



(*INSERT CHURCH/AGENCY NAME*),

## CHURCH CONFERENCE RESOLUTION

### ESTABLISHING A LEGACY ENDOWMENT FUND COMMITTEE

#### **Designation of Fund**

The Fund shall be known as the (*INSERT CHURCH/AGENCY NAME*) General Endowment Fund, (hereafter referred to as the “Fund”).

The Fund and its administration will conform to all applicable Oklahoma laws and regulations, any applicable Federal laws and regulations including the provisions of the Internal Revenue Code.

#### **Purpose of Fund**

The Fund is established and shall be operated exclusively for religious purposes.

The Fund is established to provide members and friends the opportunity to make charitable gifts to (*INSERT CHURCH/AGENCY NAME*) (hereafter referred to as the “Church”) that will become an endowment for financial support and a living memorial.

The Fund is intended for Church purposes which are not funded through the annual operating budget; however, gifts which intend to supplement programs and ministries are appropriate as described in the attached appendix A “Category of Endowment Types”. Gifts may be designated to the following purposes through the corresponding funds of the Endowment Fund:

#### **Undesignated:**

- **General Endowment Fund**  
(To provide income for the Church)

#### **Designated:**

- **Investment Savings Fund**  
(For special needs and ministries identified by the Committee on Finance)
- **Memorial College Ministry Endowment Fund**  
(For College Ministry through (*INSERT CHURCH/AGENCY NAME*))
- **Special Memorial Gifts Fund**  
(For special projects, ministries, unexpected expenses)

(Any other Fund (Reference appendix A “Category of Endowment Funds”) that shall be designated from time to time by the Legacy Endowment Fund Committee (hereafter referred to as the “Committee”) and approved by the Church Council).

## **Administration of the Fund**

No part of the Fund (*neither principal nor income*) shall be used to the benefit of any member of the Committee.

Notwithstanding any other provision hereof, this Fund shall be used to conduct or carry on only those activities permitted to be conducted or carried on by an organization which is tax exempt or by an organization, donations to which are deductible from taxable income, pursuant to the provisions of the Internal Revenue Code and other applicable legislation and regulations as they exist or may hereafter be amended.

The Fund shall be administered by the Committee under the authority granted to the Committee by the Church Council.

## **The Legacy Endowment Fund Committee**

The Committee shall be comprised of the following members:

1. The Senior Pastor (*Non-voting Member*).
2. The Church Administrator/Finance Director (*Non-voting Member*).
3. One (1) representative of the Committee on Finance.
4. One (1) representative of the Board of Trustees.
5. One (1) representative of the Staff Parish Relations Committee; and
6. One (1) representative of the Visioning Committee.
7. Three (3) At-large laity members.

All members of the Committee shall serve until their successors are duly appointed.

The members of the Committee shall be succeeded by members appointed or elected. Any interim vacancies may be filled by action of the Church Council.

The Chairperson of the Committee shall be nominated from the established Committee. The Committee shall elect a secretary and such other officers and appoint such sub-committees as it deems necessary and shall define their duties.

The Committee shall make a full report no less frequently than once a year to the Church Council. The Committee, in cooperation with the Committee on Finance, shall ensure that an annual audit or outside party review is performed.

The Committee shall act by a vote of the majority of the Committee members authorized herein to vote, accepting amendments to this agreement as described under the Section "Amendment of Legacy Endowment Fund Agreement".

The term "majority" as used in this agreement is constituted by at least fifty percent (*integer-rounded down*) plus one of the Committee members present and voting at a duly called meeting. A vote may not be ratified unless at least four (4) voting members are present. Any instrument required to be executed by this agreement (*except amendments to this agreement described under the Section "Amendment of Legacy Endowment Fund Agreement"*) shall be valid if executed in the name of the Fund by a majority of the Committee. All actions of the Committee shall be taken by resolution at a published meeting. The vote shall be recorded when the vote is not unanimous. A copy of any resolution or

action taken by the Committee, certified by any one of the Committee members, may be relied upon by any person or entity dealing with this Legacy Endowment Fund Agreement.

### **Investment of Legacy Endowment Funds**

The Fund's investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Regular income at a reasonable rate.
3. Investment of assets in institutions, companies, corporations, or funds approved by the Committee.

