

# CHARTER

## CHRIST UNITED METHODIST CHURCH LANSDALE, PA

### THE ENDOWMENT PROGRAM

#### THE PURPOSE:

The Endowment Program of Christ United Methodist Church (CUMC), located in Lansdale, Pennsylvania, hereafter referred to in this document as “the Endowment Program”, is established for the purpose of providing members and friends opportunities to make charitable gifts to CUMC that will become a permanent endowment of financial support and a living memorial. The Endowment Program is intended for purposes that are **not** a part of the church’s established programs that are funded through the annual operating budget of the church and the regular giving of its members.

#### ADMINISTRATION:

The Endowment Program shall be administered by the Permanent Endowment Fund Committee of CUMC, hereinafter referred to as the “Committee”, under authority granted by the church’s Charge Conference. The Committee shall have no fewer than five (5) members and no more than nine (9) members. It is recommended that membership of the committee include representation from the church’s Missions Committee, Christian Education Committee, and Board of Trustees. The members of the Committee shall be nominated by the church’s official nominating body and elected by the church’s Charge Conference and shall serve three-year terms. Three classes with terms ending in consecutive years shall provide rotation of members. Members may be reelected but shall not serve more than twelve (12) consecutive years.

During the first meeting of each calendar year, the Committee shall elect a President, Vice President, Secretary, and Treasurer to serve the responsibilities ordinarily assigned to those positions and such other officers and subcommittees as it deems necessary. The Secretary shall be charged with the responsibility of the collection and safekeeping of documents associated with the conduct of business of the Endowment Committee. The Treasurer shall assure a thoroughness of record that retains clear information regarding the source and particulars of all funds.

The Committee shall meet at least once each calendar quarter. The date and time of such quarterly meetings shall be at the discretion of the President.

The Committee shall cooperate with other bodies of the church as necessary to assure that an annual audit is conducted, which shall include all assets under the control and auspices of the Committee.

The Committee shall make a full report no less frequently than once each year to the church's Charge Conference and shall be perpetually accountable to that body.

### **RESPONSIBILITIES OF THE COMMITTEE:**

1. Receive and administer all bequests and other charitable gifts made to the Endowment Fund as designated by the donor or at the direction of the Charge Conference.
2. Provide for the annual audit of the Endowment Fund and issue an annual report to the Charge Conference summarizing the activities of the committee.
3. Emphasize the need for adults of all ages to have a will and an estate plan and provide information to the church membership on these topics and other financial topics as decided.
4. Stress the opportunities for church members to make provisions for giving to the Endowment Fund by means of wills, annuities, trusts, life insurance, memorials, and various types of property.
5. Other responsibilities as determined by the Charge Conference.

### **GIFT ACCEPTANCE POLICY:**

The purpose of this gift acceptance policy is to govern the acceptance of gifts; to provide guidance to donors and their professional advisors in order to facilitate the completion of their gifts, respectful of their intention and with their full consent, knowledge and satisfaction in accordance with IRS regulations and legal and fiduciary obligations as set forth by the Commonwealth of Pennsylvania.

On behalf of CUMC, the Committee will accept gifts that are regarded as consistent with the mission of CUMC, deemed as legal or ethical, and free from extraordinary control, influence, terms or conditions as suggested by the donor.

The types of gift arrangements that will be offered to and accepted from prospective donors interested in supporting CUMC's Endowment Fund include the following:

- A. Outright gifts of cash, stock and/or securities
- B. Bequests
- C. Tangible property
- D. Real estate
- E. Remainder Interests in Property
- F. Life insurance
- G. Charitable Gift Annuities
- H. Charitable Remainder Trusts
- I. Charitable Lead Trusts
- J. Life Insurance Beneficiary
- K. Retirement or Investment Plan Beneficiary
- L. Retained Life Estate

Costs, in respect to the arrangement and finalization of a gift incurred by the donor, such as legal fees, appraisals, commissions and taxes as they may relate to gifts such as real estate, property, charitable trusts and other gifts, will normally be the donor's responsibility. The Committee reserves the right to secure and pay for its own legal, investment, financial planning and accounting counsel as deemed necessary in the acceptance and finalization of any charitable gift.

