

United Methodist Foundation  
of Western North Carolina, Inc.  
Annual Report 2004



# A charge to keep I have,



J. LAWRENCE McCLESKEY  
RESIDENT BISHOP

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WESTERN NORTH CAROLINA CONFERENCE  
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Dear Fellow United Methodists,

I am once again excited to be in ministry with you in the Western North Carolina Conference and to work with the United Methodist Foundation of Western North Carolina, Inc. Prior to the Episcopacy, I served as a member of the Foundation's Board of Directors. I have always been impressed with the ministry of the Foundation and I am excited about the growth that has taken place over the last eight years. Not only have the Foundation's assets grown in excess of \$83 million, but their investment options are among some of the most sophisticated resources available to United Methodist churches and church-related institutions.

Through my experience as a pastor serving churches across the conference, I can appreciate the ministries of endowment development, endowment growth through planned giving and fund management that the Foundation offers. It is poised to assist churches of all sizes as well as church related institutions in promoting good stewardship. The Foundation's staff is professionally qualified for its stated mission and is knowledgeable of the connectional nature of the church.

As the Foundation celebrates its 20th year of service, I encourage faithful United Methodists from throughout the conference to utilize the resources it provides. The Foundation is certain to play a vital role in the ongoing ministries of the conference this year and for years to come. As you read through this Annual Report, I am certain you will see the impact of the Foundation's ministry across the many facets of church life in our conference.

Sincerely,

A handwritten signature in black ink that reads 'J. Lawrence McCleskey'.

J. Lawrence McCleskey

# a God to glorify



## A MESSAGE FROM THE PRESIDENT AND THE CHAIRMAN OF THE BOARD

Fellow Sisters and Brothers in Christ,

The theme for the 2004 Annual Report is taken from that wonderful hymn by Charles Wesley, "A Charge to Keep I Have." Our charge is to work with churches, church related institutions and individuals to ensure that monies are available in perpetuity to fund ministry.

There are many churches, institutions and individuals throughout the Western North Carolina Conference that have an existing relationship with the Foundation. For these, we give thanks for the opportunity to be in ministry. For those who have yet to become aware of the Foundation's ministries, we look forward to the time when you will give us a call.

In 2004, the investment returns of the Foundation's fund options were favorable for the second year in a row. Our most popular investment management option, Diversified: Fund C, had a December 31 year to date return of 10.4 percent net of investment manager fees. By year's end, our total managed assets reached their highest level since the Foundation was founded.



During the past year, we received over \$5.3 million in new monies and distributed over \$4.6 million to help fund mission and ministry throughout the conference and beyond. We also added a staff member to work with individuals who wish to set up planned giving vehicles that will ultimately benefit the church. Through these accomplishments and the development of the United Methodist Foundation Ministry Fund, we feel that we are fulfilling our mission to "...endow Methodism throughout western North Carolina."

The following pages offer a glimpse of what we have been called to do. We encourage you to look beyond the numbers and terminology and focus on the people and places that are positively affected by the ministries of the Foundation. We think you will be pleasantly surprised and hopefully inspired to join us in this wonderful ministry.

Yours in Christ,

Sam Smith  
Chairman of the Board

David A. Snipes  
President



## MISSION STATEMENT

The United Methodist Foundation of Western North Carolina, Inc. is the institution for creating and enhancing the endowment of every aspect of United Methodism in the Western North Carolina Conference. While every institution, and most churches, have some potential to develop their own financial assets, the Foundation is the one institution in the Conference seeking to develop resources for every church (small or large), and each Conference institution. We are well equipped to provide unique and important help, especially with endowment funds and planned gifts.

**2004 was a year of change for the Foundation. We added a new staff person, created the Ministry Fund, and welcomed Sam Smith as the chairperson of our Board of Directors. Sam's vast experience in the business world and past leadership to our conference and to the denomination is an asset to the future direction of the Foundation.**

