

Unitarian Universalists of Sterling
(dba Unitarian Universalist Congregation of Sterling)
Endowment Fund General Policy
Approved 4 June 2014

- I. The church shall have a separate Endowment to assure the long range financial future of the church, to help the church manage and survive financial emergencies, and to fund capital needs and special projects that further the mission of the church.
- II. The Endowment shall be governed by an Endowment Committee (the “Committee”) which shall serve as the custodian of the Endowment Fund General Policy as passed by a vote of the Unitarian Universalist Congregation of Sterling Board of Trustees (the “Board”). This policy shall provide for the protection of the corpus of the Endowment over the long term and shall require the Committee to exercise the utmost of care to respect the integrity of restrictions placed on any gift to the Endowment.
- III. It is intended that the Endowment be of a general nature, related to all aspects of church activities. However, from time to time a gift or bequest may be made for a specific purpose, (e.g., building Fund, membership, music, ministry, etc.) In that instance, a separate Fund may be created that best implements the wishes of the donor. The creation of a new Fund and its specific rules must be expressly authorized by the Board and documented in its minutes. The Board reserves the right to refuse all or part of a gift if the stipulations are contrary to what the Board sees as the best interests of the church. Once approved, Attachment “A” (“List of Approved Endowment Funds”) of this document will be amended to include the new Fund and its requirements.
- IV. The Committee shall consist of three members of the congregation, appointed by the Board. Except in the initial appointment, when shortened terms will enable a staggered rotation of members, the term of each Committee member will be three years. No member may serve more than two consecutive 3-year terms. After a lapse of one year, former Committee members can be re-appointed. No member may serve on the Committee (except in an ex-officio capacity) while also serving on the church governing Board or as an elected officer of the congregation.
- V. Any Committee member may be removed at any time by a vote of the Board for any reason it sees fit. In the event of a Committee member resignation, the Board will appoint another person to fill out the term of that person.
- VI. A unanimous vote of the members of the Committee is needed to carry any motion or resolution. The Committee shall elect its own chairperson. The Committee shall report to the Board on a quarterly basis and provide a written report to the congregation at the annual meeting. Each report shall include:
 1. The quarterly financial positions and values as well as the last 4 quarters for comparison;
 2. The total additions and payouts of the fund since the last report;
 3. The balance of the amounts in each fund;
 4. The amounts borrowed, paid back, interest paid, and interest rates for both cash-flow and long term congregational borrowing.
- VII. The Committee is empowered, to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other respects manage and control the assets of the Endowment. The Committee will work closely with the Congregation’s Treasurer in order to ensure cash or cash equivalents are available at all times for borrowing to supplement the cash flow needs of the Congregation.

- VIII. The Committee shall invest the assets of the endowment with the objective of earning an average annual total return of 6 to 10 percent consistent with moderate risk. The Committee shall reasonably attempt to invest the assets of the endowment in a socially responsible manner. It is intended that reasonable restrictions placed on any gift by the donor will be faithfully followed, subject to the Committee's determination of the integrity and best interests of the endowment. The Committee will at all times keep approximately 20% of each fund's assets in cash or cash equivalents to enable the Congregation to easily borrow from the Fund when necessary for cash flow purposes. The Congregation may borrow more than that from the Funds with the approval of the Board. Unless otherwise determined, the interest rate of a UUCS loan will be 0.5% above the earning rate for the funds cash account at the time of the loan, compounded quarterly. No interest will be charged for cash-flow needs as long as all temporary loans are returned within three months.
- IX. The Committee may provide for professional counsel on investments or legal matters as it deems best and may incur reasonable expenses including software fees in the execution of its duties. The expenses shall be paid from the endowment.
- X. Committee members shall not be 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. Each member shall be liable for his/her own acts of willful misconduct or gross negligence and not for the acts or omissions of other members. No member of the Committee shall engage in any self-dealing or transactions with the Endowment in which the members has direct or indirect financial interest. Members shall refrain at all times from conduct in which his/her personal interests would conflict with the interest of the Endowment.
- XI. This Policy may be amended only by a vote of the Board of Trustees.
- XII. The endowment Funds may be commingled for ease of investment management. The Committee shall separately account for each of these Funds, attributing to each its proportionate share of changes in investment values, as well as recording gifts to and distributions from each of the Funds. Gifts and bequests to the endowment may be designated for any Fund or combination of Funds. Undesignated gifts shall be deposited to the Unrestricted Fund.
- XIII. In the event of a congregational vote that creates a material change in UUCS, such as an organizational merger, creation of satellite campuses, or splitting the congregation, the voting question shall include clear disposition or allocation of the fund(s). In the event of dissolution of UUCS, the Fund(s) will be moved in full to the endowment fund of the Joseph Priestley District, or its surviving entity. If the JPD does not have a surviving entity with an endowment fund, it will revert to the UUA unrestricted endowment.
- XIV. Attachment A details the authorized Funds approved by the Board and the implementation procedures of each.

