

# WISCONSIN UNITED METHODIST FOUNDATION, INC.

## A. INTRODUCTORY COMMENTS

The Wisconsin United Methodist Foundation is an adjunct ministry of the Wisconsin Annual Conference of the United Methodist Church. The Foundation seeks to provide specialized services to the Wisconsin United Methodist Congregations and Institutions, Laity and Clergy, and the ministries and missions of our Church.

### 1. Accountability

**INVESTMENT:** The Foundation provides options for church-related entities to pool their funds for the purpose of professionally managed investment. Our investment policies are designed specifically to serve the long-term investment strategies of United Methodist ministries, endowments, trustees' funds and other permanent funds. We seek to provide maximum benefits of investment growth and earnings, while maintaining a conservative investment strategy and minimizing risk levels. In addition, our funds investment policy operates under the United Methodist Social Principles. At the beginning of 2007, funds under management at the Wisconsin United Methodist Foundation were \$69,250,915. This represents an 8.23% increase from 12/31/2005. Our primary investment option (Common Fund A) now has a 29-year performance record with an annual average net return of 9.54%. **The Common Fund net return for 2006 was 7.74%. The 2006 net return on our Fixed Income Fund was 3.56%.** 2006 was the fourth full year of our Church Loan Program. The goal of the Church Loan Pool Fund is to provide an alternative investment option for Wisconsin United Methodist Churches that pays about ½% higher return than our Fixed Income Fund. **The 2006 net return on our Church Loan Pool Fund was 3.94%.**

In 2006 The Dakotas United Methodist Foundation began using the Wisconsin United Methodist Foundation investment services to manage the funds from their investment program. On January 1, 2007 the Minnesota United Methodist Foundation also began to utilize our services. We are grateful that we have an opportunity to provide this collegial service to our neighboring Foundations and believe this will provide an ideal program of funds management that is designed for "church monies" with appropriate risk/return levels for a variety of situations and allows both of these foundations to focus on growth and development of additional services.

**PLANNED GIFTS:** The Wisconsin United Methodist Foundation provides an on-going educational program available to all church-related groups at no charge. We offer charitable giving seminars and workshops, individual consultation with clergy, laity, and local church groups about charitable giving options and assistance in the technical aspects of completing charitable gifts. Our staff is continuously updated in the specialized areas of charitable giving, related tax matters and current trends. We work with other professionals such as lawyers, accountants, and financial planners to complete charitable gifts to the church and its related ministries. Upon request, we also provide counsel in the area of planned giving to local churches. To assist the Wisconsin Conference in charitable giving goals, we have established and operate a Charitable Gift Annuity Program that is certified by the State of Wisconsin. We also serve as Trustee for individually created Charitable Remainder Trusts. The Foundation has planned giving software to assist individuals in charitable gift planning. Through continuous promotion, education, and awareness, we now see significant gifts being received routinely by Wisconsin United Methodist Churches and related institutions. At the time of printing final gift and memorial receipts received in the Wisconsin Annual Conference are still being tabulated.

**STEWARDSHIP:** Taking the lead in providing stewardship training for the Conference, members of our Board of Directors Education and Development committee along with our staff organized a "Good Sense Budget Course" Leadership Training Event, conducted in February 2007 for 59 clergy and lay members from 41 churches or charges. We also included the

Executive Director of the Minnesota United Methodist Foundation and Ric Olson, Congregation, Parish & Circuit Development Coordinator for the Wisconsin Annual Conference. The three sessions were led by the Rev. David Bell, Director of the Stewardship Center for the General Board of Discipleship in Nashville. Our goal is to provide a follow-up event later in 2007 for those unable to attend in February.

During 2006, the Education and Development Committee conducted a training session for clergy and lay members as Guest Leaders for the New Consecration Sunday Stewardship program in the Coulee District. In addition, our staff provided a similar training event for leaders sponsored by the Northern Illinois United Methodist Foundation.

Our staff is available to help organize, train and provide resources to Wills, Memorials and Estate Committees in the local church. We also provide guidance in the development of local church Endowment Funds, and encouragement to on-going program efforts at the local level. We meet with Church Councils, Trustees and Finance Committees to explain the investment options we provide local churches through our Common Fund and Fixed Income Fund.

**CLERGY:** We provided our annual "Clergy Tax Seminar" for Wisconsin clergy, at no cost to the Conference. Also, each year at the New Clergy Orientation, we meet with newly appointed clergy serving the Wisconsin Conference to update them on Foundation services. We also provided funding for three 3-month Sabbatical/Study Leaves.

**GRANTS, SCHOLARSHIPS AND GIFTS:** The Wisconsin United Methodist Foundation continues to invite applications and award grants throughout Wisconsin. These grants and other gifts totaled \$171,791. We hope to encourage innovative and creative ministries, provide scholarship assistance, provide resources for United Methodist missions, and assist a variety of projects in Wisconsin churches.

