

Permanent Endowment Program Administrative Guidelines



*First United Methodist Church
Oak Ridge, Tennessee*

*Prepared for the
FUMCOR Enduring Gifts Committee*

by

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OUTLINE

1. Preface
 - a. General Information
 - b. Purpose
2. Introduction
 - a. History and Background
 - b. Information on Previously Established Endowment Funds
 - c. Other Established Funds
 - i. The Jeannette Reynolds Scholarship Fund
 - ii. The Eunice and Ernest Jones Memorial Media Center Fund
 - iii. The Bonham Fund
 - iv. Bequest Funds
3. Establishment of Endowment Funds
 - a. Receipt of Gifts
 - b. Priority of Donor's Interest
 - c. Confidential Information
 - d. Use of Legal Counsel
 - e. Serving as Trustee
 - f. Minimum Endowments and Time Limits
 - g. Memorandum of Agreement and Administrative Guidelines for Accounts
 - h. Acknowledgement of Gifts
4. Investment Principles and Procedures
 - a. General Statement
 - b. Charter Statement
 - c. The Holston Conference Foundation
5. Account Information Sheet
 - a. General Information on Account Information Sheet
 - b. Authorizations
 - c. Yearly Review of Accounts
6. Permanent Endowment Fund Spending Policy—Distribution of Earnings

APPENDICES

- A. Charter of the First United Methodist Church of Oak Ridge, Tennessee Permanent Endowment Program
- B. Holston Conference of the United Methodist Church Foundation, Inc. Account Information Sheet
- C. Note on Sustainable Income from an Investment Portfolio
- D. Agreement and Acceptance Forms of Gifts to First United Methodist Church, Oak Ridge, Tennessee
- E. Administrative Provisions Example--The William C. Mooney Pastoral Visitation Endowment
- F. Investment Policy Statement for The Holston Conference Foundation
- G. Hypothetical Distribution of Income Using Recommended Model by Roger Redding, Executive Director of the Holston Conference Foundation
- H. Administrative Provisions for Established Endowments
 - 1. General Endowment—Adopted April 18, 2007
 - 2. Property Endowment—Adopted April 18, 2007
 - 3. Missions Endowment—Adopted April 18, 2007
 - 4. Adult Music Program Endowment—Adopted April 18, 2007
 - 5. Youth Choir Program Endowment—Adopted April 18, 2007
 - 6. Youth Ministries Program Endowment—Adopted April 18, 2007
 - 7. The William C. Mooney Pastoral Visitation Endowment
 - 8. The Rebecca B. Taylor Scholarship Endowment
 - 9. FUMC Library Endowment

PREFACE

General Information

The First United Methodist Church, Oak Ridge, Tennessee (FUMCOR) Permanent Endowment Program, hereby adopts these Administrative Guidelines of objectives, policies, principles, guidelines, and procedures for administering the Permanent Endowment Program of First United Methodist Church (FUMC), Oak Ridge, Tennessee. The program operates as part of the committee structure of FUMCOR. The Permanent Endowment Program provides funds to meet not-for-profit causes and organizations which support the special needs of FUMC and the larger United Methodist community. Contributions to the Endowment Program are in the form of gifts, memorials, and bequests from individuals, groups, committees, and families.

The general policies established herein are to enable the Permanent Endowment Fund Committee (PEFC) to effectively proceed with the management and administration of the Permanent Endowment Fund. It is the intent of this listing of general policies to work in conjunction with the previously adopted Permanent Endowment Program Charter. The following policies are addressed either in the Endowment Charter or within additional, freestanding policy statements:

Purpose

The purpose of this document is to outline the objectives, policies, principles, guidelines, and procedures for administering the Permanent Endowment Program of First United Methodist Church (FUMC), Oak Ridge, Tennessee. The Permanent Endowment Program was authorized by the December 2002 Charge Conference of FUMC and the Charter was adopted in November 24, 2003. The Charter outlines the general principles for the program and is included as a part of this document (See Appendix A). The Charter establishes the Permanent Endowment Fund Committee to administer this program. This document outlines procedures to aid the committee in the administration of the program. These procedures are to function as by-laws of the committee and can be amended or changed as needed by the committee as the future may dictate. These guidelines are written for the present committee, but especially for future committees with the ever rotating new membership. With written standard operating procedures, new members of committees and the committees themselves will not have to rely on past memories to carry out the functions of the program. The written procedures will provide reminders of actions that should be taken. In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

This statement of investment policy, objectives, and guidelines has been adopted by the Endowment Committee in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and

objectives of Endowment Fund assets.

3. Establish the relevant investment time horizon(s) for which the Endowment Fund assets will be managed.
4. Manage Endowment Fund assets according to prudent standards.
5. Establish a basis for evaluating investment results.

INTRODUCTION

History and Background

The December 2002-Church Conference of First United Methodist Church, Oak Ridge, created an Permanent Endowment Fund Committee and charged the committee to establish a Permanent Endowment Program that would provide members and friends the opportunity to make charitable gifts to financially support the church.

This committee, with the assistance of the Holston Conference Foundation, and in accordance with the United Methodist Book of Discipline, prepared and submitted a detailed charter for the Fund Program. This charter was approved by the Church Council and Charge conference on November 24, 2003, formally establishing the First United Methodist Church of Oak Ridge, Tennessee, Permanent Endowment Program. This document reflects the work, decisions, and actions taken by that committee.

People give for two basic reasons, (1) to save lives and (2) to change lives. The Permanent Endowment Program is a long range plan to insure the saving and changing of lives in the future. The Permanent Endowment Program was established to enhance our faith today and to ensure strength for tomorrow.

An Endowment Fund is a financial account that is invested to earn a return of income and growth of which a percentage of the account value is used each year for a specified charitable purpose. It is understood that a financial endowment is a transfer of money or property donated to an institution, with the stipulation that it be invested, and the principal remain intact. This allows for the donation to have a much greater impact than if it were spent all at once.

An endowment is money that is given or set aside as a permanent fund to meet special, designated or emergency needs not met through current income. An endowment is meant to last in perpetuity, and therefore, only the income or a specific percentage of the market value should be expended each year. An endowment can be named in honor or memory of a loved one and designated to support general or specific uses. An endowment gift is a permanent gift. The gift is kept in perpetuity, and only the earnings are distributed. In principle, a church or charity can receive a benefit from an endowment gift forever.

Traditionally, endowments provide a major source of funding for many types of institutions. An endowment is a pool of donated funds from which earnings from investments can be used for identified meaningful projects. While the earnings are used, the original gifts remain undisturbed and preserved. A Permanent Endowment Fund will grow in size and impact as additional gifts are given.

As it is recognized that financial markets are always changing, management of endowment funds should include close monitoring of funds and prudent changes should be made when required. However, investment values rise and fall with the markets in short time scales, and investments are made for the long term, based on a history that markets only rise over long

times. A formal review of investments should occur at least once a year and information regarding the management and investment of the funds should be made current.

Information on Previously Established Endowment Funds

There are endowments that were set up before the FUMC Permanent Endowment Program was established and there are endowments that were set up in conjunction with the Charter. Other endowments have been established since the Charter and hopefully, more will follow. As a result, for the purpose of this document, endowment funds are defined in two varieties: General Funds and Designated Funds. General Funds are funds that were established with the charter that do not have specific designated uses but are to benefit general areas of interest to the church and that can accumulate principle from small or large donations. The three general funds that were established by the charter are: (1) Mission Endowment Funds for missions in and beyond the local church and community, (2) Property Endowment Funds for major purchases, construction, maintenance, and improvements of physical facilities, and (3) General Endowment Funds for special needs and ministries determined by church leadership. Endowment accounts can be initiated by individuals, groups with a common interest, committees, or the Permanent Endowment Committee itself by soliciting contributions with an identified purpose and need.

Designated Funds are set up by single or multiple donors with a memorandum of agreement with a specific purpose designated for the distributions to be applied. Examples of these are: (1) Adult Music Program Endowment, (2) Youth Ministries Endowment, (3) Withrow Youth Choir Program Endowment, (4) W. C. Mooney Pastoral Visitation Endowment, (5) Rebecca Taylor Scholarship Endowment, and (6) the FUMC Library Endowment.

The Adult Music Program Endowment's purpose is to support the Adult Music Program. For example, distributions from this endowment could be used to help purchase such things as musical instruments, choir robes, music scores, royalties, performances and concerts, and honoraria.

The Youth Ministries Endowment's earnings are designated to support the youth ministries programs. Examples of the use of distributions from these funds are support of youth mission trips, scholarship funds for youth participation in special youth programs and events, transportation costs, and other extraordinary expenses.

The Withrow Youth Choir Program Endowment was setup for the benefit of the Youth Choir Program and for the excellent service they provide with their music each Sunday morning. Funds derived from earnings of this endowment could be used to help purchase such things as musical instruments, choir robes, music scores, royalties, performances and concerts, scholarship funds for youth participation in special choir events, transportation, and honoraria.

The William C. Mooney Pastoral Visitation Endowment was setup August 17, 2005, by the Permanent Endowment Committee to honor the long time service of William "Bill" Mooney and his wife Sylvia at FUMC. It is the first endowment fund for which funds were actively

solicited. Bill retired from the ministry in 1999, but then served as the Pastor of Visitation at First Church until 2009. Pastoral care by members of the clergy is highly valued by the Christian fellowship of the church, especially in times of crisis. In a large, multidimensional church with many programs, personalized, individual attention to parishioners is difficult to accommodate. Spiritual care for individuals is important for the corporate health of congregations. Therefore, this endowment was setup to provide partial support for pastoral care for FUMC members, family members, and friends by some member of the pastoral staff of the church, e.g. a visitation pastor. A minimum endowment of \$25,000 was targeted with an income stream from the interest paid from the principle to begin after 5 years or when the minimum endowment was met. An income stream of 5% per year of \$25,000 will yield \$1,250 per year and additional funds added to the endowment will yield a proportional amount. Income will be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The funds are to be used for salary, salary supplement, travel, or other expenses incurred in pastoral visitation. The Permanent Endowment Committee has the option of transferring excess income into the endowment fund principal account.

The William C. Mooney Pastoral Visitation Endowment serves an example of a targeted, solicited, designated fund; it has served as a test case for establishing an endowment fund, testing the need for, and putting into practice policies for the creation and management of endowment funds. The Administrative Provisions for this fund are included in Appendix H.

The Rebecca B. Taylor Scholarship Endowment Fund was setup December 13, 2006, by the Permanent Endowment Committee using funds given to FUMC from the estate of Rebecca Taylor according to her wishes as outlined in her will. Rebecca Taylor was a long-time Oak Ridge teacher and wanted students to have opportunities to further their education. She was passionate about the FUMC memorial garden and left her estate to the Church to first pay off any remaining debts of the memorial garden and then to apply the remainder of the estate to establishing the scholarship fund. The Administrative Provisions for this fund are included in Appendix H.

The First United Methodist Church Oak Ridge Library Endowment was established August 1, 2009 by a \$25,000 gift by an anonymous donor to provide lasting funds to aid the in support of the church's excellent library. The overall goal of the FUMCOR Library Endowment Fund is to help offset the cost for updating the FUMCOR library collections and library facilities. The Fund is intended to help make the best use of library facilities where space is at a premium. The Fund has several related purposes. The Fund can: 1. be used to help expand and automate the library collection and expand the use of computers, electronic storage and electronic readers, etc; 2. be used to bring leading religious speakers, authors and scholars of literary importance to FUMC and to the Oak Ridge community; 3. be used as seed money to help expand the library footprint should the FUMC building undergo an expansion program; and 4. be used for other purposes deemed appropriate by the Library Board. The original donor encouraged any FUMC member or non member interested in Church literature to add their donation to the Fund. The Administrative Provisions for this fund are included in Appendix H.

Other Established Funds

Before the FUMC Endowment Program was established, there were funds set aside by donors for specific purposes. These are the Janet Reynolds Scholarship Fund, the Eunice and Ernest Jones Library Fund, the Bonham Fund, and a Bequests Fund.

The Jeannette Reynolds Scholarship Fund

Another endowment at FUMC is the bequest of Jeannette Reynolds. Jeannette Reynolds was born in 1902. Her profession was as an elementary school teacher in Bristol, Tennessee. After she retired in the late 60's, she came to Oak Ridge to live near her niece, Jean Petersen. Although at one time she was a member of a Baptist church, in Oak Ridge she joined FUMC where Jean and Guy Petersen attended. She was active in the Genesian Sunday School class and later in the Aldersgate Class. She died in 1991 at the age of 89. Jeannette had an interest in helping people enter the professional ministry. So in her will, she created a scholarship endowment to provide funds for persons considering church-related vocations. This fund has become a much-appreciated aid to persons entering the ministry in the Holston Conference.

