

Endowment Fund Distribution Policy

Linworth United Methodist Church

The following policy is intended to define authorization, accounting and fund distribution rules for the Linworth United Methodist Church Endowment Fund (hereinafter "Fund").

I. AUTHORIZATION

A. Consent to Distribute Funds

- 1) As granted by the *Endowment, Gifts & Memorials Program Charter* (hereinafter "Charter"), the Legacy Committee (hereinafter "Committee") is hereby permitted to compute the distributions from the Fund. Further qualifications, in addition to those set forth in the Charter, are defined in Section III of this document.

II. ACCOUNTING

A. Fund Management

- 1) The Fund is managed by the West Ohio Conference / Council on Development (WOC). The WOC has chosen an approved investment advisor to manage its endowment funds. Local oversight is by the Committee.

B. Internal Accounting

- 1) A quarterly report on Fund activity is provided by the WOC. This report is used to update internal records for principal and appreciated values for the categories noted in item B (2) below.
- 2) As defined in the Charter, the Fund will consist of three (3) categories: Missions, Property, and General.
- 3) From an internal accounting standpoint, each category will have two (2) records: one record for the principal value and one record for the appreciated value. Initial gifts to the Fund will be credited

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to the designated category's principal value record. Growth in excess of the category's associated principal value will make up that category's appreciated value record.

- 4) Distributions are mutually exclusive. Distributions from one category will have no impact on the other categories' value. Distributions from one category will not consider the value of the other two categories.
- 5) Clear, transparent and descriptive documentation will accompany all distributions from the Fund. This is the responsibility of the Committee Chair.

C. Undesignated Gifts

- 1) When a donor does not request that a donation apply to one of the three designated categories, prior to investment, the Committee will assign the gift to a category based on projected needs of the church by way of the Pastors' recommendation and two thirds (2/3) approval vote of the Committee, at which a quorum is present.

III. DISTRIBUTION

A. Initiation and Approval

- 1) Requests for distributions from the Fund will come from committees who are represented on the Administrative Council in consultation with the Pastors. A Legacy Committee quorum, including the Committee Chair, must be present and two thirds (2/3) approval vote is required to move forward with any distribution from the Fund.

B. Distribution Criteria from the Market Value

- 1) Distributions will only be made from the separate market value of each category within the Fund – Missions, Property, and General.
- 2) The market value of each category will be the moving average of its value over the previous twelve (12) quarters. The Committee

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Chair will maintain the information for calculating this twelve-quarter moving average.

- 3) The first quarter for computing the ^{twelve} ~~eight~~-quarter moving average ^{AA} _{CW} begins March 31, 2016. (This is the first quarter that expanded the single Endowment Fund record within the WOC into the three current categories: Missions, Property, and General.)
- 4) The Committee Chair will make the calculation for the distribution from each category in late January (initially January 2019) following the receipt of the year-end report from the WOC (in this case December 2018). The amount of the potential distribution will be rounded to the nearest \$100. The Committee will approve the distribution amount at its February meeting. Only one computation for distribution will be made annually.
- 5) The Committee will seek approval for the distribution at the first Administrative Council meeting following the Committee's approval for such a distribution.
- 6) Upon Administrative Council approval, the Committee Chair will communicate the amount of the distribution to the respective Chairs' of the Administrative Council of the LUMC and its Pastors. Proposals for a distribution from the Committee Chairs and the Pastors should be submitted to the Legacy Committee Chair before April 30 of each year. The Committee will review all proposals at its May meeting(s) to determine those that can be funded. The Committee Chair will inform all proposal writers whether their proposal was approved for funding by May 31.
- 7) The funds for the approved proposals must be spent on programs or ministries outside the normal annual operating budget of LUMC.
- 8) The Legacy Committee Chair will work with the WOC to acquire the approved Endowment Funds for distribution.
- 9) The proposed distribution computed by the Committee must not exceed 5% of the previous twelve (12) quarter moving average of the category's ~~appreciated~~ value.

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C. Distribution from Principal Value


- 1) Distributions from the principal value of any category may occur only under the guidelines set forth in the Charter (which require Administrative Council approval).

D. Distribution Policy Review

- 1) The Committee will review this Policy during the first quarter of each calendar year to ensure that it continues to represent desired distribution intentions. Any changes to this policy will require the approval of the LUMC Administrative Council.

Endowment Fund Distribution Policy Date: May 23, 2017

Approved by:

Chair – Administrative Council 

Chair – Legacy Committee Andy Abijemch

LUMC Endowment Fund (Fund) Distribution Policy - Proposed Preliminary Computation

Following the receipt in October of the September 30, xxxx, LUMC Endowment Fund report from the West Ohio Conference, the Legacy Committee (LC) will make a **preliminary computation** of the potential distribution amount, by category, from the Fund based upon its eleven-quarter market value average. The objective is to make committee recipients aware of a potential distribution and to have them start their proposal process on how such funds can further their mission beyond the annual operating budget once the funds are allocated.

This preliminary amount will be communicated to the eligible "... committees who are represented on the Administrative Council in consultation with the Pastors".

Each committee chair, or appropriate representative, will be able to request a preliminary distribution from the Endowment Fund by submitting a "Proposal" (form yet TBD). The LC Chair will send out this "Form" by the end of November (initially 2018).

The time line approved by the Administrative Council of the ENDOWMENT FUND DISTRIBUTION POLICY on May 23, 2017 remains in effect.

Matt

Currently this "Policy" is ~~not~~ not correctly "titled in the webpage

Current title: "Endowment Fund Distribution Policy"

Should be: Endowment Fund as noted above

Please change Reference

Thanks
Andy