

CHARTER

The Permanent Endowment Program FIRST UNITED METHODIST CHURCH DEMING, NEW MEXICO

PURPOSE

The Permanent Endowment Program of First United Methodist Church, Deming, NM, Inc., 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 First United Methodist Church, Deming, NM, hereafter referred to in this document as “FUMC Deming”, that will become a permanent endowment of financial support and a living memorial. The Endowment Program is intended for Church purposes that are not funded through the annual operating budget; however, gifts which are intended to supplement programs and ministries are appropriate. The Endowment Program is meant to help carry out the mission of FUMC Deming to make Disciples of Christ.

ADMINISTRATION

The Endowment Program will be administered by the Permanent Endowment Fund Committee of FUMC Deming, hereinafter in this document referred to as “the Committee”, under authority granted by the Charge Conference. The members of the Committee shall be elected by the Charge Conference and shall serve until their successors have been elected. Any vacancies may be filled by action of the Church Council¹.

The following persons will constitute the membership on the Permanent Endowment Fund Committee:

- A. The Senior Pastor
- B. The Chairperson or representative of the Committee on Finance
- C. The Local Church Treasurer
- D. A representative from the Board of Trustees named by the Board of Trustees
- E. Four At-Large Persons nominated by the Committee on Lay Leadership

The four At-Large members are elected by the Charge Conference and are divided into three classes in order to secure experience and stability. To begin the process of rotation, one member shall be elected to serve one year, one member to serve two years and two members to serve three years.

The Chairperson of the Committee shall be nominated by the Committee on Lay Leadership from the membership established above and shall be elected by the Charge Conference. The Committee shall elect its own Secretary, and such other officers and sub-committees, as it deems necessary.

The Committee shall cooperate with the Finance Committee in assuring that the annual audit process (as stated in Paragraph 258.4d of *The Book of Discipline – 2008*) is

followed. The Committee shall make a full report no less frequently than once a year to the Church Council¹.

INVESTMENT OF PERMANENT ENDOWMENT FUNDS

The purpose of the Permanent Endowment Fund is to provide a stable and secure source of financial support in order to facilitate the mission of the FUMC Deming. To that end, the policy that governs the management of the Endowment requires the conservation of principal for the effective maintenance of purchasing power and a regular income at a reasonable rate. This is essential to provide current income and growth of income for future needs to carry out the mission and to ensure the preservation and growth of principal to maintain purchasing power against the relentless effects of inflation.

The Endowment Fund will seek 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.

All gifts received by the Endowment Program shall be invested through the establishment of one or more accounts with the New Mexico Conference Methodist Foundation, Inc. as determined by the Permanent Endowment Fund Committee. The specific purpose of each account 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 purpose.

CHANGE IN INVESTMENT POLICY

Any transfer of the Endowment Program assets for investment with another institution, other than the New Mexico Conference Methodist Foundation, must be approved by a majority vote of the Charge Conference, at which a quorum² is present, upon recommendation to the Permanent Endowment Fund Committee and the Church Council¹ of FUMC Deming.

LIMITATION ON USE OF PRINCIPAL

The objectives of the Endowment Program are to conserve principal and make use of only the income from the Fund unless the donor specifically designates the use of principal in the Gift Agreement. Otherwise any part of the principal may be withdrawn only in extreme and overwhelming circumstances. Should a financial crisis exist, additional amounts including principal may be expended from the Fund. Any withdrawal of principal must be approved by a two-thirds (2/3) vote of the Charge Conference of FUMC Deming at which a quorum² is present.

¹ The current ruling administrative body of the First United Methodist Church Deming as stated in paragraph 252 of *The Book of Discipline – 2008*. The Church Council was previously known as The Administrative Council.

² Paragraph 246.6 of *The Book of Discipline – 2008*: The members present and voting at any duly announced meeting shall constitute a quorum.

GIFTS TO THE PERMANENT ENDOWMENT FUND

Gifts to the Endowment Program shall be directed into one or more of the following funds:

- A. Designated--Mission Funds (for missions in and beyond the local church and community)
- B. Designated--Property Funds (for maintenance, care, improvements or additions to, or construction of physical facilities)
- C. Designated—Named Endowment Fund (for example, scholarship, youth, music, library, evangelism, etc)
- D. Undesignated--General Endowment Fund (for special needs and ministries as determined by the church leadership)

Additional funds may be designated from time to time by the Committee and approved by the Church Council. To establish a new fund, an initial minimum contribution of \$2,500 shall be suggested.

The Committee shall have the authority and responsibility to accept or reject any and all gifts to the Endowment Program in keeping with authority granted by the Charge Conference. 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 the Gift Acceptance Policy which is included as part of this document.

