



The Virginia United Methodist Foundation
2012 ANNUAL REPORT

For by him were all things created.

*The earth is the Lord's and all
that is in it, the world, and
all those who live in it. God
has founded it on the seas and
established it on the rivers.*

PSALM 24:1-2

The President's Report

2012 was a year of transition for the Foundation. Starting in January after an intensive search, we selected and began to utilize the services of Bank of America/Merrill Lynch as the investment manager for all of the church and endowment funds here at the Foundation. Bank of America/Merrill Lynch offered many attributes that led to their selection including experience with other United Methodist Foundations, a strong client service group, the U. S. Trust subsidiary providing support for our gift annuities and charitable trusts, a solid approach to manager selection and consistent socially responsible investing. We have been very pleased with their results for the year.

In the area of management, we lost the services of Deal Tompkins due to health concerns. Deal had been serving as President since mid-2011. I came on board March 1, 2012, as a part-time Planned Giving and Development Officer to assist Deal, but after he had to step aside in April, I was named Interim President. Many of the initiatives that Deal put in place during his tenure were an important factor in the success of the Foundation's financial results last year. We thank you, Deal, for your efforts. In November, the board elected me as the President of the Foundation – a job I am very excited about fulfilling.

Finally, we elected a new group of officers to lead our Board of Directors, including Gus Paulette as chairperson, Ron Hardman and Bob Spencer, returning as vice chair and treasurer, respectively, and Jim Smith as our new secretary. We are very grateful to Lori Roberts who served as our chairperson throughout these rather topsy turvy times for the Foundation and kept us on a steady course. As an indication of her leadership, we ended the year with total investment funds of \$ 38,876,791, an increase from our January 2012 balance of \$ 34,792,891. Thank you, Lori.

One further thank you goes to our Conference Treasurer, David Dommissie and his associates, Carol Draper and especially Shirley Huffman, who worked diligently for the Foundation and the churches throughout the year. We could not have achieved the results that we did without their excellent support.

Through all of these changes, we have maintained our focus on meeting the needs of the churches and

agencies in the Virginia Conference. Our mission is to help churches strengthen their long-term future by assisting in the creation of endowment funds, providing planned giving support to add assets to those funds and providing investment management services for all of the assets that are so acquired. We work with churches and individuals who are interested in furthering the missions of their home church through bequests, charitable gift annuities, charitable remainder trusts and a variety of other charitable gifts.

As we look to this next year, we are focusing on greatly increasing the number of churches we serve. We are always ready to meet with our current churches and to begin working with new churches as they start endowment funds or need guidance regarding the investment of their church funds. We provide seminars on estate planning and planned giving as well as the basic reasons for establishing an endowment fund in the first place.

In addition to seeking new relationships with churches in the Virginia Conference, we are looking to increase our staff to assist us in our efforts and to engage members of our Board and others in serving as ambassadors for the Foundation in connecting with churches in their locations. We are also considering ways that we can assist churches through a modest grant program that will address some of their current and longer-term needs. In addition, we are looking to sponsor seminars on a conference-wide level that will address stewardship development in the churches.

Our aim, as it has always been, is to become a true financial resource for each of the churches throughout the Conference. Please visit our interactive website at www.vaumfgifts.org or let us know how we can further your longer-term missions through our services.

Dave Thompson

*Dave Thompson,
President and Executive Director of the
Virginia United Methodist Foundation*



ASSETS

(as of 12/31/12)

Current Assets:

Cash & Cash Equivalents	\$	97,113
Other		7,467

Investments:

VUMF Balanced Fund	25,022,721
VUMF Stock Fund	4,022,127
VUMF Short/Interm. Term Bond Fund	5,682,102
VUMF Short-Term Bond Fund	1,419,747
VUMF Money Market Fund	1,410,066
Charitable Gift Annuities	1,215,448

Total Current Assets	\$	38,875,230
-----------------------------	----	-------------------

Fixed Assets:

Furniture & Equipment	\$	16,361
Automobiles		21,231
Software Programs		12,250
	\$	49,842
Less: accumulated depreciation		(21,862)

Total Fixed Assets	\$	27,980
	\$	38,903,210

LIABILITIES AND NET ASSETS

(as of 12/31/12)

Current Liabilities:

Accounts Payable – Trade	\$	19,228
--------------------------	----	--------

Customer Balances:

VUMF Balanced	23,418,816
VUMF Stock	4,022,127
VUMF Short/Interm. Bond	5,478,054
VUMF Short Term Bond	1,419,747
VUMF Money Market	1,410,067
CGA liabilities to donors	610,840
CGA liabilities to 3rd party bene.	350,926