All gifts specifically provided to support CUMC's Endowment Fund are deeply appreciated and will be accepted (or possibly declined) pursuant to the terms and conditions of this document. The acceptance of Designated Gifts will be determined by the Committee based on the provisions found in the section of this document titled "Special Designated Gifts".

*Cash gifts* to the Endowment Fund will be accepted and acknowledged through the normal accounting procedures of CUMC.

*All noncash gifts* (except for real estate) will be liquidated by the Committee in conjunction with the Church Treasurer. Gifts of stock, various kinds of securities, insurance products, automobiles, animals, jewelry, and other items of value must be

unencumbered and given outright to CUMC. If the gift is deemed acceptable to the Committee, then the gift will be sold in a manner deemed most appropriate by the Committee.

*All gifts of real estate* must be given with an appropriate title search, environmental evaluation, survey and appraisal. All costs of transferring will be borne by the donor. Gifts of real estate must also be unencumbered by liens, litigation or any other potential liability for CUMC. Before title is accepted by CUMC, the Committee reserves the right not to accept the gift.

All noncash gifts will be acknowledged in a dated letter from the Committee that will include a description of the gift. There will be no appraisal, acknowledgment of appraisal or determination of value offered in the acknowledgment process. The donor has the sole responsibility to the Internal Revenue Service for identifying the value of any noncash gift.

### **SPECIAL DESIGNATED GIFTS:**

Donors may elect to restrict their gift for a designated purpose in accordance to the priorities and needs of the church as determined by the Committee. Donors are encouraged to discuss the feasibility and practicality of intended restrictions with the Committee. With respect to responsible stewardship and respectful of the needs and priorities of the church, the Committee may regard a gift as too restrictive in purpose and may ask the donor to give consideration to another designation or may decline the gift.

All provisions of the Endowment Program as to investment of funds, administration of funds, and limitation of use of distributions shall be applicable to both designated and undesignated gifts, and all gifts made to the Fund shall be accepted subject to the terms and limitations set forth in this document. If the purpose of the designated gift becomes too difficult or impossible to carry out, and such conditions remain for at least two (2) years, the Committee can reassign the gift, or the remaining funds associated with the gift, to a similar designation, following as closely as possible to the donor's original intent.

### **Named Endowment Funds:**

To establish a named endowment fund, a donor will either agree to an outright gift or a pledge, payable over a period of up to five years, in the amount of \$5,000 (minimum). Named endowment funds may be created in memory of or in honor of a loved one or some significant person(s) in the donor's life. Such named endowment fund may be for a designated or undesignated purpose.

## **INVESTMENT GUIDELINES:**

### Endowment Manager

The Committee is responsible for overseeing the Endowment Fund. The Committee may delegate day-to-day money management and tracking of the Endowment Fund to an Endowment Manager, such as a foundation or investment advisory company. The Committee is responsible for conducting vendor selection to choose an Endowment Manager. A vendor selection must be held at least every seven years. The Committee may choose to change the Endowment Manager at any time, if warranted. No member of the Committee shall inure personal financial gain from the investment practices and procedures of the Endowment Program.

### Selection Criteria

The Committee will decide the Selection Criteria and relative importance of each Selection Criteria. Social responsibility and the United Methodist investment guidelines will drive the factors in selecting the Endowment Manager and the investment options in conjunction with financial performance and services such as reporting. Examples of financial performance criteria, not all-inclusive, are percentage return, fees/loads, expense ratios, volatility and length of manager tenure.

### Money Management Approach

The Endowment Fund will be managed using an Asset Allocation approach. Asset Allocation is a long-term approach. Market timing will not be a consideration in investment selection. The Summary Asset Allocation is 40% of the Endowment Fund in Equities and 60% of the Endowment Fund in Fixed Income. The Equity and Fixed Income percentages will fluctuate as market conditions change. Rebalancing of the Endowment Fund to 40/60 will occur when the Equity and Fixed Income percentages change by more than five percentage points.

Sub-allocation percentages and rebalancing parameters within Equities and Fixed Income will be proposed by the Endowment Manager and approved by the Committee. Examples of sub-allocations, not all-inclusive, are Large Cap, Mid Cap, Small Cap, Growth, Value and International. The sub-allocation percentages are also long term in nature, not market timing.

