

**CHARTER FOR THE ENDOWMENT COMMITTEE
AND THE ADMINISTRATION OF ENDOWMENT FUNDS
OF THE
WESLEY UNITED METHODIST CHURCH OF BAKERSFIELD**
November 30, 2004

POLICY STATEMENT

I. ENDOWED GIFTS

The Church encourages the donation of accumulated, inherited and appreciated resources in support of the Church's activities to complete the Church's mission. These special gifts should not take the place of faithful stewardship of current income, but should be made for Church "endowed" investment that will provide income to fund future Church activities to support the Church's mission as defined at the time of use. With endowed gifts, the principal is to be invested and the income or appreciation in value is to be (1) released for general Church activities or for purposes specified by the donor or (2) allowed to accumulate in the value of the endowed fund. Under extreme circumstances (such as an earthquake), the need for a major capital building program or the development of a specific need matched to the objectives of the fund, the Church Conference (by a two-thirds (2/3) vote) may authorize utilization of all or part of the principal of endowed gifts.

Gifted assets of \$2500.00 or more will be placed in an Endowment Fund, which will be administered by the Endowment Committee for the benefit of the Church. Gifts of less than \$2500.00 will be placed in restricted or designated Church funds administered by the Memorial Committee. If such restricted or designated funds are not used after three years from date of donation, the Memorial Committee may pool such funds and may elect to add them to the endowment funds.

All who make endowed gifts will have made a lasting commitment to the long-term future of this church.

II. PURPOSE

The purpose of this Charter is to:

1. Establish an Endowment Committee (hereafter referred to as "Committee") of the Wesley United Methodist Church of Bakersfield (hereafter referred to as "Church") which will manage the investment and distribution of major funds contributed to the Church.
2. Provide the basis for an Endowment Fund (referred to as "Fund"), which will receive and hold all endowed assets over \$2500.00 that are contributed to the Church.
3. Define the policy and procedures for managing the Fund assets.
4. Define approval and reporting requirements for operation and surveillance of the Fund.

The endowed assets received by the Committee may be received via:

- A. Bequest by will
- B. Charitable remainder trust
- C. Transfer of property (e.g. cash, stocks, bonds, real estate)

- D. Low income gift
- E. Assignment of life insurance

All such gifts will be administered in accordance with the instructions of the donor to the extent practical and the investment guidelines set forth in this policy statement.

III. ENDOWMENT FUND OBJECTIVES

The Fund is to provide income in perpetuity, or for a designated term, for general or restricted use the Church. The Fund may consist of multiple sub-funds with different investment strategies and disbursement guidelines. As of November 30, 2004, the Endowment Fund consists of one fund. Income is to be generated from investment or use of the principal donated assets. The principal is to be invested and, unless otherwise specified by the terms of a gift or by the Endowment Committee at the time of addition to the Fund, only the income is to be spent. The income from the Endowment Fund may be used for any purpose consistent with the mission of the church. This would include, but not be limited to, such projects as the following:

- 1. Improvement of space and facilities
- 2. Maintenance of building and grounds
- 3. Programs in Children, Youth or Adult Ministries
- 4. Pre-school
- 5. Music program
- 6. Missions/outreach

IV. ENDOWMENT COMMITTEE

The Endowment Committee is established in accordance with provisions of paragraph 2533 of The Book of Discipline of the United Methodist Church 2000, as may be amended or suspended and shall be in compliance with all current local, state and federal laws. The Endowment Committee shall be nominated by the Nominating Committee, approved by the Church Council and elected by the Church Conference. The Committee shall be composed of: eleven voting members as follows:

- A. Six members-at-large, divided into three classes of two members each, serving staggered three year terms, with vote
- B. One designated representative from each of the following committees:
Finance and Board of Trustees, with vote
- C. The Church Treasurer and the Church Financial Secretary, ex officio without vote,
- D. The Senior Pastor with vote.

The Church Treasurer shall act as the Committee-Fund's Treasurer. The Committee will annually select the Committee Chairman from the Committee members-at-large and the Church Conference will approve the selection. The Committee will elect from the members-at-large, a Vice-Chairperson. The Church Financial Secretary will function as "Recording/Corresponding" Secretary.

The Treasurer and two other members of the Committee will be authorized signatories on the Fund accounts. Requirements for signatures are specified in Section V6.

The Endowment Committee will report through the Trustees Committee.

The Committee shall be responsible for:

- A. Implementing a program to (1.) Educate the congregation regarding bequests, special gifts and endowments as methods that can be used to extend their Christian stewardship and (2.) Encourage such donations.
- B. Investment and management of all assets of the Endowment Fund. The Committee may directly administer the assets of the Fund or may engage the services of foundations, banks, or investment managers to provide adequate earnings at acceptable minimum risk to principal.
- C. Reporting to the Finance Committee monthly, the Church Council quarterly and to the Church Conference annually, the status of the assets in the Fund, the income available for distribution made to date.
- D. Managing the process of accepting major gifts for the Fund on behalf of the Board of Trustees to include the question or rejection of gifts with restrictions.
- E. Maintaining and audit trail and a record of gifts with donor, date and restrictions.
- F. Maintaining a file of all documents, correspondence and written or oral agreements regarding the establishment or management of funds.