## UNITED METHODIST FOUNDATION OF WESTERN NORTH CAROLINA, INC.

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# To serve the present age,

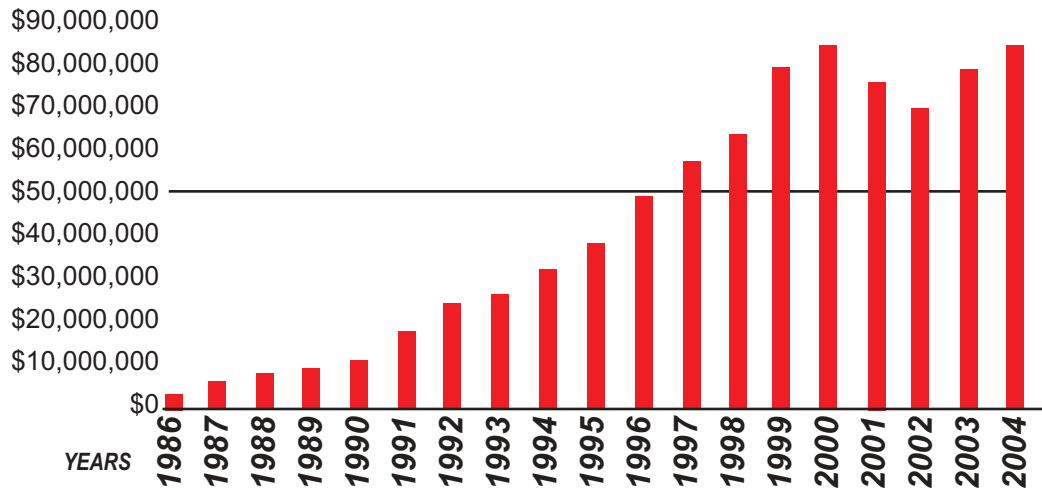
## FOUNDATION AT A GLANCE

The United Methodist Foundation of Western North Carolina, Inc. is a charitable foundation chartered and incorporated in the state of North Carolina. It is an institution that relates to and receives support from the Western North Carolina Annual Conference of The United Methodist Church. The Foundation is governed by a Board of Directors comprised of committed United Methodists dedicated to carrying out our shared vision: to endow Methodism in western North Carolina. We do this by way of encouraging local churches and church-related institutions to develop endowment plans, to grow endowments through planned giving vehicles, and maintain endowments by directly managing these funds.

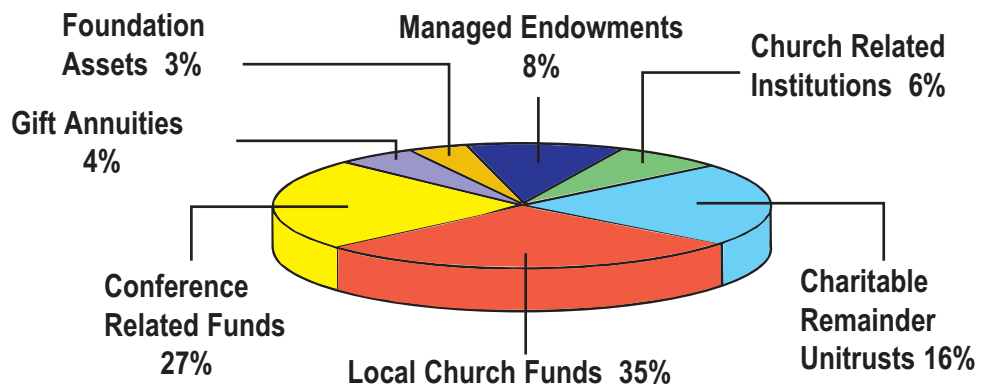
Representatives of the Foundation are available to meet with representatives of churches and church-related institutions to help create endowment programs, lead planned giving seminars, and develop fund management plans. Our Permanently Restricted Endowments and planned giving vehicles, such as Charitable Gift Annuities, Charitable Remainder Trusts, and Donor Advised Funds, uniquely position us to assist churches and faithful United Methodist individuals throughout the Conference.

Whether you represent a local church, one of our five United Methodist colleges in western North Carolina, one of our retirement communities, one of the numerous institutions and ministries of the conference, or are an individual with a desire to fund ministry into the future, we are here to help. The United Methodist Foundation of Western North Carolina aids churches and church-related institutions in developing resources for the long-term ministry of the church. In other words, we are a ministry of the church for the church.

