

**Woodlawn United Methodist Church
Derby, Kansas**

The Charter of the Permanent Endowment and Planned Giving Program

The *Woodlawn United Methodist Church of Derby, Kansas*, a Kansas not-for-profit corporation, ("The Church") hereby establishes the Permanent Endowment and Planned Giving Program (the "Program"). This document, upon execution, is intended to amend and replace any and all previous documents establishing an endowment fund for the Church.

A. PURPOSE

The primary purpose of this Permanent Endowment Program is to provide a means for members and constituents of The Church to make gifts and bequests to provide a permanent endowment that will become a source for long-term financial support and living memorials to their faith. Gifts to the Permanent Endowment Program will be held in perpetuity, if not otherwise designated by the donor, with income to be used to further Christian ministry and mission. Income from the funds shall be used to assist the Church in fulfilling its purposes in Christian ministry and mission. This includes support of ministries of *Woodlawn United Methodist Church, Derby*, of the Great Plains Annual Conference of the United Methodist Church, ministries of The United Methodist Church nationally or internationally, and any other Christian ministry or mission deemed appropriate by the Permanent Endowment and Planned Giving Committee.

These permanent endowment funds and resulting income are intended for purposes that are not a part of the Church's established programs, which are funded, or should be funded, through the annual operating budget of the Church and the regular giving of those attending. It is NOT intended that endowment income provides for the Church general operating expenses. It IS intended that the Church annual budgetary process, together with annual giving, shall support normal and customary Church activities. Income from the permanent endowment funds should only be used to support ministries beyond standard local Church activities or to provide temporary assistance in starting new ministries in the Church.

The Program may accept both cash and non-cash gifts and bequests. Non-cash gifts may include corporate stock, mutual funds, bonds, bank deposits, real estate interest, precious gems and metals, and other items deemed acceptable by the Permanent Endowment and Planned Giving Committee.

B. FUNDS

Within this Permanent Endowment Program, the following Funds are hereby established to enable the Church to have an effective ministry:

General Funds

1. *Legacy Undesignated Fund*: This fund will receive gifts and bequests which are not designated for a particular purpose or restricted in any way. Income from this fund shall be used to provide for the ministries or *missions* selected by the Permanent Endowment and Planned Giving Committee.
2. *College Scholarship*: Income from this fund shall be used to provide scholarships to students seeking post-secondary education.

3. **Building:** Income from this fund shall be used to provide for capital improvements, major repairs, equipment, furnishings or decorations for any properties owned by the Church.

Other funds may be established by action of the Permanent Endowment and Planned Giving Committee or Charge Conference. Such funds may be established for specific projects, ministries or missions to enhance the total ministry of the Church.

There will be no minimum contribution required for gifts to pooled funds established by action of the Permanent Endowment and Planned Giving Committee or Charge Conference.

Donor Restricted Funds:

Other designated funds may be established by individual donors who place specific restrictions on their gift. However, such new restricted funds may only be established if the following criteria are met:

1. The Permanent Endowment and Planned Giving Committee agrees to accept the gift with the designations or restrictions proposed by the donor, and
2. The Permanent Endowment and Planned Giving Committee agrees to establish a new designated fund to hold this designated or restricted gift, and
3. The initial gift to the new designated fund should not be less than \$100,000.

No minimum contribution shall be required for additional gifts to funds previously established by a donor.

Donors wishing to establish restricted funds of less than \$100,000 will be encouraged to make their gift to one or more of the other existing funds.

Principal and income of funds created by action of individual donors will be used in accordance with the Uniform Prudent Management of Institutional Funds Act.

All provisions of the Permanent Endowment Program as to investment of funds, administration of funds, and limitation on use of distributions shall be applicable to both General Funds and Donor Designated Funds. All gifts made to the Permanent Endowment Program shall be accepted subject to the terms and limitations set forth in this document.

The Permanent Endowment and Planned Giving Committee shall exercise care and caution in accepting and abiding by the interest of the donor for the endowed use of the donor's gift. A written letter of restriction, in the absence of a Will or other legally drafted document, from the Donor must exist to assure the Donor's interest is being honored.

No member or representative of the Permanent Endowment and Planned Giving Committee shall use any form of pressure on a prospective donor. However, education and the provision of informational materials are encouraged and shall be provided to the prospective donor to aid in making an informed decision concerning their Endowment gift.

