

Hillview United Methodist Church Legacy Endowment Program Policies

Purpose

The Hillview United Methodist Church Legacy Endowment Program (hereafter referred to in this document as the “Legacy Endowment Program” or the “Program”) is established to receive, manage, invest, distribute and encourage the giving of assets to Hillview United Methodist Church to provide a legacy of financial support for the charitable, educational and religious purposes of the Church. The Legacy Endowment Program is intended for purposes that are not generally part of the church’s established programs, which are funded through the annual operating budget of the church and the regular giving of its members.

Administration

The Legacy Endowment Program will be administered by the Legacy Endowment Program Committee (“Program Committee”). Program Committee members shall be elected by the Charge Conference and will include the following persons:

A – The Pastor

B – Representative of the Finance Committee or Church Treasurer

C – Representative of the Board of Trustees

D – One to two “at large” persons nominated by the Church Committee on Lay Leadership

The Chairperson of the Program Committee (“Committee Chairperson”) shall be nominated by the Committee on Lay Leadership from the above membership and shall be elected by the Charge Conference.

The Legacy Endowment Program Committee shall cooperate with the Finance Committee to assure the annual audit process (as stated in *The Book of Discipline*) is followed. In addition, the Legacy Endowment Program Committee shall make a full financial report to the Church Council no less frequently than once a year.

Gifts to the Legacy Endowment Program

A. Unrestricted Funds

Gifts given to the Legacy Endowment Program, with no specific statement of use by the donor, are known as Unrestricted Gifts. We strongly encourage Unrestricted Gifts because they provide the greatest flexibility in meeting the long-term needs of the Church with the lowest administrative cost. It is our policy to place any Unrestricted Gifts into a general endowment fund (hereafter referred to as the “Unrestricted Fund”) which will be used for special needs and ministries beyond the Church’s annual operating budget. Distributions from the Unrestricted Fund will be distributed as recommended by the Endowment Committee and approved by the Church Council.

B. Restricted Funds

Gifts to the Legacy Endowment Program, with a specific statement of use by the donor, are known as Restricted Gifts. Currently, a donor may restrict gifts to the Legacy Endowment Program into one or more of the following funds:

- Mission Fund: For missions in and beyond the local church and community;
- Property Fund: For maintenance, care, improvements or additions to, or construction of Hillview's physical facilities and exterior spaces; and/or
- Donor-Designated Fund: For donor-specified purposes, such as a named endowment fund (e.g. John Doe Missions Fund, Jane Doe Building Fund, Pat Doe Camp Scholarship Fund). Because Donor-Designated Funds increase the cost of the Program and create the need for additional administration, reporting and accounting resources, donor-designated funds may be established only with an initial gift of at least \$25,000.

All gifts, whether restricted or unrestricted, are subject to the general provisions of the Legacy Endowment Program. These provisions include the investment and administration of funds and assessment of management fees.

C. Receiving Gifts

Gifts may be in the form of cash, securities or property. It is our policy to immediately deposit cash gifts in the Program's trust account for later investment. Ordinarily, gifts of securities are received into the Program's brokerage account and quickly converted into cash for immediate deposit in the Program's trust account for later investment.

However the Program Committee may call on others (brokers, financial planners, etc.) to assist them in the evaluation and timing of the conversion. For each gift of securities, the Committee Chairperson shall complete the applicable IRS form stating the date the securities were transferred to the Legacy Endowment Program and mail it to the donor.

It is the policy of the Legacy Endowment Program to accept offers of real or personal property on a case-by-case basis. The Committee Chairperson will arrange for each offered property to be inspected by appraisers, realtors, engineers, environmental specialists, hazardous materials experts or others as needed. Once a full report on an offered property is prepared, the Program Committee will take formal action to accept or decline the property. If accepted, disposition of the gifted property will be at the discretion of the Program Committee but will generally be sold. The proceeds of an accepted offer will be placed in the Program's trust account for later investment.

Occasionally, a gift may be offered to the Program by a donor who wishes to restrict the gift to benefit a purpose or cause that is not central to the purpose of either the Legacy

Endowment Program or Hillview United Methodist Church as determined by the Program Committee. In that case, the Program Committee may decline the offer.

