

ENDOWMENT FUND
UNITARIAN UNIVERSALIST FELLOWSHIP OF LOS GATOS
PURPOSE AND PLAN OF OPERATION

Approved by the UUFLG Board of Trustees, September 21, 2017

1. PURPOSE

The primary purpose of the Endowment Fund is to assure the long-term financial health of the Fellowship.

2. CONTRIBUTIONS

- a. Contributions to the Endowment Fund may come from many sources, including:
 - i. Transfers of property (cash, stocks, bonds, real estate),
 - ii. In Memoriam gifts,
 - iii. Charitable bequests in wills,
 - iv. Charitable remainder and other trusts,
 - v. Pooled income funds,
 - vi. Charitable gift annuities,
 - vii. Assignment of life insurance and retirement plans
- b. All gifts to the Fellowship by will or other testamentary vehicles shall be considered contributions to the Endowment Fund. All "In Memoriam" gifts shall also be considered contributions to the Endowment Fund.
- c. Contributions from members and friends may be noted by the donor as "contribution to endowment fund."
- d. The Fellowship discourages restrictions by the donor as to the specific use of contributions to endowment.
 - i. Unrestricted funds, being more flexible, may provide the greatest long-term benefit to the Fellowship.
 - ii. Restricted gifts must be approved by Board prior to acceptance.
- e. Contributions to the Endowment Fund are received by the Treasurer and acknowledged by the Endowment Committee.

3. INVESTMENTS

- a. Investment objectives are: 1) preservation of principal; 2) long term growth; 3) current income.
- b. Fund shall be invested in vehicles which are consistent with UU principles (i.e., "socially responsible" investments).
- c. Funds in the Endowment Fund shall be professionally invested in vehicles of low to moderate risk.

- d. Currently, the Endowment Fund is invested in the Unitarian Universalist Common Endowment Fund, which “is a diversified investment fund seeking current income and long-term investment returns through portfolio allocation and professional asset management with UU socially responsible investing goals.” <http://uucef.org/> 9-17-17.

4. DISTRIBUTIONS

- a. Unrestricted funds shall accumulate until a fair market value of \$50,000 has been reached, at which time annual distribution of earnings may begin.
- b. Distribution or reinvestment of annual earnings:
 - i. Early each calendar year the Endowment Committee shall calculate the unrestricted fund’s earnings for the previous calendar year and recommend a disposition for those earnings to the Board.
 - ii. Earnings may be used to support special projects, fund a Building Reserve Fund, or other uses consistent with the mission of the Fellowship but outside the normal operating budget of the Fellowship, or be reinvested.
 - iii. The Board may approve the Endowment Committee’s distribution recommendation.
 - iv. If no distribution is proposed or approved, the earnings shall remain in the Fund and be reinvested.
- c. Other Distributions
 - i. Other distributions may only be made upon approval of 2/3 of the Membership of the Fellowship.
 - ii. Such other distributions include:
 - 1. Distribution of multiple years’ accumulated earnings
 - 2. Distribution of principal
 - 3. Distribution of earnings or principal when the unrestricted fund balance is below \$50,000
 - 4. Distribution of fund moneys into the Fellowship’s operating budget

5. MANAGEMENT OF ENDOWMENT FUND

- a. Endowment Fund Committee
 - i. The Endowment Fund Committee shall consist of three members of the Fellowship. Except in the initial appointment, when shortened terms will enable a staggered rotation of members, the terms of each committee member shall be three years. No member may serve more than two consecutive terms. After a lapse of one year,

former committee members can be reappointed. No member may serve on the Endowment Fund Committee while also serving on the Board of Trustees or as Treasurer.

- ii. Endowment Fund Committee members shall be appointed by the Board of Trustees annually in June, for a term beginning July 1. The Board of Trustees may appoint temporary or short-term Endowment Fund Committee members to fill any vacancy that occurs during the year. The Board shall then fill such vacancy for a regular term the following June.
- iii. The Endowment Fund Committee shall elect its own chairperson. A unanimous vote by the Endowment Fund Committee is needed to carry any action or resolution.
- iv. The responsibilities of the Endowment Fund Committee include:
 1. Annual earnings report and recommendation to Board (see 4.b.i above)
 2. Requests for distribution of endowment funds: The Endowment Fund Committee shall receive, evaluate, and recommend disposition to the Board for any request for distribution of endowment funds.
 3. Review and record keeping – The Endowment Fund Committee shall receive and maintain, in coordination with the Treasurer, reports of status of moneys invested, reinvested, or distributed. The Endowment Fund Committee, in coordination with the Treasurer, shall establish and maintain records of internal allocation of invested funds in relation to Unrestricted Endowment funds, Restricted Endowment funds, and any future funds which may be established (e.g., Building Reserve Fund, etc.).
 4. The Endowment Fund Committee shall acknowledge to the donor the receipt of contributions to the Endowment Fund.
 5. The Endowment Fund Committee shall assist the Treasurer as requested in any other matters regarding the Endowment Fund.

b. Treasurer

- i. The Treasurer shall include reports of the Endowment Fund with other financial reports to Board and Fellowship

c. Liability and Conduct of Endowment Committee Members

- i. Endowment Committee members shall not be liable for any losses incurred by the Endowment Fund, except to the extent such losses arise out of acts or omissions of willful misconduct or gross

negligence. Each committee member shall be liable for his or her own acts or omissions of willful misconduct or gross negligence and not for the acts or omissions of other members.

- ii. No member of the Committee shall engage in self-dealing or transactions with the Endowment Fund in which the member has a direct or indirect financial interest.
- iii. Each member of the Committee shall refrain at all times from conduct in which his or her personal interests conflict with the interest of the Endowment Fund.

6. ADOPTION AND REVISION OF THIS PURPOSE AND PLAN OF OPERATION

- a. The Board of Trustees shall enact this statement of Purpose and Plan of Operation by official action and shall communicate the action to the members of the Fellowship.
- b. Changes to this statement of Purpose and Plan of Operation may be made by official action of the Board of Trustees with the following exception: Changes to Section 4, Distributions, may only be made by a vote of 2/3 of the Membership of the Fellowship.