

## DESERT SOUTHWEST UNITED METHODIST FOUNDATION

*Rev. Steve Ziegler (2022)*

*Paula Adkins, Vice-President (2022)*

*Colleen Becker, Secretary-Treasurer (2022)*

The reopening of all our churches helped set the tone for a very successful 2022. It has been quite refreshing to see old friends and visit with new members. Interestingly, churches are continuing with streaming services as some individuals simply enjoy the casual flexibility of watching from home. Our Executive Director, Anne Green continues her goal of visiting a different church each Sunday for worship. This has allowed her the opportunity to meet many pastors as well as members of different congregations. Her hope is to visit more North and South District churches.

Investments were down in 2022, but spirits remained high! Our church investment partners understand that investments should be viewed with a long-range plan in mind. Fluctuations in the market are normal and we hope to see more positive returns in 2023. Our outreach efforts continue, and this has resulted in some additional church investment accounts. We have also been busy in the field with presentations on wills and estates, as well as Planned Giving.

Our new website was launched, which included revisions to our Mission/Vision statements as well as our Core Values. Monthly e-newsletters are being sent with valuable information on our Foundation as well as numerous financial and economic topics. Please reach out if you would like to receive our e-newsletter!

### **CURRENT MISSION/VISION**

As the Foundation for the Desert Southwest Annual Conference, our mission is to be dedicated to providing the highest quality of investment, education and growth development programs for individuals and churches, delivered with transparency, sincerity, and professionalism. Our vision is to secure the financial cornerstones of the church through preserving the generosity of faithful givers and by using gifts to create a legacy for the future.

To accomplish its mission, the Foundation operates as a Service Bureau. The Foundation focuses on three main services for the purpose of promoting Stewardship in the local church: 1) The Educational Service Program, 2) The Investment Service Program, and 3) The Consulting Service Program.

**The Educational Service Program** has traditionally provided educational materials and presentations in three areas: 1) Estate Planning, 2) Stewardship and Charitable Giving, and 3) Creating Endowment Funds. Estate Planning Seminars are designed to teach members the importance of becoming good stewards of their own assets. In turn, it is known that members will transfer their new stewardship knowledge to work for the benefit of their church. Since 1995, we estimate that thousands of our members have created new estate plans and have committed millions of dollars in deferred bequests to their host churches.

The Charitable Giving, aka Planned Giving Seminar is designed to teach members about the charitable giving vehicles available, their tax implications, and how the Foundation can assist the local church in promoting a charitable gifting culture for the benefit of the local church. Since 1995, DSUMF has assisted in the creation of almost 375 deferred gifts designed to support their churches' ministries with gift values over \$3 million.

The Permanent Endowment Fund presentation is conducted for a committee at a local church that wishes to establish a permanent endowment fund. Having a permanent endowment fund provides a church the opportunity to have a fund that lives in perpetuity, with income used to support the many missions of the church for years to come.

The Estate Planning presentation is designed to educate members of the importance of leaving their affairs in order and the importance of remembering their church in their will. This should be of great importance to your church. Keep in mind, if someone else is asking for those charitable dollars and your church is not, that is an opportunity missed! We work with local attorneys who are happy to discuss wills, trusts and estate preparation at your church. In addition, Judi Smith, our Gift Planning Officer, can give presentations to include estate planning, as well as her standard planned giving presentations.

The Foundation is here to serve the churches, boards, and agencies of the Desert Southwest Conference. Therefore, all seminars and handouts are provided free of charge. We encourage all churches to participate in these free presentations. To schedule a presentation, contact the Foundation at 602-798-8202 or email your request directly to Anne Green at [agreen@dsumf.org](mailto:agreen@dsumf.org) or Judi Smith at [jsmith@dsumf.org](mailto:jsmith@dsumf.org).

