

**NARDIN PARK UNITED
METHODIST CHURCH
ENDOWMENT FUNDS
POLICIES AND PROCEDURES
(Effective: January 1, 2021)**

***DRAFT of PROPOSED ADDITIONS &
DELETIONS As of November 27, 2023***

Nardin Park United Methodist Church of Farmington Hills, Michigan, hereafter referred to as the "Church," by action of its Leadership Board /Church Conference, hereby moves to establish the Nardin Park United Methodist Church endowment funds ("Endowment Fund") as permanent funds of the Church.

The Endowment Fund is established for the purpose of providing members and friends the opportunity to make charitable gifts to Nardin Park United Methodist Church that will become a permanent endowment of financial support and a living memorial. Upon acceptance into the Endowment Fund, all designated gifts will be used only for the stated fund purpose.

The Endowment Fund shall be subject to the laws of the State of Michigan, the Articles of Incorporation of the Church, the Discipline of the United Methodist Church, the actions of the Leadership Board (Board),
/Church Conference of the Church and these Policies and Procedures.

I. Receipt of Gifts

- 1) The Church welcomes and encourages gifts to be designated to the Endowment Fund. Gifts shall include, but not be limited to, cash, stocks, bonds, certificates of deposit, real estate, and personal property. The donor may transfer such property to the Endowment Fund by outright gift, life estate gift, or any one of several deferred giving arrangements (planned gifts).
- 2) The Board must approve any gift offered to the Endowment Fund. The Board reserves the right to decline or otherwise refuse any gift offered to the Endowment Fund, with or without cause. Reasons that a gift may be declined include, but are not limited to, the following:
 - i) The Board does not believe it is in the best interest of the Church or Endowment Fund to abide by the restrictions placed on the gift by the donor.
 - ii) 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 Endowment Fund.
 - iii) The gift is considered to be inappropriate or unrelated to the tax-exempt purposes of the Endowment Fund or the Church.
 - iv) The gift may result in inappropriate or undesirable publicity.
 - v) The Board cannot accept a gift that is designated to benefit or be channeled to an individual staff member of the Church or to any other individual.
- 3) **Priority of Donor's Interest**
The Board has the responsibility to determine if a donor's gifts are Designated or Undesignated. All documents related to the gift are to be directed to the Board-appointed Endowment Committee or to the Chair of the Board.
If a gift is determined to be designated, then the Board will assign it consistent with the

donor's written directions or reject the gift.

If a gift is \$5,000 or more, and outside of the annual pledge, and is determined to be undesignated, then the Board has the responsibility to determine its use or reject the gift.

If a gift is less than \$5,000, and outside the annual pledge, and is determined to be undesignated, then the gift will be designated as operating income.

The use of undesignated gifts and the distribution of income from undesignated Endowment funds will be approved by the Board and will provide funds for:

- A. Deposit into the General Endowment Fund in the case of undesignated gifts, and/or;
- B. Major repairs, renovations, or additions approved by the Board, and/or;

Establishment of new programs designed to further the growth of the Church, and/or;

- C. Other non-recurring purposes not regularly budgeted by the Church

The Board shall exercise care and caution in accepting and abiding by the interest of donors for the endowed use of their gifts. A written letter of designation, in the absence of a Will or other legally drafted document, from the Donor must exist to ensure the Donor's interest is being honored.

No member or representative of the Board shall bring undue influence to bear on a prospective donor. However, education and the provision of informational materials is encouraged and shall be provided to the prospective donor to aid in making an informed decision concerning their endowment gift.

II. MULTIPLE FUNDS UNDER THE UMBRELLA OF "ENDOWMENT" AND THEIR PURPOSES

Nardin Park United Methodist Church's Endowment Fund shall consist of the sub-funds listed and described below, plus such others as may be created from time-to-time by the Board.

The Endowment Fund and its sub-funds are created and maintained solely for the promotion and development of religious, charitable and educational activities of the Church and for the purpose of generating income for related special purposes as defined by each fund. The principal of The Endowment Fund and its sub-funds shall be invested and only the annual distribution shall be distributed.

THE GENERAL ENDOWMENT FUND

PURPOSE: The General Endowment Fund was established in 1949 to provide reserve funds for:

- Major repairs, renovations, or additions.
- Establishment of new programs designed to further the growth of the Church.
- Other non-recurring purposes not regularly budgeted by the Church.