Sub Funds:

Funds cannot be restricted to establish a sub-fund within a previously established fund, regardless of the amount of the proposed gift.

C. MANAGEMENT OF THE FUND

Responsibility for the management of the Endowment Fund shall be vested in the Permanent Endowment and Planned Giving Committee, subject to the direction of the Charge Conference as prescribed in *The Book of Discipline of The United Methodist Church*.

D. PERMANENT ENDOWMENT AND PLANNED GIVING COMMITTEE

The Permanent Endowment and Planned Giving Committee shall be composed of a minimum of five members, plus three ex-officio members.

Each Committee member will be elected for a five-year term. There will be one member selected for each five-year term. Initially, members will be elected to 1, 2, 3, 4, and 5-year terms to establish the five-year rotation. The term limit shall be two consecutive terms. Filling a vacancy for a partial term is not included in this limit.

Nominations to the Permanent Endowment and Planned Giving Committee shall be consistent with other leadership nominations as outlined in *The Book of Discipline of The United Methodist Church*.

Ex-officio Members: There shall be two ex-officio members with voting privileges and one without voting privileges. The two with voting privileges are the chairpersons (or their designate) of the Board of Trustees and Finance. The third ex-officio member without voting rights is to be the senior pastor of the church (or their designate).

A chairperson and secretary are to be selected at the first meeting each year.

Membership of the committee may be adjusted from time to time to maintain consistency with *The Book of Discipline of The United Methodist Church*. Such changes may be made as an action of the Charge Conference.

Voting: Unless otherwise indicated in this document, any action taken by the Permanent Endowment and Planned Giving Committee must be approved by a majority of the members attending a committee meeting with a quorum present. A quorum shall be defined as more than 50% of the members eligible to vote.

Subcommittees: The Permanent Endowment and Planned Giving Committee shall appoint subcommittees, as it deems appropriate or necessary.

E. POWERS AND DUTIES OF THE PERMANENT ENDOWMENT AND PLANNED GIVING COMMITTEE

The Permanent Endowment and Planned Giving Committee shall have the following powers and duties pertaining to the Permanent Endowment Program, and such other powers and duties as may necessarily be required to carry out the terms and conditions of the Permanent Endowment Program.

1. To educate church members and other potential donors on planned giving and to promote giving to the Permanent Endowment Program.

2. To accept or reject any designated or restricted gift, bequest or devise. Any unrestricted gift of \$25,000 or more received by the Church from an inheritance, trust or estate that does not designate the Endowment Program as the recipient will be presumed to have been intended for the Endowment Program.

If a gift is received by the Permanent Endowment Program without designation or restriction, it shall be placed in the Legacy Fund.

3. To determine the distribution of income from all General Funds and Donor Designated Funds.
4. To manage and administer the Permanent Endowment Program, which shall include:
 - a. proper acknowledgment of gifts;
 - b. keeping a record of donors and gifts;
 - c. distributing income;
 - d. incurring and paying ordinary and necessary expenses of managing the Fund;
 - e. paying of local state and federal taxes and fees, where applicable;
 - f. recording receipts and expenditures from the Fund;
 - g. maintaining a record of assets of the Fund.
5. To invest all monies of the Permanent Endowment Program.
6. To have the Permanent Endowment Program audited annually by the Church auditor, and/or any other entity as determined necessary by the Permanent Endowment and Planned Giving Committee and/or the Charge Conference.
7. To present an annual written report to the Charge Conference and Church Council. The congregation of the Church should also be informed of Permanent Endowment Program activities through use of the newsletter or other mailing and presentation to the congregation.
8. To select the definition of "income" in accordance with the Uniform Prudent Management of Institutional Funds Act.
9. To determine an appropriate means of offsetting the effects of inflation on Permanent Endowment Program assets.
10. To define "Spending Policies" to use in making distributions of income.
11. To develop other policies or by-laws to guide the day-to-day management of the Permanent Endowment Program.

F. RECEIPT OF GIFTS

1. The Permanent Endowment and Planned Giving Committee cannot accept a gift that is designated to benefit or be channeled to an individual staff member of the Church or to any other individual.
2. The Permanent Endowment and Planned Giving Committee welcomes and encourages gifts and bequests to be designated to the Permanent Endowment Program. Gifts shall include,

but not be limited to, cash, stocks, bonds, certificates of deposit, real estate, and personal property. The donor may transfer such property to the Permanent Endowment Program by outright gift, life estate gift, or any one of several deferred giving arrangements (planned gifts).