DISTRIBUTIONS FROM THE ENDOWMENT PROGRAM

Distributions from designated accounts in the Endowment Program shall be made by the Committee as directed by the donors at the time of their gift, or as directed by will or other document if such direction is in conformity with the general purposes set forth herein. In the case of the General Endowment Fund (undesignated), the amount of all distributions shall be determined by the Committee, which shall keep in mind the Endowment Program investment objectives stated above in this document. The purposes and causes to which distributions from the General Endowment Fund and broadly-designated Endowment Funds (i.e., Missions) are to be made shall be approved by the Church Council through a process determined by the Church Council.

LIABILITY OF TRUSTEES AND MEMBERS OF THE COMMITTEE

In the absence of gross negligence or fraud, no member of the Board of Trustees of FUMC Deming or of the Committee of said church shall be personally liable for any action taken or omitted with respect to the Endowment Program.

MERGER, CONSOLIDATION, OR DISSOLUTION OF FIRST UNITED METHODIST CHURCH

If at any time FUMC Deming is lawfully merged or consolidated with any other United Methodist church or its successor denomination, all the provisions hereof 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 FUMC Deming should ever be dissolved without any lawful United Methodist successor, the Fund, including both principal and interest to date, shall be turned over to the New Mexico Conference Methodist Foundation, Inc., to be retained as a Permanent Endowment bearing the name of First United Methodist Church, Deming, NM, with the request that the New Mexico Conference Methodist Foundation, Inc., or its duly authorized successor, use the growth/earnings according to the Foundation's distribution policy as it may exist from time to time for missions and church development within the region served by the Foundation. (See Paragraph 2548.5 of *The Book of Discipline - 2008*).

AMENDMENTS

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

SEVERABILITY

If any 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 contained or render the same invalid, inoperative, or unenforceable.

This Endowment Program Charter was adopted this ____ day of _____, ____ in a duly authorized Charge Conference of First United Methodist Church, Deming, NM, by a vote of:

____ For ____ Against and ____ Abstained. _____

Recording Secretary

District Superintendent

Pastor

GIFT ACCEPTANCE POLICY

The Permanent Endowment Program FIRST UNITED METHODIST CHURCH DEMING, NEW MEXICO

PURPOSE

The purpose of this Gift Acceptance Policy is to define the type of gifts that can be accepted and the manner in which they can be accepted.

INTRODUCTION

In order to protect the interest of First United Methodist Church of Deming, New Mexico, Inc., hereinafter referred to as “the Church” and the persons and other entities that 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 Permanent Endowment Fund (hereafter referred to as “The Fund”) without encumbering the Church with gifts which may prove to generate more cost than benefit, or which are restricted in a manner which is not in keeping with the goals of the Church.

In order 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 be considered by the Permanent Endowment Fund Committee (hereafter referred to as “the Committee”) and a final decision be made only after a recommendation by the Committee.

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. The Church will abide by any request of the donor to remain anonymous.

I. OUTRIGHT GIFTS

A. CASH

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

B. PUBLICLY TRADED SECURITIES

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

C. CLOSELY HELD SECURITIES

1. Non-publicly traded securities may be accepted upon approval by the 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 Committee and the Board of Trustees.
2. Prior to approval, the Committee shall make a recommendation for accepting or rejecting 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. An environmental assessment
 - g. A recommendation on marketability
3. Upon the recommendation from the Committee, the Board of Trustees 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.
2. Prior to approval, the Committee shall make a recommendation for accepting or rejecting the personal property and shall include a report on (but not limited to) the following:
 - a. An independent qualified third party appraisal
 - b. A recommendation on marketability

3. The Committee shall make the decision to accept and to keep or sell the property.

F. OTHER PROPERTY

1. 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.

II 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 Sections I and II 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 AND CHARITABLE TRUSTS

1. The committee will recommend as fiduciary The New Mexico Conference Methodist Foundation, Inc.
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 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

1. 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 which 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 his 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 donor's names be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or the Church.

E. GIFT ANNUITIES

1. The Church will accept Charitable Gift Annuities purchased from the New Mexico Conference Methodist Foundation, Inc.

III. 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.

C. RESTRICTIONS

1. Any restriction on the use of any gift must be approved by the Committee prior to acceptance of the gift.
2. A designated permanent fund, other than those identified, may be established with a minimum gift of \$2,500 or such minimum to be determined appropriate and approved by the Committee.

This Gift Acceptance Policy Document shall be attached to and shall become an integral part of the First United Methodist Church of Deming Permanent Endowment Fund Charter.