

# **UNITARIAN UNIVERSALIST SOCIETY OF ONEONTA, INC.**

## **ENDOWMENT COMMITTEE POLICIES AND PROCEDURES**

(Revised: 02/07/2011)

(Revised: 03/2015)

### **A. INTRODUCTION**

The Unitarian Universalist Society of Oneonta, Inc. (UUSO, Inc.) is a not-for-profit organization recognized by the Internal Revenue Service as being tax-exempt under section 501(c)(3) of the Internal Revenue Code.

The UUSO, Inc. is governed by a volunteer Board of Trustees (hereinafter referred to as the Board) that has full fiduciary responsibility for the Society's activities, including the development and review of the Society's statement of goals and long-range plan, development of the annual budget, approval of the Society's major financial commitments, review of the progress toward program and financial goals, and fund-raising.

The Finance Committee is responsible for establishing financial guidelines, preparing annual budgets, recommending an auditor to the Board (if needed) and meeting with the auditor annually as appropriate, advising the Board and other staff on financial priorities, overseeing short-term and long-term investments of the UUSO.

The Treasurer is responsible for overseeing financial matters of the UUSO and alerting the Board to problems or important fiscal issues, signing checks, loans, and other official financial documents, submitting the financial report at board meetings, and working with the staff as an advisor.

### **B. ENDOWMENT COMMITTEE**

The Endowment Committee is charged with the stewardship of the Endowment Fund of the UUSO, Inc. This stewardship shall include: the raising, the administration, and the disbursement of funds given to the Society for its endowment. This Committee shall be semi-autonomous. It shall abide by the bylaws of the Endowment Committee, the bylaws of the Society, and the Policies and Procedures of the Endowment Committee. It has fiduciary responsibility to the Congregation. It need not obtain the prior approval of either the Board or the Congregation for its actions. It has reporting responsibility to the Board and the Congregation and is directly responsible to the Congregation for the success of its actions by means of the election process. This does not disallow seeking the advice of either the Board or the Congregation.

### **C. MISSION STATEMENT**

The mission of the UUSO, Inc.'s Endowment Fund is to raise, invest, manage, and disburse gifts to fund both activities in the Society that are not normally part of the operating budget and activities in the community that are consistent with the principles of Unitarian Universalism.

## **D. POLICIES**

The Endowment Fund is created as a permanent fund. Monies for the Fund will be solicited from members, friends, foundations, and corporations.

The objective for the Fund shall be to achieve both return of current income and growth of principal through a diversified portfolio. At all times, the safety of the Fund shall also be of concern.

The Endowment Fund is governed by the bylaws of the UUSO, Inc. and those of the Endowment Committee of the UUSO, Inc.

## **E. INVESTMENT GUIDELINES**

In addition to consideration of the Society's social and ethical positions, investments will be restricted to high grade common and preferred stocks, high grade (A rated or better) corporate and governments bonds, and cash equivalents.

## **F. ALLOWABLE ASSETS**

Allowable assets include, but are not limited to the following:

- Mutual Funds
- Equity Securities
- Common Stocks
- Preferred Stocks
- American Depository Receipts (ADRs) of non-U.S. Companies
- Fixed Income Securities
- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Cash Equivalents
- Treasury Bills
- Money Market Funds
- Checking or Savings Accounts

## **G. PROHIBITED ASSETS**

Prohibited investments include, but are not limited to the following:

- Commodities and Futures Contracts
- Private Placements
- Options
- Foreign Securities (except ADRs)

## **H. PROHIBITED TRANSACTIONS**

Prohibited transactions include, but are not limited to the following:

- Short Selling
- Margin Transactions
- Pledging the Fund or any part thereof as Collateral

## **I. INVESTMENT MANAGEMENT**

The Endowment Committee will manage the Fund in consultation with professional investment advisors or managers.

A checking account will be maintained with at least three authorized signatures. Except for authorized grant disbursements, two signatures will be required for checks in amounts greater than \$50.

Assets of the Fund shall be invested in socially responsible mutual funds, maintaining sufficient cash funds at all times to pay current and anticipated future bills.

Gifts in the form of stocks or bonds will be handled in accordance with the investment guidelines. Gifts of allowable assets may be held indefinitely. Other gifts will be sold expeditiously and the proceeds invested in accordance with the then current investment philosophy of the Endowment Committee.

The Financial Secretary will vote all proxies with consultation, as she/he deems desirable.