Donors will be encouraged to consider the Oklahoma United Methodist Foundation, Inc. as Trustee in the management of revocable or irrevocable Charitable Trusts established to benefit the Church. The donor may designate otherwise, nevertheless, the Committee reserves the right to refuse the gift as outlined by the Gift Acceptance Policy.

An appropriate investment strategy for all the Fund's assets will be determined by the Committee and primary custodian. The specific purpose of each fund 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 each fund shall be available for distribution by the Committee in a manner consistent with the designated category. Available funds for distribution shall be reported to the Committee on Finance on a monthly or quarterly basis, or upon request by a party who is designated as the beneficiary of the gift or endowment.

### **Changes in Primary Custodian**

Any transfer of the Fund's assets from the primary custodian or Trustee to any other agency must be approved by a majority vote of the Committee.

### **Limitations on Use of Principal**

The objectives of the Fund are to conserve principal corpus and make use of only the income from the Fund unless the donor specifically designates the use of principal in the Gift Agreement. Only in extreme and overwhelming circumstances bordering on the survival of the Church itself may the principal be withdrawn; and then, only if use of the principal to be withdrawn (*see the gift agreement for further clarification*) has not been restricted by the donor(s). Withdrawal of principal should be as minimal as practicable. Any withdrawal of principal shall not be constituted as a loan for which the Church will incur a future obligation.

Any withdrawal of principal (*as long as it does not violate the donor's intentions as described in the gift agreement*) must be approved by two-thirds (2/3) vote of the members present and voting at duly called meetings of both the Committee and the Church Council.

### **Distribution of Income**

The income of each of the sub-funds shall be distributed as the donor has directed by will or other gift document provided such direction is in conformity with the purposes set forth herein.

For Church accounting purposes, each fund shall be considered as a designated Fund and therefore the income from said account shall only be distributed for the purpose associated with said designated Fund.

### **Distributable Income**

Distributable income can be described as follows:

1. The net income earned on the investment.
2. Cash distributions from endowments invested in the Oklahoma United Methodist Foundation's Endowment Investment Fund pool are based on a fixed spending policy as established by the Foundation's Investment Committee, currently at a rate of 5%. One Twelfth (1/12th) of 5% of the month end market value of the Endowment Investment Fund is distributed each month. The spending policy distribution rate is reviewed by the Foundation's Investment Committee annually.

### **Gifts to the Legacy Endowment Fund**

A Gift Acceptance Policy document is attached as part of this Agreement. Gifts to the Fund that are classified as designated will be assigned as a separate account.

A gift to the Fund that is not designated may be placed in the General Endowment Fund.

The Committee on Finance with concurrence of the Church Council may determine, in their yearly budget, how to invest or use any gifts received, and which is not designated by up to .5% percent of the operating budget after apportionments have been fulfilled may be assigned to the General Endowment Fund. The Committee on Finance at any time, may transfer all or a portion of an undesignated gift that ranges between \$1,000 to \$25,000 to the General Endowment Fund. For a gift to be designated (*named*) a minimum gift in the amount of \$25,000 shall be required. The Committee on Finance is strongly encouraged that larger gifts be considered for permanent endowment to provide a life-of-the-church benefit. The Committee shall work with donors to establish a designated (*named*) gift agreement through the services of the Oklahoma United Methodist Foundation, Inc.

The Committee shall have sole authority to accept or reject all gifts to the Fund in keeping with the authority granted by the Charge Council.

All gifts made to the Fund may be accepted subject to the terms and limitations set forth in this document.

### **Powers of the Legacy Endowment Fund Committee**

In the administration of the Fund, the Committee shall have the necessary authority to carry out the purpose of the Fund. No power or authority shall be exercised by the committee in any manner or for any purposes whatsoever which may not be exercised by an organization which is tax exempt or by an organization donation to which are deductible from a donor's taxable income to the extent allowed by the provisions of the Internal Revenue Code and other applicable legislation and regulations as they now exist or may hereafter be amended.

