

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 2005, funds under management at the Wisconsin United Methodist Foundation were \$55,881,810. This represents a 4.07% increase from 12/31/2003. Our primary investment option (Common Fund A) now has a 27-year performance record with an annual average net return of 9.91%. **The Common Fund net return for 2004 was 5.83%. The 2004 net return on our Fixed Income Fund was 3.13%.** 2004 was the second 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 2004 net return on our Church Loan Pool Fund was 3.56%.**

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 82% of the Bequest & Memorial Reports tabulated, \$3,919,182 in gifts and bequests were received by local churches in 2004. Reports submitted by United Methodist Institutions show that they received \$6,189,070 in gifts during 2004.

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 Church Councils, 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 2004.

CLERGY: On February 17 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 \$124,157. 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, \$64,276 was given to the Bishop's Relief Fund, Minister's Insurance Memorial Fund, Board of Camp and Retreat Ministries Project Fund, Two Denarii Fund, Samaritan Fund, Seminarian Fund, Scholars Award Program, WUMF Permanent Administration Fund, and other ministries. For the year 2004, we processed 96 stock gifts for a total of \$412,387 for individuals for the benefit of their local church. Of this total, year-end gifts of appreciated stock to local churches 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 2004, our Samaritan Fund provided an emergency grant of \$6,000 to assist Milwaukee: Cristo En Tu Ayuda, South Side Hispanic ministry. 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 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 March 15, 2005, our First Mortgage Loan Program will have completed 16 mortgage loans for churches, and one for the Wisconsin Annual Conference. Mortgage loans total \$3,992,880 and are 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 eighteen 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.

July 1, 2004 marked the beginning of a new staff position at the Foundation. Ms. Lenore Geisthardt is our Capital Campaign Coordinator. Since starting in that position Lenore has participated in the last phase of the successful capital campaign at Burlington UMC. She has also been working on the first stages of a capital campaign in the Madison area as well as upgrading various elements of our capital campaign process. Lenore's presence on staff means the Foundation will be able to respond to more requests for our capital campaign services.

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 - 49 new accounts established in 2004. The December 31, 2004 Market Value totaled \$52,621,251 as compared to \$50,186,723 on 12/31/03. Earnings for participants totaled \$970,420.
- b. **Pooled Income Fund** - 41 accounts. Total earnings in 2004 amounted to \$18,982. December 31, 2004 Market Value was \$599,294 compared to \$612,105 on December 31, 2003.
- c. **Fixed Income Fund** - an investment fund for churches and church-related agencies that does not include equities. Of the total 37 accounts, 4 were established in 2004. Market Value as of December 31, 2004 was \$2,115,465 compared to \$2,377,149 as of December 31, 2003. Earnings for participants totaled \$74,363.
- d. **Charitable Gift Annuities** – 72 accounts. Market Value as of 12/31/2004 was \$1,706,900.
- e. **Charitable Remainder Unitrusts** – 13 accounts. Market Value as of 12/31/2004 was \$3,941,151.
- f. **Report of Bequests and Memorials Received**

	2002	2003	2004
Bequests to Churches	2,104,446	2,772,759	2,833,570
Memorials to Churches	1,121,046	890,168	1,085,613
TOTALS	3,225,492	3,662,927	3,919,183
Bequests to Institutions & Boards	3,519,546	1,458,559	6,189,070
Memorials to Institutions & Boards	137,268	227,734	121,704
TOTALS	3,656,814	1,686,293	6,310,774
Other Gifts to Churches, Institutions & Boards	523,231	1,266,529	490,000
GRAND TOTALS	7,405,537	6,615,749	10,719,957