V. **ENDOWMENT FUND POLICIES**

V1. GIFTS OF PROPERTY OR CASH. Donors will be encouraged to provide the gifts without restriction so the assets can easily utilized in the future to meet the needs of the Church at that time and to minimize complexity of investing the funds. Restrictions on use of the funds will be valid for five years after the date of donation. After five years, the funds may be converted to a general endowment for the Church.

Normally, gifts received in forms of property other than cash will be converted to cash at their fair market value as soon as practical by process and procedures specified by the Committee. However, there may be occasions when the Committee decides to retain a gift of property in the form in which it is received and treat the income from the investment as part of the Fund income.

V2. DESIGNATED OR RESTRICTED GIFTS. All gifts of \$2500.00 or more shall be reviewed by the Committee. The Committee is charged with the responsibility to accept or decline a gift for investment in the Fund. If a will or the gift instruction designates an acceptable specific service area that is compatible with the Church's mission, the income generated from that gift will be used in accordance with such designation as closely as possible. The donor will be advise that such a restriction complicates the administration of the Fund's assets and may result in a reduced income level to the Church because of the restriction.

V3. INVESTMENT OF ASSETS. For investment of assets of the Fund, the Committee may directly control investment of the funds or may assign this responsibility, in whole or in part, to the California-Nevada United Methodist Foundation, the United Methodist Development Fund, a bank trust department or a professional investment management service. The Fund assets may be

managed as sub-Fund units that may have different return objectives and strategies or managers. The Committee's overall investment policy shall be to maintain a conservative balance between income and growth, with security or principal a major concern. Guidelines recommended by the Church Conference or the denomination regarding social responsibility and ethics in investment should be considered.

The Committee is charge with the responsibility to develop and utilize specific policy guidelines for the investment and management of the Fund's assets. The guidelines will be approved by the Finance Committee and the Church Council. The fund results will be reviewed quarterly by the Church Council and annually by the Church Conference.

V4. USE OF EARNINGS. All Fund income or earnings shall be deposited in an interest bearing account as received pending distribution or reinvestment. Distributions from the Fund will be made on the basis of the following procedure: the Finance Committee shall authorize distributions that are consistent with the guidelines that were established by the Committee and approved by the Church Council. Any undistributed income is to be maintained in an income producing mode by reinvesting in the basic investment or by placing in an interest bearing investment. At the end of each year, undistributed income can be carried over for subsequent use or can periodically be added to principal if the Committee so elects.

V5. LIMITATION ON USE OF THE PRINCIPAL. The objectives of the Fund are to conserve principal and make use of only the income from the Fund. Any part of the principal may be withdrawn only in extreme and overwhelming circumstances or for major construction. Any withdrawal of principle must be approved by a two-thirds (2/3) vote of a Church Conference.

V6. DISBURSEMENT FROM FUND EARNINGS OR APPRECIATION. The disbursement of earnings will be in response to written requests approved by the Board of Trustees. The requests will indicate the planned use of the funds and the benefit to the Church mission that are expected to result from the expenditures. Disbursements of \$1000.00 or less may be made on the Treasurer's signature. Disbursements of over \$1000.00 will require the Treasurer's signature plus the signature of one of the Committee members who have signatory authority. Disbursements of over \$10000.00 will require prior approval of the Church Council.

VI. ACCOUNTABILITY

The Committee shall make a complete financial report annually to the Church Conference, including all assets received by the Fund during the year, the income or earnings received during the year, the total amount in each type of fund management program at the end of the year, how the investment of the funds is being handled and a breakdown of investments by type and/or investing agency.

An accounting review shall be conducted annually to ensure that standard accounting procedures are being followed and to protect the interests of the donors, the Fund, the Committee and the Church. This audit will be paid by the Fund.

VII. LIABILITY PROTECTION FOR THE ENDOWMENT COMMITTEE

In absence of gross negligence or fraud, no member of the Committee shall be personally or financially responsible for any actions made in good faith with respect to the numerous task oriented

duties required in the administration of these funds. The Church will provide the Treasurer and any Committee members designated with signatory rights on the Fund accounts with liability insurance or a bond to cover any liability situations that may arise during the execution of their duties. The cost of the insurance will be borne by the Fund.

VIII. FUND DISPOSITION ON CHURCH MERGER OR DISBANDMENT

If the Church is merged with another or is disbanded, the fund assets will be distributed in accord with procedures of the Book of Discipline 2000 or the latest version.

VIV. EFFECTIVE DATE AND MODIFICATION

The policy became effective when adopted on November 30, 2004.

Changing times, unusual circumstances and new thoughts or ideas may dictate desirable changes in this policy statement at some future date. Any change or amendment must be approved by a two-thirds vote of a Church Conference.