

# Endowment Fund Distribution Policy

Linworth United Methodist Church

The following policy is intended to define authorization, accounting, and fund distribution rules for the Linworth United Methodist Church Endowment Fund (hereinafter "Fund").

## I. **AUTHORIZATION**

### A. **Consent to Distribute Funds**

As granted by the Endowment Program Charter, the Legacy Committee (hereinafter "Committee") is hereby permitted to compute the distributions from the Fund. Further qualifications, in addition to those set forth in the Charter, are defined in Section III of this document.

## II. **ACCOUNTING**

### A. **Fund Management**

The United Methodist Foundation of West Ohio (UMFWO) provides investment services for West Ohio Conference United Methodist churches including administration and accounting services for local church endowment funds. The UMFWO chooses experienced, trusted and fully vetted financial service providers to manage its endowment funds. Local oversight is by the Committee.

### B. **Internal Accounting**

- 1) A monthly report on Fund activity is provided by the financial service providers. This report is used to update internal records for principal and appreciated values for the categories noted in item B (2) below.
- 2) As defined in the Endowment Program Charter, the Fund will consist of three (3) categories: Missions, Property, and General.
- 3) From an internal accounting standpoint, each category will have two (2) records: one record for the principal value and one record for the appreciated value. Initial gifts to the Fund will be credited to the designated category's principal value record. Growth in excess of the category's associated principal value will make up that category's appreciated value record.
- 4) Distributions are mutually exclusive. Distributions from one category will have no impact on the other categories' value. Distributions from one category will not consider the value of the other two categories.

- 5) Clear, transparent, and descriptive documentation will accompany all distributions from the Fund. This is the responsibility of the Committee Chair.

### **C. Undesignated Gifts**

When a donor does not request that a donation apply to one of the three designated categories, the gift will be allocated to the General Endowment Fund.

## **III. DISTRIBUTION**

### **A. Initiation and Approval**

Requests for distributions from the Fund will come from committees who are authorized by the Administrative Council or from the pastors. A Committee quorum, including the Committee Chair, must be present and two thirds (2/3) approval vote is required to move forward with any distribution from the Fund.

### **B. Distribution Criteria from the Market Value**

- 1) Distributions will only be made from the separate market value of each category within the Fund — Missions, Property, and General.
- 2) The market value of each category will be the moving average of its value over the previous twelve (12) quarters. The Committee Chair will maintain the information for calculating this twelve-quarter moving average.
- 3) The proposed distribution approved by the Committee must not exceed 5% of the previous twelve (12) quarter moving average of the category's appreciated value.
- 4) The Committee Chair will make the calculation for the distribution from each category in late January following the receipt of the December report from the financial service providers. The amount of the potential distribution will be rounded up to the nearest \$100. The Committee will approve the distribution amount at its February meeting. Only one computation for distribution will be made annually.

### **C. Distribution Process**

- 1) The Committee will seek approval for the distribution at the first Administrative Council meeting following the Committee's approval for such a distribution.
- 2) Upon Administrative Council approval, the Committee Chair will communicate the amount of the distribution to the respective Chairs of the Administrative Council of the LUMC and its pastors.
- 3) Applications must be submitted to the Legacy Committee Chair by April 30 of each year.

- 4) The Committee will review all applications at its May meeting to determine those that will be funded.
- 5) The Committee Chair will inform all grant application writers whether their proposal was approved for funding by May 31.
- 6) The funds for the approved grants must be spent on programs or ministries outside the normal annual operating budget of LUMC.
- 7) The Committee Chair will work with the UMFWO to acquire the approved Endowment Funds for distribution.
- 8) Distribution funds not awarded on an annual basis, or not totally used by the grantee for the stated project, shall be carried over for distribution during subsequent years. Awards shall be applied against carried over funds first and then applied against current year distributable income.
- 9) Committee Participation in Grant Review and Voting

Members of the Legacy Committee may, from time to time, have a vested interest in a grant application under consideration by virtue of their leadership or participation in the requesting ministry or organization. A vested interest, in this context, reflects a member's involvement, commitment, or familiarity with the ministry and does not, in itself, constitute a conflict of interest.

The Committee has historically determined that such vested interests do not preclude a member from participating in discussion or voting on grant applications. All members of the Legacy Committee retain full voice and vote in the review and approval of grant applications.

The Committee affirms that members are expected to exercise their responsibilities in good faith and in the best interests of the church and its endowment purposes.

Grant writers may attend the Legacy Committee meeting when their application is being considered.

**D. Distribution from Principal Value**

Distributions from the principal value of any category may occur only under the guidelines set forth in the Endowment Program Charter.

**E. Distribution Policy Review**

The Committee will review this Policy during the first quarter of each calendar year to ensure that it continues to represent desired distribution intentions. Any changes to this policy will require the approval of the LUMC Administrative Council.

Endowment Fund Distribution Policy Date: *May 11, 2026*

By signature below, we attest to the fact that the LUMC Administrative Council approved this policy revision.

Chair — Administrative Council:

Tamara C. Scott      Tamara C. Scott      5/27/26  
Printed Name                      Signature                      Date

Chair — Legacy Committee:

Howard Baulch      Howard Baulch      5/27/26  
Printed Name                      Signature                      Date