THE HERWICK GENERAL ENDOWMENT FUND

PURPOSE: The Herwick Endowment Fund was established in 2008. The Trust requires the fund to maintain the Herwick name in perpetuity. Income distribution guidelines for the fund are the same as The General Endowment Fund to provide reserves for:

- Major repairs, renovations, or additions.
- Establishment of new programs designed to further the growth of the Church.
- Other non-recurring purposes not regularly budgeted by the Church.

THE MISSION ENDOWMENT FUND

PURPOSE: The Mission Endowment Fund was established in the 1950's to expand the mission outreach of the Church. The annual distribution from the Mission Endowment Fund is to be disbursed to support missions' ministries.

THE NARDIN PARK SCHOLARSHIP FUND

PURPOSE: The Nardin Park Scholarship Fund was formed in 2006 by merging the Mumbulo Student Loan Fund formed in 1984 with the Zylpha Thompson bequest. It grew significantly in 2009 when it was merged with the Stradley Scholarship Fund. The fund grants scholarships to Nardin Park youth who are either actively enrolled or seeking enrollment to an accredited school of higher education or a recognized program of specialized post high school education. Specific criteria must be met as defined by the Scholarship Committee in order for youth to be granted scholarship funds.

ADDITION 1: The Nardin Park Scholarship Fund can also be used to fund Ministerial Students beyond the existing limits of the Pulleyblank Ministerial Education Fund.

ADDITION 2: The Scholarship Fund can also be used for Nardin Park Members of any age seeking Higher Education or Specialized Training.

ADDITION 3: The Scholarship Committee may consider offering Scholarship Funds to graduating seniors from Farmington Public Schools, which includes, Farmington and Farmington Hills, for higher education purposes.

THE PULLEYBLANK MINISTERIAL EDUCATION FUND

PURPOSE: The Pulleyblank Ministerial Education Fund was established in 1987 from the Harper and Leah Pulleyblank estates to give grants to ministerial students who are members of Nardin Park. In the event funds are not allocated in a given year, the present ministerial staff may request funds for professional development after using budgeted development funds amounts.

THE NEWING CHRISTIAN ADVENTURE FUND

PURPOSE: The Newing Christian Adventure Fund was established in 1997 by Charles and Margaret Newing to encourage the spiritual growth of children and youth of Nardin Park Church by experiencing the joy and benefit of special experiences beyond the usual church events. Education and Youth ministries determine its use for opportunities such as camps, retreats, service projects, vacation church schools, leadership training, outings, and pilot projects.

THE HATCH CHILDREN'S EDUCATION FUND

PURPOSE: The Hatch Children's Education Fund was established in 2002 to provide perpetual funds, beyond those funds provided by the Church's budget, from which special programs to nurture children and young families can be funded.

THE YOUTH ENRICHMENT FUND

PURPOSE: The Youth Enrichment Fund was established in 2003 to provide seed money for special programs of a nurturing or inspirational value for Christian youth from the Church and from neighboring churches.

THE ELAINE HASKELL ENDOWMENT FUND

PURPOSE: The Elaine Haskell Endowment fund was established by Nardin Park Church Council in 2019, from an undesignated bequest from the Estate of longtime Nardin Park member Elaine Haskell. The purpose of the fund is to support the annual church operating budget as decided by the Board, based on the annual investment growth and income from the Fund in excess of \$1 million dollar Fund principal.

III. REPOSITORY FUND

All gifts, restricted and unrestricted, made to and accepted by the Church from bequests, gift annuities, insurance policies, memorials, trusts, or other planned or deferred arrangements, in addition to any gifts so designated, shall be deposited into the General Endowment Fund, unless otherwise designated by the donor or the Board.

IV. ADMINISTRATION OF FUNDS AND APPOINTMENT OF THE ENDOWMENT TEAM

The Endowment Funds exist under the authority of the Leadership Board and Church Conference. The Leadership Board/Church Conference grants full authority to the Leadership Board (Board) to manage the Endowment Funds consistent with the 'Policies and Procedures' herein. The Board shall appoint ADDITION 4: a Chairperson to the three-person Endowment Team to advise the Board on investment strategies and to execute those strategies and annual fund distributions in a prudent and professional manner. ~~Deletion 1: The term of the Endowment Team shall be three years.~~ The Board shall appoint a Board member to be the primary liaison with the Endowment Team. ADDITION 5: The Endowment Chairman will build the Endowment Team and make sure that the Team has three members excluding the Board appointed Liaison.

