

SAMPLE INVESTMENT AND FUNDS ADMINISTRATION POLICIES

INVESTMENT OF FUNDS

All funds administered by the CHURCH (through its authorized board/committee) as endowments, quasi-endowments, or designated funds for long-term purposes (greater than three years), 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) Distribution of prudent amounts of total return – whether annually or periodically – in support of the appropriate charitable purposes and activities
- 4) Investment of assets consistent with the “Social Principles” of the United Methodist Church

The CHURCH shall invest all such funds in a prudently diversified portfolio of assets aimed at achieving the goals stated above. It is hereby authorized and presumed that all funds shall be invested through the establishment of one or more accounts with the *Missouri United Methodist Foundation* which maintains a comprehensive, diversified investment program for churches. The specific purpose of each account authorized by the CHURCH shall be stated and maintained in the records of the CHURCH. Separate accounts may be established as needed to maintain appropriate records, track appropriate uses, and fulfill the purposes for which certain funds or gifts are made.

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 *trustees/leadership team/council*.

LIMITATION ON USE OF PRINCIPAL IN ENDOWMENT FUNDS

As stated above, the default objectives of long-term funds are to conserve and grow principal and to make use of only the earnings and accumulated appreciation pursuant to an approved distribution or spending policy. Prudent spending shall be in keeping with terms of relevant Missouri Statutes (RSMo 402.134) and any applicable donor restrictions or designations.

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 existing 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. Under normal conditions, quasi-endowment (also called Administrative Endowment) shall be administered as regular endowment. The CHURCH maintains the discretion, however, to remove the endowment restriction on quasi-endowment funds. Such action requires approval by a majority vote of a properly called Church or Charge Conference upon recommendation of the *trustees/leadership team/council*.

Donor funds that are specifically given to an existing endowment or for the purpose of endowment are understood to be permanently restricted endowment funds. Other types of donor gifts shall be accounted for and used in keeping with the terms of the respective gift instruments.

UNRESTRICTED GIFTS POLICY

Gifts payable to the CHURCH which have no designated purpose or immediate use indicated by the donor shall be classified as "undesigned." Undesignated gifts greater than \$5,000 shall be used as follows:

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 Long-term 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 Long-term Ministry Endowment Fund. One account would be identified as “permanently restricted” and the other as “quasi-endowment.”)

(NOTE: This is an important policy to enable a church to build long-term funds. 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 Long-term Ministry Endowment Fund and subject to that fund’s spending policy. 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.)