



<b>Document #:</b>	<b>Finance – F-14 Endowment</b>	Adopted: 06-2023
<b>Title/Subject:</b>	Endowment Fund	Revised:
<b>Purpose:</b>	To provide a fiduciary process for the acceptance, management, and distribution of donations accepted by the Congregational Administrator or Board and place in the Church Endowment Fund	
<b>Policy Owner(s):</b>	Financial Stewardship Team	

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### **Purpose**

As specified in the Bylaws, the Endowment Fund shall further the mission of the Church beyond its normal operating budget. Donations, gifts, and bequests (hereinafter “donations”), if accepted by the Congregational Administrator or Board, which are made to the Endowment Fund shall be applied to that fund. Once a donation has been accepted as part of the Endowment Fund, it becomes part of the Endowment Fund’s principal and may not be expended except in accordance with the Endowment Fund Policy.

### **Process**

#### **Donations to the Fund**

All members of the Congregation shall be encouraged to leave a bequest to the Endowment in their estate plan. Acceptable donations will be limited to stocks, bonds, cash, and proceeds from the sale of real property. The Board may make exceptions when satisfied that issues related to tax and legal liability, marketability, and environmental and other concerns are adequately addressed. Donations with a value over \$5,000 must be reviewed by the Board and Financial Stewardship Team. Donations less than \$5,000 can be accepted by the Congregational Administrator.

Gifts and bequests to the Endowment may be designated by the donor for any of the three Endowment Funds. Except as specified below, the Board shall also have the discretion to assign donations to the Endowment Fund if the donor has not indicated whether the donation is intended to be made to a specific fund of the Church. Undesignated donations of 10% of the current year annual budget or greater shall be distributed as follows:

- Not less than 75% of the gift shall go to the endowment fund.
- Up to 25% shall go to capital investments, the capital fund, the memorial fund, or the human needs fund.
- Not more than 5 % shall be disbursed by the Board for non-recurring operating expenses; such donations are not intended for ongoing operating expenses.

### **Investment**

The Endowment Fund shall be invested in the Unitarian Universalist Common Endowment Fund. Any changes to the investment strategy must be approved by the Board unless the Endowment Fund is large enough that any changes require Congregational Review.

The Financial Stewardship Team may provide for such professional counsel on investments, or other areas of specialized expertise legal matters as it deems best, and it may incur reasonable expenses in the execution of its duties. The expenses shall be paid from or reimbursed by the Endowment.

The Endowment shall be composed of three funds, which may be co-mingled for ease of investment management. The Congregational Administrator shall separately account for each of these funds, attributing to each its proportionate share of changes in income and principal, as well as recording gifts to and distributions from each of the funds. Gains or losses are allocated as follows:

1. Fifty percent of the gain or loss shall be allocated to the Unrestricted Reserve Fund.
2. Thirty percent of the gain or loss shall be allocated to the Building Reserve Fund.
3. Twenty percent of the gain or loss allocated to the Social Outreach and Service Fund.

Financial Stewardship Team members will not be held liable for any losses incurred by the Endowment, except to the extent that such losses arise out of acts of willful misconduct or gross negligence and not for the acts or omissions of other members. No Financial Stewardship Team member shall engage in self-dealing or transaction with the Endowment in which the member has a direct or indirect financial interest.

### **Distribution**

1. Withdrawals from the endowment fund are not permitted unless the endowment fund's balance is at least 25% of the current annual budget. No more than 3% of the annualized gain may be withdrawn in any fiscal year. The principal may only be permanently withdrawn following approval by a 2/3 majority vote of the Congregation's eligible voting members.
2. Recommended distribution of the fund shall be as follows:
  - a. Distributions from the Unrestricted Reserve Fund may be used for any purpose to further the mission of the Church, but shall not be used for the ordinary and customary operating expenses of the Church.
  - b. Distributions from the Building Reserve Fund shall only be used to help pay for major capital expenditures and significant improvement projects related to the Church's buildings and real property, including grounds and landscaping, over and above regular maintenance.
  - c. Distributions from the Social Outreach and Service Fund shall only be used to further the Church's religious and charitable mission. This fund is not intended to support activities for the Church community itself, but is intended for social responsibility efforts in the broader community at large.

With the approval of the Congregation, the Board may make a direct investment of not more than five percent of the assets in the Endowment Fund in housing, social service, or community or economic development activities in furtherance of the mission of the Church and the purpose of this fund.

3. The Board may from time to time request a loan from the Endowment Fund to the Church to help manage temporary cash flow needs, or to help advance a particular building improvement project, on



such terms and at such rates of interest, or without interest, upon approval of the Financial Stewardship Team.

### **Congregational Review**

When the Endowment Fund balance reaches three times the Church's annual budget, an Endowment Committee, responsible to the Congregation and separate from the Financial Stewardship Team, must be established to oversee the Endowment Fund.

### **Associated Documents**

Financial Stewardship Team Policy