

Endowment Fund Charter
Trinity United Methodist Church
Lafayette, IN

Trinity United Methodist Church, 509 North Street, Lafayette, IN 47901, (hereafter referred to as “Trinity UMC,” “The Church” or “Church”) hereby amends its Endowment Fund the “Trinity United Methodist Church Endowment Fund” (hereafter referred to as “Endowment Fund” or “Fund”). 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 Endowment Fund is to provide a means for members and friends of The Church to make gifts and bequests to provide a permanent endowment of financial support and living memorials. Gifts to the Endowment Fund 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 Endowment Fund shall be used to assist The Church in fulfilling its purposes in Christian ministry and mission. This includes support of ministries of Trinity, ministries of the Indiana 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 Endowment Committee.

This Endowment Fund and resulting income is intended for purposes that are not a part of the local Churches’ 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 Fund 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. Endowment Fund income should only be used to support ministries beyond normal local Church activities or to provide temporary assistance in starting new ministries in the local church.

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

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B. ACCOUNTS

Within this Endowment Fund, the following accounts are hereby established to enable the Church to have an effective ministry:

General Accounts

1. **Undesignated Fund:** This account will receive gifts to the Fund, which are not designated for a particular purpose or restricted in any way by the donor. Income from this account will be used to fund the ministries or missions selected by the Endowment Committee and approved by the TUMC Governing Board.
2. **Building Fund:** Income from this account is to be used for major repairs, capital improvements, equipment, furnishing, or any extra-ordinary maintenance on Church buildings and/or other properties or structures owned by the Church.
3. **Program Fund:** Income from this account shall fund efforts to reach additional persons for Christ and will be used to further spiritual development of individuals and corporate Christian life. Ministries may include, but are not limited to: Evangelism, Youth, Education, Discipleship and Fellowship. It may not be used for any activity covered by the Building Fund noted under General Accounts.

Other General Accounts may be established by action of the Endowment Committee or a Charge Conference. Such accounts 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 accounts established by action of this Committee or a Charge Conference.

Donor Designated Accounts:

These accounts are designated by individual donors who have placed specific designations or restriction on their gift:

The Mary I. Smith Scholarship Fund - Income from this fund is to be used for post-high school student scholarships, including college, vocational or other education programs for person who want to go into the teaching profession.

Amount: Each scholarship given will be at least \$300/year.

The recipient of the scholarship will be selected by the Senior Pastor, with input from church staff, each year.

The Mary I. Smith Scholarship Fund Selection Criteria:

1. Demonstrate a financial need, except for very unusual circumstances.
2. Be active in Trinity United Methodist Church, and preferably a member.
3. have the intention of becoming a teacher.
4. recognize that character will be a factor in the selection.
5. be a graduating or graduated high school senior to qualify for their first scholarship

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Smith Scholarship Continued

(This pertains to college and vocational schools)

Scholarship Renewal - This scholarship can be awarded up to 3 additional years, providing:

1. The student maintains at least a C+ grade average, and continues studies toward a degree that qualifies the student to teach.
2. The student must have the intent to become a teacher.

Graduate degrees are included in these rules.

All scholarship checks will be made payable jointly to the student and the treasurer or designated academic financial officer of the institution of learning.

The H.L. Everett Music Fund - Income from this fund is to be used for enhancement of the music program of the church, including but not limited to, the training of, and compensation of an organist of the church.

The requests for these funds may be made jointly by the Senior Pastor and the Music Director, or the Senior Pastor, alone, specifying what music program it is to be used for.

Establishing A Designated Account at Trinity United Methodist Church

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

1. The Endowment Committee agrees to accept the gift with the designations or restrictions proposed by the donor, and
2. The Endowment Committee agrees to establish a new designated account to hold this designated or restricted gift, and
3. The initial gift to the new designated account will be no less than \$10,000.

There will be no minimum contribution required for additional gifts to accounts previously established by a donor.

Donors wishing to establish designated accounts of less than **\$10,000.00** will be encouraged to make their gift to one or more of the other existing endowment accounts. Alternatively, it may be recommended that such gifts be placed in the Memorials Fund of the Church rather than in the Endowment Fund.

Principal and income of accounts created by action of individual donors will be used in accordance with the written directives provided by the donor at the time of making the gift. Such directives may not be changed at a later date by the donors or their family members.