- 1) STANDARD OF CARE - All persons involved in the management of the assets of the Endowment Fund shall use the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity, and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims.
- 2) Regarding decision making, oversight, and investment management of church endowment funds, conflict of interest should be avoided whenever possible. Conflict of interest is defined as any Board member or Endowment Team member (or the family member of a Board member or Endowment Team Member) that would personally benefit from providing a service in the management of endowment funds. If a conflict of interest should exist, the Board member or Endowment Team Member should abstain from any voting or decisions regarding management of church endowment funds.

If the conflict of interest cannot be avoided, specific procedures will be put in place to address the conflict.

- 3) LIABILITY OF THE Leadership Board and Endowment Team - No member of the Church Leadership Board or the Endowment Team shall be personally liable for any action made or omitted with respect to the Endowment Fund. They shall not be personally liable to the Church or its members for monetary damages for breach of the volunteers' fiduciary duties. The Church assumes all liability and shall hold harmless the Endowment Team and the Leadership Board of the Church for any action made or omitted with respect to the Endowment Fund, except as listed below.

- I. For any breach of loyalty to the Church or its members;
- II. For acts or omissions not in good faith or that involve fraud or other intentional misconduct or a knowing violation of the law;
- III. For violation of Section 551 (1) of the Michigan Non-Profit Corporation Act;
- IV. For any transaction from which a member of the Leadership Board or Endowment Team derived an improper personal benefit;
- V. For any acts or omissions that are grossly negligent.

Also, the Church assumes all liability and shall hold harmless for all acts or omissions of volunteer members, officers and the Leadership Board incurred in good faith performance of the member's duties, if any of the following are met:

- a) The volunteer was acting or reasonably believed he was acting within the scope of his or her authority.
- b) The volunteer was acting in good faith.
- c) The volunteer's conduct did not amount to gross negligence or willful and wanton misconduct.
- d) The volunteer's conduct was not an intentional tort.

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- V. DUTIES AND POWERS OF THE LEADERSHIP BOARD

- a) The Board will acknowledge, review and accept or reject all proposed gifts to the Endowment Fund and designate to which sub-fund each gift will be allocated. These gifts may be assigned to one of the following sub-funds, or such other sub-fund(s) as may be created from time-to-time:

- General Endowment Fund
- Mission Endowment Fund
- Herwick General Endowment Fund
- Nardin Park Scholarship Fund
- Pulleyblank Ministerial Education Fund
- Newing Christian Adventure Fund
- Hatch Children's Fund
- Youth Enrichment Fund
- Elaine Haskell Endowment Fund

- b) All uses of monies from the Endowment Fund must be approved by action of the Board. Once approved, decisions about the use of sub-funds are made and documented by separate committees for each sub-fund.
- c) The Board will review any gifts with restrictions or designations, negotiate appropriate terms and decide whether to accept or reject such gifts.
- d) The Board has the authority to designate additional sub-funds as it deems appropriate.

The Board has the authority to change the Endowment Fund Manager when the Board is satisfied the change is in the best interest of Nardin Park Church and the Endowment Funds.

VI. DUTIES AND POWERS OF THE ENDOWMENT TEAM

The primary fiduciary responsibilities of the Endowment Team shall be to provide periodic reports on fund performance to the Board and oversee professional investment management service(s) for the Endowment Fund.

The Endowment Team shall be empowered to act as follows:

- a) Promote and advertise the Endowment Fund frequently and consistently throughout the Church and its membership. Costs for this activity may be charged to the General Endowment Fund and paid out of the annual income distribution of that fund.
- b) Provide information to church members on the value of estate planning, including information on the preparation of wills, trusts and related documents.
- c) Stress the opportunities and need for Church members and constituents to make provisions for giving to United Methodist churches, institutions, agencies, and causes by means of wills, annuities, trusts, life insurance, memorials, and various other planned giving techniques.
- d) Arrange for the dissemination of information that will be helpful in pre-retirement planning.
- e) Make periodic reports and accounting to appropriate groups. (See Section VIII)
- f) Determine the maximum annual distribution available from each fund and publish available amounts after Board approval. Obtain written recommendations from committees responsible for sub-fund use so the Board can inform the Treasurer the payout is approved.
- g) Should the purpose for a particular sub-fund cease to exist, the Board may reassign said funds to another sub-fund.

VII. DISTRIBUTION FROM THE ENDOWMENT FUND

The Maximum Annual Distribution permitted for each sub-fund is defined as follows.