The Eunice and Ernest Jones Memorial Media Center Fund

From 1913 to 1927, Eunice and Ernest Jones were educational missionaries at Soochow and Nanking Universities in China. Following that, Dr. Ernest Jones served on the faculties of Birmingham Southern College and the University of Alabama. In 1951, they came to Oak Ridge to retire, and Ernest Jones continued to work as a consultant in the Reactor Chemistry Division studying the properties of water solutions at high temperatures. The Joneses joined FUMC in 1951 and for the next 19 years poured their personality and resources into the task of enlarging the vision of this congregation in supporting a remarkable variety of mission projects. . It is unlikely that the list of such projects now supported by this church would be so formidable were it not for the efforts of this couple.

Eunice passed away in 1966 and Ernest in 1970. Prior to his death, Dr. Jones set up an endowment designed to support the library at FUMC and to provide helpful resources to members as they seek to become effective workers in the church, grow in Christian faith, live as children of God, and witness in the community and the world. The Eunice and Ernest V. Jones Library was dedicated on March 1, 1970. Four months later, he died. In 1979, the library was renamed the Jones Memorial Media Center when the first floor hallway was reconfigured and the Jones library collection and other media located throughout the church were brought together in this location to make these materials more accessible, thus encouraging greater use including use by persons outside the church. In addition to their endowment for the library, the Jones' also left a bequest to support advanced mission work.

The Bonham Fund

The Bonham Fund was a small endowment fund created at the time of Bill Bonham's death by Wilma Bonham and their family for the Youth. It was never further developed so the principal was less than \$2,000. Bill and Wilma Bonham were long time youth leaders in the Church, and Wilma's father was a Methodist minister in the Holston Conference. The Permanent Endowment Fund Committee of FUMCOR decided to transfer this fund into the Youth Ministries Endowment.

Bequest Funds

A Bequest Fund differs from a Memorial Fund in that the donor has left the money for a specific purpose and the whole amount is spent. It is not an Endowment Fund, but could be considered as a designated memorial fund. An example is: Billie Gillespie left a Bequest Fund for the kitchen and some new appliances were purchased for the kitchen. When the Endowment Program was established there were residual monies in a bequest funds account, and the Permanent Endowment Fund Committee of FUMCOR decided to transfer these funds into the General Endowment.

Quarterly financial reports of all the funds in the Permanent Endowment Program are prepared and reviewed by the Permanent Endowment Fund Committee. An example of the report for the month ending June 30, 2011 may be found in Appendix I.

ESTABLISHMENT OF ENDOWMENT FUNDS

Receipt of Gifts

The Permanent Endowment Fund Committee welcomes and encourages gifts and bequests to be designated to the Permanent Endowment Program. Gifts shall include, but are not limited to cash, stocks, bonds, certificates of deposit, real estate, and personal property. The donor may transfer such property to an Endowment Fund by outright gift, life estate gift, or any one of several deferred giving arrangements (planned gifts).

The Permanent Endowment Fund Committee must approve any gift offered to the Endowment Fund before being officially accepted. The PEFC reserves the right to decline or otherwise refuse any gift offered to the Endowment Fund, with or without cause. Reasons that a gift may be declined include, but are not limited to, the following:

1. The Endowment Committee does not believe it is in the best interest of the Church or the Endowment Fund to abide by the restrictions placed on the gift by the donor.
2. 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.

3. The gift is considered to be inappropriate or unrelated to the tax-exempt purposes of the Endowment Fund or the Church.
4. The gift may result in inappropriate or undesirable publicity.
5. The Endowment 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).

The Endowment Committee will develop programs to encourage gifts to the Endowment Fund. The Endowment Committee will maintain complete and accurate records on all gifts and abide by all related federal, state and local rules and regulations.

Priority of Donor's Interest

The Endowment Committee shall exercise care and caution in accepting and abiding by the interest of the donor for the endowed use of their gift. A written letter of designation, 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 Endowment Committee shall use any form of pressure on a prospective donor. However, education and the provision of informational materials is encouraged and shall be provided to the prospective donor to aid in making an informed decision concerning their Endowment gift.

Confidential Information

All information concerning donors and prospective donors, including their names, names of beneficiaries, the amount and type of the gift, aspects relating to their estate, etc., shall be kept strictly confidential.

The use of any of this confidential information can only be done with prior, written permission of the donor.

Use of Legal Counsel

The Endowment Committee shall seek legal counsel, where appropriate, in matters pertaining to its deferred giving program and shall execute no deferred giving agreements without the advice of the Church's legal counsel.

All prospective donors shall be urged to seek their own legal counsel and/or tax counsel in matters relating to their deferred gifts, tax and estate planning.

Serving as Trustee

The Endowment Committee, or any member of the Endowment Committee, shall not serve as trustee of any trust created by any donor for the benefit of the Endowment Fund.

Prospective donors will be referred to the Holston Conference Foundation of the United Methodist for services relating to planned giving.

Minimum Endowments and Time Limits

Permanent Endowment Fund Accounts are construed to be “Fully Endowed” when the market value (principle and earnings) reaches either the targeted minimum level or a minimum endowment level of \$25,000, whichever is the greater of the two. No earnings from the account are to be distributed before the minimum level is reached and all earnings are reinvested in the account. Designated endowment accounts are setup with a minimum goal. A time limit is set at the time that an account is newly established for the fund to reach the minimum amount. Typically, the time limit is set at 3-5 years, and can be extended by the Permanent Endowment Fund Committee if justification can be made. If the minimum amount is not reached and the Committee determines that the fund will not reach that amount in a reasonable time, then the Committee can reassign the funds to one of the general accounts. The purpose of this provision is to minimize accounting and administration of minor funds. Small funds may be more appropriately designated to memorial funds. No distributions are to be made until a minimum of three years has passed from the time the minimum level of the fund has been attained. This provides time for the fund to accumulate earnings from a level past the minimum endowment level. No distributions are to be made if the market value of the fund drops below the amount donated to the fund.

A minimum level is set to minimize accounting and administration costs in time and money. It also helps to minimize the number of small funds which can be difficult to administer because of their low impact on the use for which they were set up. (Memorial funds are a good alternative for contributing small gifts.)

Memorandum of Agreement and Administrative Guidelines for Accounts

When endowment accounts are setup, a memorandum of agreement that serves as a set of administrative guidelines should be written and agreed upon by the donor or donors, and the Permanent Endowment Committee. Typical items that the administrative guidelines addresses are:

- Minimum Endowment Amount
- Time to Establish
- Purpose
- Target Income
- Income Stream

- Use of Fund
- Investment of Funds
- Any Special Constraints on the Use of Funds
- Final Disposition of Endowment if No Longer Needed
- Background
- Biography of Donor(s)
- Other Pertinent Information

The purpose of such an agreement is to insure that the donor's wishes are met and to give clear guidance to the Permanent Endowment Committee, present and future, about how the earnings are to be disbursed.

A minimum endowment level should be specified and this should be typically \$25,000 or more. The reason for setting minimum levels is to prevent the proliferation of small accounts whose numbers would make it difficult, if not impossible, for the church to administrate. Small amounts may more appropriately be designated to memorial funds or to the general endowments.

A time to establish or fully endow to the account should be set. It is unreasonable to expect the committee to pursue and administer funds for which there is little accumulation or interest. The committee always has the option of extending the time if circumstances warrant such action. However, a reasonable time should be agreed upon. A reasonable time may be 3 to 5 years, although longer periods may be justified.

The purpose of the endowment should be made clear. The ministry that the donor wishes to support should be stated and it should be appropriate for the Christian ministry.

The target income should be realistically estimated. For example, a \$25K endowment might reasonably expect a rate of return of 4-5% yielding an income of \$1,000 to \$1,250 per year. The purpose of making the estimate is again to discourage proliferation of accounts and the disposition of minor amounts of money. Such considerations prevent overburdening the accounting system to the point that more time and money is spent on administration than is derived from the fund.

An income stream to begin 3 to 5 years or when the minimum endowment is met should be specified. Typically, the income should be distributed each year from the endowment fund and should not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee should have the option of transferring excess income into the endowment fund principal account.

The use of funds can be both specific and general. Specific uses cited make it clear to all concerned that monies spent that way are consistent with the wishes of the donor. General expressions of uses allow some freedom and digression of the uses when anticipated specific uses fail to appear. If specific uses are allowed that may be covered by the normal operating budget of the church such as salaries, salary supplements, travel expenses, or other expenses, then it is important that these be clearly stated.

The agreement should state that the investment of funds will be with the Permanent Endowment Program's Investment Advisor which is the Holston Conference of the United Methodist Church Foundation, Inc. and that the selection of available investment options will be made by the FUMCOR Permanent Endowment Fund Committee..

The agreement and administrative guidelines should make it clear how the final disposition of the endowment will be handled if it is no longer needed or the purpose for which it was created no longer exists.

Any background information on the endowment fund should be stated. This can be useful to committees in the future and can help them understand more fully about the fund and how it came about. Such information can also aid in the administration of the fund.

When appropriate a short biography of the donor(s) or the person or organization that the fund is named will be interesting and useful

Any other pertinent information that the committee deems useful or important for the administrative provisions should be included.

Acknowledgement of Gift

Gifts should be acknowledged and the committee has adopted a standard acknowledgement form. This form is duplicated in Appendix D.

INVESTMENT PRINCIPLES AND PROCEDURES

General Statement

Endowment Funds are to be invested in a way to protect the principle while seeking reasonable returns on the investments. Also, see Appendix C, “*Note on Sustainable Income from an Investment Portfolio.” Generally, permanent endowment accounts are to be invested using the standard, acceptable, and legally recognized balanced fund accounts consisting of 60% stocks and 40% bonds. Earnings consist of interest and dividends, plus unrealized gains and losses due to increases in market value of the fund. When earnings of interest and dividends are reapplied to the account, the account will have a new, total market value. Distribution of earnings is made based on the primus that the relative market value of the fund will increase due to both inflation of the economy and earnings from dividends and interest. Yearly records of the fund’s performance and inflation of the economy are maintained by the fund. Retention and distribution of earnings are made yearly with two standard and generally acceptable considerations: (1) first a portion is retained by the fund to increase its value to keep up with inflation and is taken as a percentage of the market value, and (2) the second portion is transferred to an appropriate expense account, a separate money market account (for each fund) to be used for its designated use.

Charter Statement

From the Permanent Endowment Program Charter, the Endowment Program's objectives are:

- A. Preservation and growth of principal through prudent investment practices;
- B. Regular earnings at a reasonable rate with appropriate risk; and
- C. Investment of Endowment Program assets in institutions, companies, corporations, or Programs which make a positive contribution toward the realization of the goals outlined in the Social Principles of the Church.

All gifts received by the Endowment Program and reduced to cash or marketable securities shall be invested through the establishment of one or more accounts with the Holston Conference of the United Methodist Church Foundation, Inc., as the Endowment Program's investment advisor. The investment of Endowment Program assets with the Holston Conference of the United Methodist Church Foundation, Inc. is defined as a prudent investment practice. Any transfer of Endowment Program assets for investment with an investment advisor other than the Holston Conference of the United Methodist Church Foundation, Inc. must be approved by a majority vote of the Charge Conference upon the recommendation of the Committee and the Church Council.

The Holston Conference Foundation

As stated above, the investment advisor for the Permanent Endowment Program of First United Methodist Church, Oak Ridge is the Holston Conference of the United Methodist Church

Foundation, Inc. The “Investment Policy Statement for the Holston Conference Foundation” dated October 2010 is included in this document as Appendix F. This document or updates to it can be found on their Web site.

Generally, the Holston Conference of the United Methodist Church Foundation has four options for investing endowment funds, and an endowment account can invest in only one option or any combination of the four. The investment options are: (1) the Balanced Growth Fund, (2) the Intermediate Income Fund, (3) the Short-Term Income Fund, (4) Equity Growth Fund, and (5) a Money Market Fund. For planning purposes, the time horizon for an investment in Balanced Growth Fund should be five years or longer. This fund will fluctuate in value over shorter time periods and the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of five years or more can be minimized. This is the fund considered to be the most appropriate for endowments as they are considered to be very long term investments.

The Intermediate Income Fund is designed for intermediate-term accounts seeking a return above that of a short term CD or a money market account. The time horizon for an investment in this fund should be two years or longer. It could fluctuate in value over shorter time periods and the investor should recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of two years or more can be minimized with the asset allocation adopted by Foundation.

The Short-Term Income Fund is also designed for short-term investments seeking an income with a return above that of a short-term CD or Money Market Fund. For planning purposes, the time horizon for an investment in the Short-Term Income Fund should be one year or longer. This fund could fluctuate in value over shorter time periods and the investor should recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of one to two years can be minimized with the asset allocation adopted by this investment policy statement.

