

**ENDOWMENT PROGRAM
OF
ST. MATTHEW'S UNITED METHODIST CHURCH
ANNANDALE, VIRGINIA**

CHARTER ⁽¹⁾

I. PURPOSE OF THE ENDOWMENT PROGRAM:

The Endowment Program of St. Matthew's United Methodist Church of Annandale, Virginia (hereinafter referenced as the "Endowment Program") is established for the purpose of providing members and friends the opportunity to make charitable gifts to St. Matthew's United Methodist Church (hereinafter referenced as the "Church") that will become a permanent endowment of financial support to strengthen, expand, and preserve the ministry of the Church and establish a permanent, living memorial to the donor and/or their designee. Endowment Program funds are normally intended for purposes that are not included in the annual operating budget of the Church and gifts to the Endowment Program are separate from the regular giving of its members or friends.

II. ADMINISTRATION OF THE ENDOWMENT PROGRAM:

A. Membership: The Endowment Program, and any endowment funds established under the Endowment Program, shall be administered by the Permanent Endowment and Planned Giving Committee of the Church (hereinafter referenced as the "Committee"), under authority granted, and as may be subsequently amended, by a Charge Conference of the Church.

The following persons shall constitute the Committee:

- a) The Senior (or Assistant) Pastor;
- b) The Church Treasurer;
- c) A representative from the Committee on Finance;
- d) A representative from the Board of Trustees;
- e) A representative from the Commission on Missions; and
- f) At least three (3) at-large members nominated by the Committee on Lay Leadership and elected by a Charge Conference.

The Committee Chairperson shall be nominated by the Committee on Lay Leadership from among the at-large members of the Committee and approved by the Charge Conference. To

⁽¹⁾ This Charter amends and restates provisions of the Endowment Program Charter originally approved on 17 April 2002 by the Charge Conference of St. Matthew's United Methodist Church.

ensure continuity, the at large-members shall serve for three years on a rotating basis with no more than one member replaced in any year, if possible. At-large members shall serve until their successors have been elected. The Committee shall elect a secretary, and such other officers and sub-committees as necessary.

- B. **Annual Audit:** The Committee shall cooperate with the Committee on Finance in completing an annual audit of financial statements (as provided in Paragraphs ¶258.4(d) and (h) of *The Book of Discipline of the United Methodist Church – 2008*). By the end of the first quarter of each calendar year, the Committee shall publish, as appropriate, a current statement of assets and the income and expenditures associated with the Endowment Program for the previous calendar year.
- C. **Powers and Duties:** The Committee shall have the powers and duties authorized by Paragraph ¶2532.5 and ¶2533 in *The Book of Discipline of the United Methodist Church – 2008* and granted by the Charge Conference, including:
- a) Accept and administer all gifts to the Endowment Program including, but not limited to, gifts of cash, securities or property, or gifts through bequests, insurance, IRA's, or life income vehicles in conformity with "Gift Acceptance Guideline" established for the Endowment Program; and receive and administer all trusts designated for endowment in conformity with applicable federal, state, or local laws and regulations;
 - b) Invest the funds of the Endowment Program in conformity with the "Investment Policy Guideline" established for the Endowment Program and, to the extent practicable, in conformity with the *Social Principles of the United Methodist Church*;
 - c) Emphasize the need for adults of all ages and economic conditions to have an up-to-date final will and testament (or similar) and an estate plan; provide information to Church members and friends regarding the preparation of these documents; and disseminate information that will be helpful to members and friends in pre-retirement and post-retirement financial planning, including matters such as establishing a living will, a living trust, a life income gift, and other aspects of planned giving and estate administration;
 - d) Encourage gifts to the Endowment Program and promote opportunities for Church members and friends to make provisions for planned gifts to the Church (and/or the institutions, agencies, and causes of The United Methodist Church) by means of wills, charitable gift annuities, charitable trusts, life insurance, memorials, and various other types of asset transfers;
 - e) Advocate administering the proceeds of any unrestricted bequest, memorial, honorarium, or special gift to the Church through the Endowment Program; and
 - f) Other responsibilities as determined by a Charge Conference.