3. The Permanent Endowment and Planned Giving Committee must approve any gift offered to the Permanent Endowment Program before being officially accepted. The Permanent Endowment and Planned Giving Committee reserves the right to decline or otherwise refuse any gift offered to the Permanent Endowment Program, with or without cause. Reasons that a gift may be declined include, but are not limited to, the following:
 - a. The Permanent Endowment and Planned Giving Committee does not believe it is in the best interest of the Church or Endowment Fund to abide by the restrictions placed on the gift by the donor.
 - b. 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 Endowment Fund.
 - c. The gift is considered to be inappropriate or unrelated to the tax-exempt purposes of the Endowment Fund or the Church.
 - d. The gift may result in inappropriate or undesirable publicity.

G. INVESTMENT OF FUNDS

The Permanent Endowment and Planned Giving Committee should make a conscious effort to invest in institutions, corporations, companies, or funds whose operations are not detrimental to, or that make a positive contribution toward the realization of the goals of, the Social Principles of The United Methodist Church, in accordance with The *Book of Discipline of The United Methodist Church*.

Investment objectives of the Permanent Endowment Program should include:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Growth of principal and income to meet or exceed annual inflation.
3. Investment in a well-diversified portfolio to maximize growth and protect against being too conservative or too aggressive.
4. Investment of assets in institutions, companies, corporations, or funds which make a positive contribution toward the realization of the goals outlined in the Social Principles of The United Methodist Church.

H. DISTRIBUTION OF INCOME

It is the intent to preserve principal amounts over the years while using the income generated over the years to provide funds for distribution. It is anticipated that over the years the total rate of return will exceed the expected long-term inflation rate and thus allow for the availability of income for distribution.

The following matters, terms and conditions, shall apply or shall serve as a guide for distribution of income:

1. If a gift is received without designation or restriction, it shall be placed in the Legacy Fund. Income from the Legacy Fund shall be distributed by action of the Permanent Endowment and Planned Giving Committee in accordance with the spending policies set forth herein.
2. Income from all other General Funds (established by this Charter, the Permanent Endowment and Planned Giving Committee or a Charge Conference) shall be distributed by action of the Permanent Endowment and Planned Giving Committee in accordance with the guidelines for those funds.
3. If income in a particular fund remains unused at the end of the calendar year, such income may be held in that fund for use in a subsequent year. However, it is not within the purposes of the Permanent Endowment Program to accumulate income as a means of enhancing the size of the Fund other than to offset the effects of inflation on assets of the Fund. The Permanent Endowment and Planned Giving Committee, at its discretion, may reclassify unspent income as additions to principal. Thereafter, such accumulated income is no longer available for distribution.
4. It is not intended that Permanent Endowment Program income provide for local Church general operating expenses. It is intended that the Church annual budgetary process, together with annual giving, shall support normal and customary Church activities. Permanent Endowment Program income should only be used to support ministries beyond normal Church activities or to provide temporary assistance in starting new ministries in the Church.
5. Distributions in accordance with the spending policies set forth should not be used to subsidize the cost of a new program, ministry or staff position for more than three years.

I. LIMITATION ON USE OF PRINCIPAL

The objectives of the Permanent Endowment Program are to conserve principal and make use of only the distributions in accordance with the spending policies set forth herein.

In the event of Total Encumbrance, Legacy Fund principal may be withdrawn, but only in extreme and overwhelming circumstances, bordering on the survival of The Church. The withdrawal shall not exceed 50% of the Legacy Fund principle. Any withdrawal of principal must be approved by a 2/3 vote of all the members of the Permanent Endowment and Planned Giving Committee and a 2/3 vote of the Charge Conference.

Principal shall not be withdrawn from any other fund.

J. SPENDING POLICY

This Spending Policy is adopted in order to minimize the problems that may occur without such policy, including, but not limited to:

1. Erratic spending that may place the future of the Fund in jeopardy.
2. Disregard for the effect of inflation, thus decreasing the financial power of the Fund.
3. Lack of disbursements from the Fund resulting in a disinterest in future contributions and bequests to the Fund.