Through our Year-End Gifts program, \$364,235 was given to the Bishop's Relief Fund, Minister's Insurance Memorial Fund, Board of Camp and Retreat Ministries Project Fund, UM Hospitals Ministry Fund, Licensed Local Pastor Endowment Fund, Scholars Award Program, WUMF Permanent Administration Fund, and other ministries. For the year 2006, we processed 142 stock gifts for a total of \$984,261. Of this total, \$604,393 was passed through to local churches per the donor's instruction. Through our special arrangement with our broker, we are able to process gifts of appreciated stock for local churches at no cost, leaving higher net proceeds for the church.

## **2. Philosophy and Priorities**

The Wisconsin United Methodist Foundation wants to serve the "connectional church" and seeks to fulfill its underlying mission of teaching, resourcing, and serving throughout our Wisconsin Annual Conference. The Foundation is a totally self-funded ministry, which continually increases our level of services and grants to the life and ministry of the Wisconsin United Methodist Church. Through careful administration and planning, we strive to provide programming, resources and consultation to all United Methodist individuals and congregations in the state, regardless of their distance from our offices. We have an expanded conference room/display area at the Foundation office. In addition to displaying planned giving materials and brochures that are available through our offices, we also have a display of over 20 current financial "stewardship" programs and resources. This is intended to provide lay and clergy with a hands-on opportunity to review annual campaign programs, video and study materials, and other ideas for revitalizing stewardship in the congregation. A brochure summarizing each of

these campaigns, ordering information and cost is also available through our office. We exist to serve the entire church!

As of December 31, 2006, our Church Mortgage Loan Program has 21 active mortgage loans for churches, including one for the Wisconsin Annual Conference. Mortgage loans total \$5.4 million and are often at better interest rates for the congregations, leaving more funds available for programs and other local church expenses. The corresponding Church Loan Pooled Fund is providing other congregations with enhanced investment return over our traditional Fixed Income Fund. One hundred fifty-six church accounts, and thirty-five Conference accounts are taking advantage of the enhanced return available with our Church Loan Pooled Fund. This is a wonderful example of churches assisting other churches.

Four capital campaigns were conducted between summer of 2006 and the end of the year raising a total of \$1.275 million for these building projects or debt reduction. Pre-campaign Evaluation Studies were held at eight churches. Presentations were made about the capital campaign service to seven churches in 2006.

Charitable Gift Annuities, available through the Foundation to all Wisconsin United Methodists, continue to be the most popular way for donors to make a gift to the church. Donors establishing Charitable Gift Annuities receive an income payment for the remainder of their lifetime. For donors making "life income" gifts exceeding \$50,000, a Charitable Remainder Trust is still the most frequently used gift vehicle. We take seriously the need for our staff to be current in the regulations and opportunities impacting the area of planned giving, for the benefit of our donors and the church.

### **3. Up-Date Information**

- a. Common Fund A** - a balanced investment fund for churches and church-related agencies - 51 new accounts established in 2006. The December 31, 2006 Market Value totaled \$66,220,585 as compared to \$60,271,138 on 12/31/05. Earnings for participants totaled \$1,291,505.
- b. Pooled Income Fund** - 34 accounts. Total earnings in 2006 amounted to \$16,837. December 31, 2006 Market Value was \$416,156 compared to \$514,625 on December 31, 2005.
- c. Fixed Income Fund** - an investment fund for churches and church-related agencies that does not include equities. Of the total 42 accounts, 4 were established in 2006. Market Value as of December 31, 2006 was \$2,069,827 compared to \$2,704,863 as of December 31, 2005. Earnings for participants totaled \$83,913.
- d. Charitable Gift Annuities** – 85 accounts. Market Value as of 12/31/2006 was \$1,917,476.
- e. Charitable Remainder Unitrusts** – 17 accounts. Market Value as of 12/31/2006 was \$4,378,637.
- f. Report of Bequests and Memorials Received (as of March 13, 2007)**

Annual memorials and bequests received by Local Churches, Church Related ministries and institutions have ranged from four to ten million dollars in recent years. We are awaiting final results on gifts received during 2006.

**g. Twenty-five Grants Made by the Foundation**

Three Month Educational Leave.....	\$8,100
Viroqua UMC Youth Ministry .....	1,000
Beaver Dam: Church Health Services .....	4,000
WAC: Cabinet Study Trip .....	2,000
Osceola UMC Puppet Ministry .....	1,020
Superior: Harbor House Crisis Shelter .....	1,000
Appleton: St. James UMC Integrated Ministry .....	5,000
Milwaukee: Church of Good Hope Stephen Ministries.....	3,000
Schmitt Woodland Hills Development .....	3,000
Sheboygan: St. Luke's UMC Christ's Meal .....	2,000
Green Bay: Vida Nueva Hispanic Youth/Children Ministry .....	5,000
Caldwell UMC Family Worship.....	1,000
Algoma UMC Celebration of Children & Youth .....	2,500
Sun Prairie UMC Small Group Ministry Training .....	1,000
Sun Prairie UMC Digital Software Communication .....	850
Lake Mills UMC: Rock Lake Youth Activity Center .....	4,400
Milwaukee: United Methodist Children's Services.....	3,500
Wautoma: God's People in Action .....	1,250
New Berlin: Bethel Hill UMC Jr. Missionary Prayer Band .....	2,500
Waukesha: First UMC Praise 'N Bread Ministry .....	3,000
Hammond UMC School Age Children's Program .....	5,000
Bristol: Living Waters Ministries .....	2,500
Waupaca: WINR Donated Wheels .....	1,000
Marion: First UMC HOPE Counseling .....	1,750
Lake Geneva: La Resurreccion Media .....	1,000
<b>GRAND TOTAL.....</b>	<b>\$66,370</b>