The Equity Fund is a new fund recently established by the Holston Conference Foundation. It is an all equity option which invests up to 100% of its assets in a diversified portfolio of domestic and international stocks, further diversified by style and size. While this asset allocation increases the potential for maximum growth over longer periods of time, it also increases the potential for short-term volatility and significant loss of market value. This fund may be appropriate for that portion of an permanent endowment fund, which is not relied upon for annual income but seeks long-term growth.

The Money Market Fund is designed for accounts requiring liquidity and serves as a savings account for funds that may be needed in a short span of time. The rate of return is positive and the yield is usually greater than a regular savings account at a bank. It will have a potentially lower return than the other accounts, but a positive return is guaranteed.

ACCOUNT INFORMATION SHEET

General Information on Account Information Sheets

Each Permanent Endowment Fund Account is established by submitting an Account Information Sheet to the Holston Conference of the United Methodist Church Foundation. An example of the Account Information Sheet is printed in Appendix B and lists the following information:

1. Name of Account
2. Address and Participant Information
3. Purpose of the Account
4. Allocation of Investment
5. Reinvestment of Earning Options
6. Distribution Options

The Account Information Sheet is a general purpose form for the Holston Conference Foundation and provides them information for administering a number of different types of funds. The first part of the form is to provide them the necessary participant information. It also provides for a statement of the purpose of the fund. The form provides a choice for the allocation of the investment between the four funds that the Holston Conference Foundation offers: (1) the Balanced Growth Fund, (2) the Income Fund, (3) the Short-Term Income Fund, and (4) the Money Market Fund. Since the endowment program is a long-term venture, the Balanced Growth Fund is the most likely choice and is also the recommended fund for endowment funds.

The reinvestment options are the same and a choice has to be made. Again, for endowment accounts, it is recommended that all reinvestments be made into the Balanced Growth Fund. Studies have shown that using a 5% spending policy and an endowment portfolio invested 60% equities and 40% fixed income securities is very unlikely to ever be depleted. These types of investing and spending policies have become extremely common in the not-for-profit endowments.

Authorizations

The Holston Conference Foundation needs to know who is authorized to make written withdrawals or changes to the account. With the ever changing committee membership and chairmen, changes in the pastor leadership, and changes in church administrative staff, it is important that the authorization information be kept current. Authorized persons may be the Senior Pastor, the church finance manager, and/or chairperson of the endowment program committee.

Yearly Review of Accounts

A review of the Account Information Sheets for all the endowment funds should be done yearly. This should be done at the end of the year, when the new leadership of the endowment committee is known. Particular attention should be given to the investment of funds, the distribution options, and the individuals authorized to make written withdrawals and changes to the account.

PERMANENT ENDOWMENT FUND SPENDING POLICY—DISTRIBUTION OF EARNINGS

The Permanent Endowment Program places high emphasis on meeting its support obligations and regards spending from year to year as relatively inflexible. Therefore, in order to achieve a relatively stable spending pattern while allowing for investing in securities providing relatively high total earnings, the Endowment Program will base amounts available for spending on the total value of investment accounts. The Endowment Committee will determine annually amounts to be spent or granted from Endowment Fund assets. Spending is anticipated to be approximately 3.0% to 7.0% of portfolio value of various endowment accounts. The Endowment Committee anticipates this level of spending will allow retained income to equal or exceed inflation and thereby maintain purchasing power. The model that is to be followed is an acceptable model outlined in “Notes on Sustainable Income from an Investment Portfolio” found in Appendix C and suggested by Roger Redding, Executive Director of the Holston Conference Foundation. A “Hypothetical Distribution of Income Using Recommended Model” written by Roger Redding is included in Appendix G.

Since markets have some volatility over periods of time, these values have a range of values and some uncertainty. The committee should review the performance of the fund every year and ascertain whether they want to distribute monies conservatively, moderately, or more optimistically. As an example, using data from 2003 to 2005, over a three year period, a Holston Conference Foundation managed Balanced Growth Fund yielded a running average 3 year return of 11.29% of market value. During that same period the inflation 3 year running average was 2.87%. The management fee Holston Conference Foundation management fee for this fund was 0.85%. This leaves a balance of 7.57% for distribution as pay out. The committee can then choose to be conservative and make available only 5% of the market value, or be more moderate with say 6%, or be more optimistic with 7%. The next period for 2006 could show less earnings, yielding a slightly lower running average and dictating a slightly lower and more appropriate allocation of for example, 3-4%.

Disbursements based on percentage of market value as determined from inflation and market yields over a running average of the past 3 years provides some stability in the amounts for disbursement and is recognized presently as the standard acceptable method for disbursement. An example of how this could work follows.

Table 1 shows a scenario for the investment of \$100k in the Holston Conference Foundation Balanced Fund Account on January 1, 1992. In this scenario, disbursement of funds

is 5% of the running 3-year average of market value according to the model suggested by the Holston Conference Foundation. This scenario takes into account the actual yearly return and inflation rates. The Column 2 of Table 1 lists the rates of return for funds invested in the Holston Conference Balanced Fund Account for the years 1992 to 2011. The fund has performed rather well with only 4 years resulting in a negative return and these years coincide with the years that the stock market went down. Columns 3 and 4 show values of the fund at the beginning of the year and at the end of the year with 5% distributions made at the end of the year based on the 3-year running average of the market value shown in Column 5. Column 6 shows the amounts of the fund that are distributed for spending each year. This is based on the distributions starting after a 3-year wait period and the distributions being 5% of the running 3-year average of the market value of the fund. Column 7 lists the inflation rate for the same years, and Column 8 shows the values that the principle investment would need to keep up with inflation.

The model shows that the initial 1992 investment of \$100k has a value of \$152,067.90 at the beginning of 2011, a little below its inflation value of \$158,971.75. However, more importantly, the fund would have paid out \$136,670.84, more than the initial investment and almost as much as the inflated value of the investment. Clearly, the Endowment Committee should reduce the percentage for distribution during lean years in order for the investment to stay even with inflation. In more prosperous times, the percentage would be increase to a higher amount.

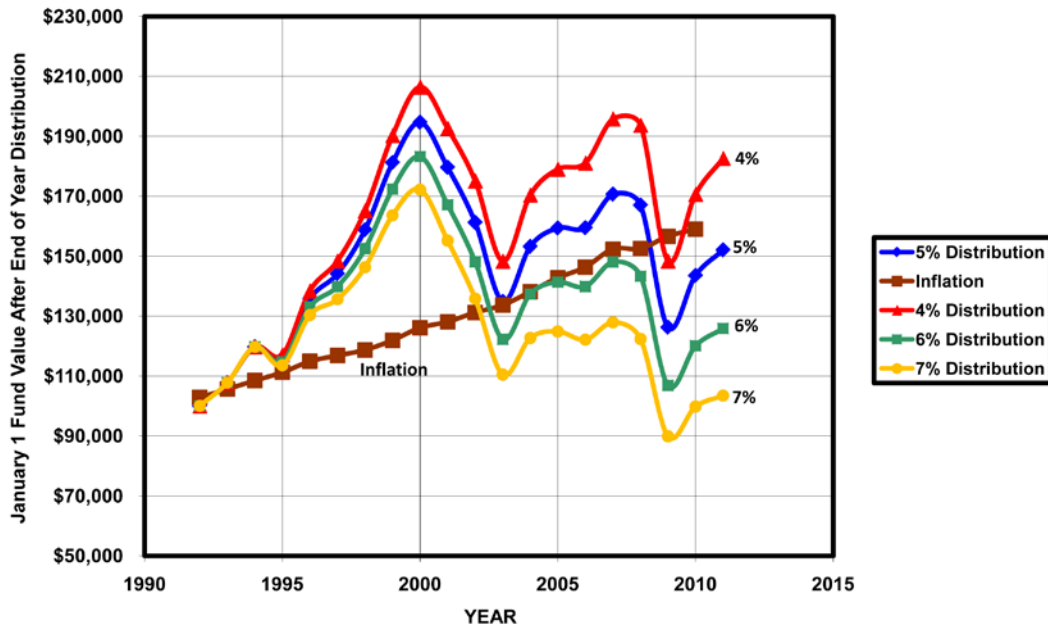
Graph I shows this scenario along 4%, 6%, and 7% distributions. These like the 5% distributions in the model were made uniformly each year without consideration of the market conditions as the Endowment Committee would do.

An alternative for allocation of funds for disbursement is to only disburse interest and dividends. This has the advantage of being simpler, but has the disadvantage of providing less money for disbursement during times with low interest and dividend yields. When the economy is growing and interest and dividends yields are low, then the fund grows larger and faster than inflation would indicate. It is also subject to more volatility.

Table 1
1992-2011 Scenario for Investing \$100k in Holston Conference Foundation Balanced Fund
and Distributing 5% of Running 3-Year Average of Market Value

Year	Holston Conference Foundation Balanced Fund Return	Beginning of Year Value Jan 1	End of Year Value Dec 31	Three Year Average Value	5% Distribution of Three Year Average Value	Percent Inflation Jan1 - Dec 31	Initial Value of Principle Plus Inflation
1992	7.83%	\$100,000.00	\$107,830.00		\$0.00	2.90	\$102,900.00
1993	11.08%	\$107,830.00	\$119,777.56		\$0.00	2.70	\$105,678.30
1994	1.65%	\$119,777.56	\$121,753.89	\$116,453.82	\$5,822.69	2.70	\$108,531.61
1995	22.57%	\$115,931.20	\$142,096.88	\$127,876.11	\$6,393.81	2.50	\$111,244.90
1996	11.30%	\$135,703.07	\$151,037.52	\$138,296.10	\$6,914.80	3.30	\$114,915.99
1997	15.49%	\$144,122.71	\$166,447.32	\$153,193.90	\$7,659.70	1.70	\$116,869.56
1998	19.43%	\$158,787.62	\$189,640.06	\$169,041.63	\$8,452.08	1.60	\$118,739.47
1999	12.57%	\$181,187.98	\$203,963.31	\$186,683.56	\$9,334.18	2.70	\$121,945.44
2000	-2.73%	\$194,629.13	\$189,315.75	\$194,306.37	\$9,715.32	3.40	\$126,091.58
2001	-4.99%	\$179,600.44	\$170,638.37	\$187,972.48	\$9,398.62	1.60	\$128,109.05
2002	-11.15%	\$161,239.75	\$143,261.52	\$167,738.55	\$8,386.93	2.40	\$131,183.66
2003	19.48%	\$134,874.59	\$161,148.16	\$158,349.35	\$7,917.47	1.90	\$133,676.15
2004	9.13%	\$153,230.69	\$167,220.66	\$157,210.11	\$7,860.51	3.30	\$138,087.47
2005	5.25%	\$159,360.15	\$167,726.56	\$165,365.12	\$8,268.26	3.40	\$142,782.44
2006	12.39%	\$159,458.30	\$179,215.18	\$171,387.47	\$8,569.37	2.50	\$146,352.00
2007	2.98%	\$170,645.81	\$175,731.06	\$174,224.27	\$8,711.21	4.10	\$152,352.43
2008	-19.51%	\$167,019.84	\$134,434.27	\$163,126.84	\$8,156.34	0.10	\$152,504.79
2009	19.77%	\$126,277.93	\$151,243.08	\$153,802.80	\$7,690.14	2.70	\$156,622.42
2010	11.10%	\$143,552.94	\$159,487.31	\$148,388.22	\$7,419.41	1.50	\$158,971.75
2011		\$152,067.90					
Total Distributed					\$136,670.84		

Graph 1
Holston Foundation Balanced Fund Growth Model After Distributions



APPENDIX A

CHARTER OF THE FIRST UNITED METHODIST CHURCH OF OAK RIDGE, TENNESSEE PERMANENT ENDOWMENT PROGRAM

**CHARTER OF THE
FIRST UNITED METHODIST CHURCH
OF OAK RIDGE, TENNESSEE
PERMANENT ENDOWMENT PROGRAM**

I. PURPOSE

The Permanent Endowment Program of First United Methodist Church of Oak Ridge, Tennessee, referred to in this document as the "Endowment Program", is established for the purpose of providing members and friends the opportunity to make charitable gifts to First United Methodist Church that will become a permanent endowment of financial support. The Endowment Program is separate from the Annual Operating Budget of the Church and is not intended to take the place of our commitment to the annual budget. A gift to the Endowment Program is given in addition to regular offerings, is generally for purposes beyond the day-to-day needs of the church and is another means by which the faithful may express their gratitude to God and strengthen the church's ministries. Planned giving through the Endowment Program can provide significant and needed resources for fulfilling the church's ministry and mission in way which might not otherwise have been possible.

