

First United Methodist Church of Kalamazoo
Amended and Restated Endowment Policy

This Amended and Restated Endowment Policy, approved at a duly called Church Conference held on March 2, 2025, Amends and Restates the Endowment Policy from May, 2006, for First United Methodist Church of Kalamazoo, Kalamazoo, Michigan (the “Church”) which established a permanent Endowment Fund (“the Endowment Fund”) and a permanent Endowment Fund Committee (“the Endowment Committee”).

1. Authority. The Endowment Committee and the Endowment Fund are subject to the laws of the State of Michigan, the Articles of Incorporation of the Church, the *Book of Discipline of the United Methodist Church 2016*, as updated from time to time, (the “Discipline”), the actions of the Church/Charge Conference of the Church, and the terms and conditions contained herein.
2. Charitable Purposes. The Endowment Fund is created and exists solely for the charitable purposes of the Church, with its principal objectives being the promotion and development of religious, charitable and educational activities.
3. Gifts. The Endowment Fund shall receive and hold all gifts made to the Church from sources such as bequests, gift annuities, insurance policies, trusts, or other planned or deferred arrangements, as well as specific gifts. Unless otherwise designated by the donor, all such gifts shall be allocated twenty-five percent (25%) to the Endowment Fund and seventy-five percent (75%) to the Board of Trustees undesignated funds. Notwithstanding Paragraph 9 below, this percentage allocation may be adjusted from time to time by the action of the Church Council.
4. Membership. The Endowment Committee shall report to the Board of Trustees, the Church Council and the Church/Charge Conference of the Church. Membership on the Endowment Committee as permanent members are:
 - a. The Senior (Lead) Pastor,
 - b. The designee of the Church’s Committee on Finance, and
 - c. The designee of the Church’s Board of Trustees.

Also, there shall be no more than five (5) additional members as nominated by the Nominating Committee of the Church and as may be elected by the Church/Charge Conference, serving such terms as the Church/Charge

Conference may determine. Vacancies may be filled temporarily by the Church Council.

The Chairperson of The Endowment Committee will be selected by the Committee.

5. Responsibilities. The Endowment Committee is empowered to act as follows:
 - a. Accept or decline and acknowledge unrestricted, undesignated gifts to the Endowment Fund or other gifts as specified in Paragraph 3 above.
 - b. Subject to any policies enacted by the Church Council, review any gifts with restrictions or designations that are proposed to be placed in the Endowment Fund with regard to their compliance with the corporate purpose and the exempt status of the Church. Upon vote of a majority of its members, the Endowment Committee may seek the advice of the Church Council prior to making its decision to so accept or decline any gift offered with restrictions or designations. The decisions of the Endowment Committee to accept or decline a gift for inclusion in the Endowment Fund will be reported to an appropriate session of the Church Council.
 - c. In coordination with the Board of Trustees, invest the monies of the Endowment Fund in such a way as to achieve a reasonable and adequate growth of the Fund while not incurring significant risk to the Principal of the Fund, as defined in Paragraph 7 a. below. Investments shall be socially responsible, as periodically defined by the United Methodist General Board of Pensions and/or the United Methodist Foundation of Michigan.
 - d. Maintain a record of all 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.
 - e. Maintain a complete accounting of all investments, including investment vehicles used from time to time, the principal of the fund, capital appreciation, earned income and dividends, distributions and expenses.
 - f. Report to the Church Council at least annually or when requested, and to the Church/Charge Conference when requested, the current state of the Endowment Fund. This reporting should include the then current

balance of the Fund and a statement of any distributions made from the Endowment Fund.

