

**LINWORTH UNITED METHODIST CHURCH
PERMANENT ENDOWMENT FUND
DONATION ACCEPTANCE AND DISTRIBUTION POLICY**

PURPOSE / OTHER

The Permanent Endowment Fund Program (hereinafter referred to as the Program) is established for the purpose of providing members and friends opportunities to make charitable donations to the Linworth United Methodist Church (hereinafter referred to as the Church) that will become a permanent endowment of financial support and/or a living memorial. This Program is intended for purposes that are not part of the Church's established annual programs, which are funded through its annual operating budget and the regular giving of its members.

The purpose of this Permanent Endowment Fund Donation Acceptance and Distribution Policy is to describe the type of Donations that can be accepted, the manner in which they can be accepted, and the manner in which distributions will be made.

The Legacy Committee (hereinafter referred to as the Committee) will review the policies described herein during the fourth quarter of each calendar year. Such a review will serve to allow fine-tuning or amendments to the policies in the event that changed circumstances allow the Church to accept new donations, or to restrict or expand the manner in which current donation forms are handled.

The Committee shall make a full report no less frequently than once each year to the Administrative Council (hereinafter referred to as the Council) of the Church.

While the Committee provides an oversight for the Permanent Endowment Fund (hereinafter referred to as the Fund), the Council on Development of the West Ohio Conference manages the Fund with the Huntington National Bank serving as the investment advisor.

INTRODUCTION

In order to protect the interests of the Church and the persons and other entities who support its programs, these policies are designed to assure that all Endowment Donations (hereinafter referred to as Donations) to the Church, or for the use of the Church, are structured to provide maximum benefit to both the donor and the Church.

This document focuses on both current and deferred Donations, with special emphasis on various types of deferred Donations and Donations of non-cash property. The goal is to encourage funding of the Fund without encumbering the Church with Donations which may prove to generate more cost than benefit, or which are restricted in a manner that is not in keeping with the goals of the Church.

To optimize funding from individuals and other entities, the Church must be capable of responding quickly, and in the affirmative where possible, to all Donations offered by prospective donors. Except where stated otherwise, these policies are intended as guidelines only. Flexibility must be maintained since some Donation situations can be complex and decisions only made after careful consideration of a number of interrelated factors. Therefore, these policies may in some instances require that the Committee consider the merits of a particular Donation and make a final decision on an action only after consultation and approval by the Council and/or the Church's Board of Trustees (hereinafter referred to as Trustees).

The Committee reserves the right to decline or otherwise refuse any Donation offered to the Church, with or without cause. Reasons for which a Donation may be declined include, but are not limited to the following:

1. The Committee does not believe it is in the best interest of the Church or the Fund to abide by the restrictions placed on the Donation by the donor.
2. The costs to maintain the Donation or to meet the restrictions placed on the Donation by the donor are considered to be excessive for the Fund.
3. The Donation is considered to be inappropriate or unrelated to the tax-exempt purposes of the Church or the Fund.
4. The Donation is designated to benefit or to be channeled to a specific individual.

DONATION ACCEPTANCE TERMS AND CONDITIONS

Each Donation will be acknowledged by written confirmation of the Donation and of any terms and conditions of the Donation acceptance. Acknowledgement of the Donation will be made within thirty days (30) of its acceptance, whenever possible. All information concerning donors and prospective donors, including their names, names of beneficiaries, the amount and type of the Donation, aspects relating to their estates, etc., shall be kept **STRICTLY CONFIDENTIAL** except when donors permit the release of such information. It is imperative that the Church maintains full and complete documentation of all donations received from individual donors, especially those that are in excess of five hundred dollars (\$500). The Church must maintain complete accountability with sufficient records regarding the receipt of the donation and how and when the donation was spent.

I. OUTRIGHT DONATIONS

A. CASH

1. Donations in the form of cash and checks shall be accepted in any amount.
2. All checks must be payable to the Church and in no event shall they be made payable to an employee, agent, or volunteer for credit to the Church.