Total Current Liabilities	\$	36,729,805
----------------------------------	----	-------------------

Unrestricted Net Assets:	\$	2,173,405
---------------------------------	----	------------------

	\$	38,903,210
--	----	-------------------

Board of Directors

ROGER AMOLE, ATTORNEY
Aldersgate UMC, Alexandria

REV. THOMAS BARNARD, PASTOR
Trinity UMC, Orange

ROBERT BEST, FINANCIAL CONSULTANT
River Road UMC, Richmond

ROBERT BILLINGSLEY, FINANCIAL ADVISOR
Fredericksburg UMC, Fredericksburg

WARNER BONDERMAN, RETIRED
Central UMC, Roanoke

DR. RUSSELL BUSCH, RETIRED EDUCATOR
Wesley Memorial UMC, Richmond

YOUNG JIN CHO, (EX-OFFICIO)
Resident Bishop VAUMC

JANE CLARKE, ATTORNEY
First UMC, Charlottesville

DAVID DOMMISSE, (EX-OFFICIO)
Conference Treasurer

LARRY GIRVIN, RETIRED V.P. DOMINION POWER
Trinity UMC, Richmond

GENE JAMES, RETIRED PRES. SOUTHERN STATES
River Road UMC, Richmond

MIRAN KIM, BANKING
Korean UMC of Greater Washington, Arlington

CARL MORAVITZ, RE-ENGINEERING SPECIALIST
Fairfax UMC, Alexandria

KIMBERLY PINCHBECK, ATTORNEY
Ramsey Memorial UMC, Richmond

REV. DAVID RASH, PASTOR
Woodstock UMC, Harrisonburg

REV. WILLIAM RICKETTS, RETIRED PASTOR
Lunay UMC, Harrisonburg

REV. WAYNE RICKMAN, PASTOR
Wesley UMC, Hopewell

LORILEI ROBERTS, CPA
Springfield UMC, Springfield

WILL ROBINSON, ATTORNEY
Main Street UMC, Emporia

REV. LARRY THOMPSON, (EX-OFFICIO)
District Superintendent, Winchester

CHRISTINE WILLIAMSON, CPA
Grace UMC, Manassas

REV. JEFFREY WITT, PASTOR
Round Hill UMC, Loudon

REV. JON WOODBURN, PASTOR
Cashville Charge, Eastern Shore



Officers

Chairperson
PHILIP PAULETTE
Evergreen UMC, Appomattox

Vice Chairperson
RONALD HARDMAN
Williamsburg UMC, Williamsburg

Secretary
REV. JAMES SMITH
Emmanuel UMC, Winchester

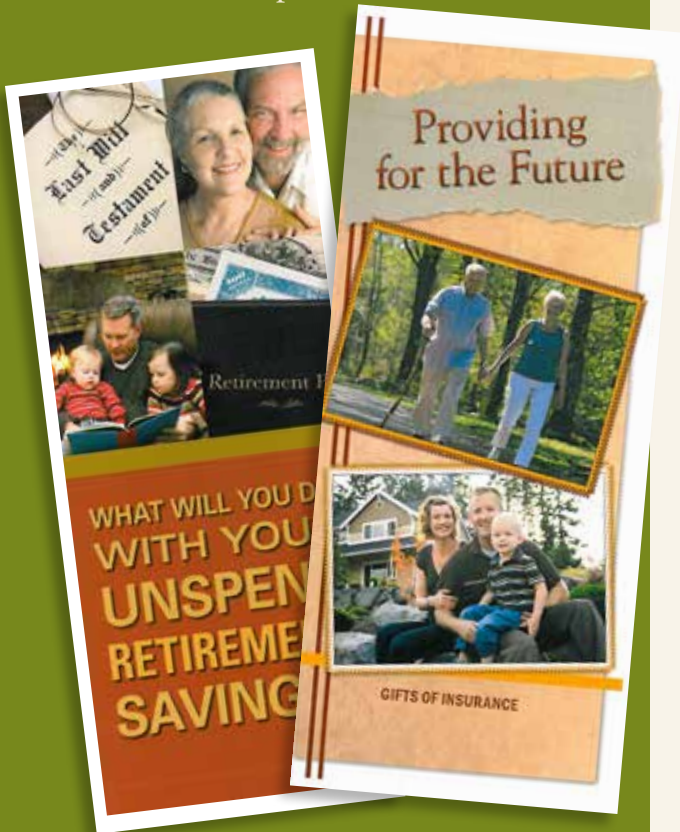
Treasurer
ROBERT SPENCER
New Creation UMC, Chesapeake