III. GIFTS TO THE ENDOWMENT PROGRAM:

The Committee shall have the authority and responsibility to accept, reject or condition any gift to the Endowment Program under the authority granted by the Charge Conference and to assign and/or establish a fund into which the gift shall be invested.

All gifts to the Endowment Program shall be accepted subject to the terms and limitations set forth in this Charter and in accordance with the "Gift Acceptance Guideline" established for the Endowment Program. To the extent practicable, such gifts shall be deposited into one of the established funds as soon as possible after the gift is received.

A. **Fund Types:** The Endowment Program shall consist of two types of funds:

- a) *General Endowment Fund* to which "designated" or "undesignated gifts" from any source and in any amount may be assigned. These gifts may include memorial gifts, honorary gifts, or any giving that builds the assets of the Endowment Program and is not included within a specific *Named Permanent Endowment Fund*; and
- b) *Named Permanent Endowment Fund* to which "designated gifts" given in memory or honor of an individual or individuals may be assigned for a specific purpose. Such named funds must have a minimum value of at least \$5,000. The value of the gift shall be adequate to accomplish the specific purpose of the *Named Permanent Endowment Fund*. The specific purpose of any *Named Permanent Endowment Fund* authorized by the Committee shall be clearly stated in order to fulfill the spirit and intent of the donor(s) and thereby to document and maintain gifts for their intended purpose.

Upon the recommendation of the Committee, a memorandum of understanding establishing the named fund shall be signed by the donor(s) and the Committee Chairperson. A *Named Permanent Endowment Fund* may be established with a one-time gift of cash, securities or property or by a pledge (payable within a reasonable time) or by a deferred gift arrangement. The named fund will be considered established only when the gift is completed. If the minimum required for the named fund is not received as pledged, the amount which has been contributed will become part of the Endowment Program to be used for the purpose as originally stated, but will not be a separate named fund until such time as the gift is complete.

B. **Consolidation:** While there is no limit on the number of *Named Permanent Endowment Funds*, the Committee may consolidate and manage, as appropriate, the assets of multiple funds for purpose of administrative and investment efficiency. In consolidating such assets, the Committee shall ensure that the funds are used in accordance with their original purpose(s) and the fiscal integrity of each named fund is preserved.

IV. INVESTMENT OF ENDOWMENT FUNDS:

A. **Investment Objectives:** The Endowment Program investment objectives are:

- a) Conservation of principal to preserve the basis for long-term income;
- b) Regular income at a reasonable rate;
- c) Growth of net assets and income over time to offset increases in the cost of living; and
- d) Investment of assets in institutions, companies, corporations, or funds that, to the extent practicable, reflect the goals outlined in the *Social Principles of the United Methodist Church*.

B. **Investment Guidelines:** For gifts to the Endowment Program the Committee shall utilize the investment philosophy and investment management procedures established by the "Investment Policy Guideline" or as directed by the donor of any named fund, if approved by the Committee. Such Guidelines shall be consistent with the above objectives for investment of Endowment Funds.

V. USE OF ENDOWMENT FUNDS:

A *Named Permanent Endowment Fund* shall be used for the purpose designated by the donor and approved by the Committee. Investment proceeds from gifts to any *Named Permanent Endowment Fund* may be used only for its designated purpose. Such funds may not be used to fulfill any regular or special giving by any donor, member or friend.

The *General Endowment Fund* normally may not be used for purposes that are included in the annual operating budget of the Church. Such funds may, as deemed appropriate by the Committee, be used to support the purpose of any "Named Permanent Endowment Fund". Proceeds from gifts to the *General Endowment Fund* shall be used for one of the purposes listed below:

- a) Missions: Proceeds may be used to support new one-time mission opportunities or to provide limited start-up funding for an ongoing mission opportunity in and beyond the local Church and community,
- b) Expansion and Improvement of the Church: Proceeds may be used to support the planning, design, construction, or purchase of new or expanded physical church facilities or property, but may not be used for on-going or deferred maintenance or care of existing physical facilities or property; and
- c) Scholarships: Proceeds may be used to support education and training activities.