## GROWTH IN MANAGED ASSETS



## FUND MANAGEMENT AT A GLANCE



<b>Local Church Funds</b>	<b>\$29,148,249</b>
<b>Conference Related Funds</b>	<b>\$22,802,284</b>
<b>Church Related Institutions</b>	<b>\$5,982,285</b>
<b>Charitable Gift Annuities</b>	<b>\$3,319,465</b>
<b>Charitable Remainder Trusts</b>	<b>\$13,393,268</b>
<b>Managed Endowments</b>	<b>\$6,962,062</b>
<b>Foundation Assets</b>	<b>\$2,114,760</b>
<b>Total</b>	<b>\$83,722,373</b>

### ADVICE STATEMENT

*The United Methodist Foundation of Western North Carolina, Inc. does not engage in rendering legal or tax advisory services. Charitable and planned gifts involve complex federal and state laws. Professional advice from legal counsel or other personal tax or financial advisors should be sought. Be sure to consult your own professional advisors as it pertains to your own individual situation.*

# My calling to fulfill



## ENDOWMENTS

### PERMANENTLY RESTRICTED ENDOWMENT FUNDS

In an effort to be wise stewards, United Methodists throughout the Western North Carolina Conference have sought the services of the Foundation to invest funds in socially responsible ways so that ministries can be carried out according to donors' wishes in perpetuity. Permanently restricted endowment funds provide for current ministries of the church while leaving a legacy for generations to come. Listed below are some examples of funds that are financially and administratively managed by the Foundation.

### THE SUPERANNUATE ENDOWMENT FUND

This fund originated in 1916 to help supplement the retirement benefits of United Methodist clergy throughout the Western North Carolina Conference. Retired clergy receive annual checks each year prior to Easter. This fund has been under the management of the Foundation since 1990 and has distributed \$3,280,296 since its inception.

### THE UNITED METHODIST FOUNDATION MINISTRY FUND

Over the years, generous donors who have left funds to the Foundation made this new fund possible. The Foundation's Board of Directors approved the creation of this fund at its June 2004 meeting. Its purpose is to provide grants to churches and church related institutions that will extend the ministry of the Foundation throughout the conference. Each year the Board of Directors will determine a ministry focus for these grants. The Foundation's Grants Committee will determine grant recipients. For 2005, the annual distribution of the Ministry Fund will help financially support the conference's stewardship initiative.

### THE REYNOLDS FUNDS

Believing that they have been entrusted with a gift from God, and that this gift should be used to help fulfill the mission of Christ's Church, Royce and Jane Reynolds of Greensboro have made a commitment to share their financial blessings through the Royce and Jane Reynolds Fund and the Royce and Jane Reynolds Leadership Fund. Separate committees, elected by and accountable to the Board of Directors of the United Methodist Foundation, administer each of these restricted funds.

### THE ROYCE AND JANE REYNOLDS FUND

Designed to promote programs and ministries that foster the mission of the United Methodist Church to "... make disciples of Jesus Christ," this fund has aided ministries throughout the world with distributions over the last 20 years reaching in excess of \$1.1 million. Recent projects funded include: Hispanic Ministries in the Albemarle, Salisbury, Waynesville and Winston-Salem Districts, and the WNCC Office of Hispanic Ministries; Local Church Initiatives at Christ UMC, Hickory, Green Street UMC, Winston Salem, and Central UMC, Charlotte; Conference Level Initiatives for the Office of Congregational Development, Disciple Bible Outreach Ministries, and Pfeiffer University; and World Outreach through the Evangelical Churches of Latin America and World Methodist Evangelism.

### THE ROYCE AND JANE REYNOLDS LEADERSHIP FUND

The Royce and Jane Reynolds Program in Church Leadership annually provides an opportunity for 24 local church pastors, selected from the Western North Carolina, North Carolina, South Carolina and Virginia Annual Conferences, to complete an intensive year-long program in leadership development. This certificate program is funded through the United Methodist Foundation. Its leadership is provided through The Divinity School at Duke University and the Center for Creative Leadership in Greensboro, an international nonprofit educational institution whose mission is to advance the understanding, practice and development of leadership for the benefit of society worldwide. Created out of a deep concern for the development of effective pastoral leaders for Christ's Church, this program seeks to enhance the leadership skills of pastors and to help them become visionary leaders who will help the church fulfill its mission. Since its inception five years ago, 120 pastors have benefited from this program.



**The Reverend Peter Parish, Director of Camp Elk Shoals, is one of the many leaders of church related institutions who utilize the resources of the Foundation to manage endowment funds which provide for the long-term care of camp facilities.**

## ANNUAL AUDIT

A financial audit is performed annually. Copies are available for review at the Foundation's office, located at 3400 Shamrock Drive in Charlotte. Call (800) 562-7929, ext. 146.