FORMULA FOR ANNUAL DISTRIBUTIONS

The Board will utilize a formula to determine the Maximum Annual Distribution Amount for all

endowment funds, ~~DELETION #2 except those that specify some other distribution method (e.g. Elaine Haskell Endowment fund).~~ The formula is based on the Rolling Balance of each endowment sub-fund. The Annual Distribution Amount available for use will not exceed 5% of the Rolling Balance (as defined hereinafter). The Annual Distribution Amount for the following year will be calculated at the end of the FIRST QUARTER of the present year. For example, the Rolling Balance as of March 31 of year 1 will be used to calculate the Annual Distribution Amount that will be distributed during year 2.

~~**Deletion #3** The Elaine Haskell Endowment Fund has a unique annual distribution guideline. If annual investment growth or income results in a fund balance greater than the \$1 million principal at year end, the amount in excess of \$1 million may be used to support the operating income of the Church. The excess funds will be available January 1, for use at the Board's discretion.~~

DEFINITIONS

PRINCIPAL – is defined as amounts donated to the Endowment Fund, including the initial and subsequent gifts.

ROLLING BALANCE – is defined as the average of the last 12 calendar quarters (3 years) fair market values (as of the end of each calendar quarter) of an endowment fund. The Rolling Balance for any sub-fund that has existed for less than 12 calendar quarters but at least 4 calendar quarters will be computed by setting quarterly values to zero prior to the fund's existence.

VIII. REPORTING/ ACCOUNTING

- a) The Endowment Team shall be the designated contact persons for authorizing investments or fund asset transfers by the Endowment Fund Manager retained to manage said funds. In making decisions, the Endowment Team will inform the Board Endowment Liaison.
- b) The Endowment Team shall ensure the permanent maintenance of a written record of all gifts including gifts to the Endowment Fund: the value, the donor, the date, and the type of each gift, as well as any formal expression by the donor (s) of the use to which the gift might be put.
- c) The Endowment Team shall assure the maintenance of a complete accounting of all investments, including investment vehicles used from time to time, the principal of the fund, capital gains, income, distributions and expenses.
- d) The Endowment Team shall be responsible for seeing that all requested or required reports regarding the Endowment Fund are prepared for the Board and the Church Conference. This reporting should be done not less than annually, and should include balance sheet, income statement, and cash flow statement, a statement of any distributions made from the Endowment Fund, and the amount of money currently available for distribution.
- e) No investment shall knowingly be made in which any member of the Board has a known, material financial interest.
- f) The Endowment Team will review with the Board, at least annually, the following:
 1. This statement of policies.

2. The fees and expenses related to its operation.
 3. Records relating to the performance of each investment manager hired and investment institution used. (See paragraph g. below)
 4. A specific recommendation about continuation or replacement of each investment manager or institution.
- g) The Endowment Team will review the results of each sub-fund and the application of the investment policies by each manager or institution at least semi-annually and report the results of such reviews to the Board.
- h) The Audit Committee of the Church shall be responsible for an annual audit of the Endowment Fund. The findings and recommendations of this audit shall be reviewed with the Board and the /Church Conference.

IX. USE OF/ LIMITATIONS ON USE OF THE ENDOWMENT FUNDS MONIES

- a) Any portion of the Maximum Annual Distribution Amount not requested in any year will be retained in the Endowment Fund.
- b) None of the monies from the Endowment Fund will be used to support the following:
 1. Propaganda or other attempts to influence legislation.
 2. Political campaigns on behalf of any candidate for public office.
 3. ~~DELETION #4 Programs of the Church regularly funded through the Operating Budget, with exception of the Elaine Haskell Endowment Fund annual distributions.~~

X. AMENDMENTS

The covenants of The Endowment Fund may be amended by a three/fourths majority favorable vote of the Leadership Board/Church Conference, with a minimum of five percent of the members of the congregation present, with the congregation being informed two weeks in advance of the meeting and given an opportunity to review the suggested amendments.

THIS RESOLUTION WAS APPROVED BY THE CHURCH/CHARGE CONFERENCE, , BY A VOTE OF:

Approximately Members Present

- For
- Against 0
- Abstained 0

Effective January 1

Signed, and attested to by:

Kathryn Bough _____
Chair, Church Leadership Board

John Gingrich _____
Vice-Chair, Church Leadership Board

Nardin Park United Methodist Church, Farmington Hills, MI