The Committee shall have the powers and duties authorized by and granted by this session and future sessions of the Church Council:

1. To receive and administer, in collaboration with the Board of Trustees, all bequests, any restricted and unrestricted memorial gifts to the church, other than those gifts intended for undesignated use within the operating budget of the church, shall be deposited to the Special Memorial Gifts Funds. To receive and administer all trusts; to invest all trust funds of the local church in conformity with laws of the country, state, or like political unit in which the church is located.
2. To emphasize the need for adults of all ages to have a will and an estate plan through a bi-annual event that will include expert professionals, schedule a once a year Remember Your Church in your Estate Plans Endowment Sunday and to provide printed, social media/website information on the preparation of these to the members of the congregation.
3. To stress the opportunities for church members and constituents to make provisions for giving through Christian causes, institutions, agencies, and causes by means of wills, annuities, trusts, life insurance, memorials, and various types of property.
4. To arrange for the dissemination of information that will be helpful in pre-retirement planning, including such considerations as establishing a living will and a living trust, and the need to designate someone to serve as a responsible advocate should independent decision making be lost.
5. To collect, receive, and receipt for the income, profits, rents, and proceeds of the Fund.
6. To convert non-cash gifts to liquid cash as soon as practicable. Only as necessary will the Committee purchase, subscribe for, retain, invest, and reinvest in securities or other property, wherever situated, and whether or not productive or of a wasting nature and without any requirement for diversification as to kind or amount. The intent is that the Fund's investments shall be made independently by the Committee or their contracted manager. The terms "securities or other properties" as used in this document shall be deemed to include real or personal property, corporate shares, common or preferred stock, or any other interest in any corporation, association, investment trust, or investment company, bonds, notes, mortgages, debentures or other evidence of indebtedness or ownership, secured or unsecured.
7. To sell for cash or credit, convert, redeem, exchange for other securities or other property, or otherwise dispose of any securities or other property at any time held by the Committee.
8. To hold part or all of the non-contractually endowed Fund uninvested; however, such uninvested Fund shall be deposited in an account with the Oklahoma United Methodist Foundation, Inc., or a federally insured commercial bank, savings bank, credit union association, or broker that is a member SIPC pursuant to specific authority of the Committee.
9. To employ suitable accountants, agents, legal counsel, and custodians, and to pay their reasonable expenses and compensations. Each separate Fund shall bear its pro rata share of such reasonable expenses.
10. Any other provisions of this agreement notwithstanding, the Committee shall not engage in any act of self-dealing as defined in the Internal Revenue Code; nor retain any excess business holdings as defined in the Internal Revenue Code; nor make any investments in such manner as to incur tax liability under the Internal Revenue Code; nor make any taxable expenditures as defined in the Internal Revenue Code or corresponding provisions of any subsequent Federal tax law.



11. The Committee shall determine all matters regarding management of the Fund, expenditures, and investment by a majority vote present at a duly called meeting (except amendments discussed under "Amendment of Legacy Endowment Fund Agreement").

### **Bond and Compensation**

No Committee member shall be required to furnish any bond or surety. Each Committee member shall serve without compensation for their services hereunder, but all expenses of these Funds or of any Committee member acting hereunder shall be paid by the Fund. Accounting, receipts, deposits, and disbursements for all Legacy Endowment Funds shall be handled by the bonded designee(s) of the Church as assigned.

### **Accounting by Legacy Endowment Fund Committee**

The Committee shall render a statement of their transactions regarding the Fund. At no time shall the number of individual gifts nor the identity of donors to the Fund be published unless written permission to do so is obtained. The Church, or any member, or any donor to the Funds may file an objection to the accounting in writing within sixty (60) days of the date of the accounting. In the absence of such objection, the Committee shall be released, relieved, and discharged with respect to all matters and things set forth in such accounting as though such accounting had been settled by judicial decree of a court of competent jurisdiction.

### **Liability of the Legacy Endowment Fund Committee**

No Legacy Endowment Fund Committee Member (hereafter referred to as "Member") shall be responsible for loss in investments made in good faith. No Member shall be liable for the acts or omissions of any other Member, or of any accountant, agent, legal counsel, or custodian selected with reasonable care. Each Member shall be fully protected in acting upon any instrument, certificate, or paper believed by him to be genuine and to be signed or presented by the proper person or persons. No Member shall be under any duty to make any investigation or inquiry as to any statement obtained in such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained. The Board of Trustees shall include the Committee as part of the Trustees indemnification insurance.

