Family of Funds

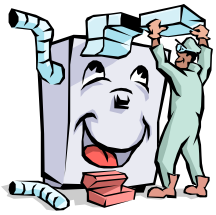
What is the Family of Funds?

The Family of Funds is a collection of funds set up by donors to further the work of First United Methodist Church of Lancaster now or in the future. These gifts enable us to actively invite others to join us, to nurture and sustain Christian growth, and to equip and send individuals to reach out to our community and our world. Gifts to the funds from members and friends can be restricted (as defined by the donor) or unrestricted (decisions for use made by current committees in the church).

What is the connection of the Family of Funds to the operating budget?

The Family of Funds is separate from the operating budget (under the auspices of the Finance Committee); rather, it operates as an endowment fund and is administered by the Family of Funds Committee along with the committees that receive allotments from the funds each year. The funds shall be used to finance new or extended ministries and capital additions or improvements beyond those ordinarily included in the church's on-going program funded by the operating budget.

What funds make up the Family of Funds?



Five funds of the Family of Funds are **restricted**:

- The **Capital Improvement Fund** is administered by the Board of Trustees according to the physical needs of the church.
- The **Pastoral Housing Fund** is used exclusively to support the housing expense of the Pastors.
- The **Organ Fund** is used for maintenance and and replacement needs for the church's organ.
- The **Chimes Fund** is used for the replacement of chimes and maintenance of the hand bells.
- The **Neighborhood Ministries Fund** was established to reach out to First Church's city neighborhood and for training in urban ministry.

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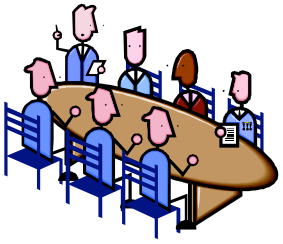

Endowment Fund

Other funds in the family are part of the Endowment Fund, unrestricted except by custom and direction of church leadership and members of the Family of Funds Committee.

- The **Special Ministries Funds** receives 40% of the income allocated to the Endowment Fund and is administered by the Special Ministries Committee. It is used for the initiation or expansion of programs.
- The **Scholarship Fund** receives 20% of the income allocated to the Endowment Fund and is administered by the Scholarship Fund Committee. It is used for training for lay members and for members who apply for funds for college and advanced degrees, including study for the ministry.
- The **Missions Fund** receives 20% of the income allocated to the Endowment Fund and is administered by the Commission on Missions. The purpose is to live out the gospel of God's love through traditional or experimental programs locally, nationally, and internationally.
- The **Committee's Discretionary Fund**. The Family of Funds Committee has sole discretion of 15% of the income allocated to the Endowment fund. Decisions are made based on the current needs of the church or requests from committees.
- **The Pastors" Discretionary Fund** receives 5% of the income allocated and is used by the pastors to provide for needs that are not otherwise provided by the budget.

How are the funds managed?

The objective of the Family of Funds Committee is to preserve the principal of the funds (subject to certain exceptions) and to invest the funds not only in harmony with Christian principles but prudently so as to produce a steady flow of income for new or extended ministries and capital additions or improvements. The committee meets quarterly, sometimes with our investment bankers, to analyze the reports from the treasurer and receive requests from committees and individuals in the church. Before the budget year begins, the committee determines the portions to be devoted to the Connectional Ministries of the United Methodist Church and the basis by percentage that will be be distributed to each committee of the church. The chair of the committee prepares and presents an annual report to the Church council.

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How do the funds grow?

1. Members and friends make bequests to honor a loved one or express Christian stewardship.
2. The principal appreciates as a result of prudent investment practices.

How are the funds distributed?

Each appropriate committee receives an allotment based on their percentage of the endowment or their share of the restricted funds. Currently four percent (4.0%) of the earnings (and occasional invasions of the principal) is distributed to the committees who administer the funds. The percentage is based on the average of the previous five years' market values determined at year-end, so is subject to change on a yearly basis.

How can I contribute to Family of Funds?

1. You can contribute cash or securities to the Family of Funds at any time with the intention of encouraging innovation or expanding programs.
2. Bequests to the church can be made through a will. Although restricted gifts are welcome, unrestricted gifts give the church flexibility over the years.
3. You can also contribute by establishing a charitable remainder trust, providing income to you for life and principal to the church after your death. Contact Sara Fisher (SarahYoungFisher@aol,com or 397-1334) for more information on this option.

Are there any restriction on contributions?

1. The committee will ascertain whether the terms of the bequest or gift can be fulfilled by the church, both in the present or the future.
2. If the gift is real estate, the Family of Funds Committee will review the gift with the Board of Trustees for their recommendation.