CHARTER

DUKE MEMORIAL UNITED METHODIST CHURCH
Durham, North Carolina
THE ENDOWMENT PROGRAM

I. THE PURPOSE

The Endowment Program of Duke Memorial United Methodist Church, Durham, North Carolina (the "Endowment Program"), is established for the purpose of providing members and friends opportunities to make charitable gifts to Duke Memorial United Methodist Church that will become a permanent endowment of financial support and a living memorial. The Endowment Program is intended to provide a permanent source of income to the church, as well as income for purposes that are not a part of the church's established programs funded through the annual operating budget of the church and the regular giving of its members. The Endowment Program provides a way for members to continue their annual giving in perpetuity.

As a result of the generous gifts of many members, the Trustees of Duke Memorial have long maintained a number of restricted and unrestricted "funds" as described below. This Charter is intended to provide overriding policies and guidelines for all the funds in the Endowment Program.

II. THE HISTORY

Prior to the recent formal establishment of the Endowment Program, Duke Memorial UMC has been blessed to maintain a number of funds for many years which were the result of generous gifts and bequests with designated or suggested uses. They can perhaps be described as:

1. Funds which by their name or definition are held for specific purposes – (Scholarship, Altar Guild, Methodist Men, etc). While these were administered over the years by the Trustees, there has been an effort in recent years to transfer the funds and the administration to the church treasurer.

2. Funds which have been restricted as to their use by the donor or donors – (Shore Memorial, Upchurch, Reade, and a portion of the Operating Endowments). These have been and continue to be the responsibility of the Trustees or the new Endowment Fund Committee.

3. Funds which appear to have suggested but not legally required use - In some years, particularly in the 1980s, these were taken directly into operating income as "Undesignated Memorials". More recently, 20% has been taken into income either for a specific purpose or as "Undesignated" and 80% left in the Operating Endowment (which has generally transferred 80% of its income into the operating budget). In very

recent years, the Administrative Board has seen a necessity to allocate more than 80% of the income of the fund to operating income as well. These are also the responsibility of the Trustees or Endowment Fund Committee.

4. Funds of which the church is the beneficiary, but has no control – Best known and discussed is Memorial Church Fund, Inc, a Delaware Corporation, funded by the Duke family and friends in the late 1920s which is administered by its own Board of Directors. Income is restricted to use for the major upkeep, repairs, and renovation of the church's physical properties. Also, the church is the beneficiary under a trust created by the will of a deceased member of the Duke family. The income therefrom is recorded as operating income.

III. ADMINISTRATION

The Endowment Program will be administered by the Permanent Endowment Fund Committee of Duke Memorial United Methodist Church (the "Committee"), under authority granted by the Charge Conference in a resolution adopted on November 17, 2004, and amended on the same date as the adoption of this Charter (the "Initial Resolution"). The Initial Resolution is attached to this Charter as Exhibit A and contains administrative provisions regarding the appointment of members of the Committee, the length of terms, the role of the Executive Committee, etc.

The Committee shall cooperate with the Committee on Finance in assuring that the annual audit process (as stated in Paragraph 259.4c of *The Book of Discipline - 2004*) is followed. The Committee shall make a full report no less frequently than once each year to the Board of Trustees, the Administrative Board and the Charge Conference.

IV. INVESTMENT OF ENDOWMENT FUNDS

The Endowment Program's investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Regular income at a reasonable rate.
3. Growth of income and principal over and above that necessary to offset cost of living increases.
4. Investment of assets in institutions, companies, corporations, or funds which make a positive contribution toward the realization of the goals outlined in the Social Principles of the Church.

All gifts received by the Endowment Program shall be invested in one or more existing or new accounts managed by a certified investment management consultant/analyst, the United Methodist Foundation, Inc. or other investment manager approved by the Committee. The specific purpose of each account authorized by the Committee shall be stated in order to fulfill the wishes of the donor and thereby to segregate and maintain gifts for their stated purposes.

V. CHANGE IN INVESTMENT MANAGER

The current investment manager is Edward Jones, Inc., Durham, North Carolina. Any transfer of the Endowment Program assets for investment with another institution must be approved by a majority vote of the Administrative Board, upon a recommendation of the Committee.

VI. LIMITATION ON USE OF PRINCIPAL

The objectives of the Endowment Program are to conserve principal and make use of only the distributions determined by the Committee. Any part of the principal may be withdrawn only in extreme and overwhelming circumstances, bordering on the survival of Duke Memorial United Methodist Church. Any withdrawal of principal must be approved by a two-thirds (2/3) vote of the Administrative Board of Duke Memorial United Methodist Church.

VII. DISTRIBUTIONS FROM THE ENDOWMENT PROGRAM

Distributions from accounts in the Endowment Program shall be made by the Committee as directed by the donors at the time of their gift or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein. In the case of undesignated gift accounts, the amount of all distributions shall be determined by the Committee which shall keep in mind the Endowment Program investment objectives stated above in this document. The purposes and causes to which distributions from undesignated gift accounts are to be made shall be approved by the Administrative Board upon recommendation of the Committee.

VIII. GIFTS TO THE FUND

Gifts to the Endowment Program shall be classified as "designated" or "undesignated." Designated gifts are for a specific purpose specified by the donor of the gift. Undesignated gifts are for general purposes to be determined by the Administrative Board.

The Endowment Program currently has the following designated funds:

1. Shore Memorial Fund – for the support of missionaries and mission projects of the Church.
2. R. Bailey and Maude M. Reade Youth Fund - for youth ministries and activities.

Other designated funds could be created depending on the purposes specified by the donor.

The Endowment Program currently has one undesignated fund, the General Endowment Fund. This fund is the primary fund under the Committee's stewardship

and is by far the largest fund currently. A portion of the income from this fund supplements the operating budget of the church. As described above, with regard to designated and undesignated gifts to the church, it has been the church's recent practice to allocate 20% of the gift to the operating account of the church during the year of the gift and 80% of the gift for investment as part of the General Endowment Fund or a designated fund, depending on the type of gift. This allocation allows the donor to have both an immediate impact on the church, as well as a larger impact on future generations of church members and the long-term health of the church. Unless otherwise specified by the donor, designated and undesignated gifts to the church will be allocated in this manner.

Non-endowment funds administered by the Endowment Funds Committee include the Upchurch Fund – for upkeep and maintenance of the chancel organ, the Scholarship Fund, the Altar Guild Fund, and the Goodyear Memorial Fund.

The Committee shall have the authority and responsibility to accept or reject any and all gifts to the Endowment Program in keeping with the authority granted by the Charge Conference.

All provisions of the Endowment Program as to investment of funds, administration of funds, and limitation of use of distributions shall be applicable to both designated and undesignated gifts, and all gifts made to the Endowment Program shall be accepted subject to the terms and limitations set forth in this document.

IX APPLICABILITY OF THE NORTH CAROLINA UNIFORM MANAGEMENT OF INSTITUTIONAL FUNDS ACT (NCUMIFA)

The Endowment Program is subject to the provisions of the NCUMIFA found at N.C.G.S. Sec. 36B-1 – 10 (2003); provided that, notwithstanding anything in this Charter or any fund declaration to the contrary, no individual fund under the Endowment Program shall be considered an "endowment fund" as defined by the NCUMIFA, unless the specific gift instrument indicates that the gift is to be defined as such or describes the gift in a way that is substantially the same as the definition of an "endowment fund" under the NCUMIFA.

X. LIABILITY OF TRUSTEES AND MEMBERS OF THE COMMITTEE

In the absence of gross negligence or fraud, no member of the Committee, the Administrative Board or the Trustees of Duke Memorial United Methodist Church shall be personally liable for any action or omission with respect to the Endowment Program. Duke Memorial shall maintain an adequate fidelity bond to cover actions by the Committee, the Administrative Board and the Trustees with respect to the Endowment Program.

XI. MERGER, CONSOLIDATION, OR DISSOLUTION OF DUKE MEMORIAL CHURCH

If at any time Duke Memorial United Methodist Church is lawfully merged or

consolidated with any other church, all the provisions hereof in respect to the Endowment Program shall be deemed to have been made in behalf of the merged or consolidated church which shall be authorized to administer the same in all respects and in accordance with the terms thereto. If Duke Memorial United Methodist Church should ever be dissolved without any lawful successor thereto, the funds of the Endowment Program, including both principal and interest to date, shall be transferred to and administered by the United Methodist Foundation, Inc., which shall have the authority to make distributions from the funds in keeping with the fund's original purpose to the extent possible or appropriate, in the discretion of Foundation, while maintaining the principal as an endowment.

XII. AMENDMENTS

Technical corrections and amendments to the Endowment Program which do not alter the stated purpose of the Endowment Program may be made by a two-thirds (2/3) affirmative vote at a duly called Charge Conference of Duke Memorial United Methodist Church at which a quorum is present.

XIII. SEVERABILITY

If any provisions or any application of any provisions of the Endowment Program shall be held or deemed to be or shall be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any application of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

This Endowment Program Charter was adopted this 7th day of November, 2005, in a duly authorized Charge Conference of Duke Memorial United Methodist Church, _____, _____ , by a vote of ____ For, _____ Against, and _____ Abstained.

Kerin L. Jackson
Recording Secretary

Judy J. Smith
District Superintendent

James D. Bell
Pastor

GENERAL ENDOWMENT FUND DECLARATION

On this 7th day of November, 2005, we, the Charge Conference of Duke Memorial United Methodist Church of Durham, North Carolina, hereby create the General Endowment Fund to be administered subject to the provisions of the Charter of the Endowment Program and according to the following provisions:

1. Current Account. The property comprising the General Endowment Fund ("Fund") is held currently in Acct # 475-12429 valued at $1,057,384 as of December 31, 2004.

2. Income and Principal Defined. The current balance of the Fund is made up of assets gifted to the Church over the past several decades, appreciation of such assets, and the undistributed income of such gifts. In recognition of the difficulty in determining the extent to which the current balance is principal and the extent to which the current balance is income, the Endowment Fund Committee voted to establish the allocation between the principal and the income of the balance of the Fund as of a certain date. Therefore, the principal of the Fund is established as $610,061 as of December 31, 2004 and the remainder of the Fund, $447,323, is established as income as of such date. The following definitions related to principal and income shall apply for purposes of the Fund:

a. Income shall include "appreciation" and "income".

1. "Appreciation" shall be considered as "Unrealized Gains."

2. "Income", or "Realized Gains", shall be defined as interest, dividends and capital gains from the sale of assets of the Fund.

b. Principal shall be defined as the net fair market value of the assets gifted to the fund on the date of the gift.

3. Annual Distribution to Operating Account. The Endowment Fund Committee shall determine the net fair market value (net of liabilities) of the Fund on June 30 of each year and shall distribute in the subsequent year five percent (5%) of said net fair market value to the operating account of the Church.

4. Periodic Review of Distribution Percentage. Within three (3) years following the establishment of the Fund, and thereafter at intervals no greater than three (3) years, the Endowment Fund Committee shall review the distribution percentage stated in Section 3 above and may adjust said percentage upward or downward. Said percentage thus adjusted or remaining unadjusted shall remain in effect during the ensuing period.

5. Preservation of Principal. It is the intention of the Endowment Fund Committee that the principal of the Fund be preserved and grown for the benefit of future Church needs.

6. Additional Contributions. Any individual, organization, corporation, or foundation may make additions to the Fund at any time, and such additions shall be made pursuant to the provisions of this agreement.

This General Endowment Fund Declaration was adopted this 7th day of November, 2005 in a duly authorized Charge Conference of Duke Memorial United Methodist Church, Durham, North Carolina, by a vote of ____ For, _____ Against, and _____ Abstained.

Kevin L. Jackson
Recording Secretary

Judi J. Smith
District Superintendent

James D. Bell
Pastor

Duke Memorial United Methodist Church
The Endowment Program

Fund	Book Value 9/30/2005	Percentage	Fair Market Value 9/30/05
Designated Endowments			
Bailey Reade Youth Fund	215,747		223,300
Shore Memorial-Missions	44,214.04	5.61%	73,088.31
Undesignated Endowments			
Shore, Barden, Brown, Cliff, Whitaker, Russell, Garrard Estate, et al Operating Endowments	697,977.67	88.52%	1,153,796.75
Non-endowment Funds			
Scholarships	15,251.50	1.93%	25,211.59
Altar Guild	12,601.80	1.60%	20,831.49
Upchurch Fund-Organ	18,489.26	2.34%	30,563.80
Goodyear-Memorial Flowers	2,242.83	N/A*	2,331.65
Total General	$ 790,777.10	100.00%	$ 1,305,823.60

*Shares in 2005 appreciation only.

Investment Accounts	
General	$ 1,305,823.60
Bailey Reade Youth Fund	223,300.20
	$ 1,529,123.80

Duke Memorial United Methodist Church
General Endowment - As of 9/30/2005
(Includes unrealized gains)

Balance Sheet	**12/21/2004 Balance**	**12/31/2004 Balance**	**9/30/2005 Balance**
ASSETS			
Edward Jones-Cash	1,204,204.72	319,204.72	145,825.44
Tax Refund Receivable	0	265.87	265.87
CCB Regular Trust	289.75	289.75	289.75
Edward Jones	0	876,933.97	1,164,789.02
Smith Barney	20,055.72	19,888.88	24,653.52
TOTAL ASSETS	1,224,550.19	1,216,583.19	1,335,823.60
LIABILITIES & EQUITY			
LIABILITIES			
Due to Duke Memorial UMC	0	45,000.00	30,000.00
TOTAL LIABILITIES	0	45,000.00	30,000.00
EQUITY	1,224,550.19	1,171,583.19	1,305,823.60
TOTAL LIABILITIES & EQUITY	1,224,550.19	1,216,583.19	1,335,823.60

Income Statement	**12/22- 12/31/04**	**1/1- 9/30/05**
INCOME		
Bequests Received	0	120,000.01
Other Inc	0	791.40
_DivInc	246.21	20,410.87
_LT CapGnDst	703.33	603.26
_UnrlzdGain	-8,916.54	24,532.92
TOTAL INCOME	-7,967.00	166,338.46
EXPENSES		
Distributions-Current Year	45,000.00	32,083.00
Fees Paid	0	15.00
TOTAL EXPENSES	45,000.00	32,098.00
OVERALL TOTAL	-52,967.00	134,240.46
Percent Increase/ -Decrease	-0.65%	11.46%
Earnings Only Percent Increase		3.96%

Portfolio Value-General Endowment Fund

As of 9/30/2005

10/23/2005

Security	Shares	Quote/Price	est	Cost Basis	Gain/Loss	Balance
Amcap Fund Cl A	2,750.356	18.590		50,603.26	525.86	51,129.12
AMERICAN FUNDS AMERI...	6,559.659	12.270		81,306.39	-819.37	80,487.02
AMERICAN FUNDS BOND ...	6,699.667	13.360		90,867.89	-1,360.34	89,507.55
AMERICAN FUNDS NEW P...	918.829	29.530		25,010.52	2,122.50	27,133.02
Capital Income Bldr Fd Cl A	2,204.320	53.760		117,755.02	749.22	118,504.24
Capital World Grth & Incm Cl A	4,491.959	36.620		152,224.44	12,271.10	164,495.54
Exxon Mobil	388.000	63.540		16,307.64	8,345.88	24,653.52
Growth Fund of Amer Cl A	1,456.134	29.770		40,000.00	3,349.11	43,349.11
Income Fund of Amer Cl A	6,010.879	18.610		113,255.77	-1,393.31	111,862.46
Lord Abbett Affiliated Fd CL A	6,741.738	14.800		100,957.94	-1,180.22	99,777.72
Lord Abbett All Value Fd Cl A	6,172.840	12.450		75,000.00	1,851.86	76,851.86
Lord Abbett American Value A	8,206.970	12.440		101,729.51	365.20	102,094.71
Lord Abbett Bond Deb A	12,475.777	7.900		103,635.88	-5,077.24	98,558.64
Washington Mut Invs Fd Cl A	3,266.668	30.930		101,423.87	-385.83	101,038.04
-Cash-				146,115.19	0.00	146,115.19
TOTAL Investments				**1,316,193.32**	**19,364.42**	**1,335,557.74**

Duke Memorial United Methodist Church
Financial Statement-Bailey Reade - As of 9/30/2005
(Includes unrealized gains)

	12/21/2004 Balance	12/31/2004 Balance	9/30/2005 Balance
Balance Sheet			
ASSETS			
Edward Jones-Cash	217,251.97	46,451.97	47,138.52
Tax Refund Receivable	0	51.32	70.81
Edward Jones	0	169,243.50	176,090.87
TOTAL ASSETS	217,251.97	215,746.79	223,300.20
LIABILITIES & EQUITY			
LIABILITIES	0	0	0
EQUITY	217,251.97	215,746.79	223,300.20
TOTAL LIABILITIES & EQUITY	217,251.97	215,746.79	223,300.20

Income Statement

INCOME	12/22- 12/31/04	1/1- 9/30/05
Unknown Transfer	0	83.25
_DivInc	47.52	3,452.09
_LT CapGnDst	135.74	115.83
_UnrlzdGain	-1,688.45	3,902.15
TOTAL INCOME	-1,505.19	7,553.32
Percent Increase/ -Decrease	-0.69%	3.50%

Portfolio Value-Bailey Reade

As of 9/30/2005

10/23/2005

Security	Shares	Quote/Price	est	Cost Basis	Gain/Loss	Balance
Amcap Fund Cl A	528.069	18.590		9,715.83	100.97	9,816.80
Capital Income Bldr Fd Cl A	369.820	53.760		19,806.90	74.62	19,881.52
Capital World Grth & Incm Cl A	868.446	36.620		29,430.06	2,372.43	31,802.49
Growth Fund of Amer Cl A	280.306	29.770		7,700.00	644.71	8,344.71
Income Fund of Amer Cl A	1,053.932	18.610		19,911.09	-297.42	19,613.67
Lord Abbett Affiliated Fd CL A	1,301.157	14.800		19,484.89	-227.77	19,257.12
Lord Abbett All Value Fd Cl A	1,193.416	12.450		14,500.00	358.03	14,858.03
Lord Abbett American Value A	1,583.945	12.440		19,633.80	70.48	19,704.28
Lord Abbett Bond Deb A	1,685.050	7.900		14,119.69	-807.79	13,311.90
Washington Mut Invs Fd Cl A	630.467	30.930		19,574.81	-74.47	19,500.34
-Cash-				47,138.52	0.00	47,138.52
TOTAL Investments				**221,015.59**	**2,213.79**	**223,229.38**

Duke Memorial UMC

Proposal to Amend Resolution for the Creation of a Permanent Endowment Committee
October 25, 2005

Amend section 2 to read as follows:

2) That the **Endowment Fund Committee (EFC)** shall have as standing members the Chairperson of the Trustees and the Chairperson of the Finance Committee. The other members of the **EFC** shall consist of *six* members of the congregation elected by the Charge Conference. *The membership shall be divided into three classes, one of which shall be elected each year for a three year term. The chairperson of the* ***EFC*** *shall be elected by members of the EFC.*

Delete section 5

Resolution for the Creation of a Permanent Endowment Fund Committee
For
Duke Memorial United Methodist Church

Given that Duke Memorial UMC, through the unselfish generosity of its members who desired to support their Church after their death as they did during their lifetime, has received such funds that are to be held and invested for the benefit of the present and future ministry of the Church, be it resolved that to maintain the proper stewardship of such funds, the Charge Conference of Duke Memorial UMC on November 17, 2004 hereby adopts the following:

1) That a permanent ***Endowment Fund Committee*** be established according to the guidelines of The Book of Discipline of the UMC, 2000, as contained in Part V, Organization and Administration, Chapter 6, Church Property, paragraph 2533, Permanent Endowment Fund Committee. All amendments and revisions as published under future editions of The Book of Discipline of the UMC concerning such permanent endowment fund committees would automatically be adopted as part of this resolution.

2) That the ***Endowment Fund Committee*** (***EFC***) shall have as standing members the Chairperson of the Board of Trustees and the Chairperson of the Finance Committee. The other members of the ***EFC*** shall consist of 7 members of the congregation elected by the Charge Conference, for two year terms. The Board of Trustees and the Finance Committee will recommend members to the Committee on Lay Leadership for nomination. The Chairperson of the ***EFC*** shall be a member of the Board of the Trustees serving on the ***EFC*** and selected by the members of the ***EFC***. The Chairperson of the ***EFC*** shall not be the Chairperson of the Board of Trustees. For the first year (2005), 4 members shall serve three year terms.

3) That the ***Endowment Fund Committee*** shall have as an ***Executive Committee*** the EFC Chairperson, the Chairperson of the Board of Trustees and the Chairperson of the Finance Committee. Each of these members shall be given "trade authorization" concerning any investment accounts established for the benefit of the endowment funds for Duke Memorial UMC. The members of the ***EFC Executive Committee*** may take such action as deemed prudently reasonable and with the deliberation of the ***EFC*** concerning investment transactions for the endowment funds held for the benefit of Duke Memorial UMC.

4) That the ***Endowment Fund Committee*** shall provide information and recommendations to the Trustees, Church staff and congregation concerning the status of the endowment accounts and the availability of income for the benefit of the Church.

5) That the ***Endowment Fund Committee's*** authority be limited to the investment management of the accounts and the development of the congregation's awareness of the opportunity to help fund the endowments for the continual benefit of Duke Memorial UMC. The ability to allocate and distribute income from the endowment accounts will be held by the Board of Trustees.

As Originally Adopted

GENERAL ENDOWMENT FUND DECLARATION

On this 7th day of November, 2005, we, the Charge Conference of Duke Memorial United Methodist Church of Durham, North Carolina, hereby create the General Endowment Fund to be administered subject to the provisions of the Charter of the Endowment Program and according to the following provisions:

1. Current Account. The property comprising the General Endowment Fund ("Fund") is held currently in Acct # 475-12429 valued at $1,057,384 as of December 31, 2004.

2. Income and Principal Defined. The current balance of the Fund is made up of assets gifted to the Church over the past several decades, appreciation of such assets, and the undistributed income of such gifts. In recognition of the difficulty in determining the extent to which the current balance is principal and the extent to which the current balance is income, the Endowment Fund Committee voted to establish the allocation between the principal and the income of the balance of the Fund as of a certain date. Therefore, the principal of the Fund is established as $610,061 as of December 31, 2004 and the remainder of the Fund, $447,323, is established as income as of such date. The following definitions related to principal and income shall apply for purposes of the Fund:

a. Income shall include "appreciation" and "income".

1. "Appreciation" shall be considered as "Unrealized Gains."

2. "Income", or "Realized Gains", shall be defined as interest, dividends and capital gains from the sale of assets of the Fund.

b. Principal shall be defined as the net fair market value of the assets gifted to the fund on the date of the gift.

3. Annual Distribution to Operating Account. The Endowment Fund Committee shall determine the net fair market value (net of liabilities) of the Fund on June 30 of each year and shall distribute in the subsequent year five percent (5%) of said net fair market value to the operating account of the Church.

4. Periodic Review of Distribution Percentage. Within three (3) years following the establishment of the Fund, and thereafter at intervals no greater than three (3) years, the Endowment Fund Committee shall review the distribution percentage stated in Section 3 above and may adjust said percentage upward or downward. Said percentage thus adjusted or remaining unadjusted shall remain in effect during the ensuing period.

5. Preservation of Principal. It is the intention of the Endowment Fund Committee that the principal of the Fund be preserved and grown for the benefit of future Church needs.

6. Additional Contributions. Any individual, organization, corporation, or foundation may make additions to the Fund at any time, and such additions shall be made pursuant to the provisions of this agreement.

This General Endowment Fund Declaration was adopted this 7th day of November, 2005 in a duly authorized Charge Conference of Duke Memorial United Methodist Church, Durham, North Carolina, by a vote of 14 For, 0 Against, and 0 Abstained.

_____
Recording Secretary

_____
District Superintendent

_____
Pastor