Virginia United Methodist Foundation President Dave Thompson (left)
with new officers (from left): Gus Paulette, chair; Ron Hardman, vice chair;
Rev. Jim Smith, secretary. (Not pictured: Bob Spencer, treasurer)



Our Mission

The Virginia United Methodist Foundation exists to serve local churches and Conference agencies in their efforts to expand their programs and ministries through planned giving and endowment funds. The Foundation also exists to invest monies for local churches or Conference agencies in accordance with the Socially Responsible Investing principles of the United Methodist Book of Discipline.



These are a few of many printed resources we have for your church.

The Shortest Day

Every day has 24 hours – 1,440 minutes – 86,400 seconds. Or does it? A short day is coming for all of us – a day when we will not reach the 86,400th second, and will pass on to our final reward.

You may have lived a long and useful life, filled with great memories. First, the “learning” years – youthful and vibrant time spent in school with classmates. Second, the “earning” years – that first job, building a career and meeting many friends and business associates. Third, the “retirement” years – when you finally have time to enjoy visits with all of your family and friends.

In many ways you have made a difference for family, friends and countless others during your lifetime. Yet there is one more part of life – the chance through your estate to make a meaningful difference in the lives of those in need. And so I invite you to consider this story.

John D. Rockefeller accumulated many assets. He also gave generously both during his lifetime and through his estate. But he also understood Psalm 49:16-17: “Do not be overawed when a man grows rich, when the splendor of his house increases; for he will take nothing with him when he dies, his splendor will not descend with him (NIV).”

You also have accumulated and given. Yet in your estate the accumulation period is over.

As was true with John D. Rockefeller, everything will be given to someone or for some purpose.

Thank you for your gifts to the Lord’s work during life. We know you have carefully thought and prayed about how much to give, to whom to give, and how to give. Now we invite you to think about a “living legacy.”

This is called a “living legacy” from your estate, because through this gift, you live on – at least in the sense that your lifelong efforts for accumulation continue to bear fruit in helping others.

Only the Lord knows if your “Shortest Day” is coming soon or is many years into the future. But your chance for the satisfaction of a legacy that touches many others can be here today. Thank you again for your generous support of those in need!¹



¹“The Shortest Day” courtesy of Crescendo Interactive, Inc. (www.crescendointeractive.com)



Ways to make a difference

CURRENT GIFTS

A current gift is a gift that you make today with immediate benefits. There are several different ways for you to make a current gift to your church.

Cash

A cash gift is usually the easiest and most convenient way to make a gift to charity. Your church is able to make use of your cash gift right away, and you receive a valuable income tax charitable deduction to offset your taxes on this year's return.

Securities

A gift of stocks or bonds may provide you with an even greater tax benefit. If you have owned securities for more than one year and the value has increased, you can avoid capital gains tax and receive a charitable income tax deduction equal to the fair market value of your gift to your church.

Real Estate

A gift of your real estate that has been held for more than a year also has the advantage of providing you with a charitable tax deduction based on the current value of the property, as well as enabling you to avoid capital gains tax on the sale of your property.

PLANNED GIFTS

The term "planned gifts" refers to specific strategies that benefit your church at some point in the future while offering immediate benefits to you.

PLANNED GIFTS

Gifts that generate income for you

A charitable gift annuity is a great example of how a gift to your church can generate income for you. You transfer your cash or property to your church, and they promise to make a fixed payment to you for life at a rate based on your age. In addition to the security of fixed income, you receive a charitable income tax deduction, and a portion of each of your annuity payments may be tax-free. The deferred payment gift annuity in which annuity payments are delayed for more than one year offers rates that make it an attractive supplement to your retirement income. The Foundation can serve as the agent for your church in the establishment of a gift annuity.

Charitable Remainder Trust

The more versatile charitable giving tool, the charitable remainder trust (CRT), can help you avoid capital gains tax on the sale of your appreciated assets, generate regular increased income for you, provide you with a charitable income tax deduction and fulfill your philanthropic objectives.

Your CRT will be invested to produce income and take advantage of investment growth opportunities.

Charitable Bequests

Next to writing a check, perhaps the best known vehicle for philanthropy is the bequest. A bequest is a gift that is made through your will or trust and can establish your wishes today without relinquishing needed assets during your lifetime. For more information on bequest giving options, or to request our Free Will Planning Guide, please contact us. The Foundation is able to assist you in making any of these planned gifts.



