

A note from St. Matthew's Endowment Committee

Along with the financial report and proposed budget the Endowment Committee wanted to include an update on some important changes that are coming in 2026. As a reminder, we wanted to first reiterate what an endowment is. An endowment is a financial asset, usually gained in the form of a donation, that is invested to generate ongoing income for an institution. In most cases, the principal amount of the endowment is preserved within the fund, while some or all of the earnings are withdrawn annually to fund institutional initiatives.

When money is donated to St. Matthew's Endowment Fund, if it is designated for a specific purpose it is used for that purpose instead of being invested. Usually, we refer to money given for a specific purpose like this as a memorial. For example, if the money is to be spent on something around the church property the Endowment Committee will keep the money for safe keeping and keep track of it until it is needed. The Endowment Committee will also distribute the money, as needed for the project until it's completion. Within the By-laws of St. Matthews Endowment Fund this is referred to as the Memorial Fund. On the annual financial report it would be found in the current bank account balance. At this moment the bank account balance is higher than typical, since the money that was invested has matured it's original investment period and is about to be re-invested very soon.

If the money donated to the Endowment Fund is not designated for a specific purpose it will be added to the already invested money. This donated money, like the money donated in years before, can continue to make income perpetually, long after it was initially donated. The investment income that is made from the invested money is used to support the Endowment's annual budget. The budgeted money is used to spread the message of the church. The Endowment Fund provides a way for members and friends of St. Matthew's to make special gifts during their lifetime and at the end of their lives, to carry on the ministry of Christ through St. Matthew's Evangelical Lutheran Church in future years.

When money is donated to the church and specifically designated as Endowment Fund on the donation envelope without a special designation it will be added into the principal investment of the fund. That money is then invested along with the previously invested money from previous years to help contribute earning interest that can be used in the future. The fund this money is invested with is intended to exist in perpetuity, which means the principal investment will not be diminished by withdrawals. As you look at the history of annual financial reports from the Endowment Committee this is why you don't see the value of the fund diminish over time. A gift to the Endowment Fund is a gift that keeps on giving!

The Endowment Fund uses investment earnings to support religious, charitable and educational activities that are not part of the regular operating budget of our church. Financial supports provided by the Endowment Fund assist individuals or communities experiencing hardship, illness, or disadvantage and achieve the mission of St. Matthew's Lutheran here at home and in our local community. For example, in 2025 we used some of this money to support an open house at the church called a Summer Celebration on July 12th to encourage new people to visit and help spread St. Matthews message. Within the By-laws of St. Matthews Endowment Fund this is referred to as the Perpetual Fund. On the annual financial report it would be found within the investment balance.

Over the last decade the financial markets and investing has changed a lot. Especially over the time of the pandemic the banks changed the way local bank branches typically operate now. This can be witnessed by almost everyone if you just look around and see how many bank branches have closed in recent years. Currently we are in the process of switching some of this

money to some better earning investments that will give more flexibility, professional financial advice and better income. Over the years the finance industry has been changing and we felt there was a need to modernize how the perpetual money is invested so we can also get better returns and have some better reporting.

In this past year the Endowment Committee has done a lot of work to research and find a better option that will include professional investment advisement with low management fees and better accessibility. This will give the church better flexibility and stability while still providing enough in interest to continue to spread the word of the church. We have presented findings and the plan going forward to St. Matthew's Church Council and have gotten their blessing. We hope to also receive the support of St. Matthew's Congregation as we look forward to providing perpetual financial support for St. Matthew's mission. Many options were considered across multiple meetings by the committee members and a presentation of the proposed changes has been presented and approved by the Church Council. The money has not been re-invested yet, but it is ready now so we can do that very soon in the coming weeks.

This past year the Endowment Committee used money from the budget to donate \$300 to each of The Hope Centre, Salvation Army and Open Arms Mission in December 2025. We also provided money for Social Ministry for gift basket outreach to those that are shut-in and unable to make it physically to church worship in person. The other activity we supported in 2025 was to provide some money for food, refreshments and activities from the discretionary for the Summer Celebration open house on July 12th, 2025.

If there are other ideas that members of the congregation have for religious, charitable and educational activities that are not part of the regular operating budget of our church, please feel free to reach out to a member of the Endowment Committee and share your ideas.

If anyone is more interested in learning, participating or providing input on the Endowment Committee's efforts we are still looking for another member to join the committee.

Sincerely,

Endowment Committee

Linda Borland (Chair)

Aaron Kleinsmith (Treasurer)

Margaret Kleinsmith (Secretary)

Marilyn Schultz