

# Endowment Fund Policy Statement

## UNITARIAN UNIVERSALIST CHURCH OF VANCOUVER ENDOWMENT FUND POLICY STATEMENT

In order to better carry out our responsibilities under Article XIV of the UUCV Bylaws and to better inform the UUCV community about our activities, the Endowment Trustees have adopted these policies.

### 1. PURPOSE

The UUCV Endowment Fund ("the Fund") is organized to aid and assist UUCV by: soliciting, receiving, managing, investing and distributing of gifts to the Fund by donors who wish to make "a lasting contribution to the mission of the Church", and managing, investing and distributing any proceeds from the sale of UUCV assets that the UUCV Board of Trustees turns over to the Fund (Bylaws Article XIV, Section 1b).

The Endowment Trustees recognize their responsibility to prudently manage all funds entrusted to them for the primary purpose of meeting UUCV's long range needs. This statement of principles, policies, and procedures is intended to ensure the appropriate investment for all funds received however soon they are to be expended. Funds should primarily be invested long-term following coordinated policies for fund-raising and investment to protect the Fund's principal and produce reasonable total return to make a lasting contribution to UUCV. We recognize the need to strike a reasonable balance between funding compelling needs of UUCV as they arise and maintaining the Fund adequately to meet equally compelling needs in the future. Generally this balance is best achieved by maintaining the purchasing power of Endowment income over the long term, but as UUCV's circumstances will vary over time the balance between current return and longer-term capital growth likewise will vary.

### 2. DEFINITIONS

<b>Board</b>	—	The Board of Trustees of the Church
<b>Trustees</b>	—	The Trustees of the Endowment Fund of the Church
<b>Principal</b>	—	The current value of assets contributed to the Endowment Fund (the same as the "Equity" value)
<b>Unrestricted Principal</b>	—	The portion of the Principal given by donors earnings subject to expenditure by the Church Board.

<b>Generally Restricted Principal</b>	—	The portion of the Principal given by donors with earnings subject to expenditure by Endowment Trustees
<b>Specifically Restricted Principal</b>	—	The portion of the Principal given by donors with earnings subject to expenditure by the Endowment Trustees only for the purposes indicated by the donor's restriction.
<b>Net Gain (Loss)</b>	—	The difference between the beginning balance and the ending balance of Endowment funds. This is a net figure, which includes investment income, net realized and unrealized gains/losses from changes in market value after all fees and expenses.
<b>Net Assets</b>	—	The sum of all assets of the Endowment Fund, less the sum of liabilities.

**3. INVESTMENT PHILOSOPHY, GOALS, AND OBJECTIVES**

The purpose of the Endowment Fund (Bylaws, Article XIV Section 1b) calls for a disciplined management approach. The Trustees will seek to maintain a diversified portfolio with broadly allocated assets. It is understood that most investments, even those with U.S. government guarantees, carry market risk.

The investment goals shall be to maximize the annualized net earnings.

Net earnings means the total of all dividend income, interest income, capital gain distributions, and the net change in market value of all assets. The Endowment Trustees should strive to minimize investment, management and transaction fees.

Therefore, investment returns will be sought both from market appreciation and from dividends and interest. The investment portfolio shall be diversified between fixed income and equity holdings with appropriate diversification. Investments other than fixed income and equity holdings may be included upon approval by the Endowment Trustees.

**4. SPENDING PHILOSOPHY, ACCOUNTING PRINCIPLES, AND OBJECTIVES**

The Treasurer will enter transactions into accounting software one month at a time. Each month will be "closed" after all known transactions have been entered. This will assure that "current month" and "year to date" information on reports will be accurate.

In the event that a missed transaction or a needed correction of error for a given month is discovered after a month has been closed, those transactions will be entered into the following month. No second set of statements will be issued for a given month after that month has been closed.

The Treasurer will report the financial condition (Balance Sheet) and the results of operations (Income and Expense Statement) each month, as necessary information becomes available. Contents of the Treasurer's report will include a summary cover sheet stating the month being reported on (not the month in which the report is issued), the most essential information, a list of transactions entered into the accounting system, a Balance Sheet, Income and Expense Statements for the current month and the fiscal year to date, statement showing the updated valuation of our account at the UUCEF, and a copy of the most recent local Bank statement.

Contents of the Treasurer's report will include a summary cover sheet stating the month being reported on (not the month in which the report is issued), the most essential information, a Balance Sheet, Income and Expense Statements for the current month and the fiscal year to date, statement of our account in the UUCEF, and a copy of the local Bank statement.

The Endowment Chair or his/her designated Trustee will review the online statements and verify the Treasurer's accounting. This verification will be noted in the next Endowment meeting minutes.