Mutual Funds and/or Exchange Traded Funds will be the investment vehicles used to implement the Asset Allocation approach. The fund will not invest in any single stock, bond, or tangible asset.

## **Distribution Guidelines:**

### Distribution from Undesignated Accounts

The Calculated Distribution will be done at the beginning of each year that the Endowment Fund is greater than \$50,000. The Endowment Fund will tithe. Ten percent of the prior year's Income (Income is defined as Interest and Dividends, not Capital Gains) will remain invested. In January ninety percent of the prior year's Income will be moved into a Money Market Fund to fund Endowment Distribution Line Items (see below). If ninety percent of Income is less than 3% of the prior year-end Endowment Fund balance the Committee, at their discretion, may choose to add, spend, up to 1% of the prior year-end Endowment Fund balance. The Calculated Distribution equals ninety percent of Income plus the Principal added by the Committee. If Principal is used the maximum Calculated Distribution for that year will be 3% of the prior year-end Endowment Fund balance. The Money Market Fund will not be part of the Asset Allocation percentage calculation.

The general distribution categories that the Endowment Fund will finance, beyond the church's annual Operating Budget, not in priority order, are:

- Missions
- Christian Education (including scholarships)
- Church property improvements.

The Committee will call on the church's Mission Committee, Christian Education Committee, and Board of Trustees for suggestions and prioritization of the Calculated Distribution in total and the specific areas of spending called Endowment Distribution Line Items. The Committee will prioritize the specific Endowment Distribution Line Items and make such distributions as approved by a majority of the members of the Committee plus the pastor(s). All distributions shall be reported to the church's Charge Conference at its next meeting. If for some reason an approved distribution is not used during the year, the funds shall be returned to the Endowment prior to the end of such year.

### Distribution from Designated Accounts

Distribution from designated accounts shall be as directed by the donors at the time of their gifts or as directed by wills or other gift documents.

### Limitation on Use of Principal

Other than described above, Endowment Fund principal may only be withdrawn in extreme circumstances bordering on the survival of CUMC. Any withdrawal of principal must be approved by a two-thirds (2/3) vote of the church's Charge Conference at which a quorum is present.

## **LIABILITY OF MEMBERS OF THE COMMITTEE:**

In the absence of gross negligence or fraud, no member of the Endowment Committee or other church body responsible for the management of the assets under the auspices of the Committee shall be personally liable for any action or omission made with respect to the Endowment Program.

## **MERGER, CONSOLIDATION, OR DISSOLUTION OF CHRIST UNITED METHODIST CHURCH:**

If at any time Christ United Methodist Church is lawfully merged or consolidated with any other church, all the provisions declared in this Charter in respect to the Endowment 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 Christ United Methodist Church should ever be dissolved without any lawful successor thereto, the Fund, including principal and realized and unrealized gains to date shall first be used to offset any remaining debts of the dissolved church. Any remaining balance shall be directed to the Eastern Pennsylvania Conference of the United Methodist Church for distribution, as the Conference may deem appropriate.

## **AMENDMENTS:**

Technical corrections and amendments to the Endowment Program which do not alter the stated purpose of the Endowment Program may be made by a two-thirds (2/3) affirmative vote at a duly called Charge Conference of Christ United Methodist Church at which a quorum is present.

## **SEVERABILITY:**

If any of the provisions or any application of any provisions of the Endowment Program 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 or render the same invalid, inoperative, or unenforceable,

**ACCEPTANCE OF CHARTER:**

This Endowment Program Charter was adopted this 22nd day of June, 2008 in a duly authorized Church Conference of Christ United Methodist Church, Lansdale, Pennsylvania, by a vote of 26 For, 0 Against, and 0 Abstained.

Joyce A. Gorman  
Recording Secretary

Rev. Dr. Wm. Gary George  
District or Conference Representative

Ray D. K...  
Pastor

Judith S. Bell  
President of the Administrative Council

Ray A. Hunt  
President of the Trustees

Philip D. Woodhull  
Chairperson of the Finance Committee