The Permanent Endowment and Planned Giving Committee hereby adopts the following policies as the components of its Spending Policy:

1. **Income Definition:** The Fund shall use the definition of income as defined by Corporate Law, which generally defines income as earnings from all sources including but not limited to interest, dividends, net rentals and capital appreciation.
2. **Inflation Retention:** The Fund shall retain sufficient income to offset the long-term effects of inflation.
3. **Spending Rate:** A set spending rate is an industry standard for charitable endowment balanced funds and is consistent with the Uniform Prudent Management of Institutional Funds Act. Thus, the Fund shall use a spending rate of 4% annually.
4. **Application of Spending Rate:** On or about January 1st of each year, the spending rate as determined above shall be applied to the average fund balance of the Fund at the end of the previous 3 years. The resulting amount shall be available for distribution as gifts or grants.
5. **Unspent Income:** Income available for making grants or other distributions, as determined under the above policies, definitions and formula, but which is not disbursed for any reason, shall be available for disbursement in future years. However, by action of the Permanent Endowment and Planned Giving Committee, undistributed income may be added to principal on a case-by-case basis.

K. BORROWING FROM THE FUND

Borrowing from the permanent endowment funds is not permitted for any reason.

L. PLEDGING FUND ASSETS

Endowment fund assets may not be pledged as collateral to secure Church obligation except in unusual circumstances for major church projects. However, by a 3/4 vote of all the members of the Permanent Endowment and Planned Giving Committee and by a 3/4 vote of the Charge Conference members voting, Legacy Fund principal may be pledged as collateral to secure Church obligations to finance said major projects under unusual circumstances. The terms and conditions of any such pledging of security would be those as set by the Permanent Endowment and Planned Giving Committee and would be generally comparable to terms and conditions available through commercial lending institutions. In no event may the Permanent Endowment and Planned Giving Committee or the Charge Conference, pledge more than 50% of the Legacy Fund assets as collateral for such Church obligations.

M. MERGER OR CONSOLIDATION OF THE CHURCH

If at any time, the Church is lawfully merged or consolidated with any other church; all the provisions hereof in respect to the Permanent Endowment Funds shall be deemed to have been made on behalf of the merged or consolidated Church. The Church shall be entitled to receive all the benefits of said Permanent Endowment Funds, and shall be obligated to administer the same in all respects and in accordance with the terms thereof.

N. EVENT OF DISSOLUTION OF THE CHURCH

In the event of the dissolution of the Church, all principal and accumulated earnings of the Permanent Endowment Funds shall be distributed in accordance with the *Book of Discipline of The United Methodist Church*.

O. ADMINISTRATION OF DESIGNATED GIFTS & VARIANCE POWER

The Church recognizes that many times the intent of a gift used to establish a Donor Designated Fund is for a benefit to be derived for an indefinite period of time. However, the Church further recognizes that the passage of time, or other circumstances, may make the conditions of the designation impossible or impractical. Therefore, by unanimous vote of the Permanent Endowment and Planned Giving Committee, any such gift that has become impossible or impractical to administer may be transferred without condition or reservation to another existing fund, which has similar purposes. If a fund with similar purposes does not exist, the funds will be placed in the Legacy Fund. It is presumed that any individual or entity making a gift, bequest, or devise to the Permanent Endowment Program is aware of the conditions of this section of the Charter. Therefore, no such gift shall fail or revert because of changed circumstances, which make the continued administration of any particular Donor Designated Fund impossible or impractical.

P. AMENDMENTS

This resolution may be amended by a 2/3 vote of the Permanent Endowment and Planned Giving Committee and a 2/3 vote of the Charge Conference duly called in accordance with *The Book of Discipline of The United Methodist Church*.

Q. FREEDOM TO EMPLOY COUNSEL

The Permanent Endowment and Planned Giving Committee, at its discretion, is free to employ counsel in the management of the Fund which may include but not be limited to legal, funding and investment advice.

R. EXPENSES FOR MAINTAINING THE FUND

Any expenses incurred in managing and maintaining the Funds as a whole shall be borne proportionately by all funds of the Permanent Endowment Program, and shall come out of the income of the Funds before distribution. Any expenses incurred in managing or maintaining a specific Fund or Funds shall be paid from that Fund or Funds.

