

## **Peace UCC Foundation 2012 Annual Report**

The Evangelical United Church of Christ Foundation's Endowment Fund was established by a trust agreement in January, 1988, and overseen by elected trustees. In 2008 the trust was transformed into a public benefit corporation known as the "EUCC Foundation," and new By-Laws were approved by the Congregation. In July, 2012, the Congregation voted to change the name to "Peace UCC Foundation." Trustees are elected at the annual congregation meeting to staggered 3 year terms. The trustees have the responsibility to monitor investment of the Fund and set an income distribution formula each year, based on a percentage of the average fair market value of the Fund over the preceding 16 quarters. The distributions are to be used for the operation and support of Peace UCC.

In March, 2012, the Foundation received a generous gift of \$484,519.88 from the Spiering Trust. With that gift, the principal balance of the Foundation rose from \$125,683.72 to \$610,203.60 in one year, and the fair market value as of December 31, 2012 was \$689,665.31. The financial history of the Foundation is set forth on page 2.

Mindful of the responsibility to preserve the principal of the gifts to the Foundation, Trustees voted in 2011 to set the income distribution formula for 2012 at 4.9% (1.225% per quarter) of the average fair market value of the Fund over the preceding 16 quarters. The purposes of using a 16 quarter rolling average are:

- a) to minimize the impact of stock market fluctuations on annual income to the church;
- b) to facilitate gradual growth in income to the church regardless of the amount or frequency of gifts; and
- c) to assist in preserving the corpus of the gifts over time.

The income distribution formula yielded \$11,844.21 in income to the General Fund in 2012. The trustees voted in December, 2012 to set the income distribution formula for 2013 at 4.8% (1.2% per quarter) of the 16 quarter rolling average, and they anticipate gradually reducing the formula to 4.5% by 2016 to preserve capital. Foundation assets are invested in a Balanced Fund account with the United Church Funds to minimize the level of investment risk.

## Financial History of Foundation

Year	Beginning Balance	Contributions for the Period	Income for the Period	Expenses for the Period	Income to General Fund	Ending Balance	Market Value of Fund
1988	\$ -	7,318.50	42.73	-	42.73	7,318.50	7,318.50
1989	7,318.50	2,445.43	406.67	56.93	349.74	9,763.93	11,136.53
1990	9,763.93	2,200.00	689.22	25.00	664.22	11,963.93	12,009.50
1991	11,963.93	7,616.00	1,092.12	50.00	1,042.12	19,579.93	22,645.64
1992	19,579.93	6,498.19	1,319.35	65.00	1,254.35	26,078.12	30,290.08
1993	26,078.12	23,759.03	1,796.08	30.00	1,766.08	49,837.15	58,670.61
1994	49,837.15	1,395.00	2,776.77	32.00	2,744.77	51,232.15	55,852.80
1995	51,232.15	622.00	2,922.06	-	2,919.42	51,856.79	63,702.75
1996	51,856.79	5,956.10	3,132.88	-	3,132.88	57,812.89	74,721.61
1997	57,812.89	-	3,267.79	-	3,267.79	57,812.89	89,191.12
1998	57,812.89	-	3,582.34	-	3,582.34	57,812.89	94,760.65
1999	57,812.89	-	3,666.44	-	3,666.44	57,812.89	105,419.98
2000	57,812.89	25.00	3,951.86	16.00	3,935.86	57,837.89	111,388.19
2001	57,837.89	(254.17)	3,619.58	-	3,619.58	57,583.72	94,104.48
2002	57,583.72	-	2,738.62	-	2,738.62	57,583.72	81,908.98
2003	57,583.72	-	2,306.18	-	2,306.18	57,583.72	99,222.02
2004	57,583.22	-	2,173.17	-	2,173.17	57,583.72	99,639.37
2005	57,583.22	60,500.00	4,213.51	-	4,213.51	118,083.72	170,569.66
2006	118,083.72	-	4,028.78	-	4,028.78	118,083.72	184,408.82
2007	118,083.72	-	4,781.00	-	4,781.00	118,083.72	192,274.48
2008	118,083.72	-	3,783.00	-	3,783.00	118,083.72	140,677.45
2009	118,083.72	7500.00	7,122.00	-	7,122.00	125,583.72	169,014.52
2010	125,583.72	100.00	7,738.14	-	7,738.14	125,683.72	180,974.05
2011	125,683.72	-	7,894.97	-	7,894.97	125,683.72	171,065.32
2012	125,683.72	484,519.88	11,844.21	-	11,844.21*	610,203.60	689,665.31

\* From 2009 through 2011, the Fund manager did not accurately follow the formula set by the Trustees of the Foundation. As a result, the actual disbursements did not match the Trustees' calculations of disbursements due to the church. The chart above shows the Trustees' calculations, not actual disbursements, for 2009 - 2011. This error was discovered in March 2012. Reconciliation of the Fund revealed that a net excess of \$348.68 was distributed to the Church operating budget through December 31, 2011. The income figure for 2012 represents actual disbursements. The Trustees have instituted tighter controls, and will direct the Fund manager each quarter to disburse the amount the Trustees calculate is due according to the income distribution formula applied to the fair market value of the Fund over the preceding 16 quarters.

