

ALL SOULS UNITARIAN UNIVERSALIST CHURCH
Summary of Proposed Changed to Endowment
December 16, 2016

Description	Current	Proposed	Why
Number of trustees/members	5 Trustees	Same	
How new trustees selected and approved	Selected by current Endowment Committee and approved by Church Board of Trustees	Three members - Same as Church: Nominated by Church Nominating Committee and approved by congregation at annual meeting One member - Church Treasurer. One member - Appointed by Church Board of Trustees. NOTE: This member does not need to be a member of the Board, just appointed by the Board	Move to same process as church Board of Trustees. Makes Endowment Trustees more accountable to congregation.
Church Board of Trustees members on Endowment Board	No more than one Church Board Trustee may be member of Endowment Board	Not limited.	
Member of church	No requirement	Voting member	
Term	Three years	Same as Church: Three years for Trustees, one year for Treasurer and Board appointee	
Term Limit	No more than three terms	No more than three terms for the church-elected Trustees and the Church Board-appointed Trustee. (The Church Treasurer is currently not term-limited)	
Unexpired Term	Church Board appoints person to serve full unexpired term.	Same as Church: Appointed by Church Board, to serve until next election	Move to same process as Church Board
Officers	Chairperson, secretary, treasurer. All officers elected by Endowment Committee	Same but neither Church Board Trustee can serve as chairperson.	Move to same process as Nominating Committee.
Annual Meeting	Hold annual meeting in May to which all members of the Church shall be invited	Same as Church meetings: Hold annual meeting in May to which all members of the Church shall be invited. Same requirement for advance notification (=>14 days)	
Change to Endowment Governance	By majority of Church Board Trustees and Endowment Board Trustees	Same as change to church bylaws. Approval by two-third (2/3) at congregation meeting meeting.	Moves to similar process as changing church bylaws.
Quorum to conduct business	Three Trustees	Same - three trustees	
Actions	Require majority of trustees serving (in case of vacancies on Board)	Require majority of trustees present	
Authority to borrow money	No	No	
Charge expenses incurred in administration and legal, accounting or investment services to Endowment	Yes, Discretionary Fund. No, Legacy Fund	Expenses charged to all funds proportionally (including Designated Funds and Legacy Fund)	
Fiscal year	Calendar year	The endowment shall be on the same fiscal year as the church - June 30	
Designated funds	Any gift can be designated for special purpose and must be accounted for separately.	Only gifts over \$5,000 can be designated for special purpose and accounted for separately.	
Annual Distribution	Four percent (4%) of average of last thirteen quarters balance of Discretionary Fund only.	Four percent (4%) of average of last thirteen quarters balance of Discretionary Fund (Principal and Accumulated Earnings) and Legacy Fund (Accumulated Earnings only)	
Annual Non-Operating Distribution	No provision	If Annual Distribution exceeds ten percent (10%) of Church operating budget total expenses, the excess above 10% must be used for something other than operations (i.e. maintenance reserve, new program). At Church Board of Trustees discretion.	Allows for distributions but keeps congregation in healthy fiscal balance (i.e. not too reliant on non-pledge income for operations)

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Principal and Accumulated Earnings	Except for Legacy Fund, principal and income are not treated separately for distribution thresholds.	Introduces new categories - Principal and Accumulated Earnings. Principal will be increased by gifts and inflation index. All other increases (interest, dividends, capital gains, appreciation) will be deemed to be Accumulated Earnings. The process to authorize Special Distribution is different for Principal than for Accumulated Earnings.	Many of our current Endowment investments are long-term investment and do not generate interest or dividends. A larger percentage of congregation should be required to approve Special Distributions than from principal than from accumulated earnings.
Legacy Fund - Income/Accumulated Earnings	All income (interest, dividends and other income earned) move to Discretionary Fund which can then be distributed. Unrealized appreciation and capital gains stay in Legacy Fund.	Uses categories of Principal and Accumulated Earnings (above). Assume principal is \$90,000 at 6/30/17.	
Legacy Fund - Annual Distribution	Principal not included in 4% Annual Distribution.	Same - Principal is NOT included in 4% Annual Distribution. New - Accumulated Earnings is included in 4% Annual Distribution.	
Legacy Fund - Special Distributions	Requires approval by at least 90% of congregation members at two congregation meetings	Same - Special Distribution from Principal requires approval by 90% of congregation at two congregation meetings. New - Special Distribution from Accumulated Earnings requires approval by majority of members at congregation meeting (same as Discretionary Fund Accumulated Earnings).	
Discretionary Fund - Income/Accumulated Earnings	No provision regarding Principal or Income	Uses categories of Principal and Accumulated Earnings (above). Assume principal is \$1,00,000 at 6/30/17.	
Discretionary Fund - Special Distributions	Approval by Endowment Committee and church Board of Trustees	Distribution of Principal requires approval by two-thirds (2/3) congregation meeting. Distribution of Accumulated Earnings requires approval by majority of members at congregation meeting.	Makes Endowment more accountable to congregation. Differentiates between spending Principal vs spending Accumulated Earnings.
Loans	No provision	Church Board of Trustees can request a loan from Discretionary Fund (Principal and Accumulated Earnings), not from Legacy Fund. Loans will be repaid with interest. Loan may be converted to Special Distribution, following Special Distribution process (above)	Allows for flexibility if emergency building maintenance or other important congregation need arises.