

**Unitarian Universalist Congregation of Fairfax
Board of Directors**

Endowment Fund Management Policy

Number: 001

Updated: October 23, 2023

Approved By: Board of Directors

The Board of Directors (the Board) of the Unitarian Universalist Congregation of Fairfax (UUCF or the Congregation) shall administer endowment funds on behalf of UUCF by:

- Developing policies and procedures governing fund management and distribution
- Monitoring the status of invested funds
- Providing timely reports to the Congregation on funds available for distribution, and
- Conducting a transparent grant application process¹

Purpose

This policy defines the process for the Board to execute its responsibilities with respect to the Endowment Fund, consistent with Article XIII of the UUCF Bylaws.

Management and Monitoring

The Endowment Fund is a principal-protected fund consisting of legacy and other planned giving gifts. The Board shall ensure that the Endowment Funds are managed to maximize total return while maintaining a reasonable degree of safety of principal, as provided in the UUCF Bylaws,² such as by investment in the Unitarian Universalist Common Endowment Fund (UUCEF). The Treasurer of the Board shall review each UUCF Endowment Fund Account Statement as issued by the UUCEF, or other entity that may be selected to manage the Endowment Fund, and shall provide regular updates to the Board.

Endowment Fund Income

Shortly after commencement of the fiscal year on July 1, the Board shall determine and withdraw income from the Endowment Fund for deposit directly into the UUCF Endowment Income Reserve (EIR). Income withdrawn shall be between 4% and 6% of the Average Market Value (AMV) of the Endowment Fund, as recommended by the Finance Manager and determined by the Board. Such withdrawal shall be subject to the following limitations: a) a threshold of \$250,000 must exist in the Endowment Fund;³ and b) an amount to offset inflation shall be deducted when computing income available for distribution.⁴

¹ Article XIII.1 of the UUCF Bylaws.

² Article XIII.4 of the UUCF Bylaws.

³ Article XIII.3 of the UUCF Bylaws provides: "Growth and Maintenance of Principal. Income from the Endowment Fund shall not be distributed unless there is a threshold of \$250,000 in the fund."

⁴ Article XIII.3 of the UUCF Bylaws also provides: "... Except where specified otherwise in the terms of a particular gift to a fund, all principal amounts will be retained and only the income generated by the fund's investments, less expenses and an amount to offset inflation, may be expended." A historic dollar value

Distribution and Use of Endowment Fund Income

Endowment Fund income is used for projects that enhance the purpose and strategic goals of the Congregation apart from its general operation,⁵ including projects that promote social justice, strengthen UUCF's mission, or meet unanticipated essential needs of the Congregation.

Member requests for grants. UUCF members may submit requests for grants from the EIR for proposed projects or initiatives intended to enhance the purpose and strategic goals of the Congregation. At the time Endowment Fund income is withdrawn and deposited in the EIR, the Board shall specify a reasonable portion of the EIR funds that is intended for such grants to members during the coming fiscal year.

Grant requests should fulfill at least one of these criteria:

- Strengthen the mission to transform ourselves, our community, and the world through acts of love and justice,
- Promote transformational and sustainable change through one of UUCF's [five pillars of social justice](#): Service, Education, Organizing, Witness, and Advocacy.
- Promote the growth of UUCF membership, and/or
- Enhance the impact or visibility of UUCF in the broader community.

Grant requests may be made at any time, by completing an [Endowment Fund Grant Request Form](#). On or shortly after November 15 and March 15, or other dates determined by the Board and announced with adequate notice to the Congregation, the Board and its Review Committee shall consider the pending grant requests, if any, that are received by that date.

Congregational needs. The Board may at any time apply funds from the EIR to address unanticipated essential needs of UUCF, making reasonable efforts to preserve funds for Member grants to the extent that is consistent with the essential needs of the Congregation.

Unallocated funds. Any EIR funds remaining at the end of the UUCF fiscal year not awarded as grants or applied to address unanticipated essential needs shall be transferred to the Capital Reserve.

Review and Approval of Grant Requests

Review Committee. The Treasurer, Assistant Treasurer, and Board member appointed to the Financial Oversight Committee shall serve as the Review Committee responsible for initial

method will be used to compute principal. Using this method, the principal shall be computed as the sum of the value of all gifts to the fund as of the date of each gift. For non-cash gifts, the market value of the gift on the date the gift is converted to cash will be used. Inflation will be computed in any given year by applying the Consumer Price Index or other equivalent index. This methodology for calculating principal and inflation is consistent with the approach applied by the UUCF Endowment Fund Committee through Fiscal 2021-22.

⁵ Article XIII.2 of the UUCF Bylaws.

review of all grant requests. Promptly following the dates established for grant review (generally November 15 and March 15, unless the Board otherwise determines), the Review Committee shall review the pending grant applications, if any, and may also seek additional information from grant applicants as necessary to make an informed recommendation for funding.

Board Determination. The Review Committee shall present its recommendations for grant applications, consistent with the grant criteria specified above, at a regularly scheduled meeting of the Board. The Board may accept, reject, or seek additional information for each grant request considered. Please note, Endowment Fund proceeds are designed to seed worthy ideas, and are not intended to serve as an ongoing source of grant funds. Grant applications for new initiatives will take precedence over recurring grants applications. Grant applicants shall be informed of the Board's decision, and the Finance Manager shall also be informed of grants awarded. Grant amounts approved by the Board shall be timely disbursed.

Follow-Up by Grant Applicants

Grant recipients shall report how the funds were spent, the amount spent, and the impact of the funds, within 90 days of project completion. Any unspent grant amounts will be returned to or retained in the EIR through the end of the fiscal year.

Reports to the Congregation

The Board shall report at least annually to the congregation on the administration of the Endowment Fund.⁶

⁶ Article XIII.6 of the UUCF Bylaws provides: "Reports. The Board shall report annually to the Congregation on contributions to the funds, the current investment portfolio, incurred expenses, past actions and future intentions. The Board shall render a complete account of the administration of the funds during the preceding year in each year's Annual Report."