

The Jewish Center of Princeton
Endowment Fund Proposal – General Guidelines
April 29, 2018

- Purpose: To provide income to sustain operations of the Jewish Center for the future.
- Investment Strategy
 - The funds to be managed by an organization that the Board selects. The funds are currently being managed by the Jewish Community Foundation.
- Endowment Funds Use of Earnings
 - Use of earnings to be determined based on Annual Budget process including Board and Congregational vote.
 - Earnings will be drawn to General Operating funds once approved in the budget process.
 - Minimum Balance: \$500,000
 - Earnings Available for Use: Sliding scale
 - Fund Balance \$500,000 - \$1,000,000 – after one year of reaching \$500,000, 25% of prior year earnings may be transferred to Operating Fund.
After two years of reaching \$500,000, 25% of average of prior two years earnings may be transferred to Operating Fund.
After three years of reaching \$500,000, 25% of average of earnings based on most recent 3-year rolling average may be transferred to Operating Fund.
 - Fund Balance \$1,001,000 - \$2,000,000 – 35% of earnings based on most recent 3-year rolling average may be transferred to Operating Fund.
 - Fund Balance of \$2,001,000 – 50% of earnings based on most recent 3-year rolling average.
 - Fund Principal – Cannot be used except under certain circumstances described below. –
 - If we don't meet \$500,000 minimum balance, funds may be transferred to the Board Restricted Fund for use on Capital Projects, or other Board authorized items.
 - If Fund fails to meet minimum \$500,000 threshold after 10 full years, then Board may vote to transfer funds to the Board Restricted Fund, as described above upon a 2/3 majority vote.
 - Emergency Use of Principal
 - Emergency would be defined as a situation where current operating funds and other sources of funds (other restricted funds, donors, insurance) were not sufficient to cover mandatory obligations.
 - Example: Inability to get refinancing on a mortgage where there was a risk of default and foreclosure.

- Authorization to Use Principal
 - If an Emergency is determined and other funds are not available, the following two step process would be taken to access principal of the Endowment Fund as described below.
 - Step 1 – Executive committee 2/3 majority vote
 - Step 2 – Full Board of Directors 2/3 majority vote
 - Use of Principal based on fund balance:
 - Fund Balance \$500,000 - \$1,000,000 – up to 25% available principal balance
 - Fund Balance \$1,001,000 – \$2,000,000 – up to 35% available principal balance
 - Fund Balance in excess of \$2,001,000 – up to 50% available principal balance