### **Merger, Consolidation, or Dissolution of (INSERT CHURCH/AGENCY NAME)**

If at any time the Church is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the Fund shall be deemed to have been made on 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 the Church should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date, shall be entrusted to The Oklahoma United Methodist Foundation, Inc. to direct the distribution of principal and accumulated income to use for the purposes for which the gift (or gifts) was intended. In the event of such dissolution as set forth above, and in the case that the Oklahoma United Methodist Foundation, Inc. should not then be in existence, the Fund, both principal and interest, shall be paid over and entrusted to a bona fide local charity selected by the surviving members of the last duly qualified Legacy Endowment Fund Committee which shall most closely resemble the purposes of the (INSERT

**CHURCH/AGENCY NAME**) Legacy Endowment Fund. Such charity must be a charity duly qualified under Sections 170(c) and 501(c)(3) of the Internal Revenue Code.

### **Amendment of Legacy Endowment Fund Agreement**

This agreement may be amended or modified from time to time only after recommendation by a two-thirds (2/3) vote of the Committee members present at a duly called meeting and voting and by a two-thirds (2/3) vote of a duly announced Church Council meeting. No amendment or modification shall (1) alter the intention that the Fund be operated exclusively for religious purposes; (2) alter or eliminate the stated fund purposes found under purpose of the Fund herein, or (3) alter the intent of any donor to the Fund. Every amendment or modification of this agreement shall be in writing and signed by the Church Council Chair.

### **Severability**

If any provisions or application of any provisions of this Fund shall be held or deemed to be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any applications of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

**This Legacy Endowment Fund Agreement** was adopted the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, in a duly authorized Church/Charge Conference of (**INSERT CHURCH/AGENCY NAME**), meeting in (**CITY/TOWN**), (**STATE**) by a vote of \_\_\_ FOR, \_\_\_ AGAINST, and \_\_\_ ABSTAINED.

\_\_\_\_\_  
Recording Secretary

\_\_\_\_\_  
Church Council Chair

\_\_\_\_\_  
District Superintendent (*If applicable, may be replaced with Trustees Chair signature*)

(**INSERT CHURCH/AGENCY NAME**)

## GIFT ACCEPTANCE POLICY

### **Purpose**

The purpose of this Gift Acceptance Policy is to describe the type of gifts that can be accepted and the manner in which they can be accepted. The Legacy Endowment Fund Committee (hereinafter referred to as the “Committee”) in collaboration with, The Board of Trustees (hereinafter referred to as the “Trustees”) are instructed by the Church Council to receive and distribute gifts received under the Gift Acceptance Policy of the Church. (Reference appendix C “Gift Acceptance Checklist”)

### **Introduction**

In order to protect the interests of (**INSERT CHURCH/AGENCY NAME**) (hereinafter referred to as the “Church”) and the persons and other entities who support its programs, these policies are designed to assure that all gifts to the Church, or for the use of the Church, are structured to provide maximum benefit to both parties.

This document focuses on both current and deferred gifts, with special emphasis on various types of deferred gifts and gifts of non-cash property. The goal is to encourage funding of the General Endowment Fund (hereinafter referred to as the “Fund”) without encumbering the organization with gifts 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 gifts offered by prospective donors. Except where stated otherwise, these policies are intended as guidelines only. Flexibility must be maintained since some gift 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 merits of a particular gift be considered by the Committee and a final decision be made only after a recommendation by that Church Council.

The Committee and Trustees reserves the right to decline or otherwise refuse any gift offered to the church, with or without cause. Reasons for which a gift 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 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 Fund.
3. The gift is considered to be inappropriate or unrelated to the tax-exempt purposes of the Church or the Fund.
4. The gift is designated to benefit or to be channeled to a specific individual.

### **Gift Acceptance Terms and Conditions**

All gifts will be acknowledged by written confirmation of the gift and of any terms and conditions of the gift acceptance. All information concerning donors and prospective donors, including their names, names of beneficiaries, the amount and type of the gift,



aspects relating to their estates, etc., shall be kept strictly confidential except when donors permit the release of such information.

**I. OUTRIGHT GIFTS**

**A. CASH**

1. Gifts in the form of cash and checks shall be accepted in any amount.
2. All checks must be payable to (INSERT CHURCH/AGENCY NAME) and in no event shall they be made payable to an employee, agent, or volunteer for credit to the Church.

