

# Enabling Resolutions for an Endowment Fund

March 2016

## Amendment to Congregational Bylaws

An endowment fund, whose purpose, governance, and operational procedures shall be defined by special resolution adopted by the congregation, shall be established.

### A. Resolution to Implement the Endowment Fund

WHEREAS, stewardship involves the faithful management of the gifts of time, talent, and money, including accumulated, inherited, and appreciated resources; and

WHEREAS, we can support the religious mission and work of this congregation through transfers of property (cash, stocks, bonds, real estate), charitable bequests in wills, charitable remainder and other trusts, pooled income funds, charitable gift annuities, and assignment of life insurance and retirement plans; and

WHEREAS, it is the desire of the congregation to encourage, receive, and administer these gifts in a manner consistent with the loyalty and devotion expressed by the grantors and in accord with the policies of this congregation:

THEREFORE BE IT RESOLVED, that this congregation in annual (or other) meeting assembled on (date), approve and establish on the records of the congregation a new and separate fund to be known as THE (name of endowment fund all in caps) (hereafter called the "FUND");

BE IT FURTHER RESOLVED, that the purpose of this FUND is to enhance the mission of (name of congregation) apart from the general operation of the congregation; that only in particular, temporary, difficult circumstances, and where integrity of gift restrictions permit, may this congregation, by action in meeting assembled, use FUND distributions for its own operating or support services; and that, except where specifically authorized otherwise in the terms of a gift, distributions from the FUND will be made annually;

BE IT FURTHER RESOLVED, that the endowment fund committee (hereinafter called the "COMMITTEE") shall be the custodian of the FUND;

BE IT FURTHER RESOLVED, that the following Plan of Operation sets forth the administration and management of the FUND.

### B. Plan of Operation

#### 1. *The Endowment Fund Committee*

The Endowment Fund Committee (hereafter, the "COMMITTEE") shall consist of three (3) members, all of whom shall be voting members of (name of congregation). Except as herein

limited, the term of each member shall be three (3) years. The minister and the president or treasurer of the church governing body shall be advisory members of the COMMITTEE.

Upon adoption of this resolution by the congregation, it shall elect three (3) members of the COMMITTEE: one (1) for a term of three (3) years. One (1) for a term of two (2) years; and one (1) for a term of one (1) year.

No member shall serve more than two consecutive three-year terms. After a lapse of one (1) year, former COMMITTEE members may be reelected.

The governing body of the church shall nominate new members for the COMMITTEE and report at the annual congregational meeting in the same manner as for other offices and committees. No member may serve on the COMMITTEE while also serving on the governing body of the church.

In the event of a vacancy on the COMMITTEE, the governing body shall appoint a member to fill the vacancy until the next annual meeting of the congregation, at which time the congregation shall elect a member to fulfill the term of the vacancy.

The COMMITTEE shall meet at least quarterly, or more frequently as deemed by it in the best interest of the FUND. The COMMITTEE shall elect from its membership a chairperson, financial secretary, and recording secretary. The chairperson, or member designated by the chairperson, shall preside at all meetings of the COMMITTEE.

The recording secretary shall maintain complete and accurate minutes of all meetings of the COMMITTEE and supply a copy thereof to each member of the COMMITTEE, as well as the chair of the governing body. Each COMMITTEE member shall keep a complete copy of minutes to be delivered to her or his successor.

The financial secretary shall assist the congregation's treasurer in maintaining complete and accurate books of accounts for the FUND and shall submit to the treasurer on behalf of the COMMITTEE written requests for checks payable from the FUND and shall sign all necessary documents on behalf of the congregation in furtherance of the purposes of the FUND.

A certified public accountant or other appropriate person who is not a member of the COMMITTEE will annually audit the books. The COMMITTEE shall report on a quarterly basis to the governing body and, at each annual or special meeting of the congregation, shall render a complete audited account of the administration of the FUND during the preceding year.

The COMMITTEE may request that other members of the congregation serve as advisory members and, at the expense of the FUND (taken from the annual distribution amount OR undistributed capital appreciation), may provide for such professional counseling on investments or legal matters as it deems to be in the best interest of the FUND.

Members of the COMMITTEE shall not be liable for any losses that may be incurred upon the investments of the assets of the FUND except to the extent that such losses shall have been caused by bad faith or gross negligence. No member shall be personally liable as long as she or he acts in good faith and with ordinary prudence. Each member shall be liable for only her or his own willful misconduct or omissions and shall not be liable for the acts or omissions of any other member. No member shall engage in any self-dealing or transactions with the FUND in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which her or his personal interests would conflict with the interest of the FUND.

All assets are to be held in the name of the (name of congregation) (name of the endowment fund).

Recommendations to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other respects to manage and control the assets of the FUND, including stocks, bonds, debentures, mortgages, notes, or other securities, as in their judgment and discretion they deem wise and prudent, are to be made by the COMMITTEE for approval by the governing body of the church, with subsequent execution by the delegated member of the COMMITTEE.

## *2. Distributions*

The COMMITTEE shall abide by and keep a record of the terms and restrictions of all gifts to the FUND and shall determine what is principal and income according to accepted accounting procedures.

Lifetime and testamentary unrestricted gifts to the FUND shall accumulate until an average fair market value of \$50,000 is achieved, after which annual distributions may commence, but only the earned income may be used for annual distribution. However, the decision may be made to make no distribution in any given year.

The average fair market value of the FUND shall be calculated by averaging the current quarter end balance in the FUND with the previous three quarter ends.

Amounts eligible for distribution from the FUND shall be made annually during the church year by the Board of Trustees. Of the amounts qualifying for distribution from the FUND during a church year:

- Up to 40% shall be allocated to social action or social outreach causes identified by the Board of Trustees or by a ministry designated by the Board.
- Up to 40% shall be allocated to capital expense projects of the church approved by the Board of Trustees. Capital expenses are defined improvement projects to the church equipment, buildings or rounds costing more than \$2,500 with at least a five-year life, and which are not normally purchased with annual operating funds.
- Up to 20% as the Board of Trustees designates; however, not for items normally classified as annual operating items including MidAmerica Regional and Unitarian Universalist Association fair share dues.

The Board of Trustees, at its discretion, may elect not to distribute amounts from the FUND for any or all of the approved annual expenditures even if the qualification for distribution (a four-quarter average fair market value in excess of \$50,000) is met. Qualified expenditures not made for capital expense items during a particular year or years, shall be accounted for separately within the FUND for use in capital projects in future years.

An annual report to the congregation shall be made by the Board of Trustees to identify the specific uses of expenditures from the FUND.

*3. Amending the Resolution*

BE IT FURTHER RESOLVED, that any amendment to this resolution which will change, alter, or amend the purpose for which the FUND is established shall be adopted by a two-thirds (2/3) vote of the members present at a meeting called specifically for the purpose of amending this resolution.

*4. Disposition or Transfer of FUND*

BE IT FURTHER RESOLVED, that in the event (name of congregation) ceases to exist through either merger or dissolution, disposition or transfer of the FUND shall be at the discretion of the governing body in conformity with the approved congregational bylaws and in consultation with (name of denomination). Consultation with (name of denomination) may also be desirable for continuation of FUND obligations to grantors of gifts.

**C. Adoption of Resolution**

This resolution, recommended by the governing body and accepted by the congregation at a legally-called congregational meeting, is hereby adopted.

\_\_\_\_\_ By \_\_\_\_\_  
(name of congregation) President

and \_\_\_\_\_  
Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.