S. BEQUESTS TO NAME OF CHURCH

It is recognized that some persons may have previously executed, or may hereafter execute, wills, trusts, or other planned giving instruments naming the Church as beneficiary rather than naming the Endowment Fund as beneficiary. *The Book of Discipline of The United Methodist Church* provides that a Charge Conference may designate the Permanent Endowment Program to provide services, which are normally provided by the Trustees of the Church. Therefore, any such gift, devise or bequest received by the Church after the date of adoption of this Resolution which is \$25,000 or larger, shall be transferred to, and placed in the Permanent Endowment Program for management. The Permanent Endowment and Planned Giving Committee shall receive and administer all such bequests, devises and gifts made to the Church; shall receive and administer all trusts; and shall invest all trust funds of the church in conformity with laws of the country and state in which the

Church is located. The board of trustees is hereby notified that this Charge Conference is delegating such power, duty and authority to the Permanent Endowment and Planned Giving Committee. Any such gift, devise or bequest received by the Church after the date of adoption of this Resolution which is less than \$25,000, shall be received by the Board of Trustees of the Church for use in capital improvement projects.

T. LIABILITY OF TRUSTEES AND MEMBERS OF THE COMMITTEE

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

U. SEVERABILITY

If any provision, or any application of any provision, of the Endowment Fund is determined to be illegal, inoperative or unenforceable, said provision shall not affect any other provisions or any applications of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

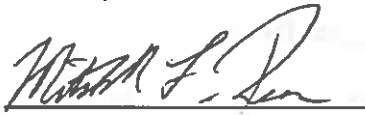
V. ADOPTION

This Endowment Fund Charter was adopted by at least a 2/3 majority of the duly authorized Charge Conference of the *Woodlawn United Methodist Church* at a session held at Derby, KS on the

____24th____ day of ____November____, __2019____.

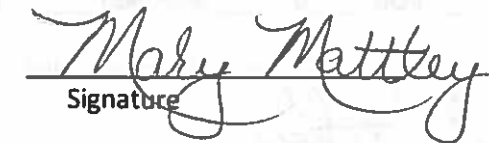
Woodlawn United Methodist Church
Name of the Church

Attest By:



Signature

Dr. Mitch Reese
Printed Name



Signature

Mary Mattley
Printed Name

Presiding Officer of the
Charge Conference

Recording Secretary of the
Charge Conference

**WOODLAWN UNITED METHODIST CHURCH OF DERBY, KANSAS
CHURCH/CHARGE CONFERENCE RESOLUTION**

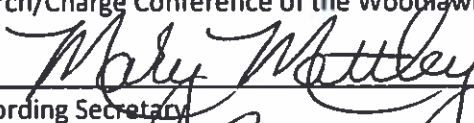
BE IT RESOLVED THAT the Church/Charge Conference of the Woodlawn United Methodist Church of Derby, Kansas, Inc., in session on this 24th day of November, 2019:

1. Creates a Permanent Endowment and Planned Giving committee in keeping with Paragraph 2534 of *The Book of Discipline of the United Methodist Church – 2016* to be known as the Endowment and Investment Program Committee (the "Committee").
2. Adopts the Charter of the Endowment and Investment Program Committee of the Woodlawn United Methodist Church of Derby, Kansas, (the "Charter") attached hereto.
3. Elects the following persons to membership on the Committee: *a member of the Board of Trustees nominated by the Board of Trustees; a member of the Finance Committee nominated by the Finance Committee; and, five (5) at-large members nominated by the Lay Leadership Committee.* All Committee members shall serve terms as described in the Charter.
4. Directs that the Committee shall have the powers and duties authorized by *The Book of Discipline of the United Methodist Church – 2016, Paragraphs 2533.5 and 2534* and the Charter, subject to the directives of this session and future sessions of a Church/Charge Conference. As such, the Committee shall: a) Provide the services described in Paragraph 2533.5 of *The Book of Discipline of the United Methodist Church – 2016*; b) Emphasize the need for adults of all ages to develop an estate plan, which may include a will, a living trust, and durable powers of attorney for health care and financial decisions; c) Arrange for dissemination of information that will promote effective Christian stewardship; d) Stress the opportunities for church members and friends to make provisions for giving to United Methodist ministries, institutions, agencies and the Woodlawn United Methodist Church of Derby, Kansas, by means of wills, annuities, trusts, life insurance, memorials and various types of property; and, e) Comply with the directives of the Church/Charge Conference and carry out such other responsibilities as determined by the Church/Charge Conference.


THIS RESOLUTION WAS APPROVED BY A VOTE OF:

_____ 18 _____ FOR _____ 0 _____ AGAINST _____ 0 _____ ABSTAINED

Church/Charge Conference of the Woodlawn United Methodist Church of Derby, Kansas, Inc.



Recording Secretary



Senior Pastor



District Superintendent