The Treasurer will maintain a complete set of all reports, including the lists of transactions. These documents will be available to any Church member upon reasonable request.

The Bylaws requirement for a quorum will remain at three. However, any vote for a motion or resolution requires a majority of Trustees serving on Endowment to pass.

## 5. PROFESSIONAL MANAGEMENT OF FUNDS

The Endowment Trustees' responsibilities include selecting investment managers, allocating funds among them, and rebalancing funds as necessary. Recognizing the importance of continuous, professional supervision of investments, the Endowment Board has adopted a policy of pooling funds for investment purposes under the management of one or more professional investment organizations, and does not directly or internally manage invested assets.

Accordingly, the Unitarian Universalist Common Endowment Fund (UUCEF) has been selected by the Trustees to manage the majority of investment accounts. The UUCEF will provide professional management consistent with Unitarian Universalist values. While Endowment funds will be pooled for investment purposes, separate categories will be accounted for to accommodate donors' special restrictions (generally restricted, unrestricted, etc.).

## 6. CREATION AND ALLOCATION OF FUNDS

The Endowment Trustees shall maintain a cash balance in the Fund checking account of not less than \$500, nor more than \$4000, plus the amount the Trustees have approved for disbursement within the next three months.

The Trustees may set up and maintain specifically restricted amounts within the Fund whenever they deem appropriate, subject to the following provisions:

- This statement of Principles, Policies, and Procedures shall be amended to define the allowed uses of the specifically restricted account and to identify who within UUCV may apply for grants from that account
- The creation of any new specifically restricted account shall be announced as soon as possible to the church members..
- The donation form for the Endowment bequest form will list all restricted and unrestricted account options as choices available for donors.
- Each specifically restricted account will have separate records maintained.

The Trustees have established the following specifically restricted accounts:

- **Religious Education** This account is to be used for religious education at the church. This includes both youth and adult education. Grants can be made through the Enrichment Committee, the Religious Education Committee, or Worship Committee. (Grants from this account might include scholarships for the members of YRUU to attend general assembly, funding classes on being a UU, or creating and permanently funding a Youth minister position.)
- **Music, Arts and Humanities** This account is to be used in enhancing the music program, aesthetics program and humanities efforts. Grants can be applied for through the Music Committee or the Enrichment Committee. Grants from this account might include funds for the purchase of a new piano, funds for upgrading the shelving in the Library, funds for new plantings.
- **Social Concerns** This account is used for Social Concerns activities. Grants can be made through the Social Action Steering Committee (grants from this account might include things like funding for Share House meals, aid to our members, or contributions to efforts for policy changes.)
- **Buildings and Grounds** This account is used for improvement of church facilities and landscape. Grants can be made through the Building and Grounds Committee and the Aesthetics Committee.

**General Restricted Account** Donors may designate for this account any gifts which they prefer not to be subject to the Bylaws Article XIV, Section 3 provisions authorizing spending of "unrestricted net income" by majority vote of the Board and spending of "unrestricted principal" by majority vote of UUCV members but instead to be used at the discretion of the Trustees. Grant requests will be accepted from any recognized UUCV committee. (Grants from this account might include anything not included in other accounts or grants that might fit in other accounts but do not have enough funds to complete the request.)

Any gift to the Endowment Fund that is not designated for an established specifically restricted account and on which the donor places no restrictions shall be allocated to the Generally Restricted Fund to be handled as provided in Bylaws Article XV, Section 3.

## 7. EXPENDITURES FROM THE FUND

As required by Bylaws Article XIV, Section 3, the Endowment Trustees shall pay operating expenses of the Fund from the net unrestricted income of the Fund, but may allocate a reasonable portion of the restricted income of the Fund to pay the expenses incurred by the particular restricted assets from which it is derived.

- The Endowment Fund's fiscal year ends on June 30th. At the end of each calendar year, the Treasurer will calculate total assets. By a majority vote of the Trustees a percent of total assets (from 0-5%) will be determined to make available for grants that calendar year. The grant available amount will be further divided among the various categories of Fund Balance to determine the amount available for grants in each category.
- Applications for grants shall be made on the Endowment Fund Grant Request Form. Grants will be considered based on the ability of the Restricted account to pay for the request, whether the request meets the spirit of the account, the merits of the request, and the Endowment Fund Trustees opinion as to whether the request would be better handled as a budget expense through the Board.

The Trustees may ask applicants to attend the Endowment Board meetings to present their requests and/or respond to questions. The Endowment Fund will aim to make its grant decisions at its May meeting.

Grants may be made and paid out over multiple years.