**B. PUBLICLY TRADED SECURITIES**

Securities that are traded on the exchanges shall be accepted by the Church. The Committee will make the decision to sell the security. The Oklahoma United Methodist Foundation, Inc. is available to accept and liquidate publicly traded securities on your behalf. A Broker DTC Transfer Request and other forms are available on the Foundation's website. Contact the Foundation for further information.

**C. CLOSELY HELD SECURITIES**

Non-publicly traded securities may be accepted upon approval by the Trustees. The Committee shall make the decision to keep or sell the security with the deference to liquid cash assets where practicable.

**D. REAL PROPERTY**

1. All gifts of real property, including oil, gas, and mineral rights, (reference appendix B "Oil, Gas, and Mineral Rights") must have the approval of the Trustees and a fair market value in excess of \$1,000 or more.
2. Prior to approval, the Committee shall make a recommendation 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
  - f) Phase I environmental audit
  - g) recommendation on marketability
3. Upon recommendation from the Committee, and the Trustees shall make the final decision to keep or sell the property.

**E. TANGIBLE PERSONAL PROPERTY**

1. All gifts of personal property must have the approval of the Trustees and the Committee and a cash value more than \$1,000.
2. Prior to approval, the Committee shall make a recommendation for accepting the 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
  - c) a recommendation on marketability
3. The Committee shall make the decision to keep or sell the property.

**F. OTHER PROPERTY**

1. A special category of property may be offered to the Church in the form of Oil, Gas and Mineral Rights. These may come attached to real

property in the form of land or may be dissociated from current land ownership and reside as a recorded deed of oil, gas, and mineral rights ownership at a county courthouse. The oil, gas and mineral rights may address surface mining of assets like sand, gravel, dirt, and water; or may address subsurface extraction of commodities like oil and gas; or exotic minerals like uranium or lithium. The Committee is strongly encouraged to seek professional review before accepting this category of gift. The size of the property for oil and gas leases is described by net acres and can have highly variable income that is often erratic and unpredictable. Net proceeds can range from very lucrative to nuisance income with more administrative costs than income. Active oil and gas plays can have extensive contract requirements and unusual accounting practices. The Committee should determine if the Oil, Gas and Mineral Rights have a cash value and can be easily liquidated. A gift of Oil, Gas and Mineral Rights does require extra ordinary review before being approved for acceptance. (Reference appendix B "Oil, Gas, and Mineral Rights")

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

## II. PLANNED (DEFERRED) GIFTS

### A. BEQUESTS

1. Gifts through wills (bequests) shall be actively encouraged by the Church.
2. Upon inquiry by a prospective donor, all representations as to the future deferred gift shall be made in accordance with the terms and provisions of Paragraph I (A-F) of this document.
3. Gifts of property that are not acceptable from estates shall be rejected by, in collaboration with Trustees, the Committee and that decision shall be communicated to the legal representatives of the estate.

### B. REVOCABLE LIVING TRUSTS AND CHARITABLE TRUSTS

1. The Committee will recommend the Oklahoma United Methodist Foundation, Inc. to serve as fiduciary.
2. The fees for management of a Revocable Living Trust will not be paid by the Church under any circumstances. Consult the Oklahoma United Methodist Foundation, Inc.
3. Revocable Living Trusts and Charitable Remainder Trusts and all other deferred gifts shall be encouraged as a method of making gifts 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 GIFTS

The Committee may accept such gifts 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 beneficiary and owner of life insurance policies that they have purchased.
2. The Church will not accept gifts from donors for the purpose of purchasing 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 gifts 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. GIFT ANNUITIES**

The Church will accept the charitable remainder of Charitable Gift Annuities created by The Oklahoma United Methodist Foundation, Inc.

**III. PAYMENT OF FEES RELATED TO GIFTS TO THE CHURCH**

**A. FINDER'S FEES OR COMMISSIONS**

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

**B. PROFESSIONAL FEES**

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

**IV. RESTRICTIONS**

- A. Any restriction on the use of any gift must be approved by the Committee prior to acceptance of the gift.
- B. A designated (named) fund, other than those identified, may be established with a gift agreement provided by the Oklahoma United Methodist Foundation, Inc., in the minimum gift amount of \$25,000.