II. ADMINISTRATION

The Endowment Program will be administered by the Permanent Endowment Fund Committee of First United Methodist Church, referred to in this document as the "Committee", under the authority granted by the Charge Conference. The members of the Committee and its chairperson shall be elected by the Charge Conference and shall serve until their successors have been elected. The Committee shall elect a secretary and such other officers and sub-committees as appropriate. The Committee shall meet and keep such records as it deems necessary and appropriate. The Committee shall cooperate with the Finance Committee in assuring that the annual audit process as stated in The Book of Discipline is followed. The Committee shall make a full report to the Church Council at least annually.

III. GIFTS TO THE ENDOWMENT PROGRAM

Donors may give gifts of real or personal property, in addition to cash, to the Endowment Program. Gifts received in kind, at the discretion of the Committee, will generally be converted to cash and invested. Gifts to the Endowment Program shall be classified by the Committee as "designated" or "undesignated". Gifts designated by the donor to any of the endowment areas listed below shall be used for the donor's specific endowment purpose. Gifts undesignated or not clearly designated by the donor shall be assigned to any of the endowment areas by the Committee by majority vote in the Committee's sole discretion. The Endowment Program areas are:

- A. Mission Endowment Funds
(for missions in and beyond the local church and community)
- B. Property Endowment Funds
(for major purchase, construction, maintenance, and improvement of physical facilities)
- C. General Endowment Funds
(for special needs and ministries determined by church leadership)

All decisions of the Committee regarding administration of the Endowment Program, sale and investment of assets and limitation of use and distribution of earnings shall be applicable to both designated and undesignated gifts. All gifts made to the Endowment Program shall be given and received subject to the terms and limitations set forth in this document.

The Committee shall have the authority and responsibility to accept or reject any and all gifts to the Endowment Program in keeping with the authority granted by the Charge Conference. The specific purpose of each donor 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 purposes. Earnings from designated gifts shall be distributed to designated purpose(s) as appropriate. Establishment of new endowment areas shall be at the discretion of the Committee.

IV. INVESTMENT OF ENDOWMENT FUNDS

The Endowment Program's objectives are:

- A. Preservation and growth of principal through prudent investment practices;
- B. Regular earnings at a reasonable rate with appropriate risk; and
- C. Investment of Endowment Program assets in institutions, companies, corporations, or Programs which make a positive contribution toward the realization of the goals outlined in the Social Principles of the Church.

All gifts received by the Endowment Program and reduced to cash or marketable securities shall be invested through the establishment of one or more accounts with the Holston Conference of the United Methodist Church Foundation, Inc., as the Endowment Program's investment advisor. The investment of Endowment Program assets with the Holston Conference of the United Methodist Church Foundation, Inc. is defined as a prudent investment practice.

V. CHANGES IN INVESTMENT ADVISOR

Any transfer of Endowment Program assets for investment with an investment advisor other than the Holston Conference of the United Methodist Church Foundation, Inc. must be approved by a majority vote of the Charge Conference upon the recommendation of the Committee and the Church Council.

VI. LIMITATIONS ON USE OF PRINCIPAL

The Endowment Program, as directed by the Committee, is to invest principal and make use of the earnings from Endowment Program gifts. All or any part of the principal amount of a gift may be withdrawn as directed by the donor at the time of the gift or with the later consent of the donor and the concurrence of the Committee. All other withdrawals of principal may occur only in the

event of extreme and overwhelming circumstances and must be approved by a two-thirds (2/3) vote of the Charge Conference of First United Methodist Church with the consent of the Committee and the Church Council.

VII. LIMITATIONS ON USE OF EARNINGS

In the Committee's sole discretion and by majority vote, a portion of the earnings from the investment of Endowment Program gifts may be converted to principal.

VIII. ALLOCATION OF EARNINGS

The earnings of the Endowment Program shall be allocated by the Committee as directed by the donors at the time of their gift or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein. If no such direction is given by the donor, the earnings shall be allocated by the Committee within the framework of the Endowment Program areas. Earnings from principal shall be allocated to the same endowment area as the donor's gift. A portion of earnings may be converted to principal at any time in the Committee's discretion.

IX. DISTRIBUTION OF EARNINGS

Distributions of designated Endowment Program earnings shall be made by the Committee as directed by the donor. Distributions of undesignated Endowment Program earnings shall be made by the Committee subject to approval by the Church Council before disbursement.

The Committee may receive requests for distribution of undesignated earnings. Upon receipt of a request and after evaluation, the Committee may accept or reject the request for funding in its sole discretion, by majority vote. The Committee shall obtain requested earnings by redeeming those earnings from the investment advisor and shall disburse those earnings for approved purposes.

X. LIABILITY OF MEMBERS OF THE COMMITTEE

In the absence of gross negligence or fraud, no member of the Permanent Endowment Fund Committee of the First United Methodist Church shall be personally liable for any action or omission with respect to the Endowment Program.

XI. MERGER, CONSOLIDATION, OR DISSOLUTION OF THE FIRST UNITED METHODIST CHURCH OF OAK RIDGE, TENNESSEE

If at any time, First United Methodist Church is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the Endowment Program shall be deemed to have been made in behalf of the merged or consolidated church which shall be obligated to administer the same in all respects and in accordance with the terms thereto. If First United Methodist Church should ever be dissolved without any lawful successor thereto, the Endowment Program assets, including both principal and interest to date, shall be distributed to the Holston Conference of the United Methodist Church Foundation, Inc., which shall use the Endowment Program assets for the charitable purposes identified by the Endowment Program.

XII. AMENDMENTS

Amendments to the Endowment Program Charter which do not substantially alter the stated purpose of the Endowment Program shall be made only by a two-thirds (2/3) vote at a duly announced Charge Conference of First United Methodist Church. The rights, duties and obligations of a donor and the Endowment Program regarding a gift are determined at the time of the gift by written direction of the donor or by the later agreement of the parties and are unaffected by subsequent Charter amendments.

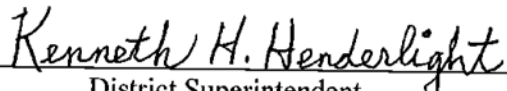
XIII. SEVERABILITY

If any provisions or any application of any provisions of this Endowment Program Charter 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.

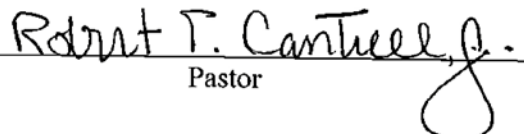
THIS PERMANENT ENDOWMENT PROGRAM CHARTER WAS ADOPTED THIS 24th DAY OF November, 2003, IN A DULY AUTHORIZED CHARGE CONFERENCE OF THE FIRST UNITED METHODIST CHURCH OF OAK RIDGE, TENNESSEE, BY A VOTE OF 18 FOR, 2 AGAINST AND 0 ABSTAINED.



Recording Secretary



District Superintendent



Pastor

APPENDIX B

**Holston Conference of the United Methodist Church Foundation,
Inc.**

Account Information Sheet

APPENDIX B (cont'd)

**Holston Conference of the United Methodist Church Foundation,
Inc.**

Account Information Sheet Example

**THE HOLSTON CONFERENCE OF THE UNITED
METHODIST CHURCH FOUNDATION, INC.**

P.O. Box 900
Alcoa, TN 37701-0900
Phone: (865) 690-8124
Toll-Free (866) 690-4080
Fax: (865) 690-3162

Print Form

FOUNDATION USE ONLY	
Account #:	_____
Account Type/Category:	_____
Date Received:	_____
Critical Date / Other:	_____

ACCOUNT INFORMATION SHEET

NAME OF ACCOUNT: _____

Participant (Church/Agency) Name: _____

Primary Contact/Title: _____ Statement Mailed? Yes No

Primary Address: _____

Phone: _____ Fax: _____ E-Mail: _____

Secondary Contact/Title: _____ Statement Mailed? Yes No

Address: _____

Phone: _____ Fax: _____ E-Mail: _____

FREQUENCY OF STATEMENT:

Quarterly Annual Other (_____)

PURPOSE OF ACCOUNT: _____

Is this an Endowment? Yes No Is there a signed Agreement? Yes No

Are there donor restrictions on this fund? Yes No If yes, please explain or attach restrictions: _____

ALLOCATION OF INVESTMENT: (may select one or more choices for each account):*

% Balanced Growth Fund % Short-Term Income Fund % Money Market Fund
 % Intermediate Income Fund % Equity Growth Fund

*If more than one investment choice is selected please automatically rebalance at least annually Yes No

REINVEST ALL EARNINGS INTO:

Balanced Growth Fund Short-Term Income Fund Money Market Fund
 Intermediate Income Fund Equity Growth Fund

DISTRIBUTION OPTIONS (NOTES: _____)

- A. Make no automatic distributions. We will contact you when a distribution is needed.
- B. Distribute % Fair Market Value:* Annually Semi-Annually Quarterly Date (s) _____
- C. Distribute Dividends and Interest: Annually Semi-Annually Quarterly Date (s) _____
- D. Distribute: \$ _____ Annually Semi-Annually Quarterly Date (s) _____

* We encourage an annual year-end valuation of endowments and a sliding scale of 0%-5% of a rolling three-year market value. Studies suggest that a 4% of a rolling three-year average will keep the real spending power of an endowment from decreasing due to inflation. We recommend that a separate spending account be established in the Foundation to annually move the approved spendable amount from the endowment.

The following individuals (up to two) are authorized to make written withdrawals or changes to the account:

Printed Name / Title Signature Date

Printed Name / Title Signature Date

Additional **deposits** to accounts should be **mailed** to our **ALCOA** address. Please make **checks payable** to: **THE HOLSTON CONFERENCE FOUNDATION** and indicate the account name/number to which the deposit is to be made. Additional account forms, investment policy, investment performance, and other information are available on our website www.holston.org/foundation.

APPENDIX C

Note on Sustainable Income from an Investment Portfolio

NOTE ON SUSTAINABLE INCOME FROM AN INVESTMENT PORTFOLIO¹

This note is addressed to trustees, directors, and other fiduciaries who must consider what income can be prudently distributed from trusts, endowments, foundations, memorial funds, and other similar portfolios of long-term investments. The comments offered herein are based on the author's personal experience as trustee, director, or fiduciary over the past 25 years on a number of different non-profit boards. It is hoped that these practical suggestions will be useful to various trustees and directors of non-profit organizations who must wrestle with this issue.

Fiduciaries increasingly are being forced to consider what is meant when a donor specifies in his will or trust that "the income (or income only) shall be paid to the beneficiary." This phrase, or others with similar effect, is perhaps one of the most commonly expressed wishes of donors.² In earlier times, this provision concerning income never seemed to cause much of a problem. The principal was usually invested in bonds, and the interest was paid to the beneficiary. When inflation was low, the preservation of principal was never much of an issue. When inflation was a consideration, the donor would often provide that some portion of the "income" was to be re-invested, with the balance paid to the income beneficiary.

During the last forty years, however, inflation has frequently wreaked devastation on the purchasing power of the underlying principal. In addition, the advent of modern portfolio theory and the rapid development of alternative investment instruments have offered fiduciaries investment opportunities that previously were simply unavailable. Accordingly, thoughtful trustees have increasingly recognized the prudence of investing the principal in a balanced portfolio of diversified investment vehicles. Simultaneously, the trustees have turned to the concept of managing a portfolio on a "total return" basis, which accounts for interest and dividends (previously thought of as "income") and for appreciation (both realized and unrealized) of the underlying principal. These changes have resulted in some real soul-searching for trustees, as they seek to sort out just what was/is meant by donors who specify "that the income (or income only) shall be paid to the beneficiary."

The problem is that "income", if defined to mean only the more traditional interest and dividends, could be woefully inadequate, and probably not what the donor intended, if most of the principal were to be invested in growth stocks paying low or zero dividends. On the other hand, if the full principal were to be invested in bonds and all the interest distributed as income to the income beneficiary, the principal would inevitably be wasted away over the long term by

¹ Revised February 2006

² The earliest notation of this kind that I have in my personal records comes from a slate table in a small church in the Cotswold area of England, dated about 1500. The memorial, given by a well-to-do townsman, provided 100 pounds sterling to be invested in "gifts" (English government bonds), the income from which was to be used to support the window in the town.

the certain, erosive action of inflation. This too is probably not what the original donor had in mind when he/she specified that “income [or income only] shall be paid to the beneficiary.”

To address this dilemma, many trustees and institutions are beginning to distribute what might be called “sustainable income” to the income beneficiary (or to the operating budget of an endowed institution, e.g.). The thinking seems to be that what a donor had in mind when he/she specified “income [or income only]...” is that the donor wanted the income beneficiary to enjoy a long-term, sustainable income stream (perhaps growing to keep up with inflation). A further presumption is that the donor further wanted the principal to be protected against loss (including loss due to inflation) for eventual distribution/use by the remainderman (or institution).