B. PUBLICLY TRADED SECURITIES

The Church may accept securities that are traded on the exchanges. The Committee shall make the decision to accept the publicly traded security and then, if accepted, sell the security as quickly as possible with Trustee approval.

C. CLOSELY HELD SECURITIES

The Trustees may approve the acceptance of non-publicly traded securities. The Committee shall make the decision to keep or sell the security.

D. REAL PROPERTY (See Appendix for Definition)

1. Each Donation of real property must have the approval of the Trustees and have a fair market value in excess of five thousand dollars (\$5,000)
2. Prior to approval, the Committee shall make a recommendation to the Trustees for accepting the real estate and shall include a report on (but not limited to) the following:
 - a. Current title and ownership
 - b. Current zoning
 - c. Any and all restrictions
 - d. Any encumbrances, including an Affidavit of Lien signed by the Donor
 - e. An independent qualified third party appraisal – paid by the donor
 - f. At least a Phase I environmental audit – paid by the donor
 - g. A recommendation on marketability
3. Upon recommendation from the Committee, the Trustees shall make the final decision to keep or sell the property.

E. TANGIBLE PERSONAL PROPERTY (See Appendix for Definition)

1. Each Donation of tangible personal property must have the approval of the Committee and a cash value in excess of one thousand dollars (\$1,000).
2. Prior to approval, the Committee shall make a recommendation to the Trustees for accepting the tangible personal property and shall include a report on (but not limited to) the following:
 - a. Current title and ownership
 - b. An independent qualified third party appraisal – paid by the donor
 - c. A recommendation on marketability
3. The Committee shall make the decision to keep or sell the property.

F. OTHER PROPERTY

The Committee shall make the decision to accept and to keep or sell any other property that it may deem to be in the best interest of the Church.

II. PLANNED (DEFERRED) DONATIONS

A. BEQUESTS

1. Donations through wills (bequests) shall be actively encouraged by the Church.
2. Upon inquiry by a prospective donor, all representations as to the future acceptability of various properties to be left to the Church in a will or other deferred Donations shall be made in accordance with the terms and provisions of Paragraph I (A through F) of this document.
3. Donations of property that are not acceptable from estates shall be rejected by the Committee. The decision to not accept this property shall be communicated to the legal representatives of the estate by the Committee Chair.

B. CHARITABLE REMAINDER AND REVOCABLE LIVING TRUSTS (See Appendix for Definition)

1. The Committee will consult with the Council on Development of the West Ohio Conference regarding the need or use of a fiduciary, if necessary.
2. The fees for management of a Charitable Remainder Trust will not normally be paid by the Church, however, upon approval by a majority of the Committee members attending on the day such fees are discussed, these fees may be paid by the Church. The Church will not pay the fees for the management of a Revocable Living Trust under any circumstances.
3. Charitable Remainder Trusts and Revocable Living Trusts and all other deferred Donations shall be encouraged as a method of making Donations to the Church while retaining income which may be needed by the donor for personal purposes. Such trusts shall not be marketed as tax avoidance devices or as investment vehicles and it is understood that no activity will be conducted that will violate Federal and/or State security regulations.
4. No representations as to the manner in which trust assets will be managed or invested shall be made by any employee or other persons acting on behalf of the Church.

C. LIFE ESTATE DONATIONS (See Appendix for Definition)

The Committee may accept such Donations provided that there has been a full disclosure of the possible ramifications of the transaction to the donor.

D. LIFE INSURANCE POLICIES

1. The Church will encourage donors to name the Church as a beneficiary of a life insurance policy that the donor has purchased or will purchase.

2. The Church will not accept Donations from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy may be made only when the Church has an insurable interest and is in compliance with all State and Federal statutes.
3. No insurance products will be endorsed for use in funding Donations to the Church.
4. In no event shall lists of Church donors' names be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or the Church.

E. DONATION ANNUITIES (See Appendix for Definition)

Charitable Donation Annuities are available from the West Ohio Conference Council on Development.

III. PAYMENT OF FEES RELATED TO DONATIONS TO THE CHURCH

A. FINDER'S FEES OR COMMISSIONS

No fees shall be paid to anyone as consideration for directing a Donation to the Church.

