

WISCONSIN UNITED METHODIST FOUNDATION, INC.

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 2004, funds under management at the Wisconsin United Methodist Foundation were \$53,696,244. This represents a 14.37% increase from 12/31/2002. Our primary investment option (Common Fund A) now has a 26-year performance record with an annual average net return of 10.07%. **The Common Fund net return for 2003 was 12.90%. The 2003 net return on our Fixed Income Fund was 3.27%.** 2003 was also the first full year of our Church Loan Program. The goal of the newly established 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 2003 net return on our Church Loan Pool Fund was 3.68%.**

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. With 83% of the Bequest & Memorial Reports tabulated, \$3,662,927 in gifts and bequests were received by local churches in 2003. Reports submitted by United Methodist Institutions show that they received \$1,686,293 in gifts during 2003.

STEWARDSHIP: Our staff joyfully provided leadership for local church Consecration Sunday Stewardship Programs by preaching and leading worship services, and by helping to organize, train and provide resources to Wills, Memorials and Estate Committees in the local church. Our staff also provides guidance in the development of local church Endowment Funds, and encouragement to on-going program efforts at the local level. We meet with Administrative Boards, Trustees and Finance Committees to explain our Fixed Income and Common Fund that provide "Long-term" investment options for local church permanent funds. Our Foundation staff assisted two congregations with Capital Campaign Programs/ Evaluations during 2003.

CLERGY: On February 18 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. This year we also provided financial assistance to the Wisconsin Town and Country Intern Program, and 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 and to Garrett-Evangelical Theological Seminary. These grants and other gifts totaled \$153,275. 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, \$26,887 was given to the Bishop’s Relief Fund, Minister’s Insurance Memorial Fund, Lake Lucerne Camp, Two Denarii Fund, Samaritan Fund, Seminarian Fund, Hispanic Scholarship Fund, WUMF Permanent Administration Fund, and other ministries. Year-End gifts of appreciated stock to local churches, which were processed through the Foundation, totaled \$102,203. 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.

SAMARITAN FUND GRANTS AWARDED: During 2003, our Samaritan Fund provided emergency grants totaling \$24,346 to assist United Methodist Children’s Services, Crossroads United Methodist Church in Waunakee, and the United Christian Resource Center in Sun Prairie. This fund was established to assist churches and church-related ministries with immediate grants in times of unanticipated crisis. We hope that this fund will complement our long standing grant fund which encourages churches and related institutions to try new and innovative ministries.

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 current “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. We exist to serve the entire church!

As of March 17, 2004 our First Mortgage Loan Program will have completed 11 mortgage loans for churches, and one for the Wisconsin Annual Conference. Mortgage loans total \$4,268,266 and are at better interest rates for the congregations, leaving more funds 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. 70 church accounts, and 35 Conference accounts are already taking advantage of the enhanced return available with our Church Loan Pooled Fund. This is a wonderful example of churches assisting other churches.

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 still 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 - 42 new accounts established in 2003. The December 31, 2003 Market Value totaled \$50,186,723 as compared to \$44,666,749 on 12/31/02. Earnings for participants totaled \$881,859.
- b. **Pooled Income Fund** - 41 accounts. Total earnings in 2003 amounted to \$20,566. December 31, 2003 Market Value was \$612,105 compared to \$635,415 on December 31, 2002.
- c. **Fixed Income Fund** - an investment fund for churches and church-related agencies that does not include equities. Of the total 35 accounts, 15 were established in 2003. Market Value as of December 31, 2003 was \$2,377,149 compared to \$1,262,108 as of December 31, 2002. Earnings for participants totaled \$64,085.
- d. **Charitable Gift Annuities** – 64 accounts. Market Value as of 12/31/2003 was \$1,646,433.
- e. **Charitable Remainder Unitrusts** – 12 accounts. Market Value as of 12/31/2003 was \$3,923,404.

f. Report of Bequests and Memorials Received

	2001	2002	2003
Bequests to Churches	2,787,469	2,104,446	2,772,759
Memorials to Churches	1,092,463	1,121,046	890,168
TOTALS	3,879,932	3,225,492	3,662,927
Bequests to Institutions & Boards	1,082,252	3,519,546	1,458,559
Memorials to Institutions & Boards	33,660	137,268	227,734
TOTALS	1,115,912	3,656,814	1,686,293
Other Gifts to Churches, Institutions & Boards	194,162	523,231	1,266,529
GRAND TOTALS	5,190,006	7,405,537	6,615,749

g. Twenty-nine Grants Made by the Foundation

Three Month Educational Leave	\$8,100
Board of Ordained Ministry - Seminary Scholarships	6,600
Wisconsin Town and Country Intern	5,000
Menomonie UMC Workshop Rotational Model	2,500
Madison: Bethany UMC Saturday Worship Advertising	2,500
God's New Economy: Stewardship from a Wesleyan Perspective	4,300
Sidewalk Sunday School (Potter's Clay)	1,000
AWARE Community Action of Rock/Walworth Counties	2,500
Chippewa District Counseling Services	1,500
Harbor House Crisis Shelter	1,500
Bellin Health System	7,500
Milwaukee: Eve's Closet	1,000
Madison: Sherman Avenue UMC Hmong Bibles	5,000
Tomah: First UMC Parish Nurse Ministry	2,500
Annual Conference: Becoming Matthew 25	5,000
Wausau: Bridging the Gap Storytellers	750
Wisconsin Council of Churches Conference	2,500
Minister's Mates Association	300
Rising Sun Camp	4,000