Investment performance shall be reviewed annually, during the month of April. Reviews at other times may also occur as deemed necessary. These reviews will be used to determine whether the investment goals of the Endowment Fund are being met, to provide information for reporting to the Board of Trustees, and to guide the future course of the Endowment Committee.

The Endowment Committee may invest in mutual funds which publish a set of socially responsible screens that sound reasonable to the Endowment Committee, or the Endowment Committee may invest in mutual funds which are defined as socially responsible by some responsible, respected third party, even if such fund holds stocks which the Endowment Committee might not normally buy. The intent of this policy is to make clear that the Endowment Committee will not screen the holdings of the mutual funds it acquires.

## **J. REPORTING**

The Endowment Committee will obtain statements at least quarterly from the agency handling the investments.

## **K. INVESTMENT GOALS**

The goals of the Endowment Committee are to (1) outperform the market, and (2) achieve a rate of return at least equal to the rate of inflation plus 5%, averaged annually, over the life of the Fund or a trailing ten year period, whichever is shorter.

## L. DISBURSEMENT

Distribution Formula (approved 3/2015):

LINE:	DESCRIPTION
A:	Fund Balance as of June 30 Current year
B:	Fund Balance as of June 30 Previous year
C:	Average of the Lst Four (4) Fund Balances as of June 30
D:	4.5% of the Value of Line C
E:	Total Principle of Current June 30
F:	Total Past Year Donations
G:	Total Past Year Earnings. Formula (A-(B+F))
H:	Cutoff Dollars for Grant Making. Formula B+F+D
I:	Allowable Portion. Formula: (A-E) / (H-E)
J:	Modified Amount. Formula: I x D
K:	Grant Amount. Formula: Min = D; Max = J

Bylaws: 8% of Total Assets can be distributed without Society Board Permission

Application for Endowment Fund awards will be due October 1, on the form(s) provided by the Endowment Committee. The Endowment Committee will review applications and make awards by October 31. Determination of awards will be made by a 2/3-majority vote of the voting members of the Endowment Committee. Awards will be published in the Society newsletter. Each award recipient will be required to submit a written progress report to the Endowment Committee by April 30, detailing how the money is being used to date and a final report when the project is complete. Recipients not submitting these reports will be discouraged from submitting applications for further grants. All grants should be used for the designated projects by September 30 of the following year.

When grants are received by a UUSO, Inc. Endowment Fund grantee, in excess of project costs, the surplus funds will be returned to the UUSO, Inc. Endowment Fund in proportion to all the moneys granted.

## M. POLICY AND PROCEDURE REVIEW

These policies and procedures shall be reviewed by the Endowment Committee at least every three years. Changes in the policies and procedures of this committee may be made by a 2/3-majority vote of the voting members of the Endowment Committee. Nothing in this document shall be inconsistent with the Endowment Committee Bylaws.

## **N. DEFINITIONS**

1. Rate of Return: Dividends received + Interest received + Capital growth (whether the stock is sold or not), divided by the average value of the Fund.
2. Average value of the Fund: The beginning value of the portfolio (including uninvested cash) plus the ending value of the portfolio (including uninvested cash) divided by two.
3. Rate of inflation: the percentage change in the Consumer Price Index.
4. Trailing ten year period: Each year the oldest year is dropped and the most recent year is added, so that one always uses the most recent ten full years.
5. Income: Dividends received + Interest received.
6. Principal: The value of the portfolio (including uninvested cash), including gains and/or losses on stocks sold. Capital gain dividends received from mutual funds or other sources are also classified as Principal. Return of Capital dividends shall be classified as principal.

## **O. ACCOUNTING SYSTEM**

The accounting system of the Endowment Committee of the UUSO, Inc. is established on a modified accrual basis. Dividend and interest revenue is recognized when received; all other revenue is recognized when earned, regardless of when it is received. Expenditures are recorded when materials or services are received. An accounting software package (e.g. Excel, Quickbooks) may be used for computerized accounting/bookkeeping activities.

### **1. Record Keeping**

The Financial Secretary shall maintain complete and accurate records of recipients for the Fund, income from the Fund, and disbursements from the Fund, including the names of donors and recipients. The names of donors shall be recorded in a book similar to the Society Membership Book. The book is updated annually before the November recognition service. The wish of a donor to remain anonymous shall be respected.

The source document is a business form containing data about a transaction. For every data entry there should be a source document on file. The most common source documents are invoices, receipt stubs, and canceled checks. The Financial Secretary is responsible for filing source documents in an orderly fashion for cross-referencing and retrieval capability with the books.

