

THE ENDOWMENT FUND OF  
WESLEY UNITED  
METHODIST CHURCH

14 NORTH MAY STREET  
AURORA, ILLINOIS 60506

Adopted at Charge Conference

January 15, 2017

# ENDOWMENT FUND POLICY

## DESIGNATION OF FUNDS

This Fund shall be known as the Wesley United Methodist Church, Endowment Fund, hereafter referred to in this document as "the Fund."

The Fund and its administration will conform to all applicable Illinois laws and regulations, any applicable Federal laws and regulations including the provisions of the Internal Revenue Code, and The Book of Discipline of The United Methodist Church (2012), particularly pertaining to Paragraph 2534.

Paragraph 2534 of *The Book of Discipline of the United Methodist Church – 2012* provides for the Endowment and Planned Giving Ministry Committee to have the opportunities, the responsibilities, and the authority to provide leadership for the local church in all matters related to gift and estate planning, memorials, and endowments. In keeping with Paragraph 2533.5 of *The Book of Discipline of the United Methodist Church – 2012*, the Endowment Ministry Committee shall also assume responsibility to receive and administer all bequests and trusts and invest all trust funds of the church in conformity with the laws of the United States and the State of Illinois.

## PURPOSE OF FUND

The Fund is established and shall be operated consistent with the policies of the United Methodist Church.

The Fund is established to provide members and friends the opportunity to make charitable gifts to Wesley United Methodist Church (hereafter referred to as "the Church") that will become an endowment for financial support and a living memorial.

The Fund is intended for Church purposes that are not funded through the annual operating budget; however, gifts which intend to supplement programs and ministries are appropriate. Gifts may be designated to the following purposes through the corresponding funds:

1. General Funds (unrestricted)
2. Permanent Funds (See Appendix A)

## ADMINISTRATION OF THE FUND

No part of the Fund (neither principal nor income) shall be used to the benefit of any member of the Endowment Fund Committee.

Notwithstanding any other provision hereof, the Endowment Fund shall be used to conduct or carry on only those activities permitted to be conducted or carried on by an organization which is tax exempt or by an organization, donations to which are deductible from taxable income, pursuant to the provisions of the Internal Revenue Code and other applicable legislation and regulations as they exist or may hereafter be amended.

The Fund shall be administered by the Church Endowment Fund Committee (hereafter referred to as "the Committee") under the authority of the Governing Board granted to the committee as established by the Charge Conference.

## THE ENDOWMENT FUND COMMITTEE

The Committee shall be comprised of the following Six (6) members:

1. The Senior Pastor
2. The fund administrator-non-voting
3. Up to 3 at large church members as appointed by the Governing board.
4. One current Trustee member of the Governing Board

All members of the Committee shall serve until their successors are duly appointed.

The three At-Large Members shall be elected by the Charge Conference for a term of three years and may serve for a second three-year term by vote of the charge conference.

The members of the Committee shall be succeeded by members appointed or elected as provided above. Any interim vacancies may be filled by action of the Governing Board.

The Committee shall elect a secretary and such other officers and appoint such sub-committees as it deems necessary and shall define their duties.

The Committee shall appoint a Fund Administrator. The Fund Administrator shall have the responsibility of handling the day-to-day activities associated with the Funds, i.e. correspondence, acknowledgments, receipts, etc. They will act as an advisor to the committee.

The Committee shall make a full report no less frequently than once a year to the Charge Conference.

The Governing board shall ensure that the annual audit or review is performed.

The Committee shall act by a vote of the majority of the Committee members authorized herein to vote, excepting amendments to this agreement as described under the Section "Amendment of Agreement."

The term "majority" as used in this agreement is constituted by at least fifty percent plus one of the committee members present and voting at a duly called meeting. Any instrument required to be executed by this agreement (except amendments to this agreement described under the Section "Amendment of Endowment Fund Agreement") shall be valid if executed in the name of the Fund by a majority of the Committee. All actions of the Committee shall be taken by resolution at a published meeting. The vote shall be recorded when the vote is not unanimous. A copy of any resolution or action taken by the Committee, certified by any one of the Committee members, may be relied upon by any person or entity dealing with this Endowment Fund Agreement.

## INVESTMENT OF PERMANENT ENDOWMENT FUNDS

The Fund's investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Regular income (dividends and yield) at a reasonable rate.
3. Investment of assets in institutions, companies, corporations, government securities or funds approved by the Endowment Fund Committee.