- g. Promote and advertise the Endowment Fund frequently and consistently throughout the Church and its membership. Costs for this activity may be charged to the Endowment Fund.
 - h. Provide services, including, but not limited to:
 - 1) Emphasize the need for adults of all ages to have a will and an estate plan and provide information on the preparation of these documents to the members of the Church.
 - 2) Stress the opportunities for Church members and constituents to make provisions for giving through United Methodist churches, institutions, agencies and causes by means of wills, annuities, trusts, life insurance, memorials and various types of property.
 - 3) Arrange for the dissemination of information that will be helpful in pre-retirement planning, including such considerations as establishing a will, a living trust and the need for each person to designate someone to serve as a responsible advocate should independent decision-making ability be lost.
 - 4) Comply with directives of the Church/Charge Conference and to carry out such other responsibilities as determined by the Church/Charge Conference.
6. Approval of Projects. The Church Council, in consultation with the Board of Trustees, shall approve the projects/purposes for which all funds are expended.
7. Expenditures. The Principal of The Endowment Fund shall not be expended, except as follows:
- a. Principal is defined as including the gift value of all gifts, all capital appreciation, and all accumulated and current interest, dividends, rebates and other forms of income.
 - b. Each September 30th, the average balance of the total Fund for the previous 12 quarters will be calculated. The Endowment Committee, in coordination with the Board of Trustees and the Church Council,

may expend up to five percent (5%) of such calculated amount. The Endowment Committee will make this determination taking into account the needs of the Church and the then current value of the Fund and its rate of return from capital appreciation and income.

In the event that the Endowment Committee fails to determine such amount pursuant to this subparagraph, then five percent (5%) of such calculated amount will be the default amount which may be expended by the Board of Trustees earmarked to the General Operating Fund of the Church.

- c. In addition, upon the recommendation of the Endowment Committee and the Board of Trustees, and as approved by the Church Council, up to an additional twenty (20%) of such calculation may be expended on projects which are not regularly funded by pledges and contributions of members, such as major capital improvement projects under the purview of the Board of Trustees, such expenditure(s) to be made within 12 months of such calculation. Such expenditure shall be made no more frequently than every three (3) years.
 - d. In addition, the Church/Charge Conference, in the event of extreme emergency, may invade and expend Principal in the minimal amount necessary to avert such emergency. Such emergency and expenditure will be determined by a two-thirds (2/3) favorable vote of the Church/Charge Conference at which five percent (5%) of the Church members are present.
8. Prohibited Activities. None of the monies of the Endowment Fund will be used to support propaganda or other attempts to influence legislation, or for political campaigns on behalf of any candidate for public office.
 9. Amendment. The provisions of this Policy may be amended only by a two-thirds (2/3) favorable vote of the Church/Charge Conference at which five percent (5%) of the Church members are present.
 10. Borrowing. Endowment Funds may not be borrowed by the Church except in unusual circumstances for major Church projects. However, such borrowing will not exceed fifty percent (50%) of the total amount of the Fund. Borrowing must be approved by a two-thirds (2/3) favorable vote of a Church/Charge Conference at which five percent (5%) of the Church members are present. It will be

approved upon such terms and conditions as the Church/Charge Conference shall determine, which must include a plan for repayment within five (5) years.

11. Collateral. Endowment Fund assets shall not be pledged as collateral for any reason.
12. Employment of Experts. The Endowment Committee, in its discretion, may employ counsel in the management of the Endowment Fund, which may include but not be limited to, legal, accounting and investment advice. Such counsel may be compensated out of the Fund.
13. Liability. In the absence of gross negligence or fraud, no member of the Endowment Committee shall be personally liable for any action made or omission with respect to the Endowment Fund or other Endowment Committee responsibilities.
14. Lapses. In the event of the lapse of membership of the Endowment Committee, or its cessation of active operations, the responsibilities of the Endowment Committee will be assumed by the Board of Trustees.
15. Prior Policies. This Policy supersedes and replaces all previous Church Endowment Fund policies, documents and actions.

SIGNED THIS 2nd day of March, 2025

By: _____
Chair, Endowment Committee

By: _____
Secretary, Church Conf. of March 2, 2025

Adopted by Endowment Committee on October 23, 2024
Adopted by Board of Trustees on November 21, 2024
Adopted by Church Council on January 28, 2025