

**The Permanent Endowment Fund
Annual Report for Annual Meeting, 2020**

Recap of 2020

The Endowment Fund experienced modest growth in 2020, owing in large part to stock market and broader economic volatility. Fortunately, the Endowment Fund's balance sheet and overall health were buoyed in 2020 by the strength of its equity investments and the Church's retirement of outstanding insurance loans. The Endowment Trustees received and approved several requests for grants this year, detailed below.

We ask that you consider supporting the Endowment Fund through contributions, memorials or bequests, to help ensure that it continues fulfill its promise of mission and ministry support. The future health of the Endowment depends upon the congregation to make contributions as the Spirit moves you.

The Endowment answered requests for ministry from the following and paid a total of **\$47,600.00** in 2020:

Webmaster	\$20,000.00
Instrument Teacher	\$3,600.00
Ziegler Hildebrand	\$2,000.00
Fanfare LMA Grant	\$12,000.00
Video Equipment Grant	\$10,000.00

In 2020, the Church paid off past due flood and windstorm insurance loan payments owed to the Endowment for 2019 in the amount of \$13,651.95.

However, the following new insurance loans were made to the Church in 2020:

	<u>Loan Amount</u>	<u>Outstanding Balance</u>
2020 Flood Insurance	\$19,227.00	\$15,456.05

The Church made incremental progress repaying this loan over the course of 2020. Notably, the Church did not request a Windstorm insurance loan in 2020, which in years past has been substantial.

In addition, the following loan made by the Endowment to the Church was carried over from 2018 and remains unpaid:

	<u>Loan Amount</u>	<u>Outstanding Balance</u>
2018 Operating Loan	\$50,000.00	\$50,000.00

The Endowment Fund has also been carrying the following loan on the Lyceum for the past several years. The Church made sporadic payments against this loan in 2020.

	<u>Loan Amount</u>	<u>Outstanding Balance</u>
Lyceum Loan	\$33,132.53	\$25,759.88

The inability of church to repay these outstanding loans and the prospect of future insurance loans will have a negative impact on funds available in the Endowment for new grants.

Fund Management

The Board of Trustees continued the Endowment Fund's relationship with Wells Fargo to advise on investment strategies. Trustees for 2020 were Janet Choate, Jeremy Heallen, Richard Thiem, Douglas Rogers, Sherry Black, Ron Hanson, Janis Layer and Pastor Richard Rhoades.

Financial Report

Balance as of	Balance as of	Current Year Change
December 31, 2019	December 31, 2020	
\$809,511.63	\$835,147.07	\$25,635.44 (Gain)

As is customary, 30 percent of the Endowment Fund's annual growth shifts into the corpus of the fund, which is restricted from distribution for as long as the congregation chooses to keep the Endowment in force.

Value of Corpus as of December 31, 2020 \$730,814.08

Current Funds Available for Requests \$104,332.99*

*The majority of these available funds are invested in mutual funds and annuities. To the extent that grant requests exceed available cash, the Endowment Fund will be required to liquidate investments to raise cash.

Current Assets

Hometown Bank Balance	\$11,525.25
Wells Fargo Equities, Mutual Funds and Money Market Account	\$594,004.76
Annuities	\$138,401.13
2018 Operating Loan	\$50,000.00*
Notes Receivable (Insurance and Lyceum Loans)	\$41,215.93*

*Loans to the Church are carried as assets. Should these loans convert to bad debt, the Endowment Fund will incur a significant loss and reduction in funds available for grants. In addition, the value of the Endowment Fund's investment portfolio fluctuates with the stock market and directly influences the amount of funds available for grants.

Respectfully submitted:

Ron Hanson, Chairman
Jeremy Heallen, Treasurer

First Lutheran Church
Balance Sheet by Major Group
Jan 1, 2020 through Dec 31, 2020

Major Group	Balance As Of Jan 1, 2020	Balance As Of Dec 31, 2020	Current Year Change	Percent Change
<u>Fund 09 - Endowment</u>				
Assets				
10, General Fund	31,107.70	11,525.25	-19,582.45	-62.95%
20, Savings and CD's	0.00	0.00	0.00	0.00%
30, Annuities	127,445.59	138,401.13	10,955.54	8.60%
35, Church Loan	50,000.00	50,000.00	0.00	0.00%
50, Wells Fargo	533,775.24	594,004.76	60,229.52	11.28%
60, Notes Receivable	67,183.10	41,215.93	-25,967.17	-38.65%
Dedicated Funds Receivable	0.00	0.00	0.00	0.00%
Total Assets	809,511.63	835,147.07	25,635.44	3.17%
Liabilities				
Dedicated Funds Payable	722,088.45	730,814.08	8,725.63	1.21%
Total Liabilities	722,088.45	730,814.08	8,725.63	1.21%
Equity				
30, Year End Adjustments	0.00	0.00	0.00	0.00%
Subtotal Equity	0.00	0.00	0.00	0.00%
<u>Fund Balance</u>				
Totals for Fund Balance	87,423.18	104,332.99	16,909.81	19.34%
Total Fund Balance/Equity	87,423.18	104,332.99	16,909.81	19.34%
Total Liability and Fund Balance	809,511.63	835,147.07	25,635.44	3.17%