Donors will be encouraged to consider The United Methodist Foundation of Northern Illinois Conference as Trustee in the management of revocable or irrevocable Charitable Trusts established to benefit the Church. The donor may designate otherwise.

An appropriate investment strategy for all the Fund's assets will be determined by the Committee and fund advisor. The specific purpose of each sub fund authorized by the Committee shall be stated in order to fulfill the wishes of the donor and thereby to segregate and maintain gifts for their stated purposes. Earnings from each fund shall be available for distribution by the Committee in a manner consistent with the designated category.

## CHANGES IN PRIMARY CUSTODIAN

Any transfer of the Fund's assets from the primary custodian to any other custodian must be approved by a majority vote of the Committee and recommended to the Governing Board for final approval.

## LIMITATIONS ON USE OF PRINCIPAL

The objectives of the Endowment Fund are to conserve principal corpus and make use of only the income from the Fund unless the donor specifically designates the use of principal in the Gift Agreement. Only in extreme and overwhelming circumstances bordering on the survival of the Church itself may principal be withdrawn.

Any withdrawal of principal (as long as it does not violate the donor's intentions as described in the gift agreement) must be approved by a majority vote of the members present and voting at duly called meetings of both the Committee and the Charge Conference.

Gifts placed into the General Fund may be withdrawn and may be used for any purpose that is not specifically prohibited in another section of this Agreement and that is designated by a majority vote of the endowment committee. Whenever possible, consultation with the donor family will be made.

## DISTRIBUTION OF INCOME

The income of each of the funds shall be distributed as the donor has directed by will or other gift document provided such direction is in conformity with the purposes set forth herein.

Each fund shall be considered as a designated Fund and therefore the income from said account shall only be distributed for the purpose associated with said designated Fund.

## DISTRIBUTABLE INCOME

Distributable income can be described as follows:

- A. The net income earned on the investment.
- B. An amount determined each year by applying a percentage against a rolling three-year average of the fair market value of the fund as determined on the first business day of each calendar year. The percentage applied against the fair market value shall be 50% of the applicable federal rate as defined in the Internal Revenue Code on January 1st of every year; however, the percentage shall never be lower than 3% or greater than 5%. In years in which there is excessive growth in the fund, the Committee reserves the right to make additional distributions of income and capital gain beyond the 5% ceiling by a majority vote of its members

## GIFTS TO THE PERMANENT ENDOWMENT FUND

A Gifts Acceptance Policy document is included as part of this Agreement. Gifts to the Fund that are classified as designated will be assigned to a new sub-fund.

A gift to the Fund that is not designated to a specific sub fund will be placed in the General Fund.

Any gift which is made to the Church, and which is not designated as a permanent or memorial gift shall be assigned to the General Endowment Fund. For a gift to be "designated for a specific sub-fund", a minimum gift in the amount of \$50,000 shall be required.) Any gift less than \$50K may be designated into a memorial Fund and be directed by the gift agreement.

The Governing Board shall have sole authority to accept or reject any and all gifts to the Fund in keeping with the authority granted by the Charge Conference.

All gifts made to the Fund shall be accepted subject to the terms and limitations set forth in this document.

## POWERS OF THE ENDOWMENT FUND COMMITTEE

In the administration of the Fund, the Committee shall have the necessary authority to carry out the purpose of the Fund. No power or authority shall be exercised by the committee in any manner or for any purposes whatsoever which may not be exercised by an organization which is tax exempt or by an organization donation to which are deductible from a donor's taxable income to the extent allowed by the provisions of the Internal Revenue Code and other applicable legislation and regulations as they now exist or may hereafter be amended. The acquisition, ownership, sale or transfer of any real or personal property must be consistent with The Book of Discipline of the United Methodist Church as amended from time to time.

The Committee shall have the powers and duties authorized by The Book of Discipline of the United Methodist Church and granted by this session and future sessions of the Charge Conference.

- A. To receive and administer all bequests made to the local church; to receive and administer all trusts; to invest all trust funds of the local church in conformity with laws of the country, state, or like political unit in which the church is located.
- B. To emphasize the need for adults of all ages to have a will and an estate plan; and to provide information on the preparation of these to the members of the congregation.