**The Foundation's Investment Service** is for churches, agencies, or boards of the Annual Conference that have long-term funds to invest. The Investment Service is generally not for individuals, unless it involves opening a Donor Advised Fund or creating their own endowed fund. Our Investment Service charges an all-inclusive management fee based on the total funds a depositor has under our management. For 2022, the annual fee was not raised and remained the same at 1.0%. There is an opportunity to further reduce the fee for each additional million dollars you have invested. At the end of 2022, the Foundation had over \$41 million in assets under management.

We continue to be pleased in our partnership with Wespath Institutional Investments. Wespath Institutional Investments is a branch of Wespath Benefits and Investments, the UM general agency responsible for the pension and health benefits for clergy and lay members within the denomination. They continue to support the Foundation in many ways and can always be relied upon for top-notch service.

Representatives from Wespath report regularly to the DSUMF Board of Directors regarding the state of the market, current events, and their impact on investments, as well as the Foundation's funds' performance specifically. By using Wespath Institutional Investments, we are working together with a strategically thinking entity that is part of our denomination's connectional system. We are confident that we are always invested according to the Social Principles outlined in the Book of Discipline. It brings us and our churches great peace of mind.

## **NEW FUND OFFERINGS**

In 2022, we diversified our fund offerings to include three new funds – a “Fixed Income Fund” which consists of 80% fixed income and 20% inflation protection; an “Equity Growth Fund” which consists of 70% US equities and 30% international equities and lastly, a “Short-Term Investment Fund” consisting of short-term fixed income instruments. This expansion of options allows customers more freedom and choice when it comes to investing their funds. Feel free to contact Anne Green at [agreen@dsumf.org](mailto:agreen@dsumf.org) for more information on these new offerings.

## **INVESTMENT STRATEGY AND OVERSIGHT**

The goal of the Foundation is to protect our depositors' funds and make them grow. The investment strategy reflects that goal. The process we follow includes oversight, diversification of investments, long term focus, and industry best practices.

The investments of the Foundation are guided by its Investment Oversight Committee whose members are appointed by the Board of Directors. These committee members sit in on quarterly webinars hosted by Wespath Institutional Investments explaining the quarter's earnings. While they cover the earnings of the funds, they also report on the economy and other important factors that directly relate to those changes. It brings great solace to know that Wespath Institutional Investments has our United Methodist mindset and thus our best interests in mind.

These investments are included in the Foundation's annual audit, thus enabling church endowment fund committees and church Foundations that are using our Investment Service to be in compliance with the Desert Southwest Conference rule that all UM entities must have an annual audit.

The Foundation deposits are made up of more than 219 different sub-accounts which fall into four main categories: 1) Endowment Accounts, 2) Charitable Gift Annuity Accounts, 3) Charitable Trust Accounts and 4) Church and Agency Depositor Accounts. We appreciate the continued confidence demonstrated by the Desert Southwest Conference Churches, Boards and Agencies. During 2022, we were blessed to receive over \$2 million from both new and existing depositors. Currently, DSUMF manages 143 different investment accounts for various churches, agencies, and boards of the Desert Southwest Conference.

## OTHER SERVICES

Another benefit of the Foundation involves our **Gifted Securities Transfer Service**. When a donor gives securities to a church, the **church** is responsible for completing: 1) a properly worded “Donation Letter,” if the gift is valued at more than \$250; and 2) an IRS Form 8283 stating the Fair Market Value of the gifted security on the date of receipt. The donor will need these documents if they intend to claim the gift as a deduction on an itemized tax return. DSUMF refers to these documents as the “**Donor Packet**.” Preparation of these documents by the church is **required by law**. Therefore, preparation of the Donor Packet requires specialized knowledge that most churches do not have readily available. In addition to preparing and distributing the documentation in a reasonable time, the church is required to produce certain records for permanent files that are required by auditors. If a church is accepting gifted securities and is not producing both the Donor Packet and permanent records of the transactions, it runs the risk of both running into trouble with the IRS and “failing” its professional audit.

