

**\*\*\*SAMPLE\*\*\***

**WESLEY UNITED METHODIST CHURCH**

Cityville, Missouri

**The Charter of the Endowment and Investment Program**

THE PURPOSE

The Wesley United Methodist Church of Cityville, Missouri, a Missouri not-for-profit corporation, ("WUMC") hereby establishes the Endowment and Investment Program (the "Program") for the purpose of providing members and friends opportunities to make charitable gifts to WUMC that will become a source for long-term financial support and living memorials. The Program is intended to provide resources to grow and enhance existing ministries, to create new ministries or to address special ministry needs and opportunities. Program distributions shall be used as specifically described in this Charter and for purposes that are not funded through the annual operating budget of the church and the regular annual giving of its members.

ADMINISTRATION

The Program will be administered by the Endowment and Investment Fund Committee of WUMC, hereinafter in this document referred to as the "Committee", under authority granted by a Resolution of the Charge Conference pursuant to Paragraph 2534 of *The Book of Discipline of the United Methodist Church, 2012*. The nine (9) members of the Committee and their terms of service shall be as follows:

- 1) The Senior Pastor shall serve as a permanent voting member of the Committee.
- 2) A member of the Board of Trustees shall be nominated by the Board of Trustees, a member of the Stewardship Committee shall be nominated by the Stewardship Committee, and a member of the Finance Committee shall be nominated by the Finance Committee. Each nominee shall be elected by the Church Conference to serve a two-year term. Said persons may be nominated and elected to serve a maximum of three consecutive terms on the Committee and must maintain membership on the standing committee represented.
- 3) The Committee on Lay Leadership shall nominate five (5) at-large members. Initially, the Church Conference shall elect two nominees to serve one-year terms, two nominees to serve two-year terms and one nominee to serve a three-year term. Thereafter, each subsequent nominee shall be elected to serve a two-year term and may serve a maximum of three consecutive terms.

Any person who has served the maximum number of consecutive terms shall be eligible for re-election after two years off the Committee.

The Committee shall elect annually one of the Committee members to serve as Chairperson of the Committee. The Committee shall elect a secretary, and other officers or sub-committees as it deems necessary, and may adopt operating rules consistent with this Charter.

The Committee shall cooperate with the Committee on Finance in assuring that the annual audit process, as required in Paragraph 258.4(d) of *The Book of Discipline - 2012*, is followed. The Committee shall prepare a written report no less frequently than once each

year and a designated member shall present the report to the Administrative Council.

### INVESTMENT OF FUNDS

All funds administered by the Committee shall be managed in a prudent and appropriate manner with the long-term goals of:

- 1) Conservation of gift principal value
- 2) Growth of principal value to meet or exceed annual inflation
- 3) Production of a sustainable and growing annual distribution amount
- 4) Investment of assets consistent with the "Social Principles" of the United Methodist Church

The Committee shall invest all program funds in a prudently diversified portfolio of assets aimed at achieving the goals stated above. It is hereby authorized and presumed that all Program funds shall be invested through the establishment of one or more accounts with the *Missouri United Methodist Foundation*. The specific purpose of each account authorized by the Committee shall be stated and maintained in the records of the Committee. Separate accounts may be established in order to fulfill the directives of this Charter regarding the segregation and maintenance of gifts for specifically designated purposes.

Any placement of Program assets for investment with an institution other than the *Missouri United Methodist Foundation* must be approved by a majority vote of a properly called Church or Charge Conference upon recommendation of the Committee and the Church Council.

### LIMITATION ON USE OF PRINCIPAL IN ENDOWMENT FUNDS

As stated above, the objectives of the endowment funds are to conserve and grow principal and to make use of only the earnings and accumulated appreciation of the endowments pursuant to an approved distribution policy.

It is hereby acknowledged that the Church may receive gifts from individuals that are unrestricted as to use or purpose. Any unrestricted amounts placed into any of the Program endowment funds by the Church are understood to be "quasi-endowment" subject to the administrative policies of the Church as amended from time to time.

Donor funds that are specifically given to one of the Program endowments or to the Church for the purpose of endowment are understood to be permanently restricted endowment funds. Gifts accepted into the Program pursuant to gift instruments that either specifically require use of principal or impose further restrictions shall be accounted for and used in keeping with the terms of the respective gift instruments.

### DISTRIBUTIONS FROM THE ENDOWMENT PROGRAM

Distributions from all accounts in the Program shall be made with the majority approval of the full Committee. In keeping with the investment objectives listed above, annual distributions may be made from a portion of annual earnings, and/or accumulated appreciation. The amount of funds available for distribution each year shall be determined pursuant to a spending policy adopted by the Committee. This spending policy may be amended from time to time as deemed appropriate by the Committee.

