

## ***PERMANENT ENDOWMENT FUND OPERATING RULES***

### ***UNITED METHODIST CHURCH of PRESCOTT, AZ***

(Revised and Approved At A Charge Conference on November 21st 1998)

#### **THE PURPOSE**

The Permanent Endowment Fund, ("Fund") of The United Methodist Church, of Prescott, AZ. Inc., (PUMC) is established for the purpose of providing members and friends the opportunity to make charitable gifts to PUMC that will become part of a permanent endowment of financial support and a living memorial. The Fund is intended to be used for purposes that are not part of the church's established programs, which are funded through the annual operating budget of the church and the regular giving of its members.

#### **ADMINISTRATION**

The Fund will be administered by The Permanent Endowment Fund Committee ("Committee") of PUMC under authority granted by the Charge Conference. The Committee shall keep permanent records of its financial transactions. The Committee shall make a full report each year at the Annual Charge Conference. The Committee shall meet as needed and at least once annually. Meetings shall be called by written notice at least seven (7) days in advance stating the purpose of the meeting. The Committee shall cooperate with the Committee on Finance in assuring that a satisfactory annual reporting and or audit process is followed.

#### **INVESTMENT OF ENDOWMENT FUNDS**

The Endowment Fund's investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Regular income at a reasonable rate.
3. Growth of income and principal over and above that necessary to offset rises in the cost of living.
4. Investment of assets in institutions, companies, corporations, or funds, which make a positive contribution toward the realization of the goals outlined in the Social Principles of the Church.

#### **LIMITATION ON USE OF PRINCIPAL**

The objectives of the Fund are to conserve principal and use only the income earned by the Fund. Any withdrawal of principal must be approved by four fifths (4/5) of the members present at a special Church/Charge Conference of PUMC called for the purpose of principal withdrawal and use.

#### **GIFTS TO THE FUND**

The Committee shall have the sole authority and responsibility of accepting or rejecting all gifts of every kind, of real or personal property. Acceptance or rejection of a

gift must not burden PUMC or the Committee with any type of property management responsibility. Gifts of real property or non-cash gifts accepted by the Committee shall be converted to cash immediately and prudently upon receipt or as soon as possible thereafter. The Committee shall classify gifts to the Fund on a case-by-case basis as "Designated or Non-designated" when the gift is received.

#### DETERMINATION OF INCOME DISTRIBUTION

A. The income from Designated gifts in the Fund shall be distributed by the Committee as directed by the donors at the time their gift is accepted by the Committee, or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein.

B. The income from Non-designated gifts in the Fund will be reinvested until total annual calendar year income ("income") exceeds \$10,000.00. Distribution of income shall be annually on April 15 of each year until income exceeds \$24,000.00 at which time income will be distributed quarterly on Jan 15, Apr 15, Jun 15, and Oct 15 of each year. Available income distribution shall be twenty five (25) percent for Local Church Ministries, twenty five (25) percent for Outreach Ministries and fifty (50) percent retention for growth of the Fund.

#### APPLICATION FOR AND DISTRIBUTION OF INCOME

Non-designated gift income shall be available for distribution by the Administrative Council in response to applications for funds from regular PUMC church ministry groups. Applications for funds must be written and received in the PUMC office not later than November 1 of each year for award the following year. Applications should describe the purpose of the use of the requested funds, applicable budget information and proposed results of the funded project. Application for funds does not guarantee award of funds. Funds not awarded on an annual basis will be available for distribution during the two following years and if not awarded in the third year they will revert to and become part of the principal of the Fund.

#### LIABILITY OF TRUSTEES AND MEMBERS OF THE COMMITTEE

In the absence of gross negligence or fraud, no member of the Committee of the PUMC shall be personally liable for any action made or omission with respect to the Fund.

#### MERGER, CONSOLIDATION, OR DISSOLUTION OF PUMC.

If at any time PUMC 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 Fund in all respects and in accordance with the terms thereto. If PUMC should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date, shall be given to The Desert Southwest Conference Foundation for inclusion in the appropriate Conference Foundation Fund.

AMENDMENT

Technical corrections and amendments to the rules of the Fund which do not alter the stated purpose of the Fund must be approved by four fifths (4/5) of the members present at a Church/Charge Conference of Conference of PUMC called the purpose of amending these rules.

SEVERABILITY

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

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