B. PROFESSIONAL FEES

1. In general, the donor shall pay any fees associated with the Donation.
2. No fees shall be paid to anyone as compensation for any sale of any products to the donor.

IV. RESTRICTIONS

Any restriction on the use of any Donation must be approved by the Committee prior to acceptance of the Donation. A designated permanent sub fund, other than those identified, may be established with a minimum Donation of fifty thousand dollars (\$50,000).

V. DESIGNATED AND UNDESIGNATED DONATIONS

Donations to the Fund may be designated and assigned to one or more of the following categories: MISSIONS (missions in and beyond the local church community); PROPERTY (maintenance, care, improvements to or construction of physical facilities); GENERAL (special needs and ministries determined by Church leadership).

If donated funds are undesignated, the Committee will make the decision to categorize the donation and make disbursements accordingly.

VI. DONATION DISTRIBUTION

The Committee shall make the decision on any distribution of the Donation. The Church should maintain a "wish" list of projects and items that can be supported or purchased with the Donations within the Fund.

VII. LIMITATION ON USE OF PRINCIPAL (per Charter)

"The objectives of the Endowment Program are to conserve principal and make use of only the distributions determined by the Committee. Any part of the principal may be withdrawn only in extreme and overwhelming circumstances, bordering on the survival of The Linworth United Methodist Church. Any withdrawal of principal must be approved by a two-thirds (2/3) vote of the Church Conference of the Linworth United Methodist Church at which a quorum is present."

VIII. DISTRIBUTIONS FROM THE ENDOWMENT PROGRAM (per Charter)

"Distributions from accounts in the Endowment Program shall be made by the Committee as directed by the donors at the time of their gift or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein. In the case of the undesignated gift accounts, the amount of all distributions shall be determined by the Committee, which shall keep in mind the Endowment Program investment objectives stated above in this document. The purposes and causes to which distributions from undesignated gift accounts are to be made shall be approved by the Administrative Board (Council) upon recommendation of the Committee."

IX. CHANGES TO DONATION ACCEPTANCE POLICIES

These policies and guidelines have been reviewed and recommended by the Legacy Committee to the Administrative Council, which delegated authority of the final language to their respective Chairs who have reviewed and hereby approve it. Any further substantive revisions, however, will require the Legacy Committee to make a recommendation to the Administrative Council and/or the Board of Trustees for their approval.

Approved on the 20th day of March, 2018.

Chair - Administrative Council Curtis Walker Curtis Walker

Chair - Legacy Committee Andy Ahijevych Andy Ahijevych

APPENDIX – DEFINITION OF TERMS

CHARITABLE REMAINDER TRUST- a trust that allows one to make a tax-deductible charitable donation today while still enjoying personal scheduled income from that trust for years to come.

DONATION ANNUITIES (A donated annuity [Charitable Gift Annuity] - involves a contract between a donor and a charity, whereby the donor transfers cash or property to the charity in exchange for a partial tax deduction and a lifetime stream of annual income from the charity. When the donor dies, the charity keeps the gift. The amount of the income stream is determined by many factors including the donor's age and the policy of the charity. Most charities use payout rates defined by the American Council on Gift Annuities.

LIFE ESTATE DONATIONS - A gift of a remainder interest in a personal residence or other property is described generally as a transaction in which an individual irrevocably transfers title to a personal residence or other property to a charitable organization with a retained right to the use of the property for a term that is specified in the gift agreement. At the conclusion of the measuring term, all rights in the property are transferred to the charitable organization.

REAL PROPERTY - any property that is attached directly to land, as well as land itself – includes buildings

REVOCABLE LIVING TRUST - a trust whereby provisions can be altered or canceled dependent on the grantor. During the life of the trust, income earned is distributed to the grantor, and only after death does property transfer to the beneficiaries.

TANGIBLE PERSONAL PROPERTY - refers to any property that can generally be moved and is not attached to real property or land. These generally include such items as: furniture, clothing, jewelry, art, writings, coin collection, stamp collection, or household goods. In many cases tangible personal property will not be "titled" in an owner's name.