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

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Sub-Accounts:

Funds cannot be designated to establish a sub-account within a previously established account, 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 Endowment Committee, subject to the direction of the Charge Conference as prescribed in the *Book of Discipline* of the United Methodist Church.

D. ENDOWMENT FUND COMMITTEE

The Endowment Committee shall be composed of 7 members: 5 at-large and 2 ex-officio members.

At-Large Members: The at-large members will be nominated by the Church Nominations Committee and elected by the Charge Conference. The Nominations Committee shall seek at-large members among those members of the Church who have a strong interest in endowments, or expertise in legal, financial, public relations, or other services valuable to the committee. Ideally, members serving on the committee are strong financial supporters of the Church. Committee members should also have an understanding of the Church Vision and Mission.

Persons who have, or may appear to have, a conflict of interest shall not serve on the committee. Committee members shall not use their position on the Endowment Committee as a means to promote a product or service that is normally sold in the course of their livelihood (or of their spouse or other family member). If members of the congregation observe or perceive such conflict of interest, they will likely avoid contacting the committee or making a gift.

Each at-large member will be elected for a four-year term. There will be 2 members selected for each four-year term. Initially, members will be elected to 1, 2, 3, and 4-year terms to establish the four-year rotation. At-large members may succeed themselves to a maximum of 2 consecutive full three-year terms. Filling a vacancy for a partial term is not included in this limit.

The chairperson of the Endowment Committee is nominated by the Nominations Committee and elected in the same manner as the other at-large Endowment Committee members. This should be a person who has a strong interest in helping the Endowment fund grow and succeed.

Nominations to fill vacancies will be made by the Nominations Committee for Election by the Governing Board or Charge Conference.

Ex-officio Members: There will be (1) ex officio member with voting privileges and (1) without voting privileges. The one with voting privileges is the Lay Leader. The senior pastor shall be an ex-officio member without voting privileges.

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Membership of the committee may be adjusted from time to time to maintain consistency with the rules of 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 Endowment Committee must be approved by a majority of the members attending a committee meeting so long as a quorum is present. A quorum shall be defined as more than 50% of the members eligible to vote.

Officers: The Endowment Committee shall elect a Secretary, a Treasurer and such other officers, as it deems appropriate or necessary.

Secretary: The Endowment Committee may invite an additional church member to serve as Secretary of the Endowment Committee without voting privileges.

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

E. POWERS AND DUTIES OF THE ENDOWMENT COMMITTEE

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

1. To educate church members and other potential donors on planned giving and promote giving to the Fund.
2. To accept or reject any gift, bequest or devise. If a gift is received by the Endowment Fund without designation or restriction, it will be placed in the Undesignated Account.
3. To determine the distribution of income from all General Accounts.
4. To determine the proper distribution of income from all Donor Designated Accounts in accordance with the written instructions of the donor and otherwise follow directions of the donor in the use of income or principal.
5. To manage and administer the Fund, 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.

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6. To invest all monies of the Fund. (See Section F)
7. To have the Fund audited annually by the Church auditor, and/or any other entity as determined necessary by the Endowment Committee and/or the Charge Conference.
8. To present an annual written report to the Charge Conference and Governing Board. The congregation of the Church should also be informed of Endowment Fund activities through use of the newsletter or other mailing and presentation to the congregation.
9. To select the definition of “income” to be used by the Fund (trust law or corporate law definition.)
10. To determine an appropriate means of offsetting the effects of inflation on Fund assets.
11. To define “Spending Policies” to use in making distributions of income.
12. To develop other policies or by-laws to guide the day-to-day management of the Fund.

F. INVESTMENT OF FUNDS

The Endowment Committee shall 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* as revised from time to time.

As a matter of good Christian and corporate stewardship, the principal of gifts, devises, and bequests received by the Endowment Fund shall be invested through the United Methodist Foundation of Indiana, Inc., or other financial institution, to be held in trust for management and investment purposes. The assets of the Endowment Fund shall only be invested through entities that allow continued ownership of the assets by the Endowment Fund.

Investment objectives of the Endowment Fund shall include:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Growth of principal and income to offset cost of living increases.
3. 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.