Concurrent with these changes in investment and income distribution patterns has been a change in the legal environment governing management of institutional and trust funds.³ Prior to the 1960’s, trustees largely followed the requirements of the so-called “Prudent Man Rule”, which traces its origin to the 1830 case of *Harvard College vs. Amory*. In this landmark case, the Supreme Judicial Court of Massachusetts held that when investing, a trustee

...is to observe how men of prudence, discretion, and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of the capital to be invested.

One of the consequences of this case was that trustees, for nearly 150 years, invested – often exclusively – in bonds. In the years following World War II, however, the investing environment began to change, particularly with the advent of modern portfolio theory and the qualification of risk and return that it offered. In 1969 the Ford Foundation produced a report, “The Law and Lore of Endowment Funds” that recognized the changed inflationary and investment environments. The Ford report led to the development of the “Prudent Investor Rule” which, in turn, provided the basis for the promulgation of the Uniform Management of Institutional Funds Act (UMIFA) in 1972, and the Uniform Prudent Investor Act (UPIA)⁴ in 1994. The 1972 Act applies to institutional funds and the 1994 act to trusts. Both Acts give legal basis to the concepts of portfolio diversification, protection against inflation, and total return, as described and used elsewhere in this note. Section 6 of the UMIFA, for example, states that a board is to consider both “the long [asset preservation] and short [current operating budget] term needs of the institution”.

The legal requirement to consider both the long and short term needs of the institution leads directly to a consideration of determining a level of sustainable income distribution that will

³ In 1997 The National Council for Nonprofit Boards published a booklet “Creating and Using Investment Policies” by Robert P. Fry, Jr., Esq. Portions of that publication provide the basis for the comments in this and the following paragraph. Copies of this booklet are available from their office: Suite 900, 1828 L Street NW, Washington, DC 20036, by phone 1-800-883-6262, or on their web site at www.ncnb.org

⁴ By 1997, 40 states had adopted the UMIFA and 19 had adopted the UPIA. In Massachusetts, for example, the adopting jurisdiction for UMIFA is M.G.I.A. c.180A, sections 1 to 11.

allow the principal to be protected against loss over the long term. Fortunately, the history of investment returns can help with this determination.

The long-term total return from domestic common stocks in the U.S., for the 80-year period from 1926 through 2005, has been 10.4% per year.⁵ The corresponding return for intermediate-term government bonds has been 5.3% per year. Inflation over this period has been 3.0% per year. If we assume a balanced portfolio comprised of 60% stocks and 40% bonds, then the weighted long-term total return will be 8.3% per year ($.60 \times 10.4\% + .40 \times 5.3\%$). From this 8.3% return, we must set aside 3.0% for re-investment to protect the principal against long-term inflation. This leaves a real total return from the balanced portfolio of 5.3%, which after a set-aside for management costs can be safely distributed to income beneficiaries.

⁵ All data on inflation and returns in this paragraph and the following table is from Stocks, Bonds, Bills, and Inflation, 2006, Ibbotson and Associates, Chicago, p. 10.

AVERAGE ANNUAL RETURNS FOR STOCKS AND BONDS...PLUS INFLATION

	<u>1996-2005</u> <u>10 Years</u>	<u>1926-2005</u> <u>80 Years</u>
Inflation	2.5%	3.0%
Large Co. Stocks	10.7%	10.4%
Intermediate Government Bonds	5.8%	5.3%
U.S. 30-Day Treasury Bills	3.7%	3.7%
60% Stocks + 40% Bonds	8.8%	8.3%
Real Balanced Total Returns	6.3%	5.3%
Sustainable Income	5.3%	4.3%

The Real Balanced Total Return, based on a 60% stock and 40% bond portfolio and after subtracting out inflation, is the most pertinent line in the table above. It shows that for both the 10-year and 80-year periods, the inflation-adjusted (real) return is generally in the range of 5 to 6 percent per year. The reader should also bear in mind that the returns presented above are theoretical returns. In the real world, management fees and transactional costs must be subtracted (perhaps of the order of ½ to 1% or more per year) to arrive at a realistic rate upon which to base a sustainable income payout. This leads to the conclusion that a something like 4% to 5% per year⁶ is the right level for sustainable distribution, if one is to maintain a high-quality, diversified portfolio to protect the principal against inflation, market loss, and excessive volatility.

If the sustainable income distribution is obtained by multiplying an allowable spending percentage by the value of the underlying principal, one quickly observes that the annual income is subject to substantial volatility due to the inevitable volatility in the valuation of the underlying principal. To smooth out this volatility and make the income distribution more predictable, many institutions base their sustainable income distribution policy on a moving average over several years, often three to five years, of the valuation of the underlying portfolio. Figure 1 indicates how sustainable income available for annual distribution typically is calculated, using a three-year moving average time period.

⁶ It is interesting to note that the U.S. tax code requires that income equal to a minimum of 5% of the principal balance be distributed annually from private charitable foundations. This requirement presumably is to avoid excessive accumulation of principal in the foundation.

Figure 1: Calculation of Sustainable Income, Based on a 3-Year Moving Average

Year	\$ Market Value at Year End	3 Year Moving \$ Average Value	\$ Sustainable Income for Distribution @ 5%	\$ Sustainable Income for Distribution @ 4%
1999	973,196			
2000	1,013,215			
2001	1,119,235	1,035,215	51,760	41,408
2002	926,455	1,019,635	50,981	40,785
2003	1,111,250	1,052,313	52,615	42,092
2004	1,204,747	1,080,817	54,040	43,232
2005	1,400,000	1,238,665	61,933	49,546

The sustainable income policy suggested herein offers substantial advantages to fiduciaries who must simultaneously seek to distribute income for current income beneficiaries and also to protect the purchasing power of assets for use by succeeding generations. The following arguments support such a policy:

1. Sustainable income is founded on sound, long-term investment results.
2. The concepts involved – total return, diversification, and preservation of capital – have all found codification in U.S. law.
3. Sustainable income provides a dependable level of income for the income beneficiary
4. Sustainable income, in a long-term generally rising market environment, tends to rise, thereby helping the income beneficiary keep up with inflation.
5. Introduction of a multi-year moving average reduces the volatility of the income distributed to the income beneficiary over that which he/she would receive if the computations were made on the basis of the evaluation at the end of a single year.
6. The interests of the remainderman are protected by retention of enough of the total return to allow growth of principal to keep up with inflation.

When directives for distribution of “income [or income only]” are involved, trustees and directors might be well advised to adopt a policy for distribution of “income” that is based on a long-term sustainable income concept as described herein.

APPENDIX D

Agreement and Acceptance Forms of Gift to First United Methodist Church, Oak Ridge, Tennessee

First United Methodist Church

A place to belong ~ a place to become ~ a power to bless

1350 Oak Ridge Turnpike
865.483.4357
Oak Ridge, TN 37830

fumcor@fumcor.org

Agreement and Acceptance of Gift to First United Methodist Church, Oak Ridge, Tennessee

This agreement is made by and between _____, of _____, hereinafter referred to as the Donor, and First United Methodist Church of Oak Ridge, Tennessee, hereinafter referred to as the Donee.

Witnesseth

In consideration of the mutual benefits to be derived by the Donor and the Donee, the Donor, in the spirit of thanksgiving and stewardship, hereby establishes this gift of _____ to the _____ Fund of the Church's Endowment Program to strengthen, foster, and support the Church. First United Methodist Church of Oak Ridge, Tennessee, gratefully acknowledges this generous gift given to the glory of God. The Donor's intent is to make a gift to this Fund subject to the conditions and provisions contained in this Agreement and in compliance with the Charter of the Endowment Program attached hereto as Exhibit A and incorporated fully herein by references.

Administration Guidelines

The Donor directs that this gift be

If at any time in the future the need does not exist for this gift as designated in this Agreement or should this Agreement conflict with any state, federal, or local laws, statutes, regulations, or ordinances, the Endowment Program Committee shall have the authority to select an appropriate use for this gift, but will select a use that most closely approximates the original intent of the Donor.

IN WITNESS WHEREOF, the Donor and First United Methodist Church of Oak Ridge, Tennessee, the Donee, have subscribed their names to this Agreement this _____ day of _____, 20_____.

First United Methodist Church, Oak Ridge,

Tennessee

Donor

Senior Pastor

Chair, Endowment Program Committee

First United Methodist Church

A place to belong ~ a place to become ~ a power to bless

1350 Oak Ridge Turnpike
Oak Ridge, TN 37830

865.483.4357
fumcor@fumcor.org

Acknowledgement of Gift to First United Methodist Church, Oak Ridge, Tennessee

On this _____ day of _____, 20____First United Methodist Church of Oak Ridge, Tennessee, through its Endowment Program, gratefully acknowledges receipt of a gift of _____, given to the glory of God from _____ to the _____ Fund. The Donor's generous gift will strengthen, foster, and support First United Methodist Church of Oak Ridge and will be subject to the terms and limitations set forth in the Charter of the Endowment Program attached hereto.

First United Methodist Church of Oak Ridge, Tennessee

Senior Pastor

Chair, Endowment Program Committee

APPENDIX E

Administrative Provisions Example

The William C. Mooney Pastoral Visitation Endowment

**Administrative Provisions
for
The William C. Mooney Pastoral Visitation Endowment**

Administrative Provisions

- Minimum Endowment: \$25,000.00
- Time to Establish: 5 Years
- Purpose: To provide partial support for pastoral care for First United Methodist Church, Oak Ridge members, family members, and friends by a member of the pastoral staff of the church, e.g. a visitation pastor.
- Target income: 5% per year of \$25,000=\$1,250
- Income Stream: Income stream to begin after 5 years or when minimum endowment is met. Income will be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.
- Use of Funds: Salary or salary supplement, travel expenses, or other expenses incurred in pastoral visitation.
- Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.
- Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.

Background

The William C. Mooney Pastoral Visitation Endowment was setup August 17, 2005, by the Permanent Endowment Committee to honor the long time service of William “Bill” Mooney and his wife Sylvia at First United Methodist, Oak Ridge. Bill retired from the ministry in June 2000, but has been serving part time as the Pastor of Visitation at First Church. His pastoral care is cherished by all. Pastoral Care by members of the clergy is highly valued by the Christian fellowship of the church, especially in times of crisis. In a large, multidimensional church with many programs, personalized, individual attention to parishioners is sometimes difficult to accommodate. Spiritual care for individuals is important for the corporate health of congregations. Therefore, this endowment was setup to provide partial support for pastoral care for First United Methodist Church, Oak Ridge members, family members, and friends by some member of the pastoral staff of the church, e.g. a visitation pastor. A minimum endowment of \$25,000 was targeted with an income stream from the interest paid from the principle to begin after 5 years or when the minimum endowment was met. An income stream of 5% per year of \$25,000 will yield \$1,250 per year and additional funds added to the endowment will yield a proportional amount. Income will be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The funds are to be used for salary, salary supplement, travel, or other expenses incurred in pastoral visitation. The Permanent Endowment Committee has the option of transferring excess

income into the endowment fund principal account. The fund presently has approximately \$21,000 with approximately \$5,000 outstanding in pledges.

Biography of William C. Mooney

William C. (Bill) Mooney was born in Bluefield, WV and was educated in the public schools of West Virginia and Virginia. He graduated from Emory and Henry College with a Bachelor of Arts Degree in 1958. In 1963 he received the Master of Divinity from Emory University's Candler School of Theology.

He is an ordained United Methodist Pastor. Prior to his retirement in June of 2000, he served as a pastor for forty-one years in The Holston Conference of the United Methodist Church. Bill served as Counseling Minister at First Church Oak Ridge from 1980 to 1991. He and his wife Sylvia served as United Methodist missionaries from May 1991 through June 1997 and served The English Speaking United Methodist Church of Vienna, Austria. He presently serves part time as Minister of Visitation at First United Methodist Church in Oak Ridge.

His hobbies are reading and working in the yard, and enjoying their dogs, Sam and Topsy. Both are HABIT therapy dogs that visit Keystone Adult Day Program at First United Methodist Church and the Estates at Oak Ridge, an assisted living community. (HABIT stands for Human Animal Bonding in Tennessee.) Bill is a member of the Oak Ridge Century Lions Club and serves as Tail Twister.

The Mooneys have two adult children. John Mark lives with his wife, Donna Ailor, and their son James Wesley in Plano, TX. Their daughter, Melanie Anne DelVillaggio, lives in Nashville, TN, with her three dogs and two cats.