g. Thirty-three 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
Bloomington UMC After School Program	500
Darlington UMC Youth Ministry	500
Harbor House Crisis Shelter	3,500
Janesville: Cargill UMC Advertising	750
Plover UMC Discipleship and Health Camp	2,250
Wittenberg Charge Worship Service	1,250
Wittenberg Charge Senior High Youth	1,500
Wausau: First UMC Middle School Retreat	750
LaCrosse: Asbury UMC Liturgical Dance	2,000
Forest Junction: Zion UMC Rotational Sunday School	500
Conflict Transformation Ministry	5,000
Minister's Mates Association	300
Menomonie UMC Workshop Rotation Model	1,000
Crossroads United Ministries Training	3,500
Menomonee Falls: Community UMC Young Adults	2,500
Madison: First Hispanic UMC Outreach Event	1,000
Madison: First UMC Lyons Lectureship	2,500
Prairie Farm: Faith UMC Sunday School/VBS	500
United Christian Resource Center	5,000
WAC: Programs and Arrangements	7,000
Denzer/North Freedom UMC Mission Tool Box	1,000
Forest Junction: Outer Limits Youth Outreach	1,000
Whitefish Bay: UMC Permanent Labyrinth	2,500
Manitowoc: Wesley UMC Young Adult Ministry	1,000
Beloit: Henderson Ave. Ministry Outreach Ministries	5,000
Milwaukee: Summerfield UMC Center for Joyful Well Being	1,500
Milwaukee United Methodist Children's Services	2,600
Rising Sun Camp	4,000
Brookfield: Trinity-Pilgrim UMC Bible.com	1,200
Brookfield: Trinity-Pilgrim UMC Video Equipment	1,000
GRAND TOTAL	\$87,300

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Eighteen Second round of grants:	
Elkhorn: HOPE	500
Fond du Lac: Salem: UMC Sending Forth	2,000
Whitewater Area Regional Ministry: Summer Youth Music	1,000
Madison: United Methodist Hospitals Ministry	800
Milwaukee: United Methodist Children's Service	1,000
New Berlin: Bethel Hill UMC Outreach Ministries	1,000
Capital District Mission Committee: Missionary in Residence	1,000
Madison: Asbury UMC Leadership Training Conference	1,000
Brodhead UMC: JC Kids Youth Ministry	500
LaCrosse: St. Luke's UMC Campus Outreach Coordinator	1,000
Ethnic Local Church Concerns Committee	1,000
Wilmot: UMC New Hope Ministries	1,500
WI Council of Churches Faith Filled Citizenship Conference	500
Juneau: UMC Library Resource	500
New London: UMC Street Hockey Program	1,250
Platteville: UMC "New Beginnings" workshops	900
Milwaukee: Emmanuel UMC Church Outreach Program	1,000
Wauwatosa Ave. UMC – Rotational Sunday School Computer Lab	2,000
Total	\$18,450

h. Report of Gifts to the Ministerial Pension Memorial Fund

The Market Value of the Ministerial Pension Memorial Fund as of 12/31/04 was \$1,113,301. In 2004, the Ministerial Pension Memorial Fund provided \$20,834 in earnings that are available to the Wisconsin Conference Board of Pensions. The total contributions in 2004 were \$15,000.

i. Report of Gifts to the Ministerial Insurance Memorial Fund

GIFTS IN MEMORY OF:

JOE BURKE
Charles Bauer-King

SHEILA DOERING

JoAnn Carlson

STEPHEN FOSTER

JoAnn Carlson

KATHRYN HARVEY

JoAnn Carlson

Glenn Kohlhepp

CAROL KOHLHEPP

JoAnn Carlson

JANET WAGNER

Stan & Phyllis Strosahl

GIFT IN HONOR OF:

STAN STROSAHL
David & Ann Harsh

YEAR END GIFTS:

Wilmer & Allegra Bloy

Douglas Fraley

Patrick & Kathy Green

David & Ann Harsh

Dave Johnson

Charles Miley

Chomingwen Pond

Philip Pudleiner

Marvin Schilling

David & Hope Warren

The Market Value of the Ministerial Insurance Memorial Fund as of 12/31/04 was \$47,187. In 2004, the Ministerial Insurance Memorial Fund provided \$752 in earnings. The total contributions in 2004 were \$9,223.

j. Report of Gifts to Other Funds

GIFTS IN MEMORY OF:

CAROL MARTIN

Jack Martin

MELVIN & GRACE OPPEDAHL

Donald & Norma Fenner

EDWARD SCHULTZ

Family and Friends

GIFTS IN HONOR OF:

BONNIE FALK

Anthony Farina

RICHARD HANCOCK

Margaret Hancock

RAY ROBINSON

Family and Friends

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 2004 was 53. The dollar amount of additions to the Investment Funds was \$4,202,789!**
2. The Foundation operating budget and program ministries were entirely self-supported in 2004.
1. The Foundation Church Mortgage Loan Program continues to serve the Conference. As of March 2005, 108 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.

Respectfully submitted,

Jerry Wille, Chairman of the Board

William F. Helwig, President