LIMITATIONS ON USE OF PRINCIPAL:

In managing distributions from the Endowment Program, the Committee shall establish an "annual withdrawal rate" that will support the goals of the Endowment Program during the current year and maintain an asset base sufficient to provide for the long-term viability of the Endowment Program. In fulfilling this responsibility, the Committee may utilize both income (interest or dividends) and/or principal to achieve the objectives of the Endowment Program. The Committee shall receive approval from the Church Council on the annual withdrawal rate.

VI. CHANGE IN CUSTODIAN OF INVESTMENT FUNDS:

Any transfer of funds within the Endowment Program from one custodian or investment manager to another must be approved by the Church Council based upon a recommendation from the Endowment Committee.

VII. DISTRIBUTION FROM ENDOWMENT FUNDS:

Distributions from the *General Endowment Fund* shall be made by the Committee in conformity with the general purposes set forth herein. Distributions from any *Named Permanent Endowment Fund* shall be made as directed by and in accordance with the terms of the establishing document. If no such document or direction exists, distributions consistent with the annual withdrawal rate shall be made by the Committee.

VIII. QUALIFICATIONS FOR TAX EXEMPT TREATMENT:

Any provision of the Endowment Program Charter to the contrary notwithstanding, the Endowment Program and any fund established within the Endowment Program shall remain the sole property of the Church. It is the intent of the Church and the Committee to create, maintain, and operate the Endowment Program pursuant to this Charter, under the auspices of the Church to the fullest extent necessary to enable the Endowment Program to qualify as funds of the church under Section 501(c)(3) of the Internal Revenue Code. The Committee shall at all times construe and administer the Endowment Program accordingly.

IX. CONDUCT OF THE PERMANENT ENDOWMENT COMMITTEE:

A. **Meetings:** The Committee shall meet at least quarterly to consider all business that may properly come before it, and may meet as frequently as necessary to adequately handle and dispose of such business. The Secretary shall notify all Committee members of regular meetings at least seven days in advance thereof; provided, however, that in the event of an emergency, the Chairperson may call a meeting of the Committee and give notice thereof by phone or email.

B. **Majority Rule:** Except for decisions on the distribution of funds, one-half (1/2) of the Committee members shall constitute a quorum for all actions of the Committee. All actions

taken by the Committee must be approved by a majority vote of the members in attendance, assuming a quorum is present.

- C. **Distributions:** For purposes of establishing an annual withdrawal rate and approving distribution of endowment funds, two-thirds (2/3) of the Committee members shall constitute a quorum. Distributions must be approved by a majority vote of Committee members present and shall be made only by check payable to the appropriate recipient.
- D. **Accounting:** Within sixty days after the end of each calendar year, the Treasurer shall prepare and distribute to all Committee members a report of receipts and disbursements of the Endowment Program for the previous year. The Church Treasurer shall also report, when requested, to the Committee as to the receipts, disbursement and other financial activities of the Endowment Program. The Committee shall prepare an annual report regarding the Endowment Program for the Church Council suitable for distribution to church members and friends, as may be directed by the Church Council.

X. LIABILITY OF TRUSTEES AND COMMITTEE MEMBERS:

In the absence of gross negligence or fraud or other criminal activity, no member of the Committee shall be personally liable for any action made or omission with respect to the Endowment Program.

XI. DURATION OF ENDOWMENT PROGRAM:

- a) If at any time St. Matthew's 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.
- b) If St. Matthew's United Methodist Church should ever be dissolved, discontinued or abandoned, without any lawful successor thereto, any permanent endowment fund, including both principal and interest to date, shall be transferred to the documented contingent or successor beneficiary, if such pertains. If there is no documented contingent or successor beneficiary, any permanent endowment fund may, prior to the vote to discontinue and upon the recommendation of the Endowment Committee and the approval of the Church Council, be transferred irrevocably to the United Methodist Foundation of Virginia Conference, Inc., to be invested and administered by the directors of the Foundation in the name of St. Matthew's in a manner as consistent as possible with the wishes of the donor(s), or in a manner as consistent as possible with documentation for the Endowment Program as provided by St. Matthew's or, if no direction is available, according to the discretion of the Foundation directors.
- c) If no such action is taken prior to the vote to discontinue, those endowment funds which have no successor and contingent beneficiary or other limiting clause normally pass to the

Annual Conference in accordance with Paragraph ¶2548 of *The Book of Discipline of the United Methodist Church – 2008*, as subsequently revised.