# Oh may it all my powers engage,

## PLANNED GIVING

“To whom much is given, much is expected.” These words of our Lord echo in our hearts when we ponder ways to give to the church during our lifetime. Giving beyond our lifetime is also an important aspect of financial planning. The United Methodist



**At Brevard College, David Huskins, Director of Alumni Affairs, and Susan Stromberg, Director of Development, partner with the United Methodist Foundation to provide planned giving opportunities to friends and alumni of the college.**

Foundation of Western North Carolina believes that each person has a spiritual need to give and an innate desire to do good with what God has entrusted to them. Our gifts glorify God and provide for ministry into the future. The Foundation assists donors with planned gifts that will provide several benefits to the donors and the United Methodist churches and institutions that are dear to them. Our planned giving vehicles offer attractive tax benefits, provide a lifetime income for the donor or others, and alleviate some estate tax burdens, all the while providing a legacy for ministry beyond one’s life.

The planned giving vehicles offered by the Foundation include Charitable Gift Annuities, Charitable Remainder Annuity Trusts, Charity Remainder Unitrusts, and Donor Advised Funds. The following section highlights the benefits of each of these planned giving vehicles.

### CHARITABLE GIFT ANNUITY

- Make a one-time charitable gift of cash or other property
- Receive: A fixed income stream for life based upon your age at the time of the gift; an income tax deduction in the year of the gift; a reduction of capital gains tax on appreciated stock if used to fund the gift annuity.
- May benefit one or two persons.
- Support the Mission and Ministry of your local church or another United Methodist related institution beyond your lifetime.

### CHARITABLE REMAINDER ANNUITY TRUST

- Make a one-time charitable gift of cash or appreciated property.
- Receive: Fixed income stream for the life or lives of the beneficiaries or for a period not to exceed 20 years; tax deduction in year of gift.
- Reduction of capital gains, estate, and/or gift taxes.
- Fulfills charitable intent of the donor to support United Methodism.

### CHARITABLE REMAINDER UNITRUST

- Make charitable gift of cash or appreciated property.
- Receive: Income determined by a fixed percentage of the annual fair market value of assets in the trust; income source for you and your family or for a period of up to 20 years; tax deduction in year of gift.
- Serves as a hedge against inflation.
- Reduction of capital gains, estate, and/or gift taxes.
- Fulfills donor’s goal of providing resources to a local church or church related institution.

### DONOR ADVISED FUND

- Alternative to a Family Foundation.
- Make a charitable gift of cash or appreciated property.
- Avoid capital gains taxes on appreciated property.
- Receive charitable tax deduction in the year of the gift.
- Make gifts to a variety of charities at the most opportune time for the donor.
- All administrative details of the fund are handled by the Foundation.

These planned giving vehicles offer donors a variety of ways to meet certain income and charitable goals. We believe that this is the kind of stewardship that John Wesley encouraged. Our staff is willing to discuss these options in more detail with you. We consider it an honor and a privilege to be in ministry with faithful United Methodist individuals in the Western North Carolina Conference and encourage those considering planned giving to consult their financial advisor or tax attorney to see how planned giving may benefit them.

**Howard Kimel of Winston-Salem receives a stream of income from several charitable gift annuities that will ultimately benefit the mission and ministry of Arbor Acres United Methodist Retirement Community and Maple Springs United Methodist Church.**



# To do my master's will



## STOCK LIQUIDATION

The transfer of appreciated stock to support ministry is an excellent way to support one's church. Many churches and church-related organizations do not have the procedures or a professional stock account in place to support this type of transfer. As a ministry to churches and other church-related organizations in the Western North Carolina Conference, the Foundation offers stock liquidation services. Donors who wish to fund Charitable Gift Annuities, Charitable Remainder Trusts, Permanent Endowments, and Donor Advised Funds or contribute to other church-related funds through the transfer of appreciated stock, should contact the Foundation office for more details.