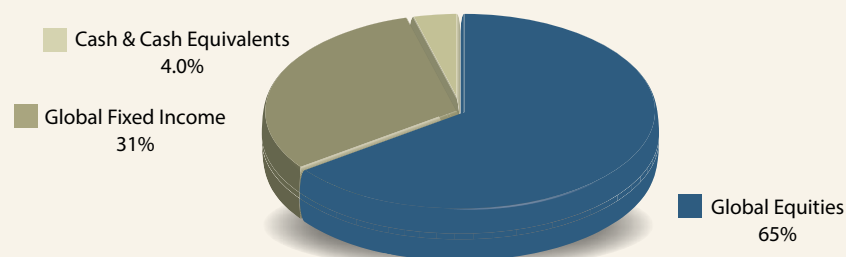
VIRGINIA UNITED METHODIST FOUNDATION INVESTMENT POOLS

In keeping with the investment guidelines of The United Methodist Church, the Investment Committee seeks to be socially responsible in the way in which it invests the funds it oversees, reflecting the ethical standards of the Church. The United Methodist Church's *Book of Discipline* provides a guideline that seeks avoidance of investments that appear likely "to support racial discrimination, violation of human rights, sweatshop or forced labor, gambling, or the production of nuclear armament, alcoholic beverages or tobacco, or companies dealing in pornography." It is the policy of the Foundation to seek to avoid direct investments in such companies.

Returns as of 12/31/2012

BALANCED POOL ASSET RETURNS AND ALLOCATION

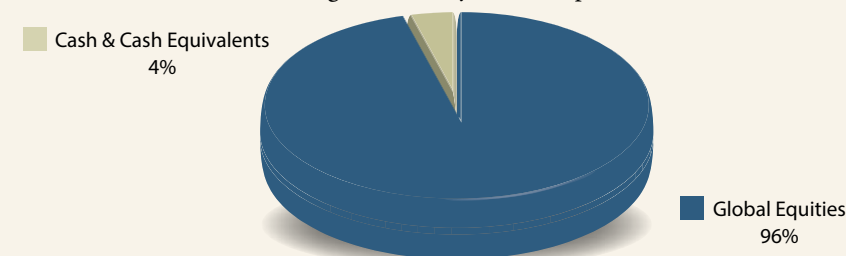
The overall goal of the **Balanced Pool** is to provide both income and growth of capital while avoiding excessive risk and volatility. The Balanced Pool's portfolio has an asset allocation mix that consists of equities, fixed income and cash. The pool is attempting to mitigate the wide fluctuations sometimes experienced in the overall stock market through diversification among different asset classes.



	1 YR*	3 YR*	5 YR*	7 YR*
BALANCED	9.8	9.3	3.3	5.9

STOCK POOL RETURNS AND ALLOCATION

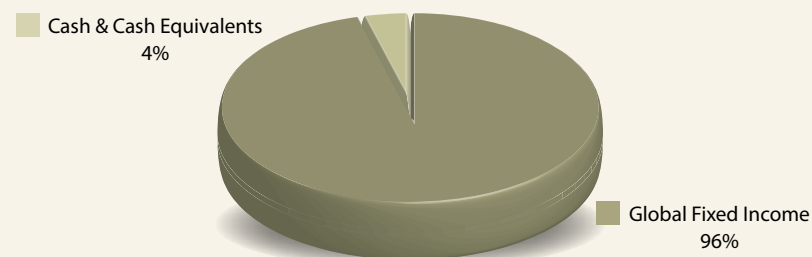
The overall goal of the **Stock Pool** is to provide growth of capital primarily through appreciation. The Stock Pool's portfolio has an asset allocation mix that consists of equities and cash. This pool is attempting to mitigate some of the wide fluctuations experienced at times in the overall stock market through diversification among different equity sizes and styles. As with any investment that is focused on excess return, higher volatility can be experienced as well.



	1 YR*	3 YR*	5 YR*	7 YR*
STOCK	12.9	10.7	2.5	6.3

SHORT/INTERMEDIATE BOND POOL RETURNS AND ALLOCATION

The goal of the **Short/Intermediate Term Fixed Income Pool** is to provide income, liquidity and a total return that exceeds that of core inflation. The Short/Intermediate Term Fixed Income Pool's portfolio has an asset allocation mix that consists of intermediate and short-term maturity bonds and cash. While some volatility still remains within a bond portfolio, it is normally less than that experienced in a stock portfolio. The pool provides this lower volatility by bond type diversification and the short/intermediate maturity nature of this pool.