## ESTABLISHMENT OF FUNDS AND DESIGNATION OF PURPOSES

The Committee shall establish funds and accounts as are deemed necessary by the Committee to fulfill the purposes described in this Charter and to comply with the directives and designations of donors. The purposes and causes to which distributions from accounts are to be made shall be approved and accepted by the Committee, in conformity with the general purposes set forth herein. Separate accounts may be established at the discretion of the Committee, to allow donors to support specific types of WUMC ministries and programs. These funds may be established for the purpose of accepting and administering charitable gifts to WUMC that will become a permanent endowment of financial support for the indicated programs.

### **The General Ministry Endowment Fund:**

The Committee may accept gifts to establish and add to a fund to be known as the General Ministry Endowment Fund. This is the primary fund of the Program, and is established for the purpose of accepting and administering charitable endowment gifts to WUMC that are not for a designated purpose. Distributions from this fund may be used for ministry projects and activities as needs arise. It is hereby specifically affirmed that distributions from the General Ministry Endowment Fund are intended to address special one-time or short-term funding needs or purposes. Distributions are not intended to underwrite projects or programs that are, or will become, part of the regular and normal annual operating expenses of WUMC over periods of time exceeding three (3) years.

The Committee shall inform the Board of Trustees, the Finance Committee and the Administrative Council at least annually regarding the amount of funds available for use from the General Endowment Fund. Written requests for distributions must be submitted by the Administrative Council to the Committee. All such requests that are in keeping with the terms of this Charter shall be promptly remitted to the WUMC Treasurer.

### **The Mission Outreach Endowment Fund:**

The Committee may accept gifts to establish and add to a fund to be known as the Mission Outreach Endowment Fund. Distributions from this fund may be used to provide assistance for program materials, equipment, transportation, leadership, personnel, or other expenditures related to new, or existing, mission outreach activities and projects of WUMC. Mission outreach activities may include, but are not limited to the following: \_\_\_\_\_

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The Committee shall inform the (*Missions Committee, Administrative Council, etc.*) at least annually regarding the amount of funds available from the Mission Outreach Endowment Fund. Written requests for distributions must be submitted by the Administrative Council to the Committee. All such requests that are in keeping with the terms of this Charter shall be promptly remitted to the WUMC Treasurer.

### **The Music Endowment Fund:**

The Committee may accept gifts to establish and add to a fund to be known as the Music Endowment Fund. Distributions from this fund may be used to help underwrite the

cost of printed and recorded music, choir supplies & equipment, costumes, musical instruments, sound equipment, musicians, vocalists, and expenses related to the performance and publicizing of music-related events.

The Committee shall inform the (*Music Committee, Administrative Council, etc.*) at least annually regarding the amount of funds available from the Music Endowment Fund. Written requests for distributions must be submitted by the Administrative Council to the Committee. All such requests that are in keeping with the terms of this Charter shall be promptly remitted to the WUMC Treasurer.

### **The Maintenance & Capital Improvements Endowment Fund:**

The Committee may accept gifts to establish and add to a fund to be known as the Maintenance & Capital Improvements Endowment Fund. Distributions may be used for, but are not limited to: HVAC systems, roof, foundation, parking area, paint and wallpaper, plumbing systems, electrical systems, furnishings, remodeling, and new construction. Funds may also be used for equipment purchases necessary to maintain the church property.

The Committee shall inform the Board of Trustees at least annually regarding the amount of funds available from the Maintenance & Capital Endowment Fund. Available distributions shall be remitted promptly to the Board of Trustees at the written request of the Board of Trustees.

### **Existing Funds:**

The Committee shall hereby have full responsibility for the ongoing administration of the following existing designated accounts in conformity with the purposes stated in the applicable gift instruments and the general purposes stated herein. A brief description of the names and purposes of these existing accounts are as follows:

- 1) The John & Jane Doe Endowment Fund: This fund was created in \_\_\_\_\_ with an initial gift of \$\_\_\_\_\_ from Diane Doe (daughter of John & Jane). The purpose of the fund is to help underwrite the cost of bringing special speakers, lecturers and/or teachers to WUMC.
- 2) .....
- 3) .....

Should additional accounts be created in the future, the names and purposes of those accounts shall be listed and attached to this document as Schedule "A." Schedule "A" is made a part of this document and may be amended from time to time as deemed necessary by the Committee. Distributions from all designated Program accounts shall be made in accordance with the applicable instructions of the donor(s) as expressed in the gift instrument(s) (e.g., wills, trusts, letters, instructions from the Church Conference), copies of which shall be maintained by the Committee.

### **Special Project Investment Funds:**

At the direction of the Administrative Council, the Committee shall establish and administer one or more Special Project Investment Funds for purposes including, but not limited to, special building projects, emerging ministries, or to provide matching support for new operating budget items. Gifts made to, or funds assigned to, Special Project Investment Funds are not "endowed" and allow for distribution of amounts up to the entire corpus of each fund in

keeping with the designated purposes and instructions of the Administrative Council.

