

Unitarian Universalist Congregation of Fairfax Board of Directors

Basic Fund (BF) Management

Effective Date: 12/16/2025

Policy Number: 002

Approved By: Board of Directors

Definition

BF is a fund consisting of legacy and other planned gifts.

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

- Developing policies and procedures governing fund management and distribution,
- Monitoring the status of invested funds, and
- Providing timely reports to the Congregation on funds available for distribution.

Purpose

This policy describes the process for the Board to execute its responsibilities with respect to the BF. Donations are unrestricted, and UUCF may use the money in the Fund for any purpose, including general operating costs or capital expenses.

There is no explicit prioritization or preference; however, the Board should avoid repeated use of the BF for any particular expense or purpose because those expenses and purposes should be covered by UUCF's annual operating budget.

Management and Monitoring

The Board shall deposit BF funds into a principal-protected fund consisting of legacy and other planned gifts. The Board shall ensure that the BF is managed to maximize total return while maintaining a reasonable degree of safety of principal, for example by investing in the Unitarian Universalist Common Endowment Fund (UUCEF). The Treasurer of the Board shall review each UUCF BF Account Statement as issued by the UUCEF, or other entity that may be selected to manage the BF, and shall provide regular updates to the Board.

BF Income

Shortly after commencement of the fiscal year on July 1, the Board shall determine and withdraw income from the BF for deposit directly into the UUCF Basic Fund Reserve (BFR). The amount to be withdrawn shall be between 4% and 6% of the Average Market Value (AMV) of the BF, as recommended by the Finance Manager and determined by the Board. Such withdrawal shall be subject to the following limitations: (a) at least \$100,000 must remain in the BF after any withdrawal; and (b) an amount to offset annual inflation shall be deducted when computing the income available for withdrawal.

Determination of Market Value for Distribution Purposes

The annual distribution amount shall be calculated using a seven (7) quarter rolling average of

the Endowment Fund's market value, as approved by the UUCF Board of Directors. This method is intended to provide stability and predictability in grant funding while reflecting current market conditions. The Board affirms that this calculation practice is part of the Endowment Fund Management Policy and may be reviewed and adjusted as needed, by majority vote of the Board.

Use of BF Income

The Board shall use income from the BF only for projects that enhance the purpose and strategic goals of the Congregation, including its general operation, or to address unanticipated essential needs of UUCF.

Unallocated funds. The Board shall transfer any BFR funds remaining at the end of the UUCF fiscal year that are not applied back into the BF.

Review and Approval of BF Use

Review Committee. The Coordinating Team (CT) is responsible for initial review and making an informed recommendation for use of the funding.

Board Determination. The CT shall present its recommendations at a regularly scheduled meeting of the Board. The Board may

- accept the recommendations or
- reject those recommendations or
- seek additional information for its consideration (then accept or reject) or
- determine independently its use.

Authority and Review

The Endowment Fund Management Policy is established and maintained by the UUCF Board of Directors. The Board retains the authority to review and amend this policy by majority vote at any time to ensure alignment with UUCF's mission and financial stewardship principles.

Follow-Up by CT

The CT shall report how and how much of the funds were spent and the impact of the funds within 90 days of each allocated project completion or no later than 30 days before the fiscal year end, whichever is earlier. Any funds that were allocated but unspent shall be returned to the BFR or retained in the BFR before the end of the fiscal year (for example a project which, upon execution, may not need the entire amount).

Report to the Congregation

The Board shall report to the Congregation on the administration of the BF as part of the annual budget process or more frequently as appropriate.