



# HOT SPRINGS BAPTIST CHURCH

## Quasi-Endowment LEGACY Fund Operating Policy

**PREAMBLE:** Hot Springs Baptist Church (HSBC) was established for the purpose of proclaiming the gospel of Jesus Christ and the discipling of His saints. Throughout HSBC’s history saints have provided physical facilities and resources enabling HSBC to pursue its mission for generations to come. To preserve and honor their legacy as well as that of those who follow, a Quasi-Endowment was created. This policy shall govern the operation and administration of the Quasi-Endowment.

**1. Establishment and Name.** The quasi-endowment, shall be known and referenced as the **Hot Springs Baptist Quasi-Endowment LEGACY Fund**, hereinafter termed the **FUND**. The FUND is a quasi-endowment, therefore, unlike a true endowment, the principal may be allocated in accordance with this policy. The FUND was created and authorized by Resolution No. 2026-1 adopted at the regular church conference held on the 22nd day of February, 2026.

**2. Stewardship.** The FUND is established to ensure the long-term ability of HSBC to advance the gospel and the mission of HSBC. The principles of good stewardship as stated in the Holy Scriptures and as led by the Holy Spirit shall be the guiding values of this policy. Hence, it is incumbent upon the Pastor and staff, Board of Directors, Stewardship Committee and Church Body to follow scripture and the leadership of the Holy Spirit in the FUND’s use to meet the evolving needs and methods necessary to accomplish the Church’s mission.

*Cross Reference: HSBC Mission Statement.*

**3. General Purpose.** The FUND’s primary purpose is to provide for the church’s short- and long-term property and facility capital maintenance, upgrade and enhancement needs. The FUND may also be used for such other secondary financial needs as determined in accordance with this policy. While not permanently restricted, the FUND is intended to function like an endowment, with income used for the purposes stated herein and the principal preserved whenever possible.

*Definition: Capital as used in the policy means: Purchase price of at least \$2,000 with a useful life of at least two years.*

**4. Fund Governance.** Pursuant to the authorizing resolution, it shall be the duty and responsibility of the Board of Directors, in consultation with the FUND manager, to provide management and administration of the FUND investments and investment strategy. The Board shall review the FUND performance and the FUND manager’s investment strategy not less than annually. The review shall include such FUND manager reports and statements as the Board deems adequate to perform this review.

*Cross Reference: HSBC Resolution No. 2026-1 adopted on 2/11/2026.*

*Definition: Fund Manager shall initially mean the Arkansas Baptist Foundation.*

42 **5. Fund Income and Assets.** The FUND shall consist of:

- 43 • Initial deposit, if any, as recommended by the Stewardship Committee and approved by
- 44 the Church Body;
- 45 • Surplus or unrestricted funds as may be transferred by the Stewardship Committee;
- 46 • Unrestricted bequests;
- 47 • Designated gifts (with donor consent); and
- 48 • Fund investment income and asset growth.

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50 **6. Use of Fund Income.** Working with the FUND manager, the Board of Directors and  
51 Stewardship Committee shall consider and appropriate FUND income as part of the Church’s  
52 capital plan request, prioritizing, budgeting and appropriation process. Budgeted capital  
53 expenditures, funded from FUND income, shall be approved by vote of the Church Body at a  
54 regular or special called Church conference. Should any expenditure not be for capital projects  
55 such specific expenditure shall be noted on the appropriations document as a non-capital  
56 expenditure. Any capital or non-capital emergency expenditure of FUND income shall be  
57 accomplished in accordance with the emergency purchase provisions of the Church’s Financial  
58 Policy.

59 *Cross Reference: Capital Plan Policy, Capital Improvement Plan and Financial Policy Emergency Section.*

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61 **7. Use of Fund Principal.** The FUND’s principal shall only be utilized upon declaration of an  
62 emergency by two thirds vote of the full membership of Board of Directors and approval by vote  
63 of the Church Body at a regular or special called Church Conference. The Board’s  
64 recommendation to the Church shall clearly document, in writing, the nature of the emergency,  
65 the necessity for FUND principal use and the specific items to be purchased.

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67 Should the emergency be of such a nature that immediate action is required, the Board of  
68 Directors may, by two-thirds vote of the full membership, proceed with The principal  
69 withdrawal and expenditure. The Board shall thereafter provide a written report to the Church  
70 Body at the next Church Conference of the emergency action taken. The report shall clearly  
71 state the nature of the emergency, the necessity for use of FUND principal and the Board’s  
72 justification for their extra ordinary emergency action.

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74 **8. Investment Strategy.** The fund shall be invested with a long-term horizon to:

- 75 • Generate income for the purposes stated herein; and
- 76 • Preserve and grow principal over time.

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79 The specific investment plan shall be the responsibility of the FUND manager. The FUND  
80 manager shall keep the Board of Directors informed of the investment strategy. The Board  
81 may direct the FUND manager to adjust the investment plan as the Board deems appropriate  
82 to ensure the best stewardship of the FUND.

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84 **9. Reporting.** Annual statements of FUND performance, distributions, and balances shall be  
85 made available to church members in the church office and a summary report provided to the  
86 church body annually at a regular church conference. Once approved and budgeted, fund  
87 expenditures shall be accomplished in accordance with the church’s financial and purchasing  
88 policy. All FUND activity shall be documented and reported in accordance with generally  
89 accepted accounting principles.

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91 **10. Promotion.** The Board of Directors shall be responsible for promoting the FUND to the  
92 church membership. In this regard, the Board shall direct that appropriate measures be taken  
93 to publicize, educate and otherwise inform the Church membership of the FUND’s availability  
94 for current gifts as well as gifts at death through wills, trusts, or beneficiary designations  
95 (bequests). All promotional materials shall include an explanation of the nature of a quasi-  
96 endowment including the possibility for use of FUND principal and other uses in addition to  
97 capital needs.

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99 **11. Constitution, Bylaws and Financial Policies.** The use, contribution, investment,  
100 administration and purposes of the FUND shall be consistent with the principles and values as  
101 stated in the HSBC Constitution and Bylaws. In addition to the authorizing resolution and this  
102 policy, FUND expenditure shall be accomplished in accordance with all applicable HSBC Financial  
103 and Operating Policies.

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105 **12. Amendments.** In consultation with the FUND manager and the Stewardship Committee,  
106 amendments to this policy may be recommended by the Board of Directors to the Church. Any  
107 such amendments must be approved by vote of the Church at a special called or regular church  
108 conference.

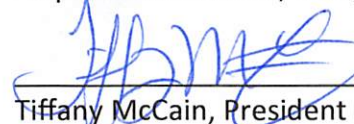
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110 **13. Actions.** Except as otherwise noted in this policy, actions of the Church Body, Board of  
111 Directors and Stewardship Committee shall be by majority vote of the required quorum.


112 *Cross Reference: Church ByLaws governing Board and Committee actions.*

113 *Note: Emergency Use of Fund Principal requires two-thirds vote of Board (paragraph 7).*

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115 **ADOPTION:** This Hot Springs Baptist Church Quasi-Endowment LEGACY Fund Operating Policy  
116 was adopted by vote of the Church, at the Church Conference held on 22nd day of February,  
117 2026.

118 All previous editions, if any, are hereby superseded.

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121 Tiffany McCain, President Board of Directors

  
Katie Reeves, Church Clerk