

Finance and Investments
Daniel Bigelow, Endowment Manager

New Endowment Funds

As mentioned in last year’s report, we received a notice from Mellon Bank in December 2016 that they would no longer be managing the William C. Kirk Trust and instead they distributed these funds to the church in 2017 in two payments. The value distributed was a total of \$38,458.41.

Existing Endowment Funds

We continued to receive dividend income from 200 shares of Johnson & Johnson stock. This income is contributed directly to the operating budget.

We received notice that Touchstone Investments purchased the Sentinel Mutual Funds on October 27, 2017. Our existing investments in the Sentinel Common Stock Fund Class A—which we have held for many years—were converted to the equivalent fund at Touchstone, known as Touchstone Large Cap Focused Fund Class A.

Endowment Activity in 2017

Source	Amount	Notes
Endowment Contribution to Operating Budget	-\$25,000.00	A second \$25,000 payment is pending and will be transferred when needed
Estate of Phyllis N. Smith (received in 2016)	-\$15,008.73	Transferred to Capital Campaign
William C. Kirk Trust Fund	\$37,100.00	A second and final payment is due of \$1,358.41.
Dividend income (Johnson & Johnson); a 7.1% increase from 2016	\$664.00	Contributed to operating budget

Invested Endowment Funds

The stock market rose significantly, and the bond market rose modestly in 2017, with the S&P 500 rising 21.7% (including dividends) for the year. An aggregate U.S bond index published by Barclays rose 4.0% for the year, including reinvested interest. A hypothetical index investing 60% in the stock market and 40% in the bond market would have resulted in an approximate return of 14.6% in 2017. For comparison purposes, the Old First endowment had a gain of 15.5% in 2017.

Investment Return	
Value of Endowment*, 12/31/2016	\$1,362,366
Value of Endowment**, 12/31/2017	\$1,524,922

*This includes the William C. Kirk Fund distribution, but excludes the shares of Johnson & Johnson stock

**Value of Endowment for 2017 is net of withdrawals from the endowment of \$50,000 in 2017 (\$25,000 actual and \$25,000 pending) for program support, and excludes the shares of Johnson & Johnson stock.

Our investment policy guidelines dictate that we take out of our endowment no more than 3 to 5% of the average value of the endowment over the prior five years measured each year on Dec 31. This policy helps to ensure that our endowment will continue to help fund the programs of the church for many years to come. Our average value from the end of 2013 through the end of 2017 is \$1,327,983. The proposed budget includes withdrawals from our endowment of \$53,000 or 3.99% which is right at the midpoint of the range recommended in the endowment guidelines and is a 6% increase from the previous year. This income from the endowment is contributed directly to our operating budget and helps to fund all of the programs of our church.

Liabilities

The Congregation has no long-term liabilities at this time.