APPENDIX F

**Investment Policy Statement
for
The Holston Conference Foundation**

(UPDATED OCTOBER, 2010)

**Investment Policy Statement
For
The Holston Conference Foundation**

Introduction

The purpose of this Investment Policy Statement (IPS) is to establish a means for the Board of Directors of the Holston Conference of the United Methodist Church Foundation, Inc., to instruct its Investment Committee on appropriate investment and investment considerations for THE EQUITY GROWTH FUND, THE BALANCED GROWTH FUND, THE INTERMEDIATE INCOME FUND, THE SHORT-TERM INCOME FUND and THE MONEY MARKET FUND.

This Investment Policy Statement will:

- ◆ *Set forth an investment structure detailing permitted investments and the expected allocation among various asset classes.*
- ◆ *Establish reasonable expectations, objectives, time horizons, and guidelines for each portfolio.*
- ◆ *Create the framework for a broadly-diversified asset mix that can be expected to generate appropriate long-term returns at an acceptable level of risk.*

Permitted Investments

In accordance with Paragraph 716 of *The 2008 Book of Discipline* of the United Methodist Church, Foundations shall endeavor to avoid investments that appear likely, directly or indirectly, to support racial discrimination, violation of human rights, gambling, or the production of nuclear armaments, alcoholic beverages or tobacco, or companies dealing in pornography. As such, the Board of Directors shall endeavor to invest in socially responsible investments.

Acceptable investment instruments are:

- A. **Obligations of the United States Government and agencies of the United States Government.**
- B. **Deposits in banking institutions, which are insured by agencies of the United States Government.**
- C. **Mutual funds (traditional and exchange-traded funds) with a stated objective of investing in socially conscious companies and approved indexed funds.**

- D. Mutual funds (traditional and exchange-traded funds) with a stated objective of investing in U.S. Government securities and/or investment grade corporate bonds.**
- E. Investment Grade Corporate bonds and equities that fit the socially conscious criteria set forth by *The Book of Discipline*.**
- F. FDIC or SIPC protected money market funds.**

BALANCED GROWTH FUND

A. OBJECTIVES

This fund is designed for investors seeking a return above that of a fixed income investment (bond or CD) and with less risk than being 100% in the equity or stock market.

B. TIME HORIZON/RISK TOLERANCE

For planning purposes, the time horizon for an investment in the pooled portfolio should be five years or longer. This portfolio will fluctuate in value over shorter time periods and the investor should recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of five years or more can be minimized with the broad diversification and long-term asset allocation approach reflected in this investment policy statement.

C. ASSET ALLOCATION POLICY

Academic research suggests that the decision to allocate investments, among various asset classes will far outweigh security selection and other decisions such as market timing that impact portfolio performance. After reviewing the long-term performance of the risk characteristics of various asset classes and the possible need for redemptions, the following asset classes were selected to achieve the objectives of THE BALANCED GROWTH FUND:

<u>Range</u>	<u>Asset Category</u>	<u>Current</u>	<u>Target Allocation</u>	<u>Acceptable</u>
	<i>Cash/Cash Equivalents</i>	5%		0% - 25%
	<i>Fixed Income Securities</i>	35%		25% - 45%
	<i>Equity Securities</i>	60%		50% - 70%
	<i>Large Cap U.S. Stocks</i>	62%		50% - 70%
	<i>Small Cap U.S. Stocks</i>	8%		6% - 10%
	<i>Mid Cap U.S. Stocks</i>	8%		6% - 10%
	<i>Real Estate</i>	2%		0% - 5%
	<i>Foreign Stocks – Developed</i>	15%		15% - 20%
	<i>Foreign Stocks – Emerging</i>	<u>5%</u>		0% - 5%
	TOTAL	100%		

D. SPECIFIC INVESTMENTS

EQUITIES OR STOCKS

In order to invest in socially responsible companies, diversify our investments, and reduce our management fees, the Investment Committee has elected to use more than one large cap fund to help us meet our investment goals and the social responsibility criteria set forth by *The Book of Discipline*. Large cap assets will make up the core (50% - 70%) of the equity position. The Foundation's Investment Committee has selected the VANGUARD SOCIAL CHOICE EQUITY FUND and the TIAA-CREF INSTITUTIONAL SOCIAL CHOICE EQUITY FUND to each hold 25% of our large cap position. An exchange traded S&P 500 FUND makes up the other 50% of our large cap holdings.

Our equity allocation also includes 8% small capitalization stocks, 8% mid-capitalization stocks, 2% real estate investment trusts, and 20% international stocks. We currently use a mix of exchange traded index funds and mutual funds to round out this portion of the portfolio.

P. FIXED INCOME OR BONDS

Bond investments are made in individual securities and/or in one or more exchange traded bond index funds and may include any sector in the Barclay's Aggregate Bond index, high-yield bonds, and international/foreign bonds from both developed and emerging markets, with specific allocations targeted and maintained by the investment committee. The investments will have a maturity of not more than ten years and will be purchased through a brokerage firm, bank, or directly through the Federal Reserve.

E. REBALANCING PROCEDURES

From time to time, market conditions may cause the Portfolio's investment in various asset classes to vary from the targeted allocation. To remain consistent with the targeted allocation, the investment committee and the executive director will review the portfolio on at least on a quarterly basis. If the actual weighting varies by 10% or more from the targeted weighting, the portfolio will be rebalanced back to the recommended allocation.

F. ADJUSTMENT IN TARGET ALLOCATION

The Board of Directors must approve changes in the target allocation.

INTERMEDIATE INCOME FUND

A. OBJECTIVES

This fund is designed for intermediate-term investors seeking a return above that of a short term CD or a money market account.

B. TIME HORIZON/RISK TOLERANCE

For planning purposes, the time horizon for an investment in THE INTERMEDIATE INCOME FUND should be two years or longer. This fund could fluctuate in value over shorter time periods and the investor should recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of two years or more can be minimized with the broad diversification and long-term asset allocation approach reflected in this investment policy statement.

C. ASSET ALLOCATION POLICY

After reviewing the long-term performance of the risk characteristics of various asset classes and the possible need for redemptions, the following asset classes were selected to achieve the objectives of THE INTERMEDIATE INCOME FUND:

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Acceptable Range</u>
<i>Cash/Cash Equivalents</i>	<i>5%</i>	<i>0% - 20%</i>
<i>Fixed Income Securities</i>	<i><u>95%</u></i>	<i>80% - 100%</i>
TOTAL	100%	

D. SPECIFIC INVESTMENTS

FIXED INCOME OR BONDS

Bond investments are made in individual securities and/or in one or more exchange traded bond index funds and may include any sector in the Barclay's Aggregate Bond index, high-yield bonds, and international/foreign bonds from both developed and emerging markets, with specific allocations targeted and maintained by the investment committee. The investments will have a maturity of not more than ten years and will be purchased through a brokerage firm, bank, or directly through the Federal Reserve.

E. REBALANCING PROCEDURES

From time to time, market conditions may cause the Portfolio's investment in various asset classes to vary from the targeted allocation. To remain consistent with the targeted allocation, the investment committee and the executive director will review the portfolio on at least a quarterly basis. If the actual weighting varies by 10% or more from the targeted weighting, the portfolio will be rebalanced back to the recommended allocation.

F. ADJUSTMENT IN TARGET ALLOCATION

The Board of Directors must approve changes in the target allocation.

MONEY MARKET FUND

A. OBJECTIVES

This fund is designed to provide short-term investors seeking safety of principal plus a competitive short-term yield at or above the 30-day Treasury bill.

B. TIME HORIZON/RISK TOLERANCE

For planning purposes, the time horizon for an investment in THE MONEY MARKET FUND should be one year or less. This fund should not fluctuate in value over shorter time periods, although the investor should recognize that the possibility of capital loss does exist.

C. SPECIFIC INVESTMENTS

Currently, all cash investments are in a money market account at Charles Schwab & Company. We utilize a higher yielding money market account called the Schwab Value Advantage Institutional Money Market Fund. Money Market Funds are in fact mutual fund companies that invest in short-term securities. While these investments are considered cash equivalents and generally offer stable asset values, they can, under certain circumstances, fluctuate in value.

D. ADJUSTMENT IN TARGET ALLOCATION

The Board of Directors must approve any changes in the targeted investments.

SHORT-TERM INCOME FUND

A. OBJECTIVES

This fund is designed to provide short-term investors seeking income, a return above that of a short-term CD or Money Market Fund.

B. TIME HORIZON/RISK TOLERANCE

For planning purposes, the time horizon for an investment in THE SHORT-TERM INCOME FUND should be one year or longer. This fund could fluctuate in value over shorter time periods and the investor should recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of one to two years can be minimized with the broad diversification and long-term asset allocation approach reflected in this investment policy statement.

C. ASSET ALLOCATION POLICY

After reviewing the long-term performance of the risk characteristics of various asset classes and the possible need for redemptions, the following asset classes were selected to achieve the objectives of THE SHORT-TERM INCOME FUND:

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Acceptable Range</u>
Cash/Cash Equivalents	10%	0% - 100%
Fixed Income Securities - Three Year Maximum Maturity	<u>90%</u>	0% - 100%
TOTAL	100%	

D. SPECIFIC INVESTMENTS

Currently, all cash investments are in a money market account at Charles Schwab & Company. We utilize a higher yielding money market account called the Schwab Value Advantage. Currently all bond investments are made through a mix of exchange traded short-term index funds with maturities of not more than three years.

E. REBALANCING PROCEDURES

From time to time, market conditions may cause the Portfolio's investment in various asset classes to vary from the targeted allocation. To remain consistent with the targeted allocation, the investment committee and the executive director will review the portfolio on a quarterly basis. If the actual weighting varies by 5% or more from the targeted weighting, the portfolio will be rebalanced back to the recommended allocation.

F. ADJUSTMENT IN TARGET ALLOCATION

The Board of Directors must approve changes in the target allocation.

EQUITY GROWTH FUND

A. OBJECTIVES

The EQUITY GROWTH FUND is designed to add flexibility to the Foundation's investment options. It can be used as a stand-alone fund for investors desiring a 100% equity allocation, or it can be combined with the INTERMEDIATE INCOME FUND to build a balanced fund with a customized asset allocation strategy. As a stand-alone option the EQUITY GROWTH FUND has both the highest risk and the highest return potential. When paired with the INTERMEDIATE INCOME FUND, the EQUITY GROWTH FUND can be used to produce a targeted risk portfolio for conservative, moderate, or aggressive growth objectives.

B. TIME HORIZON/RISK TOLERANCE

For planning purposes, the time horizon for an investment in the pooled portfolio should be five years or longer. The portfolio will fluctuate in value over shorter time periods and investors should recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of five years or more can be minimized with the broad diversification and long-term asset allocation approach reflected in this investment policy statement.

C. ASSET ALLOCATION POLICY

Academic research suggests that asset allocation is the most important decision investors make and should be the first priority in setting up an investment plan. The decision to allocate investments among various asset classes will far outweigh security selection and other decisions such as market timing that impact portfolio performance. After reviewing the long-term performance of various classifications of stocks, the following target allocations have been selected to achieve the objectives of THE EQUITY GROWTH FUND:

<u>Asset Category</u> <u>Range</u>	<u>Target Allocation</u>	<u>Acceptable</u>
<i>Cash/Cash Equivalents</i>	0%	0% - 25%
<i>Equity Securities</i>	100%	75% - 100%
<i>Large Cap U.S. Stocks</i>	62%	50% - 70%
<i>Small Cap U.S. Stocks</i>	8%	6% - 10%
<i>Mid Cap U.S. Stocks</i>	8%	6% - 10%
<i>Real Estate</i>	2%	0% - 5%

<i>Foreign Stocks – Developed</i>	<i>18%</i>	<i>15% - 20%</i>
<i>Foreign Stocks – Emerging</i>	<u><i>2%</i></u>	<i>0% - 5%</i>
<i>TOTAL</i>	<i>100%</i>	

D. SPECIFIC INVESTMENTS

EQUITIES OR STOCKS

In order to invest in socially responsible companies, simplify our investment process, and reduce our management fees, the Investment Committee has elected to use a large cap fund which meets the social responsibility criteria set forth by *The Book of Discipline*. This will make up the core (50% - 70%) of the equity position. The Foundation's Investment Committee has selected the VANGARD SOCIAL CHOICE EQUITY FUND (16%), the TIAA-CREF INSTITUTIONAL CHOICE EQUITY FUND (16%), and an EXCHANGE TRADED S&P 500 INDEX FUND (30%) to anchor the portfolio.

Our equity allocation also includes 8% small capitalization stocks, 8% mid-capitalization stocks, 2% real estate investment trusts, and 20% international stocks. We currently use a mix of exchange traded index funds and mutual funds to round out this portion of the portfolio. Investments may be made in other funds or with other investment managers as long as our overall equity portfolio meets the social responsibility criteria set forth by The Book of Discipline.