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Marion Area Ministerial Association	3,500
Madison: Bashford Buddies Tutoring Program	1,500
Janesville: Cargill UMC Seminar	3,000
Justice Overcoming Borders	7,500
Madison: First Hispanic UMC ESL	2,000
Fort Atkinson: Hebron UMC Advertising	3,500
New Berlin: Our Lord's UMC Parish Nurse Program	2,500
WAC: Journey's of Paul Travel Trip	5,000
Appleton: Zion Korean UMC Translation Services	2,700
Board of Camp and Retreat Ministries: Faith Journey	1,000
GRAND TOTAL	\$96,250

Seventeen Second round of grants:

Children as Peacemakers Retreat: Lions Lie Down with Lambs	750
WI Conference Commission on Archives & History	2,000
Beaver Dam: Trinity UMC Human Video Ministry	1,500
Green Bay: Peace UMC Hispanic Vacation Bible School	675
WAC Cabinet Study Trip	2,500
Sun Prairie UMC Youth Council Speaker	1,000
Shalom Zone Inc. – Community Developer Program	1,000
Lodi UMC Contemporary/Praise Worship	1,000
Madison Area Urban Ministry	1,000
Menomonee Falls: Emmanuel Community UMC Young Adults	2,500
Milwaukee: Bay View UMC Strategic Planning	2,405
Superior: Faith UMC Noah's Ark Day Care	250
Superior: Faith UMC Youth	1,250
WAC: ELCC Summer Developer's Program	2,500
Briggsville: Trinity UMC Called to Care	750
UMC of the Pines Contemporary Music	1,425
Milwaukee: Emmanuel UMC Children's Outreach Ministry	2,500
Total	\$25,005

h. Report of Gifts to the Ministerial Pension Memorial Fund

GIFTS IN MEMORY OF:	
KENNETH & DOROTHY BRICE Glenn & Carol Kohlhepp	PEARL KNOESPEL Glenn & Carol Kohlhepp
MARILYN CALLAHAN Hazel Sumwalt Brett	GALEN LUEBKE Glenn & Carol Kohlhepp
DAVID HEIN Glenn & Carol Kohlhepp	GIFT: From the Estate of Lenore Grow

The Market Value of the Ministerial Pension Memorial Fund as of 12/31/03 was \$1,084,854. In 2003, the Ministerial Pension Memorial Fund provided \$19,579 in earnings that are available to the Wisconsin Conference Board of Pensions for the pensions of retired pastors and spouses. The total contributions in 2003 were \$2,552.

i. Report of Gifts to the Ministerial Insurance Memorial Fund

<p>GIFTS IN MEMORY OF: DAVID FORDHAM Stan & Phyllis Strosahl</p> <p>DAVID A. HEIN David Warren</p> <p>CAROL KOHLHEPP Stan & Phyllis Strosahl</p> <p>HARVEY H. KRUSE East Wisconsin Pension Trust</p> <p>GALEN LUEBKE William & JoAnn Carlson Luanne Luebke Marvin Schilling</p> <p>LEE MOOREHEAD Stan & Phyllis Strosahl David Warren</p> <p>LOWELL REYKDAL William & JoAnn Carlson</p>	<p>ELDON RIGGS William & JoAnn Carlson Stan & Phyllis Strosahl</p> <p>GIFTS IN HONOR OF: NED HINTZMAN David and Judith Affeldt</p> <p>STAN & PHYLLIS STROSAHL Phil Strosahl</p> <p>GIFTS: David L. Johnson</p> <p>YEAR END GIFTS: Wilmer Bloy Janet Brockmann Patrick & Kathryn Green Randall & Carol Knox Frank & Martha Kuhlman Chomingwen Pond Phillip & Elaine Pudleiner Richard Quintana Stan & Phyllis Strosahl Winifred Winther</p>
<p>The Market Value of the Ministerial Insurance Memorial Fund as of 12/31/03 was \$36,988. In 2003, the Ministerial Insurance Memorial Fund provided \$543 in earnings. The total contributions in 2003 were \$8,192.</p>	

j. Report of Gifts to Other Funds

GIFTS IN MEMORY OF:

JEAN ALLORIE
 Richard & Shirley Kuehn

BOB & MARY HANAMAN
 Dale & Nancy Hanaman

MEL MOODY
 Steve Zekoff

GLENN MARTIN
 Carol Krieg

LIBERTY REED
 Volunteers in Mission

LOWELL REYKDAL
 Family and Friends

FLOYD PHAHNING
 Arlene Phahning

ERIC SCHALOW
 Mark & Lorrie Shafer
 Rodger & Donna Thompson

GIFTS IN HONOR OF:
MERLIN HOEFT
 Marjean Hoeft

k. Our President:	Rev. William F. Helwig
Our Chief Financial Officer:	Tom Schaefer
Our Financial/Marketing Associate:	Rev. Jean Ehnert Nicholas
Our Loan Officer:	Ellen LaWall
Our Administrative Associate:	Karen Woods
Our Treasurer:	Mark E. Perschbacher

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 2003 was 57. The dollar amount of additions to the Investment Funds was \$5,038,108!**
2. The Foundation operating budget and program ministries were entirely self-supported in 2003.
3. During the last quarter of 2003 the Foundation Church Loan Program completed its first full year of operation. As of early March 2004, 70 church accounts and 35 Conference related accounts were already 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.

Jerry Wille, Chairman of the Board

William F. Helwig, President