

# Endowment Funds Policy Statement

Updated September 3, 2025

## Purpose

The purpose of this policy statement is to establish a clear understanding of the investment policies, guidelines, and objectives and restrictions pertaining to the funds. This policy statement and changes thereto must be approved by the Board of Trustees before implementation.

This statement will outline an overall philosophy that is sufficiently specific for the Endowment Committee to oversee the management of the funds taking into account changing economic and market conditions. All investments should be in accord with this policy.

The policy covers the nature and amount of risk the committee is authorized to assume, how much of the fund is to be expended and to what extent investment decisions will be guided by social responsibility. It will specify the types of investments that may be bought. Efficient and ethical management of the funds should stimulate additional gifts and endowments. Any sign of inefficient or unethical management will stifle further giving.

For specifics on receiving gifts, see FUSIT's Gift Policy Statement.

The word "committee" and the words "endowment committee" (or "Endowment Committee") all refer to what the FUSIT Bylaws label "Endowment and Investment Committee." The word "Board" refers to the Board of Trustees of FUSIT. The word "institution" refers to FUSIT. The word "Fund" or "funds" refers to the entirety of the restricted and unrestricted funds in the investment portfolios. All references in this document to the NY State Not for Profit Corporation Law will be designated as "N-PCL" followed by the section number.

## Background

The First Unitarian Society of Ithaca [FUSIT] has had endowment funds for many years that have been managed by an Endowment Committee appointed by the Board of Trustees. The funds fall into two categories: restricted and unrestricted.

Restricted funds carry the wishes of the donor for a special interest or purpose. Putting the donor's wishes into practice is interpreted by the Endowment Committee.

Unrestricted funds are free to be accumulated and used as the Board of Trustees sees fit within the guidelines listed below. Every effort is made to grow the fund's value and distribute only income to the Society's budget. The names of the present funds are:

1. Unrestricted
2. Capital Projects and Maintenance Fund – restricted
3. Chamberlain Trust – restricted
4. Hazel's Backyard – restricted
5. Perry Estate – restricted
6. Piano fund – restricted.

Other pertinent information is as follows:

Bank – Tompkins Community Bank

Financial Advisors – Tompkins Financial Advisors

Reporting – The endowment committee will maintain complete and accessible records of the history and management of the endowment funds.

## **Investment Policy and Objectives and Goals**

The goal of the fund will be to achieve an annual rate of return on the fund's assets sufficient to protect the principal and generate financial growth, and at the same time support the donor's restrictions and the principles of the society. The committee shall monitor progress against objectives annually.

The management philosophy is to be disciplined and consistent taking into account all of the factors set forth in section 552 of N-PCL.

Extreme positions and opportunistic styles are not acceptable within this philosophy. The committee must comply with all applicable laws, rules and regulations.

Within these investment guidelines and constraints, the portfolios should be diversified so that no single stock or bond shall have a disproportionate impact on the total portfolio. No-load mutual funds, and Treasury investments are an acceptable strategy to meet this criterion. The committee shall take into account the cost of trading when considering investments and frequency of investment balancing. This expense will be borne by the endowment.

Subject to any specific limitation set forth in a gift instrument or another law, the committee may delegate to an external agent the management and investment of an institutional fund to the extent that such a delegation is prudent under the circumstances. In order to delegate prudently, an institution must act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in:

- (1) selecting, continuing or terminating an agent, including assessing the agent's independence including any conflicts of interest such agent has or may have;
- (2) establishing the scope and terms of the delegation, including the payment of compensation, consistent with the purposes of the institution and the institutional fund; and
- (3) monitoring the agent's performance and compliance with the scope and terms of the delegation.

N-PCL § 554(a)(1)-(3).

## **Expenditure of Endowment Funds**

In deciding whether to appropriate from an endowment fund, (release money for expenditure) the institution must act

"in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances," and must consider, if relevant, the following factors:

1. the duration and preservation of the endowment fund;
2. the purposes of the institution and the endowment fund;
3. general economic conditions;
4. the possible effect of inflation or deflation;
5. the expected total return from income and the appreciation of investments;
6. other resources of the institution;
7. where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution; and
8. the investment policy of the institution.

For each determination to appropriate for expenditure, the Board of Trustees shall keep a contemporaneous record describing the consideration that was given by it to each of the factors enumerated in the preceding paragraph. N-PCL 553(a)

The Endowment consists of several Restricted funds and one Unrestricted fund. As a general rule, the restricted funds will be used in accordance with the instructions of the donor, whether it be expenditure of income or principal of the particular fund. At each annual mid-fiscal year meeting the endowment committee will prepare a statement of the estimated principal of each of the restricted funds, as well as the principal of the unrestricted fund, and will promptly advise the Board of Trustees.

While most of the restricted funds are created by the instructions from the donor, there is one restricted fund, entitled "Capital Projects and Maintenance Fund," which has been created by the endowment committee with income from the unrestricted portion of the endowment fund. Upon direction by the Board of Trustees, the endowment committee can make additional deposits into this fund. The restrictions on the use of this fund are described in its title; namely, the fund will be used for capital projects and for maintenance of the buildings and grounds of FUSIT. Expenditures from this restricted fund will only be made upon the direction of the Board of Trustees who will follow the same guidelines as for all determinations to appropriate expenditures from endowment.

In addition, at the mid-fiscal year meeting of the endowment committee, the committee will recommend a sum, not so large as to result in a reduction below the principal of the fund, to be transferred from the unrestricted endowment fund to the Board of Trustees for the church's upcoming fiscal year's operating expenses. It is up to the Board of Trustees to determine how the funds shall be used, whether for operating expenses, or to fund special accounts earmarked for specific future expenses, including, but not necessarily limited to, capital expenditures.

**In exceptional circumstances an additional appropriation may be made if authorized by a two-thirds vote of the current members of the Board of Trustees at a duly called meeting.** The Board of Trustees has the authority to release Endowment fund principal for: 1) loans, 2) the expenditure of restricted funds (in compliance with donor's wishes), 3) emergency situations, and 4) capital expenditures. In deciding to do so, the Board of Trustees must consider the eight factors listed above and make a contemporaneous record describing their consideration.

The appropriation for expenditure in any year of an amount greater than seven percent of the fair market value of an endowment fund...creates a rebuttable presumption of imprudence. N-PCL 553(d)

Any endowment income not appropriated shall be re-invested to increase the total value of the funds' assets.

### **Asset Allocation**

Asset mix refers to the diversity of the portfolio. The asset mix may be changed strategically from time to time based on changes in political and economic conditions. Such asset balancing can be achieved through a mix of mutual funds, exchange-traded funds (ETFs), Treasury Investments, equities and bonds that can be modified from time to time. No privately held stocks or letter stocks shall be included. High risk alternatives such as, but not limited to derivatives, options, commodities, hedge funds and speculation are specifically banned. The committee should not engage in short-term trading to anticipate market swings, but assets may be liquidated when showing a significant profit or re-invested when necessary to avoid major losses.

To the extent feasible, the committee will endeavor to avoid equities including mutual funds and ETFs that are known to invest in companies engaging in practices that a broad spectrum of the congregation would find unacceptable, including egregiously unfair labor practices, human rights violations, environmental degradation, or exploitation of indigenous populations.

### **Equity Guidelines**

Equity investments should be in dollar denominated stocks (including American Depositary Receipts ) available on the NYSE, NASDAQ or other reputable exchange.

### **Cash Guidelines**

Cash reserves should be invested in money market funds or the equivalent that are readily saleable.

Certificates of deposit shall be limited in principal amount to Federal insurance ceilings