## Illustration of Rolling Quarter Calculation

The table illustrating the Financial History of the Foundation has a column labeled **Market Value of Fund**. The Trustees take the sum of the most recent 16 quarters and divide by 16 to compute the “rolling quarter average.” The income distribution formula is then applied to the rolling quarter average.

16 quarter total market value for 3/31/09 – 12/31/12	=	\$4,664,277
16 quarter average (\$4,664,277 divided by 16)	=	\$ 291,217
Multiply by income distribution formula	x	
(1.225% per quarter, 4.9% per year)		<u>.01225</u>
Quarterly payment for 12/31/12	=	\$ 3,571.09

## Trustees

The current trustees are:

	Terms end 12/31 of respective years*
• Bob Karr	2012
• Mickey Clarke** (Secretary)	2012
• Don Hubatka (Treasurer)	2013
• Laura Bardelmeier***	2013
• Loretta Haggard	2014
• Doug Cormack (Chairperson)	2014

Bob Karr and Mickey Clarke have agreed to stand for re-election to three-year terms at the February 2013 Annual Meeting.

\* In practice Trustees serve through the end of the year their term ends until after the annual election in February of the following year.

\*\*Mickey Clarke was appointed by the Trustees to fulfill the unexpired term of Nick Gilham. Mr. Gilham was elected to serve on the Governing Body and as such was no longer eligible to serve as a Trustee on the Foundation. Mickey’s appointment was ratified by the Congregation at its February, 2012 meeting.

\*\*\*Laura Bardelmeier was appointed by the Trustees after the Congregation voted in July, 2012 to amend the Bylaws to create a sixth Trustee position. Her initial term was set at one year, so that there will be two Trustees ending their terms each year. The Congregation will vote in February, 2013 to ratify Laura’s appointment.

## Foundation Actions in 2012

The following reflect the most important work product of the Foundation Trustees in 2012.

1. Amendments to Articles of Incorporation and Bylaws
  - Amended Articles of Incorporation to reflect name change to “Peace UCC”
  - Amended Bylaws to establish Treasurer position and add a sixth Trustee

- Both amendments approved by Congregation in July, 2012
- 2. Income distribution formula-Contribution to General Fund
  - Adjusted the rate of contribution to the General Fund for 2013 from 4.9% to 4.8%
- 3. Manager/Custodian of Funds
  - Discussed changing Fund manager, based on problems with current manager
  - Began developing criteria and process for selecting new investment manager in 2013
- 4. Control of Disbursements
  - Discovered discrepancy between amounts due to the church based on correct application of formula, and amounts actually disbursed to church from 2009-2011
  - Reconciled the discrepancies, found a net overpayment of \$348.68 for 2009-2011
  - Instituted tighter controls over disbursements - Trustees will calculate the amount due each quarter and instruct Fund manager accordingly
- 5. Draft of Policies & Procedures for The Foundation
  - Changes in the By-Laws require continued work on a document to provide guidelines for current and future trustees in the execution of their obligations and duties to the Foundation.

## **Gifts -Contributions**

### Sharing Your Good Fortune

The main reason people make charitable gifts is to benefit the organization or individual who receives them. Yet, there is another benefit as well. It's the peace of mind and joy experienced when you make a gift, with proper planning, that can significantly help others. In some cases charitable gifts can provide valuable tax advantages which can help you retain more of your own personal assets, meaning more financial security for you- and for your loved ones.

Gifts to the Foundation will provide continued support to the ministry of our church through the annual support provided the General Fund. The annual support continues while preserving the book value of the gift. The donor(s) and God will "still be speaking" long after the contribution is made to the church.

### **Basic Giving Strategies**

- Gifts of Cash
- Making a Bequest
- Designating a Charity as a Life Insurance Beneficiary
- Naming the church as a Beneficiary of Your Annuity contract or IRA/Qualified Plan Assets
- Giving a Life Insurance Contract
- Transferring Ownership of Investments
  - Persons with IRA's in the position to take Required Minimum Distributions (over age 70.5 years ) may reduce tax consequences by a direct contribution to the Foundation or other charity of their choice

The Foundation Trustees encourage any member(s) or friends of the congregation to consider making a gift to the Endowment Fund. Gifts may be unrestricted or designated for a particular purpose. For more information contact one of the Trustees or Bob Brandewiede or Norma Leuthauser.

*The trustees of endowed institutions are the  
guardians of the future against the claims of the present.  
Their task is to preserve equity among generations.”  
James Tobin - Yale University*