XII. AMENDMENTS:

Technical corrections and amendments to this Charter which do not materially alter the stated purpose of the Endowment Program or the responsibilities of the Committee shall be made by simple majority affirmative vote of the Church Council at which a quorum is present. Amendments to this Charter which materially alter the stated purpose of the Endowment Program or the responsibilities of the Committee shall require two-thirds (2/3) affirmative vote of a Charge Conference of St. Matthews United Methodist Church.

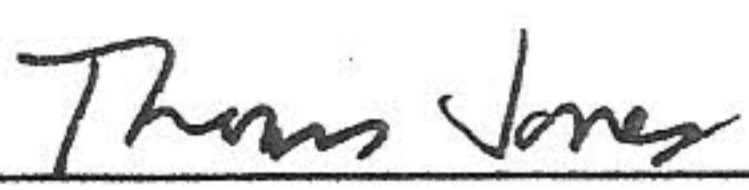
XIII. SEVERABILITY:

If any provisions or any application of any provisions of this agreement 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.

XIV. TERMINATION OF THE ENDOWMENT PROGRAM:

The Endowment Program may be terminated for good cause and all assets transferred to the church upon an affirmative vote of three-fourths (3/4) of the membership of a Charge Conference of St. Matthews United Methodist Church at which the District Superintendent is presiding. Such vote shall occur only after a church-wide notice of the nature of the meeting and the reason(s) for such termination is given at least fourteen (14) days prior to the Charge Conference. The assets of the terminated Endowment Program shall be used solely for the purpose of each fund in which they were invested at the time of termination and may not be used in support of the annual operating budget of the Church.

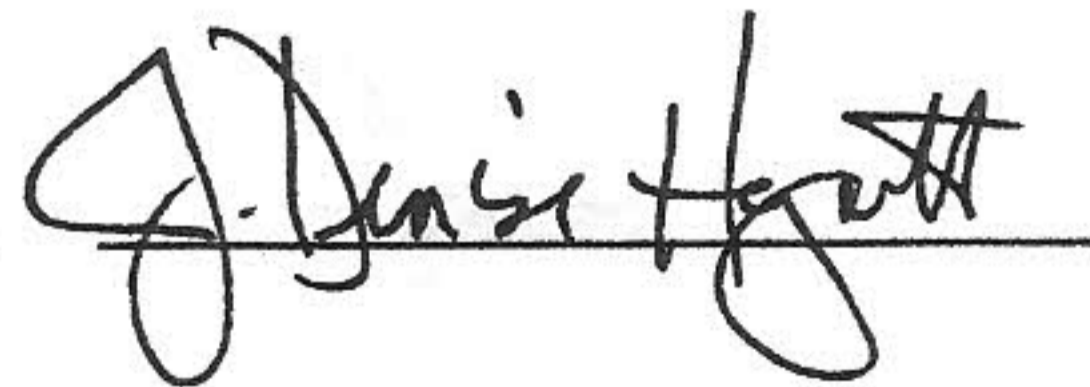
This *Charter for the Endowment Program of St. Matthew's United Methodist Church* was adopted on this 25th day of May 2011 in a duly authorized Charge Conference of St. Matthew's United Methodist Church, Annandale, Virginia by a vote of 17 For, and 0 Against, and 0 Abstaining.



Thomas Jones
Recording Secretary



Rev. Dr. J. Denise
Honeycutt
Senior Pastor



Rev. Dr. J. Denise
Honeycutt
Presiding Elder