
To: UUCPA Board of Trustees
Rev. Amy Zucker Morgenstern
Rev. Darcy Laine
UUCPA Finance Committee

Date: September 15, 2006

From: Richard O. Duda

Subject: Statement of Policy for the UUCPA Endowment Fund

On March 22, 2006, with the recommendation of the Finance Committee, the Board of Trustees voted to approve the establishment of the UUCPA Endowment Fund. Efforts are now under way to use the existence of this Fund as the cornerstone of promoting a planned giving program at our church. In particular, a web page that gives an overview of the planned giving program is now on our web site at http://www.uucpa.org/finance/planned_giving.html.

A few prospective donors have already asked me about some of the more specific provisions of the Endowment Fund. To provide complete and precise answers, the Finance Committee recommends including a more detailed description on the church's web site. For your information, I have attached a copy of the proposed web page. Please let me know if you see any needed additions, corrections, or other recommended changes.

The UUCPA Endowment Fund

1. Introduction

The religious mission and work of our church is supported in part through generous gifts. To encourage and administer such gifts in a manner consistent with the loyalty and devotion expressed by the donors, on March 22, 2006, the UUCPA Board of Trustees voted to approve the establishment of the UUCPA Endowment Fund.

The defining characteristic of this fund is that its earnings can be spent, but the principal is never touched. This is very reassuring and attractive to donors, who want to support the values of our church and to see their gifts provide long-term benefits.

This web document describes the governance of the UUCPA Endowment Fund, and presents the specific policy adopted by the Board of Trustees for spending its earnings.

2. Background

Over the years, our church members and friends have given us numerous gifts and bequests above and beyond their usual pledges. Sometimes the donors specified how the money should be used, such as in support of the music program. These are called *restricted gifts*. The church currently has three restricted funds (two of which are endowment funds) - the Collyer Fund, the Minister's Sabbatical Fund, and the Music Endowment Fund.

Unrestricted gifts give us much greater freedom. As of March 22, 2006, all unrestricted gifts will now be assigned to the UUCPA Endowment Fund. The policy for governance of the Fund is given in Section 3.

It is neither necessary nor desirable to place hard restrictions on how the earnings of the Fund can be spent. However, generosity is further encouraged if donors are assured that the earnings will be used for purposes having long-term value. Examples of appropriate purposes are given in Section 4.

3. Governance

The UUCPA Finance Committee is responsible for oversight of the Fund. Control of investment decisions for the Fund resides in its existing Investment Committee.

As with other church funds, the Treasurer will maintain complete and accurate books of accounts for the Fund. Through the Finance Committee, the Investment Committee will report on a quarterly basis to the Board of Trustees, and, at each annual meeting of the congregation will render a full and complete account of the administration of the Fund during the preceding calendar year.

Gifts of cash are always acceptable. Marketable securities will usually be sold and the proceeds reinvested. Although other kinds of gifts (personal property, real estate, etc.) can also be accepted, the Board of Trustees reserves the right to refuse gifts that could present problems to the church. To avoid complications, persons contemplating gifts other than cash or marketable securities are strongly encouraged to contact the Board of Trustees or the Finance Committee in advance. Recommendations to hold, sell, exchange, convert, invest, reinvest, and in all other respects to manage and control the assets of

the Fund are to be made by the existing Investment Committee, with subsequent execution by the delegated member of the Investment Committee.

4. Policy for Spending Earnings

On an annual basis, the Finance Committee will report the status of the UUCPA Endowment Fund to the Board of Trustees. Earnings available for distribution are capped at 5% of the fair market value of the fund at the end of the calendar year. The Board will have full discretion on the use of these earnings, including retention of some or all of them for future use. Under extraordinary circumstances, the earnings could be used to cover shortfalls in the Operating Fund. However, the Board is strongly encouraged to favor uses that promote long-term benefits for the church membership. These are expected to fall in one of two broad categories.

1. Providing resources that directly improve the long-term church experience of our members.

This could include, but is not limited to:

- Renovation, enhancements to, and beautification of physical facilities
- Acquisition and care of relevant books, music, art works, videos, etc., and facilities for experiencing them
- Increasing the vitality of the church by enabling its ability to respond to unexpected opportunities, such as special exhibitions, invited lecturers, visiting clergy, or creating a book on church history.
- Debt reduction (This would eventually allow the Endowment Fund to play a role in enabling major capital expenditures.)

2. Providing resources that improve the ability of the church to be involved with the local, national, and world community. This could include, but is not limited to:

- Support for UUCPA outreach and social justice programs and activities
- Aid to special programs for people in spiritual and/or economic need
- Grants to local social service agencies with which our congregation works
- Encouraging interaction between UUCPA and UU activities at Stanford University and other Bay Area churches and fellowships
- Grants to UU camps, conferences, theological schools, the PCD, the UUA, and the UUSC

In recommending the establishment of the UUCPA Endowment Fund, the Finance Committee strongly discouraged use of the earnings to fund recurring expenses (including routine maintenance) that should be funded by the operating budget. A change in the policy described in this document requires a 2/3 supermajority vote of the Board of Trustees.

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