- C. To stress the opportunities for church members and constituents to make provisions for giving through United Methodist Churches, institutions, agencies, and causes by means of wills, annuities, trusts, life insurance, memorials, and various types of property.
- D. To arrange for the dissemination of information that will be helpful in pre-retirement planning, including such considerations as establishing a living will and a living trust, and the need to designate someone to serve as a responsible advocate should independent decision making be lost.
- E. To update the committee rules and regulations after each General Conference as needed.
- F. Other responsibilities as determined by the Charge Conference.
- G. To collect, receive, and receipt for the income, profits, rents, and proceeds of the Fund.
- H. To purchase, subscribe for, retain, invest, and reinvest in securities or other property, wherever situated. The intent is that the Fund's investments shall be made independently by the Committee or their contracted manager. The terms "securities or other properties" as used in this document shall be deemed to include real or personal property, corporate shares (common or preferred stock), or any other interest in any corporation, government, association, investment trust, or investment company, bonds, notes, mortgages, debentures or other evidences of indebtedness or ownership, secured or unsecured.
- I. To sell for cash or credit, convert, redeem, exchange for other securities or other property, or otherwise dispose of any securities or other property at any time held by the Committee.
- J. To hold part or all of the Fund un-invested; however, such un-invested fund shall be deposited in an account of a federally insured commercial bank, savings bank, savings and loan association, or broker/custodian that is a member of the Securities Investor Protection Corporation (SIPC) pursuant to specific authority of the Committee.
- K. To employ suitable accountants, agents, legal counsel, and custodians, and to pay their reasonable expenses and compensations. Each separate Fund shall bear its pro rata share of such reasonable expenses.
- L. Any other provisions of this agreement notwithstanding, the Committee shall not engage in any act of self-dealing as defined in the Internal Revenue Code; nor retain any excess business holdings as defined in the Internal Revenue Code; nor make any investments in such manner as to incur tax liability under the Internal

Revenue Code; nor make any taxable expenditures as defined in the Internal Revenue Code or corresponding provisions of any subsequent Federal tax law.

- M. The Committee shall determine all matters regarding management of the Fund, expenditures, and investment by a majority vote present at a duly called meeting (except amendments discussed under "Amendment of Agreement").

## BOND AND COMPENSATION

No Committee member shall be required to furnish any bond or surety. Each Committee member shall serve without compensation for their services hereunder, but all expenses of these Funds or of any Committee member acting hereunder shall be paid by the Fund. Accounting, receipts, deposits, and disbursements for all Endowment Funds shall be handled by the designee(s) of the Church as assigned.

## ACCOUNTING BY THE ENDOWMENT FUND COMMITTEE

The Committee shall render a statement of their transactions regarding the Wesley United Methodist Church Endowment Fund. At no time shall the amount of individual gifts nor the identity of donors to the Fund be published unless written permission to do so is obtained. The Church, or any member, or any donor to the Funds may file an objection to the accounting in writing within sixty (60) days of the date of the accounting. In the absence of such objection, the Committee shall be released, relieved, and discharged with respect to all matters and things set forth in such accounting as though such accounting had been settled by judicial decree of a court of competent jurisdiction.

### LIABILITY OF THE ENDOWMENT FUND COMMITTEE

No Endowment Fund Committee Member (hereafter referred to as "Member") shall be responsible for loss in investments made in good faith. No Member shall be liable for the acts or omissions of any other Member, or of any accountant, agent, legal counsel or custodian selected with reasonable care. Each Member shall be fully protected in acting upon any instrument, certificate, or paper believed by him to be genuine and to be signed or presented by the proper person or persons. No Member shall be under any duty to make any investigation or inquiry as to any statement obtained in such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained. The Governing Board shall include the Committee as part of the indemnification insurance.



## MERGER, CONSOLIDATION, OR DISSOLUTION OF WESLEY UNITED METHODIST CHURCH, AURORA, ILLINOIS

If at any time Wesley United Methodist Church is lawfully merged or consolidated with any other United Methodist church, all the provisions hereof in respect to the Fund shall be deemed to have been made on behalf of the merged or consolidated Church which shall be obligated to administer the same in all respects and in accordance with the terms thereto.

If Wesley United Methodist Church should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date, shall be entrusted to The Conference United Methodist Foundation to direct the distribution of principal and accumulated income as it determines to Northern Illinois Conference of the United Methodist Church or its successors to use for the purposes for which the gift (or gifts) was intended. In the event of such dissolution as set forth above, and in the case that The Conference United Methodist Foundation should not then be in existence, the Fund, both principal and interest, shall be paid over and entrusted to a bona fide local charity selected by the surviving members of the last duly qualified Endowment Fund Committee which shall most closely resemble the purposes of the Wesley United Methodist Church Endowment Fund. Such charity must be a charity duly qualified under Sections 170© and 501(c) (3) of the Internal Revenue Code.)

