

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 2006, funds under management at the Wisconsin United Methodist Foundation were \$63,983,300. This represents a 14.50% increase from 12/31/2004. Our primary investment option (Common Fund A) now has a 28-year performance record with an annual average net return of 9.60%. The Common Fund net return for 2005 was 1.32%. The 2005 net return on our Fixed Income Fund was 3.19%. 2005 was the third 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 2005 net return on our Church Loan Pool Fund was 3.59%.

PLANNED GIFTS: The Wisconsin United Methodist Foundation provides an ongoing 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 80% of the Bequest & Memorial Reports tabulated, \$2,962,665 in gifts and bequests were received by local churches in 2005.

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 and trained select clergy and laymembers as Guest Leaders for the New Consecration Sunday Stewardship program. Our staff is available to help or-

ganize, 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 \$174,641. 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.

The Fall 2005 Board of Directors meeting voted to send a special \$5,000 Katrina Relief Gift to the United Methodist Annual Conferences in the Gulf Coast region that suffered the greatest loss. This gift will help with rebuilding churches, parsonages and paying pastor’s salaries during recovery.

Through our Year-End Gifts program, \$170,001 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, Licensed Local Pastor Endowment Fund, Scholars Award Program, WUMF Permanent Administration Fund, and other ministries. For the year 2005, we processed 116 stock gifts for a total of \$554,460. Of this total, \$425,537 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.

SAMARITAN FUND GRANTS AWARDED: During 2005, our Samaritan Fund provided an emergency grant of \$3,000 to help offset the cost of a replacement dishwasher for a community meal program held at LaCrosse: St. Luke’s UMC. 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 December 31, 2005, our Church Mortgage Loan Program has completed 18 mortgage loans for churches, including one for the Wisconsin Annual Conference. Mortgage loans total \$4.24 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 thirty-three 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.

After completing a successful capital campaign for a Madison area church and upgrading the capital campaign process, an additional 13 presentations of our capital campaign service were made to United Methodist churches throughout the state. Three pre-campaign evaluation studies were completed in 2005 along with three more in the first three months of 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 41 new accounts established in 2005. The December 31, 2005 Market Value totaled \$60,271,138 as compared to \$52,621,251 on 12/31/04. Earnings for participants totaled \$1,031,850.
- b. **Pooled Income Fund** 36 accounts. Total earnings in 2005 amounted to \$18,600. December 31, 2005 Market Value was \$514,625 compared to \$599,294 on December 31, 2004.
- c. **Fixed Income Fund** an investment fund for churches and church related agencies that does not include equities. Of the total 42 accounts, 8 were established in 2005. Market Value as of December 31, 2005 was \$2,704,863 compared to \$2,115,465 as of December 31, 2004. Earnings for participants totaled \$87,209.
- d. **Charitable Gift Annuities** – 82 accounts. Market Value as of 12/31/2005 was \$1,615,129.
- e. **Charitable Remainder Unitrusts** – 16 accounts. Market Value as of 12/31/2005 was \$4,113,809.

f. Report of Bequests and Memorials Received (*as of April 14, 2006)

| | 2003 | 2004 | 2005* |
|---|------------------|-------------------|------------------|
| Bequests to Churches | 2,772,759 | 2,833,570 | 1,867,948 |
| Memorials to Churches | 890,168 | 1,085,613 | 1,094,717 |
| TOTALS | 3,662,927 | 3,919,183 | 2,962,665 |
| Bequests to Institutions & Boards | 1,458,559 | 6,189,070 | 707,336 |
| Memorials to Institutions & Boards | 227,734 | 121,704 | 165,410 |
| TOTALS | 1,686,293 | 6,310,774 | 872,746 |
| Other Gifts to Churches, Institutions & Boards | 1,266,529 | 490,000 | 709,113 |
| GRAND TOTALS | 6,615,749 | 10,719,957 | 4,544,524 |