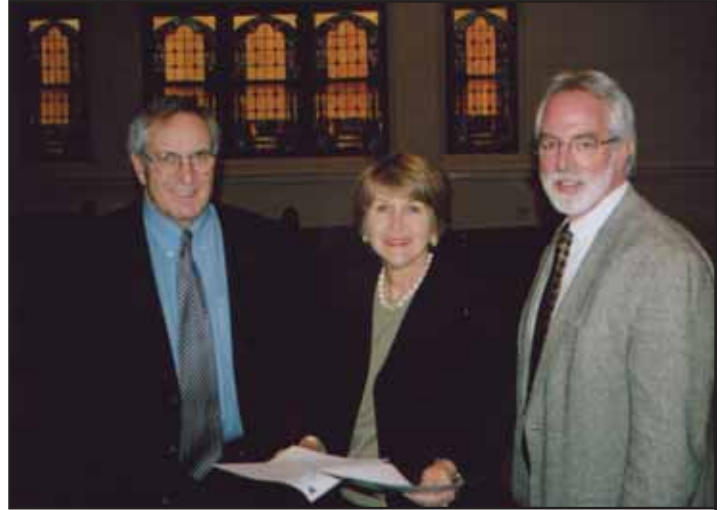
## FUND MANAGEMENT

Investments through our fund management offerings provide many churches and church-related institutions an ongoing stream of resources to fund their ministries. The investment of assets for churches and church related organizations constitutes approximately 68 percent of the Foundation's funds. By pooling funds, the Foundation is able to provide professional investment managers at a competitive cost, while being socially responsible investors.

Many churches and church-related institutions have found our diversity of fund options attractive. They are able to choose the right investment mix for their risk tolerance and return expectations. The following fund options are described in greater detail in our Investment Policy Statement.

	Income Only	Fund A Low Risk	Fund B Conservative Income & Growth	Fund C Diversified	Fund D Long Term Growth	Fund E Aggressive Growth
US Large-Cap Equity		20%	40%	44%	48%	52%
US Small-Cap Equity				11%	12%	13%
International Equity			10%	10%	10%	10%
<b>Total Equity</b>	---	<b>20%</b>	<b>50%</b>	<b>65%</b>	<b>70%</b>	<b>75%</b>
Fixed Income		40%	40%	34%	29%	24%
Cash	100%	40%	10%	1%	1%	1%
<b>Total Fixed Income</b>	<b>100%</b>	<b>80%</b>	<b>50%</b>	<b>35%</b>	<b>30%</b>	<b>25%</b>
<b>2004 Returns</b>	<b>1.35%</b>	<b>4.3%</b>	<b>7.9%</b>	<b>10.4%</b>	<b>11.3%</b>	<b>10.5%</b>

An added benefit of investing with the United Methodist Foundation is the ability for clients to have multiple accounts with each having its own investment goal. Multiple statements are also available upon request as a service of the Foundation so that church leadership can remain informed of account



**Bill Henshaw and Brownie Plaster, standing with their pastor, Rev. John Boggs (right), are part of the Legacy Committee of Central United Methodist Church in Shelby. Their purpose is to highlight the importance of planned giving within the church and to manage endowments that perpetuate the ministries of the church.**

activity. If you would like more information on our fund management offerings, please contact the Foundation office.

## INVESTMENT STEWARDSHIP

The Foundation is blessed to have an Investment Committee comprised of financially savvy advisors from around the Western North Carolina Conference. The committee meets on a quarterly basis with a representative from Callan Associates, a nationally known investment consulting firm, to review fund performance and to verify that our money managers are operating within their stated parameters.

The use of the Sungard™ Trust System allows the Foundation staff to access all detailed investment transactions and provide the necessary reports that keep clients informed about their accounts. In addition, Investment Scorecard™ provides independent performance reports for individual accounts.

Considering our Investment Policy Statement, fund options, professional tracking and performance reporting, and the supervision of a knowledgeable Investment Committee, the Foundation is poised to offer our clients the leadership, professionalism and investment opportunities that are available only through a much larger institution.

*This Annual Report is printed by Graphic Impressions of Charlotte. The design is by Neill Caldwell. Photography is by Rick Gibbons, Doug Peninger and Christie Cauble.*



The staff of the Methodist Foundation of Western North Carolina, Inc.: Front row: Claire Hunsucker; middle row: Diana Kauserud, Sharon Conner, Alleine McLean, David Snipes; back row: Glenn Kinken.

**Rev. David A. Snipes**, President of the Foundation, has a Bachelor of Science degree in Business Administration from the University of South Carolina-Costal and a Master of Divinity degree from Candler School of Theology at Emory University. David has completed a certification program in Church Leadership through Wake Forest University. He previously served as Minister of Administration and Finance at Wesley Memorial United Methodist Church in High Point.

**Claire Gary Hunsucker**, Senior Vice President for Finance, is a Certified Public Accountant with a Bachelor of Science degree in accounting from the University of North Carolina at Charlotte. She had 20 years experience in public accounting before joining the Foundation in 1997.