Any transfer of the Endowment Fund assets for investment with another institution, other than United Methodist Foundation of Indiana, Inc., must be approved by a majority vote of the Charge Conference, at which a quorum is present, upon recommendation of the Committee and the Governing Board of said church.

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G. 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. In a separate policy document, the Endowment Committee will adopt a definition of income and spending policies to accomplish the above stated intentions.

Income earned by the Fund shall be distributed as approved by the Endowment Committee. The following matters, terms and conditions, will apply or will serve as a guide for distribution of income:

1. If a gift is received without designation or restriction, it will be placed in the Undesignated Account. Income from the Undesignated Account will be distributed by action of the Endowment Committee.
2. Income from all other General Accounts (established by this Charter, the Endowment Committee or a Charge Conference) will be distributed by action of the Endowment Committee in accordance with the guidelines for those accounts.
3. If a gift is used to establish a Donor Designated Account, the income and/or principal will be distributed according to the written directions provided by the donor at the time of the gift.
4. If income in a particular account remains unused at the end of the calendar year, such income may be held in that account for use in a subsequent year. However, it is not within the purposes of the Endowment Fund 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 Endowment Committee, at its discretion, may reclassify unspent income as additions to principal. Thereafter, such accumulated income is no longer available for distribution.
5. It is not intended that Endowment Fund 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. Endowment Fund income should only be used to support ministries beyond normal local Church activities or to provide temporary assistance in starting new ministries in the local church.
6. Income shall not be used to subsidize the cost of a new program, ministry or staff position for more than three years. (optional addition) However, upon annual review, support may be extended to a fourth or fifth year.

H. LIMITATION ON USE OF PRINCIPAL

The objectives of the Endowment Fund are to conserve principal and make use of only the distributions determined by the Committee. In keeping with the Uniform Prudent Management of Institutional Funds act, annual distributions may be made within the spending policy, even though the corpus of the account has dropped below the original donations due to market fluctuations.

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Undesignated Account principal may be withdrawn only in extreme and overwhelming circumstances, bordering on the survival of The Church. Any withdrawal of principal must be approved by a majority vote of the Endowment Committee and a three-fourths (3/4) vote of the Charge Conference of Trinity United Methodist Church at which a quorum is present. Principal shall not be withdrawn from any other account.

I. BORROWING FROM THE FUND

Endowment Funds may not be borrowed by the Church except in unusual circumstances for major Church projects. However, such borrowing shall not exceed 50% of the total Undesignated Account principal. In such an event, borrowing must be approved by a $\frac{3}{4}$ vote of all members of the Endowment Committee and by a $\frac{3}{4}$ vote of the Charge Conference members voting, subject to the rules of the *Book of Discipline* of the United Methodist Church. The terms and conditions of any such loan would be those as set by the Endowment Committee and would be generally comparable to terms and conditions available through commercial lending institutions.

J. 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 $\frac{3}{4}$ vote of all the members of the Endowment Committee and by a $\frac{3}{4}$ vote of the Charge Conference members voting, Undesignated Account 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 Endowment Committee and would be generally comparable to terms and conditions available through commercial lending institutions. In no event may the Endowment Committee or the Charge Conference, pledge more than 50% of the Undesignated Account assets as collateral for such Church obligations.

K. TOTAL ENCUMBERANCE

If there is borrowing by the Church from the Fund, as authorized in Section I. hereof, the combined total of borrowing and pledging shall not exceed 50% of the Undesignated Account principal.

L. 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 Endowment Fund shall be deemed to have been made in behalf of the merged or consolidated Church. Said Church shall be entitled to receive all the benefits of said Endowment Fund, and shall be obligated to administer the same in all respects and in accordance with the terms thereof.

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M. EVENT OF DISSOLUTION OF THE CHURCH

In the event of the dissolution of The Church, all principal and accumulated earnings of the Endowment Fund shall be distributed as follows:

1. *All undesignated* principal and accumulated earnings thereon shall be distributed as directed by a 2/3 vote of all members of the Endowment Committee and a 2/3 vote of the Charge Conference members voting; provided, however, that in any event, any such distribution must be made for Christian purposes and shall not be made for the direct or indirect benefit of any individual member of the Church. If the required 2/3 vote of the Committee and the Charge Conference cannot be attained after five votes, then the *undesignated* funds will be distributed to the United Methodist Foundation of Indiana, Inc., Fishers, IN.
2. *All designated* principal and accumulated earnings thereon shall be distributed to the United Methodist Foundation of Indiana, Inc., Fishers, IN, which shall receive the benefits of the Endowment Fund and shall be obligated to administer the same in all respects in accordance with the terms of the donor designations, to the best of its ability.