**However**, when churches encourage their members to transfer their gifts of securities to **DSUMF**, the security comes directly to DSUMF. Therefore, DSUMF is the recipient organization that becomes responsible for producing all the proper documentation required by the IRS (i.e. the donor packet). We also keep the permanent records. All the church needs to do to receive the proceeds from a gift of stock from a member is to give the DSUMF transfer instructions to their member/donor and sit back and wait for a check from DSUMF. We properly prepare the Donor Packet in a timely fashion. **This is a free service offered by DSUMF.**

In 2022, we distributed approximately \$135,000 to various churches as a result of our Gifted Securities Transfer Service. Please contact the Foundation office for more information on Donor Packets and security transfers.

## LOAN FACILITATION

We have partnered with Wesleyan Impact Partners (formerly Wesleyan Investive) to facilitate and partner with churches and organizations who may be seeking a loan. While loans are made directly by Wesleyan Impact Partners, our Foundation would act as a liaison between the church and the Partners to give/gather information, do local site tours and walk by the organization’s side through the loan process.

## GIFT ANNUITIES/TRUSTS

Approximately \$33,000 was distributed to gift annuitants and beneficiaries of charitable trusts.

While promoting gift annuities among your congregation, keep in mind the Foundation will 1) write the contract, 2) assume the liability, 3) make all the annuity payments and 4) provide the proper tax information and upon maturity, deliver the residuum per the annuitant’s wishes.

## SCHOLARSHIPS

In 2022/2023 (YTD), the Foundation distributed \$12,000 in scholarships. Distributions were made to Karen Joubert, St. Paul’s UMC, Tucson, AZ; Kimberly Scott, DSAC, Phoenix, AZ; Deontez Wimbley, Cross Roads UMC, Phoenix, AZ and Luis Nazario, Central UMC, Phoenix, AZ

DSUMF once again partnered with the Desert Southwest Conference, The General Board of Higher Education & Ministry (GBHEM), the Lilly Foundation and the UM Accredited Seminaries to fund a qualified DSC candidate in their second or third year of seminary who would be funded a \$12,500.00 scholarship if they met all of the application criteria. The name of the program is Excellence in Leadership Scholarship and can be found on the GBHEM website [www.GBHEM.org](http://www.GBHEM.org). In 2022, DSUMF was proud to fund their share for Karen Joubert from St. Paul’s UMC in Tucson, AZ and Nicholle Hansen, First UMC Mesa, Mesa, AZ.

**DOLLARS FOR SCHOLARS** – We were so happy to receive our first applicant for the matching ‘Dollars for Scholars’ program based on our new partnership with the United Methodist Higher Education Foundation. This program involves matching support from a student’s church, UMHEF, partnering UM-related schools and participating UMC conference foundations. An award may total up to \$4,000. We awarded our \$1,000 grant to Stacia Duncan, whose church is First UMC of Tempe, and is attending Claremont School of Theology. For more information on this program, please visit [www.umhef.org/scholarships/umdfs](http://www.umhef.org/scholarships/umdfs).

DSUMF is blessed to provide valuable educational, investment and other services for agencies, boards, and churches of the Desert Southwest Conference. The Foundation encourages all members and all churches to use our services. The Foundation believes each of these services is consistent with the priorities of the Desert Southwest Conference and should be incorporated into the daily life of every local church. We appreciate your continued trust and for allowing us the opportunity to serve you.

For more information about the Foundation and its services, contact:

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Phone: 602-798-8202 / 847-778-0556 (cell)  
Web Site: [www.dsumf.org](http://www.dsumf.org)

### **2022 DSUMF Board of Directors**

Paula Adkins, Paradise Valley UMF  
Colleen Becker, FUMC Sun City  
Dr. Paul Hewitt, Green Valley UMC (NV)  
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Dr. M. Gene Ulrich, United Methodist Church  
of Green Valley  
Christy Ziegler, Dove of the Desert UMC  
Rev. Steve Ziegler, Retired, N. Illinois  
Conference  
Randy Bowman, Ex-Officio, DSAC

The 2022 Board of Directors voted to approve this report on April 30, 2023. The vote was 8 in favor, 0 against, and 0 members absent.