**Rev. P. Glenn Kinken, III**, Senior Vice President for Planned Giving & Communication, has a Bachelor of Arts degree in Economics from Davidson College and a Master of Divinity from The Divinity School, Duke University. He has also completed certification programs in Church Leadership through Wake

Forest University and Non-Profit Management through Duke University. Glenn previously served as Associate Minister at Memorial United Methodist Church in Thomasville.

**Sharon Conner**, Assistant Vice President for Finance, is a Certified Public Accountant and brings more than 19 years of public accounting experience to the Foundation. A graduate of Pennsylvania State University, Sharon's experience in fiduciary accounting and taxation is most valuable in maintaining the records of our clients' accounts.

**Alleine McLean**, Financial Assistant, performs most of the in-house accounting transactions for all church and church related accounts. With 20 years of accounting experience, she is a valuable member of the staff.

**Diana Kauserud**, Administrative Assistant, worked in marketing with a major insurance company before joining the Foundation's staff. She is the first point of contact for many of the Foundation's clients. Her service is invaluable to our operations.

**BOARD OF DIRECTORS:** Sam H. Smith Jr., Chair; Goldston F. Harris, Vice-President; J. Carlton Fleming, Secretary; John R. Sills, Treasurer; Charles M. Ambrose; Lacy G. Baynes; Charles E. Betts; Christopher W. Davis; Eddie N. Dalton; Telezee L. Foster; Johnnie H. Jones; Royce O. Reynolds; Michael L. Robinson; James C. Smith; Richard Stockton; James W. Thompson

**BOARD OF DIRECTORS, Ex-Officio:** R. Anthony Orsbon, Counsel; J. Lawrence McCleskey, Resident Bishop; Sally O. Langford, Cabinet Representative; Thomas R. Sigmon, Conference Director of Connectional Ministries; William C. Wyman, Jr., Conference Treasurer; James C. Windham, Jr., Conference Council on Finance & Administration

**INVESTMENT COMMITTEE:** Charles E. Betts, Chair; Lacy G. Baynes; Robert B. Byrd, II; Christopher W. Davis; Goldston F. Harris; Johnnie H. Jones; Ted B. Sumner, Jr.; John R. Sills; Claire G. Hunsucker, Ex-Officio; David A. Snipes, Ex-Officio; William C. Wyman, Jr., Ex-Officio; P. Glenn Kinken, III, Ex-Officio

**ROYCE AND JANE REYNOLDS FUND COMMITTEE:** C. Harley Dickson, Chair; Leah Ensor; Tom Latimer; Doris Loomis; Richard Stockton; Jane R. Reynolds, Ex-Officio; Royce O. Reynolds, Ex-Officio; David A. Snipes, Ex-Officio; Sam H. Smith Jr., Ex-Officio

**ROYCE AND JANE REYNOLDS LEADERSHIP FUND COMMITTEE:** C. Harley Dickson, Chair; Robert E. Fuquay, Jr.; Johnnie H. Jones; Jody Seymour; Ashley Crowder Stanley; Jane R. Reynolds, Ex-Officio; Royce O. Reynolds, Ex-Officio; David A. Snipes, Ex-Officio; Sam H. Smith Jr., Ex-Officio

**AUDITOR:** Cherry, Bekaert & Holland, L.L.P., Charlotte

**LEGAL COUNSEL:** R. Anthony Orsbon, Orsbon and Fenninger, Charlotte

**INVESTMENT CONSULTANTS:** Callan Associates, Atlanta

**PORTFOLIO CUSTODY:** Bank of New York, New York

**BANKING RELATIONSHIP:** Branch Banking & Trust Co., Charlotte

**SECURITY LIQUIDATION SERVICES:** Wachovia Securities, Charlotte

**PERFORMANCE REPORTING:** Investment Scorecard, Nashville

**ASSET MANAGEMENT SYSTEM:** SunGard™ Trust Systems, Inc., Charlotte

**INVESTMENT MANAGERS:** Alliance Bernstein Institutional Money Management, New York; American Funds EuroPacific Growth, Los Angeles; Atlanta Capital Management Co., L.L.C., Atlanta; Banc of America Capital Management, L.L.C., a division of Bank of America Corp., Charlotte; Batterymarch Financial Management, Inc., Boston; Tattersall Advisory Group, Richmond; The United Methodist Church Foundation - Brandes Investment Partners, Evanston