**V. GIFT USE**

- A. The use of any restricted and unrestricted memorial gifts to the church, other than those gifts intended for undesignated use within the operating budget of the church, shall be deposited to the Special Memorial Gifts Fund. Any cumulative funds given in memory of someone of any amount shall be added to the Special Memorial Gifts Fund.
- B. The church should maintain a "wish" list of projects and items that can be supported or purchased with undesignated memorial gifts or outright gifts.
- C. The church may direct that a percentage of all undesignated gifts to the church be placed automatically in the General Endowment Fund.

# Appendix A

## CATEGORY OF ENDOWMENT TYPES

There are four types of endowments:

**1. Designated, Invested, and Permanently Endowed Funds (Restricted Endowment):**

The principal is held in perpetuity while the earnings from the invested assets are expended per the donor's specifications. These are gifts with a stated purpose and intended to exist throughout the life-of-the-church. The Legacy Endowment Fund Committee, (Committee) with approval of the Church Council, will use the services of the Oklahoma United Methodist Foundation, Inc. to establish donor designated (named) gift agreements to accompany this permanent endowment. Such gift agreements will have sufficient specificity to be actionable by the Church over several decades. It is further necessary that the donor's wishes be honored posthumously.

A special version of the permanent endowments will include monies of the Church that are deemed to be in great excess of the annual operating budget. This may happen through the sale of physical assets like land or buildings, or receipt of a very large undesignated gift. Such monies can be directed by the Church Council to a permanent endowment fund with a given purpose. Such conveyance will require an approval between the Committee on Finance and the Committee by which the long-term purpose of the fund income will be enumerated. Special provisions for things like emergency principal distribution shall be included therein, and the terms of the gift agreement will be binding upon future Legacy Endowment Fund Committees and Church Councils.

**2. Donor-Directed Gifts with a Stated Purpose but without a Written Document (Quasi Endowment):**

A donation made to serve a specific purpose. The principal is typically retained while the earnings are spent per the donor's specifications. These endowments are often started by the church that benefits from them via internal transfers or the use of unrestricted endowments. Gifts that are given with donor instructions that either request gift principal to be preserved, or require a multi-year drawdown of principal, may be directed into one of the endowment funds described on page 1, "Purpose of Fund". Gifts that are intended for expenditure during the year, i.e., Memorial Gifts, shall remain under the jurisdiction of the Committee on Finance. These gifts shall be placed in the Special Memorial Gifts Funds so that the gifts shall not become part of the General Endowment Fund. The Committee shall encourage donors to consider a permanent endowment gift agreement whenever the donor's gift instructions include the preservation of principal over multiple years; but given the situations where that does not happen, the Committee may accept these gifts into the Fund. In the case of the directed gifts without a permanent endowment gift agreement, it is understood that the Church has latitude to redirect or repurpose any residual monies from such a gift, if and when the ministry, mission, or building project is completed.

The Committee will honor the intent of the donor whenever possible during the redirection of new spending.

**3. Unrestricted Endowment:**

This consists of assets that can be spent, saved, invested, or distributed at the discretion of the Church receiving the gift. In contrast to a restricted endowment, the donor of an unrestricted endowment fund does not limit the purpose of the usage. The Church is allowed to spend the funds for any purpose.

**4. Term Endowment:**

The principal can be expended after a period of time or a certain event. A “term endowment” may be violated only in exceptional circumstances. A “term endowment” is a donation given to an organization that can only be used for a specific period of time, like a donor establishing a fund to solely support a new building project, where the money must be used within a set number of years to complete construction; once that time frame is up, the remaining funds may be transferred to another fund.





## Appendix B

### OIL, GAS, AND MINERAL INTEREST

**Oil, Gas and Mineral Interest:** (INSERT CHURCH/AGENCY NAME) may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Committee, and if necessary, by the Church's legal counsel. Criteria for acceptance of the property shall include:

1. Gifts of surface rights should have a value of \$10,000 or greater.
2. Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
3. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
4. If the interest is a working interest the Trustees should determine the impact on (INSERT CHURCH/AGENCY NAME), so that it may develop a plan to minimize that impact, if accepted.
5. The property should undergo an environmental review to ensure that (INSERT CHURCH/AGENCY NAME), has no current or potential exposure to environmental liability.
6. The asset shall be readily marketable. If so, describe the market and estimated timetable for sale.