	1 YR*	3 YR*	5 YR*	7 YR*
SHORT INTERM TERM	4.1	6.1	5.7	5.6

*Annualized 1-, 3-, 5- and 7-yr returns reflect hypothetical portfolio returns. If manager returns for 1, 3, 5 or 7 years are not available, proceeds are reallocated to portfolio with remaining managers.

I just want to say again how utterly thrilled I was with your presentation this morning. It could not have been more expertly planned, prepared or delivered. I believe this presentation will be an excellent launching point for other workshops that we will schedule in the future, building on the points you made. I am so pleased you were able to work in the charitable giving options at the end of the presentation. I cannot help but believe that information will make a difference as members consider the win-win option of giving to St. Matthews' and still improving their financial situation in retirement. Again, thank you so much for providing this exceptional service to St. Matthews'.

*Jim Godlove, Endowment Chair
St. Matthew's UMC, Annandale, VA*

Oak Grove UMC joined the UMC Foundation in 2012 and could not be more supportive of the program. Our returns have been amazing, and the flexibility provided within the Foundation for investments is outstanding.

As we prepared to move toward an endowment, Dave Thompson has provided superb training and recommendations. We at Oak Grove could not be more pleased with UMF program and its direction for the future!

*Phil Mattox, Endowment Committee
Oak Grove UMC, Chesapeake, VA*

It's hard to believe a church like Culpeper UMC, which has been around a long time, did not have an endowment program until a year ago. With the help of the Foundation, we now have one and have seen several gifts come in over the last year. We know it will take time to have a solid Endowment program. The Foundation has assisted us in taking a step in the right direction and awareness is now growing. Faithfulness, patience and a great partner, The

Foundation, will hopefully produce fruit for God's kingdom in the years ahead.

*Randy Orndorff, Lead Pastor
Culpeper UMC, Culpeper, VA*

Trinity United Methodist Church is pleased with the service provided by Dave Thompson and his people at the Virginia United Methodist Foundation. They always respond quickly answering any questions we ask. The investment choices they offer suit our needs well. It is very easy to transact investment trades with them.

*John Bartholomew CPA, Treasurer
Trinity UMC Foundation, Richmond, VA*

Many thanks for coming up from Richmond, worshipping with us and offering such a wonderful presentation. Those in attendance were effusive in their praise of you and your thoughtful and gracious manner. I remain ever hopeful that your visit will produce some good gifts here as we begin our capital campaign. Thank you.

*Pastor Rudy Tucker
Grace UMC, Manassas, VA*

As Treasurer for the South Hill United Methodist Church, I am pleased to recommend the United Methodist Foundation for all our churches. Specifically Mr. Dave Thompson, President of the Foundation, guided our church through the process of establishing new bylaws for our permanent endowment fund. Our Finance Committee requested that Mr. Thompson visit our church. On his own time he visited and walked us through the recommendations that best met our needs. His guidance was very helpful in establishing a new annual distribution formula for our fund. This helped our committee to meet our fund's objectives to further the mission of the Gospel and

Testimonials

still care for our facilities.

I'm also encouraged by the overall performance results we have maintained over recent years. The Foundation has been helpful on our requests for deposits and withdrawals.

*Richard Carroll, Treasurer
South Hill UMC, South Hill Va*

About a year ago, our scholarship committee acknowledged that the return on the CDs holding our scholarship funds was returning next to nothing in interest. We began discussing ways to raise money. I asked them if anyone had considered exploring the United Methodist Foundation for investment opportunities. When we looked into the options that were afforded to us by the foundation, we decided to invest all of our scholarship money. In the last year, our income from those funds increased significantly – so much so that our finance committee (many of whom are financially conservative businessmen), have now invested our building fund as well. We have been very pleased with the monies returned to date. I would encourage any church to investigate the foundation as a sound investment opportunity.

*Rev. Barry L. Burkholder, Pastor
Lower UMC, York River District*



Now to him who is able to do immeasurably more than all we ask or imagine, according to his power that is at work within us, to him be glory in the church and in Christ Jesus throughout all generations, for ever and ever! Amen. EPHESIANS 3:20,21



P.O. Box 5606
Glen Allen, VA 23058
(804) 521-1105
www.VAUMFGifts.org



*Planned
Giving*



Endowments



*Investment
Management*