### **2. Budget Process**

The fiscal year of the Endowment Fund commences on July 1 of each year and ends on June 30. The Financial Secretary will present the yearly budget to the Endowment Committee for approval. The Endowment Committee Chair is charged with the responsibility for presenting the yearly budget to the Board.

### 3. Accounts Receivable/Cash Receipts

Proper fiscal records will be maintained as an orderly, permanent record of all financial transactions showing receipt and source of principal and income.

Any member of the committee can accept a gift and give it to the Endowment Committee Financial Secretary. The Financial Secretary will record the gift on the GIFTS RECEIVED LIST (kept on an Endowment Committee disc) and the Recording Secretary shall send a thank you letter to the donor. Copies of the letter are filed in the Endowment Committee file at the Society and given to the Chair of the Endowment Committee for placing in the permanent gift record book. The Financial Secretary will deposit the gift in one of the Endowment Fund accounts. If the gift is stock, the Financial Secretary will facilitate transferring the stock to the Endowment Fund account with the help of the brokerage firm and will request that the stock be sold.

### 4. Accounts Payable/Cash Disbursement

Proper fiscal records will be maintained of all funds disbursed, including payee and amount, in a manner consistent with generally accepted accounting procedures.

### 5. Purchasing

Purchasing practices will be followed that will allow for goods to be purchased at a price that is reasonable and prudent and competitive.

### 6. Inventory

The Financial Secretary is responsible for maintaining an accurate, complete, and current inventory of equipment.

### 7. Financial Statements

The Financial Secretary is responsible for preparing quarterly financial statements.

Financial statements are presented to the Board semi-annually.

### 8. Retention of Records

Financial records will be kept as prescribed by contracts, funding sources, state and federal regulations according to Schedule A of this document.

## 9. In-House Audit

A year end in-house audit may be conducted by the designee of the UUSO, Inc. Finance Committee. The Financial Secretary will be available to the auditor to answer any questions regarding financial management procedures and practices. It is the responsibility of the Endowment Committee to respond to recommendations made by the auditor.

## P. AUTHORITY LIMITS

### 1. Purchase of Materials, Supplies, and Equipment

The Financial Secretary can authorize purchases up to \$100.00.  
The Endowment Committee must approve expenditures in excess of \$100.00.

### 2. Conflicts of Interest

Whenever there may be the appearance of conflict of interest, involving a member of the Endowment Committee, the apparent conflict shall be disclosed and the Endowment Committee shall resolve the matter with the member having the possible conflict abstaining from voting.

### 3. Check Signing

Bank resolutions, signature cards, and appropriate documents shall be kept current.

The Chair must review and approve all check requests for operating fund accounts. Authorized signatories are the Chair, the Financial Secretary, and one other member of the Endowment Committee, as designated by the committee.

### 4. Investments

All investments or sales of investments must be authorized by the Endowment Committee at a regular or specially convened meeting.

## Q. ACCOUNTS RECEIVABLE/CASH RECEIPTS

Proper fiscal records will be maintained as an orderly, permanent record of all financial transactions showing receipt and source of income.

## R. CONFERENCE/TRAVEL REQUESTS

Attendance at conventions, meetings, or conferences that are directly related to the Endowment Committee's business and reimbursable expenses related thereto, must be authorized and approved by the Endowment Committee prior to attendance. (Anyone may, at any time, at his/her own expense, attend any such meetings or meetings.)

## **S. TRAVEL ADVANCES**

The Financial Secretary may advance travel moneys to a committee member or designee whose anticipated traveling expenses exceed \$25 for meals, lodging, registration, and transportation with prior authorization and approval of the Endowment Committee. When a privately-owned vehicle is used, any mileage reimbursement must be claimed within 30 days after the event.

Within thirty days after the event, the traveler must file with the Financial Secretary a written statement of all actual and necessary expenses and must immediately refund the excess of the advance payment over the actual and necessary expenses paid.

In the event the traveler's filed statement shows he/she has spent more than was advanced, the Financial Secretary shall, within thirty days of the submission of the written statement, reimburse the traveler for the additional amounts expended. In the event the Financial Secretary has any questions regarding the propriety of the reimbursement, he/she shall seek guidance from the Endowment Committee at its regularly scheduled meeting, and payment may be deferred for up to thirty days after the Endowment Committee's decision.

## **T. PETTY CASH**

A Petty Cash fund may be established to cover minor immediate expenses. The Petty Cash fund will be maintained by the Financial Secretary on an imprest basis in the amount of one hundred dollars(\$100.00) which means that the amount of the fund will remain constant and that the fund will be periodically replenished in the exact amount of the expenditures made from it.