Attachment A
List of Approved Endowment Funds
Approved 11/7/2012

Unrestricted Fund

1. Distributions from the Unrestricted Fund may be used for any purpose to further the work of the church subject to the limitations noted below:
2. No distribution from the Unrestricted Fund is allowed until the fund has reached \$50,000. In order to preserve the corpus of the fund, distributions in subsequent years may not exceed 5%. For this purpose, fund total is measured by the average of the fund totals on the last day of the previous 4 quarters.
3. In addition to the distributions provided above, and upon the request of the Treasurer, the Committee may from time to time loan money from the Unrestricted Fund to the Church to help manage temporary cash-flow needs caused by month-to-month variations in the collection of pledges and other gifts. Interest will be charged in accordance with Section VIII above.

Building Fund

1. Distributions from the Building Reserve Fund shall be used only to help pay for capital expenditures and significant improvement projects related to the buildings and real property of the Church, including grounds and landscaping, over and above regular maintenance. When in a rented property, capital expenditures are defined as improvements that can be ported to a new facility (e.g., chairs, podium, art work, furniture, office equipment, etc.) The Committee is responsible for determining if a requested distribution meets the requirement.
2. In addition to the distributions provided above, and upon the request of the Treasurer, the Committee may from time to time loan money from the Building Fund to the Church to help manage temporary cash-flow needs caused by month-to-month variations in the collection of pledges and other gifts. Interest will be charged in accordance with Section VIII above.

Membership Fund

1. Distributions from the Membership Fund shall be used only to further the mission of the Membership Committee at UUCS. Specifically:
 - To attract, welcome and mentor visitors;
 - To provide a path to membership for visitors and Friends;
 - To represent the needs of Members and Friends to the church leadership;
 - To maintain an accurate and up-to-date database to track the status of visitors, friends, and members of UUS and;
 - Generate reports in support of church operations.
2. In order to preserve the corpus of the fund, distributions in subsequent years may not exceed 5%. For this purpose, fund total is measured by the average of the fund totals on the last day of the previous 4 quarters.
3. During the first year the Committee may choose a reasonable amount for the fund balance. Also during the first year of the fund the 5% may be given to the church operating budget at any time.

4. In addition to the distributions provided above, and upon the request of the Treasurer, the Committee may from time to time loan money from the Music Fund to the Church to help manage temporary cash-flow needs caused by month-to-month variations in the collection of pledges and other gifts. Interest will be charged in accordance with Section VIII above.

Music Fund

1. Distributions from the Music Fund may be used only for the enhancement and growth of the Music Program at the Unitarian Universalist Congregation of Sterling, subject to the limitations noted below:
2. No distribution from the Music Fund is allowed until the fund has reached \$50,000. In order to preserve the corpus of the fund, distributions in subsequent years may not exceed 5%. For this purpose, fund total is measured by the average of the fund totals on the last day of the previous 4 quarters.
3. In addition to the distributions provided above, and upon the request of the Treasurer, the Committee may from time to time loan money from the Music Fund to the Church to help manage temporary cash-flow needs caused by month-to-month variations in the collection of pledges and other gifts. Interest will be charged in accordance with Section VIII above.