N. ADMINISTRATION OF DESIGNATED GIFTS

The Church recognizes that many times the intent of a gift used to establish a Donor Designated Account 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 Endowment Committee, any such gift that has become impossible or impractical to administer may be transferred without condition or reservation to another existing account, which has similar purposes. If an account with similar purposes does not exist, the funds shall be placed in the Undesignated Account. It is presumed that any individual or entity making a gift, bequest, or devise to the Endowment Fund 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 Account impossible or impractical.

O. AMENDMENTS

This resolution may be amended by a 2/3 vote of the Endowment Committee and the Charge Conference duly called in accordance with the *Book of Discipline* of the United Methodist Church. The proposed amendments as adopted by the Endowment Committee shall be generally circulated through the congregation prior to the Charge Conference called to vote upon such amendment.

No amendment shall become effective until passage by a 2/3 vote of the Endowment Committee and by a 2/3 vote of those voting at the Charge Conference; provided, however, that the lack of said 2/3 vote at either of the Charge Conferences or at a vote taken by the Endowment Committee shall defeat any proposed amendment. Any defeated amendment may again be considered only after one year following the last vote taken on said proposed amendment and only after again being initiated by either the Endowment Committee or a Charge Conference.

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P. FREEDOM TO EMPLOY COUNSEL

The Endowment Committee, at its discretion, is free to employ counsel in the management of the Fund, which may include but not be limited to legal advice, help of a certified public accountant or guidance from an investment counselor. Any such professional services secured shall be provided by neutral, independent professional sources not affiliated with a member of the Endowment Committee or their immediate family. Further, any professional services provider shall not have any other conflict of interest related to The Church or any donor to The Church.

Q. EXPENSES FOR MAINTAINING THE FUND

Any expenses incurred in managing and maintaining the Fund as a whole shall be borne proportionately by all accounts of the Fund, and shall come out of the income of the Accounts before distribution. Any expenses incurred in managing or maintaining a specific Account or Accounts shall be paid from that Account or Accounts.

R. BEQUESTS TO TRINITY UNITED METHODIST 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* provides that a Charge Conference may designate the Endowment Fund to provide services, which are normally provided by the Governing Board of The Church. Therefore, any such gift, devise or bequest received by The Church after the date of adoption of this Resolution which is \$10,000 or larger, shall be transferred to, and placed in the Endowment Fund for management. The Endowment Fund 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 Governing Board is hereby notified that this Charge Conference is delegating such power, duty and authority to the Endowment Fund.

Any such gift, devise or bequest received by The Church after the date of adoption of this Resolution which is less than \$10,000, shall be held by the Governing Board of The Church for use in capital improvement projects.

S. LIABILITY OF GOVERNING BOARD AND MEMBERS OF THE COMMITTEE

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

T. 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.

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U. ADOPTION

This Endowment Fund Charter was adopted by the duly authorized Charge Conference of the Trinity United Methodist Church at a session held at Lafayette, Indiana on the 8th day of April, 2019.

Trinity United Methodist Church

Attest:

By: _____

(Signature)

By: _____

(Signature)

Printed Name: _____

Printed Name: _____

Presiding officer of the
Charge Conference

Recording Secretary of the
Charge Conference

NOTE: This sample document was prepared by United Methodist Foundation of Indiana, Inc. and is to be used only as a guide for local churches in developing their own Endowment Fund Charter. Legal counsel may be employed in developing an Endowment Fund Charter. The Foundation is also available to review your proposed draft charter prior to presentation to the charge conference.

After adopting an Endowment Fund Charter, the Endowment Committee should be elected. One of their duties will be to establish policies to guide the day-to-day management of the Fund (similar to by-laws for a corporation). The United Methodist Foundation of Indiana can also supply sample policies and consult with you in that process.

This sample charter and/or sample policies can be supplied in electronic media form (computer file). If you wish to have an electronic media copy, please contact the Foundation office at 317-788-7879 or 877-391-8811.