

## **THE ENDOWMENT FOR MINISTRY WITH CHILDREN AND YOUTH**

March 15, 2006

**Purpose.** The purpose of the Endowment for Ministry with Children and Youth is to provide financial support for the religious education program for children and youth (from infancy through the end of high school) at the First Unitarian Church of Pittsburgh. In accord with the policy of the Board of Trustees that discourages contributions directed toward specific, ordinary, items in the annual operating budget, proceeds from the Endowment for Ministry with Children and Youth could support the following programs and activities: (1) equipment acquisition, improvement, and maintenance; (2) worship for children and youth; (3) programs for children and youth which emphasize social justice or community service; (4) presentations and workshops for teachers and parents; (5) presentations and workshops for the larger community; (6) travel by children or youth to Unitarian Universalist sites with historic or contemporary significance; (7) travel by youth to distant places, including other countries, in conjunction with religious education programs at First Unitarian Church; (8) support for the creation of new religious education materials especially intended for use in Unitarian Universalist churches; (9) support for programs for children and youth which connect religion with the arts (including music, drama, dance, writing, and the visual arts); and (10) other programs or activities related to the religious education of children and youth that could be classified as “extras and externals.”

**Governance.** All decisions about allocation of any proceeds available from the Endowment for Ministry with Children and Youth will be made by the Endowment for Ministry with Children and Youth Committee. The Endowment for Ministry with Children and Youth Committee will meet at least once each fiscal year. Members of the Endowment for Ministry with Children and Youth Committee will be as follows: (1) Three members of the Church who will be appointed by the Board of Trustees and whose term of service will be three years. (2) The Treasurer of the Church or a member of the Investment Committee of the Church designated by the Treasurer. (3) The Ministers of the Church. (4) The primary religious education staff member of the Church.

**Operation.** The Endowment for Ministry with Children and Youth will constitute a portion of the endowed (permanently restricted) funds of the Church. The fiscal year of the Endowment for Ministry with Children and Youth will be the same as the fiscal year of the Church. The Endowment for Ministry with Children and Youth will be invested by the Treasurer of the Church who may consult with the Investment Committee of the Church, with the provisions that (1) the Endowment for Ministry with Children and Youth will be invested in accord with the social and ethical principles of Unitarian Universalism; (2) as a general guiding principle, the Endowment for Ministry with Children and Youth will be invested with the goal of long-term growth, rather than current income; and (3) the Endowment for Ministry with Children and Youth and any accrued income from the Endowment for Ministry with Children and Youth will be maintained separately and distinctly from all other restricted or unrestricted funds owned or managed by the Church. Proceeds available for use in any given year shall be

determined in accord with the following method: (1) A small payout percentage (e.g., 3% to 5%) will be established by the Endowment for Ministry with Children and Youth Committee. This payout percentage will generally remain constant from year to year. (2) Shortly after the close of the fiscal year, the Treasurer of the Church or the Investment Committee of the Church will take from the Endowment for Ministry with Children and Youth Endowment an amount equal to the payout percentage times the average total year-end value of the Endowment for Ministry with Children and Youth Endowment over the previous three years. This amount will be available for use by the Endowment for Ministry with Children and Youth Committee. (The Appendix shows an example of how this works.) During the first three years of operation of the Endowment for Ministry with Children and Youth, the payout percentage shall be 3.5% of the Endowment's value at the start of the fiscal year, or at the start of the Endowment's operations during the first year of the Endowment's existence, and this amount will be available for use by the Endowment for Ministry with Children and Youth Committee during that fiscal year.

Accountability. The Endowment for Ministry with Children and Youth Committee will provide a written report to the congregation at its annual meeting indicating how funds drawn from the Endowment for Ministry with Children and Youth have been used in the previous year.

Contributions. Any individual, estate, or institution wishing to contribute to the Endowment for Ministry with Children and Youth may do so, with the provisions (1) that monies contributed may not be subsequently withdrawn by the donor; and (2) that the stated purposes of the Endowment for Ministry with Children and Youth may not be altered to accommodate the preferences of any particular donor.

Catastrophic Use of Fund. In case of catastrophe (e.g., destruction of the Church building), the Board of Trustees may expend or borrow up to ten percent (10%) of the principal of the Endowment for Ministry with Children and Youth in any given year for use in helping the Church recover from such catastrophe. Such spending or borrowing shall not occur more than once in any ten-year period.

## APPENDIX

Example: The payout percentage is 4%. On December 31, 1997, the endowment was worth \$100,000. On December 31, 1998, the endowment was worth \$150,000. On December 31, 1999, the endowment was worth \$200,000. The average value of the endowment over those three years was \$150,000. Multiplying this average value by the payout percentage of 4%, one would draw out \$6,000 in the year 2000.

Now suppose the endowment was worth \$150,000 on December 31, 2000. Then the new three-year average (for 1998, 1999, and 2000) would be \$166,666. Once again using a payout percentage of 4%, one would draw out \$6,667 in 2001.

This method offers two benefits: First, it effectively takes into account total return on the endowment, including capital appreciation as well as dividends and interest. Second, it smooths out the flow of available money even when the year-to-year value of the endowment fluctuates.