### AMENDMENT OF ENDOWMENT FUND AGREEMENT

This agreement may be amended or modified from time to time only after recommendation by a majority vote of the Committee members present at a duly called meeting and voting and by a majority vote of a duly announced Charge Conference of Wesley United Methodist Church. No amendment or modification shall (1) alter the intention that the Fund be operated exclusively for religious purposes; (2) alter or eliminate the stated fund purposes found under purpose of the Fund herein, or (3) alter the intent of any donor to the Fund. Every amendment or modification of this agreement shall be in writing and signed by the Committee who voted to approve same and by the Recording Secretary of the Charge Conference, the District Superintendent, and the Senior Pastor.

### SEVERABILITY

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

## ADOPTION

This Endowment Fund Agreement was adopted the \_\_\_\_\_ day of \_\_\_\_\_(Month), \_\_\_\_\_(Year), in a duly authorized Charge Conference of Wesley United Methodist Church meeting in Aurora, Illinois by a vote of \_\_\_\_\_ For, \_\_\_\_\_ Against, and \_\_\_\_\_ Abstained.

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

\_\_\_\_\_ Chair of Governing Board

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



# GIFT ACCEPTANCE POLICY

## PURPOSE

The purpose of this Gift Acceptance Policy is to describe the type of gifts that can be accepted and the manner in which they can be accepted. Where an Endowment Committee (hereinafter referred to as The Committee) does not exist, The Governing Board is instructed by the Charge Conference to receive and distribute gifts received under the Gift Acceptance Policy of the Church.

## INTRODUCTION

In order to protect the interests of Wesley United Methodist Church, Aurora, Illinois (hereinafter referred to as The Church) and the persons and other entities who support its programs, these policies are designed to assure that all gifts to the Church, or for the use of the Church, are structured to provide maximum benefit to both parties.

This document focuses on both current and deferred gifts, with special emphasis on various types of deferred gifts and gifts of non-cash property. The goal is to encourage funding of the Endowment Fund without encumbering the organization with gifts which may prove to generate more cost than benefit, or which are restricted in a manner that is not in keeping with the goals of the Church.

To optimize funding from individuals and other entities, the Church must be capable of responding quickly, and in the affirmative where possible, to all gifts offered by prospective donors. Except where stated otherwise, these policies are intended as guidelines only. Flexibility must be maintained since some gift situations can be complex and decisions only made after careful consideration of a number of interrelated factors. Therefore, these policies may in some instances require that the merits of a particular gift be considered by the Committee and a final decision be made only after a recommendation by the Governing Board.

The Committee reserves the right to decline or otherwise refuse any gift offered to the church, with or without cause. Reasons for which a gift may be declined include, but are not limited to the following:

1. The Committee does not believe it is in the best interest of the church or the Fund to abide by the restrictions placed on the gift by the donor.
2. The costs to maintain the gift or to meet the restrictions placed on the gift by the donor are considered to be excessive for the Fund
3. The gift is considered to be inappropriate or unrelated to the tax-exempt purposes of the Church or the Fund.

4. The gift is designated to benefit or to be channeled to a specific individual.

## GIFT ACCEPTANCE TERMS AND CONDITIONS

All gifts will be acknowledged by written confirmation of the gift and of any terms and conditions of the gift acceptance. All information concerning donors and prospective donors, including their names, the amount and type of the gift, aspects relating to their estates, etc., shall be kept strictly confidential except when donors permit the release of such information.

### 1. OUTRIGHT GIFTS

#### A. CASH

1. Gifts in the form of cash and checks shall be accepted in any amount.
2. All checks must be payable to Wesley United Methodist Church and in no event shall they be made payable to an employee, agent, or volunteer for credit to the Church.

#### B. PUBLICLY TRADED SECURITIES

Securities that are traded on the exchanges shall be accepted by the Church. The Endowment Fund Committee shall make the decision to keep or sell the security.

#### C. CLOSELY HELD SECURITIES

Non-publicly traded securities may be accepted upon approval by the Endowment Committee. The Committee shall make the decision to keep or sell the security.

#### D. REAL PROPERTY

1. All gifts of real property must have the approval of the Endowment Committee and a fair market value in excess of \$10,000.
2. Prior to approval, the Committee shall make a recommendation for accepting the real estate and shall include a report on (but not limited to) the following:
  - a. current title and ownership
  - b. current zoning
  - c. any and all restrictions
  - d. any encumbrances, including an Affidavit of Lien signed by the Donor

- e. an independent qualified third party appraisal
  - f. at least a Phase I environmental audit
  - g. a recommendation on marketability
3. Upon recommendation from the Committee, the Governing Board shall make the final decision to keep or sell the property.