D. Evaluating Gifts

Due diligence is required before a gift of real or personal property is accepted by the Program Committee. In this event, the Program Committee may use Unrestricted Funds to properly investigate and evaluate the offer.

If the gift is ultimately accepted, it will either be restricted or unrestricted by the donor. If unrestricted, then the gift will be liquidated and the resultant funds placed in the Unrestricted Fund.

If the accepted gift is restricted, then all costs of investigation, evaluation and liquidation will be deducted from the restricted gift and placed in the Unrestricted Fund. The balance of the liquidated gift will be placed in the appropriate Restricted Fund.

E. Accepting Gifts

Only the Legacy Endowment Program Committee Chairperson can accept a gift on behalf of the Legacy Endowment Program.

F. Definition of Principal

Principal is defined as the value of a gift at the time it is placed in the appropriate fund (Restricted or Unrestricted).

Investment of Legacy Endowment Program Funds

The purpose of the Legacy Endowment Program is to provide a stable and secure source of financial support for both near term and future charitable, educational and religious purposes of the Church. To that end, the Program investment strategy will seek to attain a balance between current income and growth of principal for future needs. This will allow the Program to fund near-term charitable, educational and religious purposes of the Church while preserving and growing the Program's principal to maintain purchasing power against the effect of inflation.

The Legacy Endowment Program 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.

Investment of all funds of the Legacy Endowment Program shall be left to the discretion of the Legacy Endowment Program Committee. Investments shall be in one or more accounts as determined by the Legacy Endowment Program Committee.

A. Change in Investment Policy

Any transfer of Legacy Endowment Program Funds for investment with another institution must be approved by the Church Council.

B. Limitation on use of Principal

The objective of the Legacy Endowment Program is to provide consistent funding for special needs and ministries beyond the Church's annual operating budget while conserving principal using only those funds generated by "total return" (growth in market value of the principal). No part of the principal may be withdrawn except in extreme and overwhelming circumstances (unless donor restrictions or directions provide otherwise at the time a Restricted Gift is made). Should such a crisis exist, additional amounts including principal may be expended from the Legacy Endowment Program. Any withdrawal of principal must be approved by a two-thirds (2/3) affirmative vote at a duly called Charge Conference of the Hillview United Methodist Church.

For Restricted Funds, the specific purpose of each account established by the Program Committee shall be managed in order to fulfill the wishes of the donor (including directed distributions from any Donor-Designated Fund).

Distributions From the Legacy Endowment Program

The amount of all distributions from the Unrestricted Fund, the Mission Fund, and the Property Fund shall be determined by the Program Committee, which shall keep in mind the investment objectives as stated above in this document. The Program Committee will distribute annually 3.5% of the three-year average of the fund values (market values) at calendar year-end. In the first three years of the Program, the fund value will be presumed to be \$100,000 at calendar year-end for any year in which a balance is not available. If the distribution would result in a reduction of principal, the Program Committee shall reduce or eliminate the distribution so principal is not reduced.

Distributions from any Donor-Designated Fund shall be made by the Program Committee as directed by the donor at the time of the gift.

All distributions proposed by the Legacy Endowment Program Committee shall be subject to the approval of the Church Council.

Amendments

Typographical, clerical, or other non-substantive corrections and amendments to these Legacy Endowment Program Policies may be made by the Program Committee, provided the same are also approved by the Church Council. Substantive corrections and amendments to these Legacy Endowment Program Policies may be made only by a two-thirds (2/3) affirmative vote at a duly called Charge Conference of Hillview United Methodist Church.

Severability

If any provisions or any application of any provisions of the Legacy 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.

Recognizing Donors

It is the policy of the Legacy Endowment Program to recognize each gift with a letter of thanks to the donor from the Committee Chairperson.

These Hillview United Methodist Church Legacy Endowment Program Policies are adopted this ___th day of _____ 2014 in a duly called Charge Conference of Hillview United Methodist Church, Boise, ID by a vote of:

___ For ___ Against and _____ Abstained.

Recording Secretary

District Superintendent

Pastor

Committee Chairperson