## GIFTS TO THE ENDOWMENT FUNDS

Gifts payable to the WUMC “endowment” or “permanent fund” without further description or designation shall be assigned to the General Ministry Endowment Fund. Gifts that are designated for an existing designated fund shall be assigned to that fund.

Gifts payable to WUMC which have no specific cause or immediate use indicated by the donor shall be classified as “undesigned.” Up to \$1,000 or ten percent (10%), whichever is greater, of each undesigned gift shall be available for current expenditure at the discretion of the (*Administrative Council, or Board of Trustees, etc.*). All other undesigned gift amounts shall be placed in the General Ministry Endowment Fund and shall be tracked as the “quasi-endowment” portion of the Fund. (As a practical matter, the Committee may wish to create two separate accounts for the administration of the General Ministry Endowment Fund. One account would be identified as “permanently restricted” and the other as “quasi-endowment.”)

**(NOTE: The preceding paragraph is one of the most important policy statements in this document. When this Committee is created by Church/Charge Conference action, then the responsibility for receiving and administering all unrestricted, undesigned gifts falls to the Committee (i.e., no longer to the Trustees). For example, if the Church receives a \$20,000 unrestricted gift from the estate of Sally Jones, then this policy says that up to \$2,000 may be used immediately as needed, but the remaining \$18,000 goes into the General Endowment. In the future, if the Church decides it needs to use some or all of the “quasi-endowment” funds for another purpose, it may do so – but it will require Church/Charge Conference action and approval.)**

## DONOR RECOGNITION

The Committee shall acknowledge all gifts to the Program in an appropriate and timely manner. It is the goal of the Committee to celebrate the gift, the giver and the ministry being supported through personal expressions of thanks and public recognition. Where appropriate, the Committee shall maintain records and publications that provide ongoing memorial recognition. By such actions the Committee intends to enhance the satisfaction of the giver, encourage others to give and lift up the ministries of the Church to greater public awareness.

Donor requests for anonymity shall be respected and strictly observed. All donors shall receive necessary gift receipts for tax reporting purposes.

## GIFT ACCEPTANCE POLICY

The Committee shall have the authority and responsibility to accept or reject any and all gifts to the Endowment and Investment Program in keeping with the authority granted by the Church/Charge Conference, and shall develop and publish a policy statement for the acceptance of gifts. Contributions to existing Endowment Funds may not be designated more specifically than already set forth in this document.

Individual donors may create separately named and administered endowments for specifically designated or unrestricted purposes. All donors are encouraged to contact the Committee to discuss such plans.

The minimum gift amount to create a separately named endowment is \$20,000. Lesser amounts should be designated for one of the existing endowment funds.

LIABILITY OF TRUSTEES AND MEMBERS OF THE COMMITTEE

In the absence of gross negligence or fraud, no member of the Board of Trustees of WUMC or of the Committee shall be personally liable for any action made or omission with respect to the Program.

MERGER CONSOLIDATION OR DISSOLUTION OF WUMC

If at any time WUMC is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the Program shall be deemed to have been made on behalf of the merged or consolidated church which shall be authorized to administer the same in all respects and in accordance with the terms thereto. If WUMC should ever be dissolved without any lawful successor thereto, all funds administered under the Program, including both principal and interest to date, shall be transferred to the Missouri United Methodist Foundation as an unrestricted endowment, to be used for the benefit of the ministries of the United Methodist Church in Missouri.

AMENDMENTS

Technical corrections and amendments to this Charter which do not alter the stated purpose of the Program may be made by a two-thirds (2/3) affirmative vote at a properly called Church/Charge Conference of WUMC.

SEVERABILITY

If any provisions or any application of any provisions of this Charter shall be held or deemed to be or shall be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any application of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

***(NOTE: the following is redundant if the Charter has already been specifically adopted in the Resolution.)***

This Charter of the Endowment and Investment Program was adopted on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in a properly called Church/Charge Conference of Wesley United Methodist Church, Cityville, Missouri, by a vote of \_\_\_\_\_ For, \_\_\_\_\_ Against, and \_\_\_\_\_ Abstained.

\_\_\_\_\_  
Recording Secretary

\_\_\_\_\_  
District Superintendent

\_\_\_\_\_  
Senior Pastor

## SCHEDULE "A"

This Schedule "A" shall be updated and amended by the Committee from time to time, as needed, to maintain a complete and accurate record of all funds and accounts administered by the Committee. Copies of gift instruments (e.g., wills, trusts, letters, checks) and other related materials shall be kept and maintained by the Committee for reference purposes.

### **Fund Names and Purposes:**

Fund Name:  
Amount of initial gift:  
Date received:  
Name of donor(s):  
Type of gift document:  
Purpose/designation/restriction:

Fund Name:  
Amount of initial gift:  
Date received:  
Name of donor(s):  
Type of gift document:  
Purpose/designation/restriction:

Fund Name:  
Amount of initial gift:  
Date received:  
Name of donor(s):  
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Purpose/designation/restriction: