

Statement on the Endowment Fund
Stewardship Board, Congregational Church of Iowa City
Approved by Church Council July 26, 2022
(Draftsman: John Reitz)

One of the functions of the Board of Stewardship is to administer the Endowment Fund. The basic idea of the Endowment Fund is to have a fund of a sufficient amount so that, without using up the principal amount, its interest earnings can be used for special projects that the Church could not otherwise afford to pursue. A key provision is thus that the principal amount of the fund should be maintained at or above \$100,000 and should in general not be spent so that the full amount of the principal can continue to earn interest that can be spent on new projects.

The Endowment Fund has a long history but easily slips out of view, so the purpose of this statement is to remind the congregation of its existence and to solicit the members' help both in seeking contributions to expand the endowed amount and in developing ideas for the best use of the amounts available for current and future projects. The Endowment Fund was officially established first in 1993 but took some time to reach the \$100,000 mark, at which point earnings on interest could start to be spent on appropriate projects.

Administering the Fund involves several functions. **The Stewardship Board is responsible for monitoring the status of the Fund, soliciting new contributions to principal, and approving proposals for appropriate use of the Fund.** The investments of the Fund are, however, managed by the Finance Committee, a subcommittee of the Board of Trustees. Contributions to the principal of the Fund may be made by designated donation or through bequests in wills, trusts, annuities, assigned life insurance benefits, transfers of property, cash, stocks, bonds or other tangible assets. If you are interested in exploring how you might be able to help expand the principal amount of the Fund, please speak with any member of the Stewardship Board. In December 2019, the Church Council directed that five percent (5 %) of all future unrestricted non-operating budget donations to the Church be directed to the Endowment Fund principal. As a result, the principal amount in the Fund has grown to over \$108,000. The Fund has also accumulated substantial earnings above principal and although the current market fluctuations require extra caution in estimating total funds, the Endowment Fund has at this time at least \$40,000 of spendable earnings and possibly more.

Finding appropriate uses for the amounts above the principal that are available to be spent is an equally important function of the Board of Stewardship. Other Church boards may make requests to the Stewardship Board, which will review the requests and, if approved by a two-thirds vote of the Stewardship Board, they will be forwarded to the Church Council for approval. For funding requests that would violate the "preservation of principal" rule, the approval process requires another step: Such a request also requires a two-thirds vote of a quorum of a congregational meeting. The congregation must be given at least two-weeks' notice of the meeting and the requests must be made available for congregational review at least two weeks in advance of the meeting. In 2014 the Endowment Fund Charter was revised to provide that the Fund may also not be reduced more than twenty-five percent (25 %) in any one year.

In the recent past, Endowment Funds have been authorized for use in paying for web design for the Church (2017-18), the printing of the Church history book (2018), and payments toward the cost of the

new elevator (2018). **The Endowment Fund is not meant simply to duplicate the purposes of other funds within the Church's budget, but it is meant to provide funding for projects deemed vital to the Church's functions that are not covered by the Church's regular budget.** The procedures for applying for and securing approval for the spending of Endowment Funds are set out in a "Policy and Procedure Manual for the Distribution of Endowment Fund Assets." If you have any ideas that might be good uses for Endowment Funds, please do not hesitate to speak with any member of the Stewardship Board or work through any other appropriate Church board or committee to make a request.