E. REBALANCING PROCEDURES

From time to time, market conditions may cause the Portfolio's investment in various equity classes to vary from the targeted allocation. To remain consistent with the targeted allocation, the investment committee and the executive director will review the portfolio on at least on a quarterly basis. If the actual weighting varies by 10% or more from the targeted weighting, the portfolio will be rebalanced back to the recommended allocation.

F. ADJUSTMENT IN TARGET ALLOCATION

The Board of Directors must approve changes in the target allocation.

APPENDIX G

Hypothetical Distribution of Income Using Recommended Model
By
Roger Redding
Executive Director of the Holston Conference Foundation

Hypothetical Distribution of Income Using Recommended Model

The Holston Conference Foundation's model for distribution of income has been recommended by Roger Redding, the Executive Director of the Foundation. This model is outlined in the document, "Note on Sustainable Income from an Investment Portfolio" written by G. Neil Harper and then revised by him August 2000. Harper's note was then updated, revised, and modified by Roger Redding in February of 2006. Both documents are included as appendices herein.

Generally, permanent endowment accounts are to be invested using the standard, acceptable, and legally recognized balanced fund (recognized by the State of Tennessee) accounts consisting of a mix of 60% stocks and 40% bonds. Earnings consist of interest and dividends, plus unrealized gains and losses due to increases in market value of the fund. When earnings of interest and dividends are reapplied to the account, the account will have a new, total market value. Distribution of earnings are made based on the primus that the market value of the fund will increase due to both inflation of the economy and earnings from dividends and interest. Yearly records of the fund's performance and inflation of the economy are maintained by the fund. Retention and distribution of earnings are made either quarterly or yearly with two standard and generally acceptable considerations: (1) first a portion is retained by the fund to increase its value to keep up with inflation and is taken as a percentage of the market value, and (2) the second portion is transferred to an appropriate expense account, a separate (for each fund) money market account to be used for its designated use.

Year	Holston Conference Foundation Balanced Fund Return	Inflation	Beginning of Year Value	End of Year Value	Running 3 Year Average of End of Year Value	5% Distribution
5% Distribution						
1992	7.83	2.90	\$100,000.00	\$107,830.00		\$0.00
1993	11.08	2.70	\$107,830.00	\$119,777.56		\$0.00
1994	1.65	2.70	\$119,777.56	\$121,753.89	\$116,453.82	\$5,822.69
1995	22.57	2.50	\$115,931.20	\$142,096.88	\$127,876.11	\$6,393.81
1996	11.3	3.30	\$135,703.07	\$151,037.52	\$138,296.10	\$6,914.80
1997	15.49	1.70	\$144,122.71	\$166,447.32	\$153,193.90	\$7,659.70
1998	19.43	1.60	\$158,787.62	\$189,640.06	\$169,041.63	\$8,452.08
1999	12.57	2.70	\$181,187.98	\$203,963.31	\$186,683.56	\$9,334.18
2000	-2.73	3.40	\$194,629.13	\$189,315.75	\$194,306.37	\$9,715.32
2001	-4.99	1.60	\$179,600.44	\$170,638.37	\$187,972.48	\$9,398.62
2002	-11.15	2.40	\$161,239.75	\$143,261.52	\$167,738.55	\$8,386.93
2003	19.48	1.90	\$134,874.59	\$161,148.16	\$158,349.35	\$7,917.47
2004	9.13	3.30	\$153,230.69	\$167,220.66	\$157,210.11	\$7,860.51
2005	5.25	3.40	\$159,360.15	\$167,726.56	\$165,365.12	\$8,268.26
2006			\$159,458.30			

\$100k Investment Value with 0%, 4%, 5%, and 6% Distributions based 3 Year Running Average of Year End Value

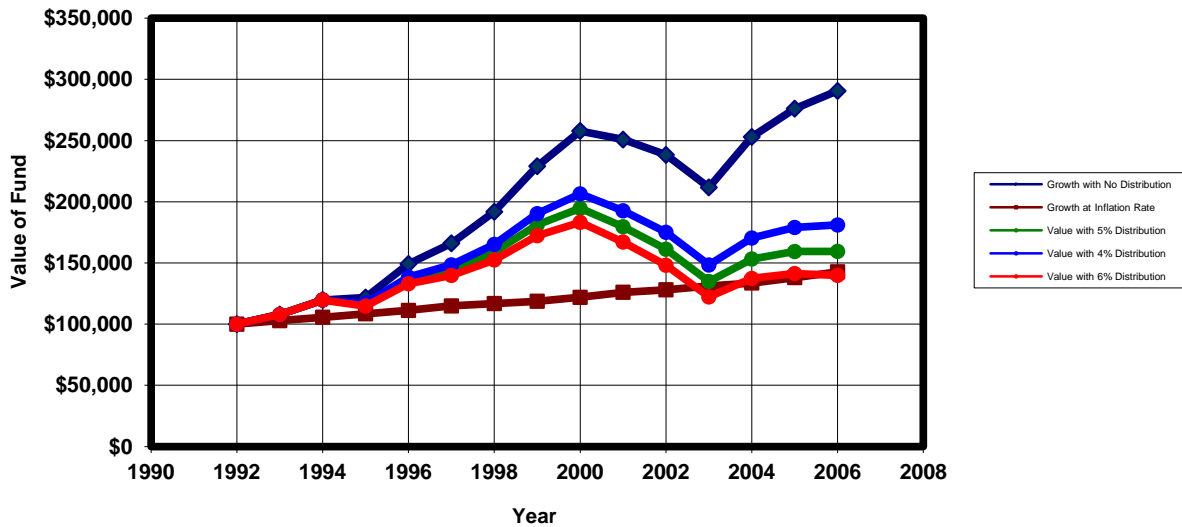


Table 1 and Graph 1 show several scenarios for the investments in and disbursements of funds from the Holston Conference Foundation Balanced Fund Account. These scenarios take into account the yearly return and inflation rates. Line 1 of Table 1 lists the rates of return for funds invested in the Holston Conference Balanced Fund Account for the years 1992 to the present. The fund has performed rather well with only 3 years resulting in a negative return and these years coincide with the years that the stock market went down. Line 2 is the 3-year average return and line 3 lists the inflation rate for the same years. Line 4 gives the yearly return minus the inflation rate and line 5 gives the running 3-year average return minus the running 3-year average inflation rate. These rates are then used to calculate the growth of a \$25k and a \$100k investment taking into account the inflation rates and a distribution of 5% of the funds market value.

Line 9 shows the growth of a \$100k investment made in 1992 using the balanced fund's rate of increase in market value. Line 12 shows the real growth relative to inflation. The investment's rate of increase is the fund's rate of increase minus the inflation rate for the corresponding year. Line 15 then shows the growth of the fund using 3-year running average of the rate of return minus a 3-year running average of the inflation rate.

APPENDIX H

Administrative Provisions for Established Endowments

1. General Endowment—Adopted April 18, 2007
2. Property Endowment—Adopted April 18, 2007
3. Missions Endowment—Adopted April 18, 2007
4. Adult Music Program Endowment—Adopted April 18, 2007
5. Youth Choir Program Endowment—Adopted April 18, 2007
6. Youth Ministries Program Endowment—Adopted April 18, 2007
7. The William C. Mooney Pastoral Visitation Endowment—Adopted August 17, 2005
8. The Rebecca B. Taylor Scholarship Endowment—Adopted December 13, 2006
9. FUMC Library Endowment—Adopted August 1, 2009
10. Adult Ministries Endowment—Adopted January 21, 2014

***Administrative Provisions
for
General Endowment Fund***

Administrative Provisions

- *Minimum Endowment Amount: \$ 25,000.00*
- *Time for Maturation: 3 years after minimum endowment is established*
- *Time to Establish: Indefinite*
- *Purpose: For special needs and ministries.*
- *Target income: 5% per year of the minimum endowment of \$25,000 or accumulated endowment = at least \$1,250/year*
- *Income Stream: Income stream to begin after 3 years after the minimum endowment of \$25,000 is met. Income may be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: To support special needs and ministries of the church. The use of these funds are unspecific, but their uses should in general be of a significant amount and for extraordinary expenses beyond the ordinary yearly budgeted expenses of the church.*
- *Distribution of Funds: A General Endowment income fund account will be established for the distribution of funds. The Permanent Endowment Committee will receive requests for use of funds and will make distributions of the funds.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The General Endowment Fund was established by the charter of the Permanent Endowment Program in November of 2003. According to the charter, general endowment funds are for special needs and ministries determined by church leadership.

Adopted April 18, 2007

**Administrative Provisions
for
Property Endowment Fund**

Administrative Provisions

- *Minimum Endowment Amount: \$ 25,000.00*
- *Time for Maturation: 3 years after minimum endowment is established*
- *Time to Establish: Indefinite*
- *Purpose: To support major purchases, construction, maintenance, and improvement of physical facilities of FUMCOR.*
- *Target income: 5% per year of the minimum endowment of \$25,000 or accumulated endowment = at least \$1,250/year*
- *Income Stream: Income stream to begin after 3 years after the minimum endowment of \$25,000 is met. Income may be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: To support major purchases, construction, maintenance, and improvement of physical facilities of the church. Their uses should in general be of a significant amount and for extraordinary expenses beyond the ordinary yearly budgeted expenses of the church.*
- *Distribution of Funds: A Property Endowment income fund account will be established for the distribution of funds. The Permanent Endowment Committee will receive requests for use of funds and will make distributions of the funds.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The Property Endowment Fund was established by the charter of the Permanent Endowment Program in November of 2003. According to the charter, property endowment funds are for major purchases, construction, maintenance, and improvement of physical facilities.

Adopted April 18, 2007

***Administrative Provisions
for
Missions Endowment Fund***

Administrative Provisions

- *Minimum Endowment Amount: \$ 25,000.00*
- *Time for Maturation: 3 years after minimum endowment is established*
- *Time to Establish: Indefinite*
- *Purpose: To support missions in and beyond the local church and community.*
- *Target income: 5% per year of the minimum endowment of \$25,000 or accumulated endowment = at least \$1,250/year*
- *Income Stream: Income stream to begin after 3 years after the minimum endowment of \$25,000 is met. Income may be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: To support missions in and beyond the local church and community. Their uses should in general be of a significant amount and for extraordinary expenses beyond the ordinary yearly budgeted expenses of the church.*
- *Distribution of Funds: A Missions Endowment income fund account will be established for the distribution of funds. The Permanent Endowment Committee will receive requests for use of funds and will make distributions of the funds.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The Missions Endowment Fund was established by the charter of the Permanent Endowment Program in November of 2003. According to the charter, missions endowment funds are for missions in and beyond the local church and community.

Adopted April 18, 2007

***Administrative Provisions
for
Adult Music Program Endowment***

Administrative Provisions

- *Minimum Endowment Amount: \$ 25,000.00*
- *Time for Maturation: 3 years after minimum endowment is established*
- *Time to Establish: Indefinite*
- *Purpose: To support the Adult Music Program.*
- *Target income: 5% per year of \$25,000=\$1,250/year*
- *Income Stream: Income stream to begin after 3 years after the minimum endowment of \$25,000 is met. Income may be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: To support the adult music program in general. For example, to help purchase such things as musical instruments, choir robes, music scores, royalties, performances and concerts, and honoraria.*
- *Distribution of Funds: An Adult Music Program Endowment income fund account will be established for the distribution of funds. The Permanent Endowment Committee will receive requests for use of funds and will make distributions of the funds.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The Adult Music Program Endowment was setup for the benefit of the Adult Music Program and for the excellent service the adult choirs provide with their music each Sunday morning. Funds derived from earnings of this endowment can be used to support the adult music program in general. For example, to help purchase such things as musical instruments, choir robes, music scores, royalties, performances and concerts, and honoraria.

Adopted April 18, 2007

***Administrative Provisions
for
Youth Choir Program Endowment***

Administrative Provisions

- *Minimum Endowment Amount: \$ 25,000.00*
- *Time for Maturation: 3 years after minimum endowment is established*
- *Time to Establish: Indefinite*
- *Purpose: To support the Youth Choir Program.*
- *Target income: 5% per year of \$25,000=\$1,250/year*
- *Income Stream: Income stream to begin after 3 years after the minimum endowment of \$25,000 is met. Income will be distributed in accordance with the directives of the account information sheets reviewed and adopted each year by the Permanent Endowment Committee. Distributions of income shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: To support the youth choir program in general. For example, to help purchase such things as musical instruments, choir robes, music scores, royalties, performances and concerts, scholarship funds for youth participation in special choir events, transportation, and honoraria.*
- *Distribution of Funds: A Youth Choir Program Endowment income fund account will be established for the distribution of funds. The Permanent Endowment Committee will receive requests for use of funds and will make distributions of the funds.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The Youth Choir Program Endowment was setup for the benefit of the Youth Choir Program and for the excellent service they provide with their music each Sunday morning. Funds derived from earnings of this endowment can be used to support the youth choir program in general. For example, to help purchase such things as musical instruments, choir robes, music scores, royalties, performances and concerts, scholarship funds for youth participation in special choir events, transportation, and honoraria.