## **U. ACCOUNTS PAYABLE/CASH DISBURSEMENTS**

Proper fiscal records will be maintained of all funds disbursed, including payee and amount, in a manner consistent with generally accepted accounting procedures.

## **V. BANK STATEMENT RECONCILIATION**

All bank accounts are to be reconciled monthly by the Financial Secretary.

## **W. INSURANCE**

The Endowment Committee will maintain adequate errors and omissions insurance through the Board of Trustees.

## **SCHEDULE A: SAMPLE RETENTION TIMES for NOT-FOR-PROFIT RECORDS**

### **A. Corporate Organization Records:**

1. Corporate Charter and Certificate of Incorporation - Permanent
2. Minutes of Board of Directors Meetings - Permanent
3. Annual Reports - Permanent

### **B. Accounting Records**

1. General Journal - Permanent
2. General Ledger - Permanent
3. Cash receipts Book - 10 Years
4. Cash Disbursements Book - 7 Years
5. Bank Statements and Cancelled Checks - 7 Years
6. Billings for Services - 4 Years
7. Employee Travel and Expense reports - 4 Years
8. Expense Bills (Source Documents) - 4 Years
9. Petty Cash Records - 4 Years
10. Financial Statements (Annual) - permanent
11. Financial Statements (Monthly or Quarterly) - 7 Years

### **C. Fixed Assets**

1. Land and Buildings - Permanent
2. Equipment in Use - Keep on File
3. Equipment Traded In on Similar Assets - Keep on File
4. Equipment Disposed Of - 7 Years

### **D. Contracts**

1. Leases (After Termination) - 7 Years
2. Client Contracts - 10 Years
3. Grant Agreements - 10 Years
4. Restricted Funds Documentation (After Use of Funds) - 10 Years

### **E. Tax Returns**

1. Federal Form 990 and Working Papers - Permanent
2. State Information Returns and Working Papers - Permanent
3. Payroll Tax Returns - 5 Years
4. Withholding Tax Statements (W-2) - 7 Years

### **F. Personnel Records**

1. Individual Employee Records - Permanent
2. Payroll Book - Permanent
3. Employee Pension and Insurance Records - permanent

### **G. General Correspondence - 5 Years**

NOTE: These policies are guidelines. Records which have continuing legal or tax significance should be retained. Consult with the auditor or lawyer to determine appropriate holding periods when in doubt.

## **SCHEDULE B**

### **CURRENT ACCOUNTS OF THE ENDOWMENT COMMITTEE of the UUSO, Inc.**

**A.** The EIN (tax number) for the UUSO, Inc. is 16-1607726.

**B.** The Financial Broker for the UUSO, Inc. is:

Wells Fargo  
5520 State Highway 7  
Oneonta, NY 13820

Contact: Letty Shaw

Account Name: Unitarian Universalist Society of Oneonta, Inc.

Account Number: 6241-7394

Any two of the following must sign checks: Chair, Financial Secretary, one other identified member. Minimum check of \$250.

**C.** The Following Banks are Used for the Endowment Fund:

Community Bank, N.A.  
245 Main Street  
P.O. Box 430  
Oneonta, NY 13820  
(607) 432-1700

Account Name: Unitarian Universalist Society of Oneonta, Inc., Endowment Fund

Account Number: 10619798

This is the bank where gifts of cash are deposited and checks for expenses and grants are written.

Any two of the following must sign checks: Chair, Financial Secretary, one other identified member.

Sidney Federal Credit Union  
42 Union Street  
Sidney, NY 13838  
(877) 642-7328

Account Name: Unitarian Universalist Society of Oneonta, Inc., Endowment Committee

Account Number: 422163

This is the bank where CD's and interest bearing accounts are held.

**D. Current Investments of the Endowment Fund:**

1. Parnassus Funds

1 Market Street  
Suite 1600  
San Francisco, CA 94105  
(415) 778-0200  
(800) 999-3505

Account Name: Unitarian Universalist Society of Oneonta, Inc. Endowment Committee  
Account Number: 40064006

- Parnassus Equity Income Fund (PRBLX)
- Parnassus Fixed-Income Fund (PREFIX)

2. Charles Schwab & Co., Inc.

211 Main Street  
San Francisco, CA 94105  
(800) 435-4000

Account Name: Unitarian Universalist Society of Oneonta, Inc. Endowment Committee  
Account Number: 6496-6406

- Walden Social Equity Fund (WSEFX)