g. Twenty-six Grants Made by the Foundation

| | |
|--|-----------------|
| Three Month Educational Leave | \$8,100 |
| Board of Ordained Ministry - Seminary Scholarships | 6,600 |
| Menomonee Falls: Emmanuel Parish Nurse Program | 2,700 |
| Boscobel Food Pantry | 500 |
| Monroe: UMC Noah's Ark Preschool/Childcare | 300 |
| Neenah: Family Church | 1,000 |
| Superior: Faith UMC Faith Based Art Therapy | 2,500 |
| Minocqua: Church of the Pines Stephen Ministry | 2,500 |
| West Allis: First UMC Stephen Ministry | 2,500 |
| Minister's Mates Association | 300 |
| Stoughton: UMC Children/Youth Program | 1,300 |
| WAC: Cabinet Study Trip | 4,000 |
| Conflict Transformation Ministry | 7,000 |
| Brodhead UMC God Squad MIB | 3,350 |
| Clergy Spouse Support Network | 250 |
| Spencer UMC: Senior High Youth Mission Bible Project | 758 |
| Odanah UMC Advertising | 2,000 |
| Madison Interfaith Hospitality Network | 5,000 |
| Wittenberg Three Point Charge ASP Mission | 1,000 |
| Milwaukee: Kenwood UMC VIM Showers | 4,000 |
| United Christian Resource Center | 2,500 |
| New Richmond UMC Adult/Family Ministries | 600 |
| Schmitt Woodland Hills | 5,000 |
| Waukesha: First UMC Grief & Loss Ministry | 3,000 |
| Marion: First UMC Stepping Stones | 250 |
| Marion: First UMC HOPE Counseling | 2,500 |
| GRAND TOTAL | \$69,508 |

Nineteen second round grants:

| | |
|---|-----------------|
| Wauwatosa Avenue UMC Befriender Ministry | \$750 |
| Wauwatosa Avenue UMC Spiritual Gifts Ministry | 1,150 |
| Appleton: St. James UMC Youth Ministry | 500 |
| Plover UMC Regeneration | 600 |
| WI United Methodist Foundation Stewardship Services | 10,000 |
| Brookfield: Trinity Pilgrim UMC Youth Radio | 1,000 |
| Brookfield: Trinity Pilgrim Computer Software | 1,000 |
| Caldwell UMC Family Church area | 1,000 |
| Parfreyville UMC ACT After School Program | 150 |
| Juneau UMC Body 'N Soul Food | 460 |
| Milwaukee: New Hope Hmong Ministry | 3,000 |
| United Methodist Children's Services | 3,000 |
| Circuit 4: Youth Gathering | 700 |
| River Falls UMC Immigrant Welcome Center | 500 |
| WAC Programs & Arrangements Annual Conference Reception | 2,000 |
| Circuit 36: Training Event with Doug Anderson | 250 |
| Brodhead UMC JCREW | 1,000 |
| Faith in Action – Marathon County | 850 |
| Hudson UMC New Church Start – Somerset | 3,000 |
| Total | \$30,910 |

h. Report of Gifts to the Ministerial Pension Memorial Fund

GIFTS IN MEMORY OF:

ELMER HARVEY
From Stan & Phyllis Strosahl

The Market Value of the Ministerial Pension Memorial Fund as of 12/31/05 was \$1,075,591. In 2005, the Ministerial Pension Memorial Fund provided \$21,229 in earnings that are available to the Wisconsin Conference Board of Pensions. The total contributions in 2005 were \$1,687.

i. Report of Gifts to the Ministerial Insurance Memorial Fund

GIFTS IN MEMORY OF:

J. ROY DEMING
MILTON & GRACE FELDT
ARLINE GROVER
RICHARD STEFFEN
HERBERT THOMPSON
From Stan & Phyllis Strosahl

GIFT IN HONOR OF:

STAN STROSAHL
From David & Ann Harsh

YEAR END GIFTS:

Darrell & Michelle Behnke
Wilmer & Allegra Bloy
Patrick & Kathy Green
David Harsh
Richard Hinkelman
Dave Johnson
Chomingwen Pond
Philip Pudleiner
Marvin Schilling
Norman & Lucille Silvester
Stan & Phyllis Strosahl

The Market Value of the Ministerial Insurance Memorial Fund as of 12/31/05 was \$52,746. In 2005, the Ministerial Insurance Memorial Fund provided \$944 in earnings. The total contributions in 2005 were \$6,709.

j. Report of Gifts to Other Funds

GIFTS IN MEMORY OF:

SARA DEANER
Cecilia Holder
Jean & Jeff Nicholas

OLGA HELWIG
Bernie & Sue Setterlund

DON MACINNIS
Family and Friends

ELMER HARVEY
JOHN HOGGATT
MILLARD ROBINSON
TOM ZERBE
Jann Brockmann

CLIFFORD ZIEGELMANN
Carole Bruce

GIFTS IN HONOR OF:

DIANE QUADE
Jann Brockmann

RAY ROBINSON
Family and Friends

WAYNE YODER
Stan Cottrill

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

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 2005 was 62. The dollar amount of additions to the Investment Funds was \$12,318,208!**

The Foundation operating budget and program ministries were entirely self-supported in 2005.

The Foundation Church Mortgage Loan Program continues to serve the Conference. As of March 2005, 133 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.

Deborah Ethington, Chairperson of the Board
William F. Helwig, President