

**Endowment Committee**  
**First United Methodist Church, Burlington, IA**  
**By-Laws and Operating Rules**

**Item 1:** The Endowment Fund of the First United Methodist Church of Burlington (“the Fund”), shall be a perpetual endowment fund for all gifts, bequests, and devises delivered or conveyed to the Fund to be administered as provided in this document.

The Fund shall be exclusively for the benefit of the religious, charitable, and educational purposes of the First United Methodist Church of Burlington, Iowa. No part of the assets or earnings of the Fund shall inure to the benefit of any individual. Disbursements must be in keeping with the requirements of IRS statutes governing religious, non-profit 501.c.3 organizations and donor wishes. All gifts to the Fund shall thus be considered tax-deductible to the fullest extent allowed by law. (Tax experts should be consulted in this determination.)

Contributions from sources deemed appropriate by the Committee shall be received. Donor’s restrictions, once accepted, shall be honored, as will the income and increase these restricted gifts may incur. All funds, whether restricted or unrestricted shall be comingled for purposes of investment.

**Item 2:** The Endowment Committee shall be those persons elected by the Burlington First United Methodist Church Charge/Church Conference or its designee. There shall be up to nine members that serve without compensation and whose terms shall be three years arranged in balanced classes identified by the year elected. Exceptions to length of term are allowed for the completion of an unexpired term or to balance Committee membership among up to three classes identified by year elected. Members shall not serve for more than two (2) consecutive terms. The Endowment Committee shall elect their officers, each with a one year term of office. Officers may succeed themselves in office as the Committee so desires.

The Chairperson of the Administrative Council shall be an ex officio member of the Endowment Committee with voice and vote. The Chairperson of the Endowment Committee, or his/her designee will be a member of the Administrative Council with voice and vote. Quorum shall consist of more than 50% of the committee.

Committee members shall be free from liability for any loss to the Fund resulting from error of judgment or mistake or any loss not caused by willful conduct.

**Item 3:** The Endowment Committee shall have the following duties and responsibilities:

1. To establish the conditions under which gifts, bequests, or devises shall be received. (Trustees Committee’s responsibilities in this area are transferred to the Endowment Committee.)
2. To determine the acceptability of all gifts, bequests, or devises, and to negotiate any possible restrictions or directions a donor may wish to place on his/her gifts. The Committee should propose alternative restrictions when those requested by a donor are not in keeping with Committee guidelines. All restrictions or directions shall be communicated to the Charge/Church Conference and included as part of the written record so succeeding Committees are certain to remain in compliance.
3. To maintain proper records of transactions and balances of all accounts. An annual report to the appropriate Charge/Church Conference shall be given.
4. To consider all appropriate uses of the assets and to recommend distributions of assets to the Charge/Church Conference or Ad Council.
5. To publicize and promote the Fund and its purposes, and to inform members and friends of the Church of the methods and means of giving to the Fund.
6. To solicit gifts to the Fund from time to time as a means for members and friends to leave a legacy to the Church.

**Item 4:** Expectations and Guidelines for the Committee’s work:

1. It is the intent and goal that the Fund will be used for purposes that provide ministries and functions over and above those that were provided for the church’s contributed budget, unless designated gifts. Emphasis shall be placed on the long-term benefit of the Church. Fund assets should not be used for regular operating expenses of the Church which are normally provided by the general budget of the Church.
2. Distributions shall normally come from the earnings and interest, and **not** invade the principal of the Fund. Any earnings and interest not distributed may be reinvested in the Fund while remaining available for future

distribution as determined by the Committee. If necessary as defined by the bylaws, distributions shall be recommended by the Committee to the Charge/Church Conference or to the Administrative Council ad interim. The Charge/Church Conference or the Administrative Council shall vote to approve or deny the recommendation.

3. The corpus (principal) of the Fund shall not be invaded except when the following procedure is undertaken:
  - a. Expenditure of up to twenty-five percent (25%) of the principal may occur upon the recommendation of two-thirds of Committee members present at any meeting and a vote of two-thirds of a regular or specially-authorized Charge/Church Conference subsequently called.
  - b. Expenditure in excess of twenty-five percent (25%) of the principal requires a two-thirds vote of the Committee members present at any meeting and a vote of two-thirds of two regular or specially-authorized Charge/Church Conferences held not less than thirty days apart.
4. Upon receiving gifts, devises, or bequests of real or personal property, the Committee shall instruct asset managers to sell or otherwise convert to cash such receipts and to invest those funds in the assets of the Fund. Retention of such real or personal property in the form received may happen with an affirmative vote of the Charge/Church Conference or the Administrative Council ad interim. Under no circumstances shall real or personal property be held or utilized in conflict with the tax-exempt standing of the Church.
5. The Committee may exercise the power of attorney for the Church for the transfer of securities provided that securities so held and dealt with shall, at all times and in all respects, be held for the account of the Fund and subject to control and direction of the Committee.
6. The Committee shall hold and possess such other powers and duties as shall be incident to or inherent in the aforesaid duties, and not inconsistent therewith, and assume other responsibilities as determined by the Charge/Church Conference.

Item 5: The Committee may seek professional assistance and pay therefor, a reasonable and proper compensation from the Fund's assets for services rendered.

Item 6: Amendment of these Operating Rules shall be the purview of the Charge/Church Conference. The Committee may recommend amendments as it deems prudent. Adoption is by a majority of Charge/Church Conference members present and voting, unless the amendment pertains to an item requiring a super-majority (2/3 vote). In that case, a super-majority of the Charge/Church Conference attendees is likewise required.

Item 7: If the church corporation is dissolved, all Fund assets shall be transferred to the Iowa United Methodist Foundation to be used for religious purposes as determined by the Committee prior to transfer or by the donors as applicable.

# Operating Rules

Item 4.2 from Bylaws

1. Distributions shall normally come from the earnings and interest and **not** invade the principal of the Fund. Any earnings and interest distributed may be reinvested in the Fund while remaining available for future distribution as determined by the Committee. If necessary as defined by the bylaws, distributions shall be recommended by the Committee to the Charge/Church Conference or to the Administrative Council ad interim. The Charge/Church Conference or the Administrative Council shall vote to approve or deny the recommendation.
2. Distribution of the earnings and interest shall occur annually excluding 30% which becomes part of the principal. This distribution shall be deposited in the Benevolence Fund of the Church at the disposal of the designated Committee or Agency to be used at said Committee or Agency's discretion. Committee may suspend distribution or set a lower percentage in any year that growth of assets do not cover distribution. Ad Council can vote to adjust the percentage of distribution upon recommendation of the endowment committee.
- 3.

30% re-deposited Remaining amount % of earnings	Grow the Principle Purpose	Endowment Responsible Committee
30%	Capital Improvements	Trustees
20%	Children, Youth, Camperships, Puppets	Christian Education
10%	Mission projects, trips, Supplies	Missions
10%	Emerging Ministries	Administrative Council
10%	Music—Choir/Bells	Music Leaders
10%	Scholarships	UMM
10%	Hospitality Functions	UMW

Thus, endowment fund (if it had \$1.1 million returns an average of 6% in a given year the disbursements would look like this: a return of \$66,000.)

\$19,800 would stay in endowment to be re-deposited to principal.

\$46,200 would be distributed according to the percentage of distribution