westminster Endowment shall terminate on the same date.

12. AMENDMENTS

Amendments to this Charter shall be made in the same manner as amendments to the WPC Bylaws. The Board of Directors may recommend amendments and shall be consulted prior to any proposed amendment being submitted to the Session. The terms of all prior amendments to the Charter, as well as the 2008 amendment (effective on the date set forth below), are incorporated in this document.

/s/ Larry R. Hayward
Senior Pastor and Moderator

/s/ Paul N. Van de Water
Clerk of the Session

December 3, 2008
Date

Exhibit B

WESTMINSTER FOUNDATION ORGANIZATION CHART

Endowment Funds*					Non-Endowment Funds**		
Group A	Group B	Group C	Group D	Group E	Group F	Group G	Group H
Endowment Funds as of date Foundation formed	Subsequent Endowment Funds	Endowment Funds containing terms of limitation as to appropriation for expenditure or accumulation	Endowment Funds Restricted to Capital Improvements	Endowment Funds restricted to Benevolences	Memorials	Restricted	Unrestricted

* Funds which, under terms of the applicable Gift Instrument, are not wholly expendable on a current basis. The Foundation manages and invests these funds in accordance with the Uniform Act. Except for Fund C, the Foundation Board, appropriates for expenditure or accumulates these funds in accordance with the factors set forth in the Uniform Act. As to Fund C, the applicable Gift Instrument contains specific terms of limitation as to appropriation or accumulation of funds.

** Funds which may be fully expended on a current basis, consistent with the directions of the donor for the specified purposes or in the absence of a donor specification, purposes designated by the Session.