Oil, Gas, and Mineral Rights interests shall be sold as soon as practical upon receipt unless the income generated from holding the interests is deemed sufficient to justify holding them. No monies will be distributed from a fund until the oil, gas, or mineral rights interest is liquidated, and fees have been assessed in arrears.

**The cost of the environmental audits, a title binder, or any other expense to clearly donate the real property prior to the acceptance shall be an expense of the donor.**

# Appendix C

## GIFT ACCEPTANCE CHECKLIST

### All Gifts

- Delivery of property.
- Fund agreement in file/clear instructions on additions.
- Prior approval when required by form of gift.

Donor's attorney: \_\_\_\_\_ Phone/Email: \_\_\_\_\_

Donor's accountant: \_\_\_\_\_ Phone/Email: \_\_\_\_\_

Appraiser: \_\_\_\_\_ Phone/Email: \_\_\_\_\_

Other professional: \_\_\_\_\_ Phone/Email: \_\_\_\_\_

### Public Securities

Estimated Date of Gift: \_\_\_\_\_ Value on Date of Gift: \_\_\_\_\_

**Electronic Delivery** – Firm/Contact: \_\_\_\_\_

**Physical Delivery** – Stock Power: \_\_\_\_\_

Any restrictions on sale? If so, describe: \_\_\_\_\_

### Private Securities

Estimated Date of Gift: \_\_\_\_\_ Value on Date of Gift: \_\_\_\_\_

**Electronic Delivery** – Firm/Contact: \_\_\_\_\_

**Physical Delivery** – Stock Power: \_\_\_\_\_

Any restrictions on sale? If so, describe: \_\_\_\_\_

Form of holding:  **C Corporation**  **S Corporation**  **FLP**  **LLC**  **LLP**  **Partnership**

Costs to the Church on acceptance/sale?  **NO**  **YES:** \_\_\_\_\_

Donor's cost basis: \_\_\_\_\_

Are there consequences to the donor on disposition?

**NO**  **YES:** \_\_\_\_\_

Is the asset subject to a buy-sell agreement?

**NO**  **YES:** \_\_\_\_\_

Are there other restrictions on sale?

**NO**  **YES:** \_\_\_\_\_

**Real Estate**

Form of gift:  **Outright**  **Retained Life Interest**  **Bargain Sale**  **Testamentary**

Form of ownership:  **Sole**  **Joint/Survivor**  **Undivided/Tenants In Common**

Location/Address: \_\_\_\_\_

Legal description in file: \_\_\_\_\_

Date of deed delivery: \_\_\_\_\_ Appraisal in file:  **YES**  **NO**

Separate appraisal required?:  **YES**  **NO** Environmental review in file:  **YES**  **NO**

Date of review: \_\_\_\_\_

**What type of property?:**  Residential  Commercial  Undeveloped  Farmland  
 Oil/Gas  Mineral Rights  Air Rights  Timber

Annual income from property? \$ \_\_\_\_\_

– If **commercial**, provide financial statements from the last 3 years:  **Statements included**

– If **leased**, provide a copy of the lease agreement:  **Copy of agreement included**

Annual costs of property:

Insurance: \$ \_\_\_\_\_ Maintenance: \$ \_\_\_\_\_ Property taxes: \$ \_\_\_\_\_

Is there debt on the property?  **YES**  **NO**

– If **yes**, provide a copy of the current statement.  **Copy of statement included**

Describe the debt: \_\_\_\_\_

Are there any easements, liens, lawsuits, regulatory designation, or other restrictions on the property?  **NO**  **Yes, describe:** \_\_\_\_\_

Approval of gift acceptance committee:  **YES**  **NO**

Other comments: \_\_\_\_\_

**Tangible Personal Property**

Is the property  **related use** or  **unrelated use**?

– If property is **related** to use, are there any restrictions on use of the item?

**NO**  **YES:** \_\_\_\_\_

Will the property be sold on receipt?  **NO**  **YES**

Appraised Value (copy of appraisal in file, if available): \$ \_\_\_\_\_

What are the costs of sale? \_\_\_\_\_

Description of object: \_\_\_\_\_

Location of object: \_\_\_\_\_

Cost(s) of holding item (insurance, safeguarding, transport, other):

\$ \_\_\_\_\_ Description: \_\_\_\_\_

\$ \_\_\_\_\_ Description: \_\_\_\_\_