Adopted April 18, 2007

***Administrative Provisions
for
Youth Ministries Program Endowment***

Administrative Provisions

- *Minimum Endowment Amount: \$ 25,000.00*
- *Time for Maturation: 3 years after minimum endowment is established*
- *Time to Establish: Indefinite*
- *Purpose: To support the Youth Ministries Program of FUMCOR.*
- *Target income: 5% per year of \$25,000=\$1,250/year*
- *Income Stream: Income stream to begin after 3 years after the minimum endowment of \$25,000 is met. Income will be distributed in accordance with the directives of the account information sheets reviewed and adopted each year by the Permanent Endowment Committee. Distributions of income shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: To support of youth mission trips, scholarship funds for youth participation in special youth programs and events, transportation costs, and other extraordinary expenses.*
- *Distribution of Funds: A Youth Ministries Program Endowment income fund account will be established for the distribution of funds. The Permanent Endowment Committee will receive requests for use of funds and will make distributions of the funds.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The Youth Ministries Endowment's earnings are designated to support the youth ministries programs. Examples of the use of distributions from these funds are support of youth mission trips, scholarship funds for youth participation in special youth programs and events, transportation costs, and other extraordinary expenses.

Adopted April 18, 2007

Administrative Provisions
for
The William C. Mooney Pastoral Visitation Endowment

Administrative Provisions

- *Minimum Endowment: \$25,000.00*
- *Time to Establish: 5 Years*
- *Purpose: To provide partial support for pastoral care for First United Methodist Church, Oak Ridge members, family members, and friends by a member of the pastoral staff of the church, e.g. a visitation pastor.*
- *Target income: 5% per year of \$25,000=\$1,250*
- *Income Stream: Income stream to begin after 5 years or when minimum endowment is met. Income will be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: Salary or salary supplement, travel expenses, or other expenses incurred in pastoral visitation.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The William C. Mooney Pastoral Visitation Endowment was setup August 17, 2005, by the Permanent Endowment Committee to honor the long time service of William “Bill” Mooney and his wife Sylvia at First United Methodist, Oak Ridge. Bill retired from the ministry in June 2000, but has been serving part time as the Pastor of Visitation at First Church. His pastoral care is cherished by all. Pastoral Care by members of the clergy is highly valued by the Christian fellowship of the church, especially in times of crisis. In a large, multidimensional church with many programs, personalized, individual attention to parishioners is sometimes difficult to accommodate. Spiritual care for individuals is important for the corporate health of congregations. Therefore, this endowment was setup to provide partial support for pastoral care for First United Methodist Church, Oak Ridge members, family members, and friends by some member of the pastoral staff of the church, e.g. a visitation pastor. A minimum endowment of \$25,000 was targeted with an income stream from the interest paid from the principle to begin after 5 years or when the minimum endowment was met. An income stream of 5% per year of \$25,000 will yield \$1,250 per year and additional funds added to the endowment will yield a proportional amount. Income will be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The funds are to be used for salary, salary supplement, travel, or other expenses incurred in pastoral visitation. The Permanent Endowment Committee has the option of transferring excess

income into the endowment fund principal account. The fund presently has approximately \$21,000 with approximately \$5,000 outstanding in pledges.

Biography of William C. Mooney

William C. (Bill) Mooney was born in Bluefield, WV and was educated in the public schools of West Virginia and Virginia. He graduated from Emory and Henry College with a Bachelor of Arts Degree in 1958. In 1963 he received the Master of Divinity from Emory University's Candler School of Theology.

He is an ordained United Methodist Pastor. Prior to his retirement in June of 2000, he served as a pastor for forty-one years in The Holston Conference of the United Methodist Church. Bill served as Counseling Minister at First Church Oak Ridge from 1980 to 1991. He and his wife Sylvia served as United Methodist missionaries from May 1991 through June 1997 and served The English Speaking United Methodist Church of Vienna, Austria. He presently serves part time as Minister of Visitation at First United Methodist Church in Oak Ridge.

His hobbies are reading and working in the yard, and enjoying their dogs, Sam and Topsy. Both are HABIT therapy dogs that visit Keystone Adult Day Program at First United Methodist Church and the Estates at Oak Ridge, an assisted living community. (HABIT stands for Human Animal Bonding in Tennessee.) Bill is a member of the Oak Ridge Century Lions Club and serves as Tail Twister.

The Mooneys have two adult children. John Mark lives with his wife, Donna Ailor, and their son James Wesley in Plano, TX. Their daughter, Melanie Anne DelVillaggio, lives in Nashville, TN, with her three dogs and two cats.

**Administrative Provisions
for
The Rebecca B. Taylor Scholarship Endowment**

Administrative Provisions

- *Initial Endowment Amount: \$34,000.00*
- *Time for Maturation: 3 Years*
- *Time to Establish: Immediate*
- *Purpose: To provide scholarships for Oak Ridge students for payment of tuition and books to attend the college or university of their choice.*
- *Target income: 5% per year of \$34,000=\$1,700*
- *Income Stream: Income stream to begin after 3 years since the minimum endowment of \$25,000 is met. Income will be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: Scholarships for tuition and books.*
- *Recipients of Funds: A scholarship committee or other appropriate existing committee of the church will formulate guidelines for the selection of appropriate recipients of the scholarships.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The Rebecca B. Taylor Scholarship Endowment Fund was setup December 13, 2006, by the Permanent Endowment Committee using funds given to FUMC from the estate of Rebecca Taylor according to her wishes as outlined in her will. Rebecca Taylor was a long-time Oak Ridge teacher and wanted students to have opportunities to further their education. She was passionate about the FUMC memorial garden and left her estate to the Church to first pay off any remaining debts of the memorial garden and then to apply the remainder of the estate to establishing the scholarship fund.

Biography of Rebecca B. Taylor

Rebecca B. Taylor was born in Independence, Virginia, and later moved to Germantown, North Carolina, at the age of eight and remained in that area until she came to Oak Ridge in 1949.

Miss Taylor was a retired kindergarten teacher in the Oak Ridge Schools for nearly 30 years. She began teaching at Highland View in 1949, later taught at Willow Brook, Linden, Pine Valley, and Cedar Hill, and retired in 1978 from Woodland. She taught at Dandy Ridge, North Carolina, before coming to Oak Ridge. She was an active member of the Oak Ridge Retired Teachers' Association and a life member of the National Education Association and the Tennessee Teachers' Association.

After retirement, Miss Taylor did volunteer work. She worked at Woodland School from 1978 to 1981 as an aide to Mrs. Peggy Gouge. She worked with the Girls' Club and in the Nursery School at First United Methodist Church, where she was a member. She was active in church work, and for a number of years coordinated the worship services held at the Oak Ridge Retirement Community.

Miss Taylor was a veteran of World War II, having served in the U. S. Navy during 1944-45. She was a graduate of Guilford College in Greensboro, North Carolina, and held graduate degrees from George Peabody College for Teachers and from Columbia University.

She enjoyed traveling and made many trips in earlier years in the states and foreign countries. She especially enjoyed having many foreign students in her classes in Oak Ridge.

Miss Taylor was preceded in death by a sister, Vela Tuttle, of Greensboro, North Carolina. At her death she was survived by a niece, June Payne and husband Robert of Greensboro, North Carolina; a nephew, Dan Tuttle and wife Jean of Floyd, Virginia; by two great nieces and a great nephew, and by several great-great nieces and nephews. She also left a host of friends and former students, many of whom kept in touch with her over the years.

Rebecca B. Taylor died June 22, 2006, at the age of 93 at NHC HealthCare Oak Ridge. She had resided at the Oak Ridge Retirement Community for many years. Miss Taylor's body was cremated, along with the remains of her beloved turtle, "Big John." Her students fondly remembered Big John, which she brought with her when she came to Oak Ridge in 1949 and kept in her classrooms for many years. Big John was later moved to the Children's Museum of Oak Ridge, and his remains were kept frozen there until his remains were cremated along with hers.

Miss Taylor was a member of First United Methodist Church since she moved to Oak Ridge, and was very active in church work. Since she never married and had children, she considered the church to be her family.

Because of her great devotion to the church and also her commitment to education, Miss Taylor left her total estate to FUMC, and requested that a portion of it be used for a scholarship to be given to students of Oak Ridge High School.

**Administrative Provisions
for
FUMC Library Endowment Fund**

Administrative Provisions

- *Initial Endowment Amount: \$ 25,000.00*
- *Time for Maturation: None; Initial gift meets minimum amount policy.*
- *Time to Establish: None; Immediate*
- *Purpose: To support the FUMC Library and its operations as outlined in the background below.*
- *Target income: 5% per year of the three year running average of the market value of the endowment. The FUMC Permanent Endowment Committee will determine the amount for distribution as prudent to protect the initial value of the fund with respect to inflation.*
- *Income Stream: Income stream to begin after 3 years. Income may be distributed each year from the endowment fund and should not be in excess of the accumulated income from the endowment at the time of the distribution. The Permanent Endowment Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: To support the FUMC Library and its operations.*
- *Distribution of Funds: A FUMC Library Endowment income fund account will be established for the distribution of funds. The Permanent Endowment Committee will receive requests for use of funds and will make distributions of the funds.*
- *Investment of Funds: The Permanent Endowment Committee or the Appropriate Elected Body of the Church.*
- *Final Disposition of Endowment if No Longer Needed: Transfer to the General Endowment or any other Endowed Fund deemed appropriate by the Permanent Endowment Committee.*

Background

The First United Methodist Church Library Endowment Fund was established with an initial gift of \$25,000 by an anonymous donor to support the FUMC Library and its operations. The overall goal of the FUMC Oak Ridge Library Endowment Fund is to help offset the cost for updating the FUMC library collections and library facilities. The Fund is intended to help make the best use of library facilities where space is at a premium. The Fund has several related purposes. The Fund can: 1. be used to help expand and automate the library collection and expand the use of computers, electronic storage and electronic readers, etc; 2. be used to bring leading religious speakers, authors and scholars of literary importance to FUMC and to the Oak Ridge community; 3. be used as seed money to help expand the library footprint should the FUMC building undergo an expansion program; and 4. be used for other purposes deemed appropriate by the Library Board. The original donor encourages any FUMC member or non member interested in Church literature to add their donation to the Fund.

Adopted August 1, 2009

**ADMINISTRATIVE PROVISIONS
FOR
ADULT MINISTRIES ENDOWMENT FUND**

Administrative Provisions

- *Minimum Endowment Amount: \$25,000.00*
- *Time for Maturation: 3 years after minimum endowment is established*
- *Time to Establish: Indefinite*
- *Purpose: To support the Adult Ministries Programs, which include Adult Activities, YAMS, Adult Sunday School Curriculum, Fellowship Night Fund Support, and any future Adult Ministries Programs.*
- *Target Income: 3% a year of the minimum endowment of \$25,000 or accumulated endowment = at least \$750/year.*
- *Income Stream: Income stream is to begin after 3 years after the minimum endowment of \$25,000 is met. Income may be distributed each year from the endowment fund and shall not be in excess of the accumulated income from the endowment at the time of distribution. The Enduring Gifts Committee shall have the option of transferring excess income into the endowment fund principal account.*
- *Use of Funds: To support the Adult Ministries Programs. The funds use should in general be of a significant amount and for extraordinary expenses beyond the ordinary yearly budgeted expenses of the church.*
- *Distribution of Funds: An Adult Ministries Endowment income fund account will be established for the distribution of funds. The Enduring Gifts Committee will receive requests for the use of funds and will make distributions of the funds.*
- *Investment of Funds. The Enduring Gifts Committee or the Appropriate Elected Body of the Church will determine how funds are invested.*
- *Final Disposition of Endowment If No Longer Needed: Funds will be transfer to the General Endowment or any other Endowment Fund deemed appropriate by the Enduring Gifts Committee.*

Background

The Adult Ministries Endowment Fund was established by the Charter of the Permanent Endowment Program in November 2013. Funds reimbursed to the FUMCOR by travel companies from adult mission trips will be added annually. Funds may be added by others. According to the charter, Adult Ministries Endowment funds are for the support of Adult Ministries over and beyond the annual operating budget.

Established November 19, 2013

Adopted January 21, 2014