#### E. TANGIBLE PERSONAL PROPERTY

1. All gifts of personal property must have the approval of the Committee and a cash value in excess of \$1,000.
2. Prior to approval, the Committee shall make a recommendation for accepting the personal property and shall include a report on (but not limited to) the following:
  - a. current title and ownership
  - b. an independent qualified third party appraisal
  - c. a recommendation on marketability
3. The Committee shall make the decision to keep or sell the property.

#### F. OTHER PROPERTY

The Committee shall make the decision to accept and to keep or sell any other property that it may deem to be in the interest of the Church.

## 2. PLANNED (DEFERRED) GIFTS

#### A. BEQUESTS

1. Gifts through wills (bequests) shall be actively encouraged by the Church.
2. Upon inquiry by a prospective donor, all representations as to the future acceptability of various properties to be left to the Church in a will or other deferred gift shall be made in accordance with the terms and provisions of Paragraph I (A-F) of this document.
3. Gifts of property that are not acceptable from estates shall be rejected by the Committee and that decision shall be communicated to the legal representatives of the estate.

## B. REVOCABLE LIVING TRUSTS, IRREVOCABLE TRUSTS AND CHARITABLE TRUSTS

1. The Committee will recommend as fiduciary The Conference United Methodist Foundation.
2. The fees for management of a Charitable Remainder Trust will not normally be paid by the Church; however, upon approval by a majority of the Committee, these fees may be paid by the Church. The fees for management of a Revocable Living Trust will not be paid by the Church under any circumstances.
3. Revocable Living Trusts, Irrevocable Trusts and Charitable Remainder Trusts and all other deferred gifts shall be encouraged as a method of making gifts to the Church while retaining income which may be needed by the donor for personal purposes. Such trusts shall not be marketed as tax avoidance devices or as investment vehicles and it is understood that no activity will be conducted that will violate Federal and/or State security regulations.
4. No representations as to the manner in which trust assets will be managed or invested shall be made by any employee or other persons acting on behalf of the Church.

## C. LIFE ESTATE GIFTS

The Committee may accept such gifts provided that there has been a full disclosure of the possible ramifications of the transaction to the donor.

## D. LIFE INSURANCE POLICIES

1. The Church will encourage donors to name the Church as beneficiary of life insurance policies that they have purchased.
2. The Church will not accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy may be made only when the Church has an insurable interest and is in compliance with all State and Federal statutes.
3. No insurance products will be endorsed for use in funding gifts to the Church.
4. In no event shall lists of Church donors' names be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or the Church.

## E. GIFT ANNUITIES

The Church will accept Charitable Gift Annuities purchased from The Conference United Methodist Foundation and any other acceptable source.

### 3. PAYMENT OF FEES RELATED TO GIFTS TO THE CHURCH

#### A. FINDER'S FEES OR COMMISSIONS

No fees shall be paid to anyone as consideration for directing a gift to the Church.

#### B. PROFESSIONAL FEES

1. In general, the donor shall pay any fees associated with the gift.
2. No fees shall be paid to anyone as compensation for any sale of any products to the donor.

### 4. RESTRICTIONS

- A. Any restriction on the use of any gift must be approved by the Committee prior to acceptance of the gift.
- B. A designated sub fund, other than those identified, may be established with a minimum gift of \$100,000 or such minimum to be determined appropriate and approved by the Committee.

### 5. GIFT USE

- A. The use of undesignated gifts to the church, other than those gifts intended for undesignated use within the operating budget of the church, shall be determined by the Committee.
- B. The church should maintain a "wish" list of projects and items that can be supported or purchased with undesignated gifts.
- C. The church may direct that a percentage of all undesignated gifts to the church be placed automatically in an Endowment Fund.

## INVESTMENT GUIDELINES

The General Conference has assigned responsibility for investment policy to the General Council on Finance and Administration (GCFA), as noted in The Book of Discipline of The United Methodist Church (2012) Paragraph 806.11. A statement of investment guidelines an addendum for local churches may be found on the GCFA website, <http://www.gcfa.org/gcfa/statement-of-investment-guidelines>



# ADOPTION

This Gift Acceptance Policy was adopted the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
in a duly authorized Charge Conference of Wesley United Methodist Church meeting  
in Aurora, Illinois by a vote of \_\_\_\_\_ For, \_\_\_\_\_ Against, and \_\_\_\_\_  
Abstained.

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

\_\_\_\_\_ Chair of Governing Board

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