**Twenty-four second round grants:**

Lay Ministry Academy/Faith Alive.....	\$2,000
BOOM: Seminary Scholarship .....	6,600
Jefferson: Immanuel UMC Parenting Class .....	1,340
Portage UMC: Women's Day of Renewal.....	750
River Falls UMC Faith in Life Group .....	500
Gillett: Tabor UMC Multigenerational Program .....	1,500
Neenah Family Church Tweens Program .....	2,300
Shalom Zone, Inc. ....	1,750
New Richmond UMC Alternative Worship .....	1,500
Stoughton UMC Program Skills Training Program .....	2,500
WAC: Licensed Local Pastor Retreat Scholarships .....	500
Tomahawk UMC Safe and Warm Program.....	1,000
WI Rapids UMC Ministry Outreach .....	1,000
Sheboygan: Fountain Park UMC CHAMPS .....	5,000
WAC Commission on Race & Religion Seminar.....	2,500
Greenfield: Christ UMC Community Garden .....	300
Greenfield: Christ UMC VBS.....	1,000
Platteville UMC Drum Circles .....	1,000

Fox Valley: Pastoral Counseling Center.....	500
Waterford: Community UMC Worship Design.....	2,000
Waukesha: First UMC Visual Arts Ministry .....	2,000
Milwaukee: Summerfield UMC Spatial Impact .....	2,500
WAC: Christian Country Camp.....	750
Sun Prairie UMC Rotation Sunday School.....	1,100
<b>TOTAL.....</b>	<b>\$41,890</b>

**h. Report of Gifts to the Ministerial Pension Memorial Fund**

The Market Value of the Ministerial Pension Memorial Fund as of 12/31/06 was \$1,103,350. In 2006, the Ministerial Pension Memorial Fund provided \$22,772 in earnings that are available to the Wisconsin Conference Board of Pensions. The total contributions in 2006 were \$83.

**i. Report of Gifts to the Ministerial Insurance Memorial Fund**

**GIFTS IN MEMORY OF:**

REV. JAMES CARRICO  
Stan & Phyllis Strosahl

MIRIAM OTT  
Family and Friends

**GIFT IN HONOR OF:**

DORIS SCHALL  
Verlin Wandrey

**YEAR END GIFTS:**

Darrell & Michelle Behnke  
Wilmer & Allegra Bloy  
Patrick & Kathy Green  
William Haack

Dave Johnson  
Charles Miley  
Chomingwen Pond

Philip Pudleiner  
Marvin Schilling  
Norman & Lucille Silvester  
Stan & Phyllis Strosahl  
Dave & Hope Warren

The Market Value of the Ministerial Insurance Memorial Fund as of 12/31/06 was \$66,077. In 2006, the Ministerial Insurance Memorial Fund provided \$1,255 in earnings. The total contributions in 2006 were \$11,175.

**j. Report of Gifts to Other Funds**

<b>GIFTS IN MEMORY OF:</b>	
DON MACINNIS	CHRISTINE CHRISTENSEN
Family and Friends	C.J. Christensen
GEORGE HALL	MELINDA FOSTER
Cheryl Bingham	Charles & Carol Bruce

**k. Foundation Staff**

**Our President:** Rev. William F. Helwig

**Our Chief Financial Officer:** Tom Schaefer

**Our Planned Giving/Investment Services Officer:** Rev. Jean E. Nicholas

**Our Loan Officer:** Ellen LaWall

**Our Capital Campaign Coordinator:** Lenore Geisthardt

**Our Administrative Associate:** Karen Woods

**Our Treasurer:** Mark E. Perschbacher

**B. HIGHLIGHTS AND ACCOMPLISHMENTS**

1. Continued growth in the number of Investment Fund accounts established by churches, church-related agencies, and individuals setting up charitable gifts for the church. **The number of new accounts established in 2006 was 55. The dollar amount of additions to the Investment Funds was \$7,655,579!**
2. The Foundation operating budget and program ministries were entirely self-supported in 2006.
3. The Foundation Church Mortgage Loan Program continues to serve the Conference. As of March 2007, 156 church accounts and 35 Conference related accounts were designated to be available to provide lower-cost first mortgages to qualified Wisconsin United Methodist Congregations. The Conference and these churches are now partners in mission with other congregations and investing in church growth as well as receiving higher investment returns.
4. Dakotas United Methodist Foundation and Minnesota United Methodist Foundation began to utilize our investment services program.

*Dan Drew, Chairman of the Board*

*William F. Helwig, President*