

Gift Policy Recommendations & Use of Ehrlich Bequest

Recommendations from the Finance Co. & Members
Presented by Kathy Vance, Financial Sec.
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Gift Policy Goals – Improve Planned Giving

- Increase giving in support of our mission while maintaining the congregational form of Governance.
- Improve communication with donors and gift administration.
- Create a flexible structure that can adapt to changing needs.

Current Funds of the UU Trust Fund

| | | | | |
|----------------------|--------------------------|---------------------------|--------------------------------------|-----------------------------|
| General Trust | England Endowment | VAHEST | Carolyn McMahon | Future Cap. Campaign |
| Operations | Operations/Music | Grants to Elderly | Grants to Operations | For Capital Campaign |
| Via budget | Via budget | By Trustees VAHEST Co. | Board approves Included in budget | Rules not clear |

Temporary Holding Funds

Nan Ehrlich Bequest Fund

Unrestricted Bequest Fund

Congregational form of governance

UUCUC Constitution: *The congregational form of governance shall prevail in this Church. Therefore, the ultimate authority for its governance shall rest with the voting membership.*

The congregation approves the use of gifts to our operating budget by approving the budget. The Board can modify and increase the budget by 5%.

Congregational Governance

Donor Restrictions

Current Constitution

ARTICLE V: FORM OF GOVERNANCE

Section 3 The following matters are specifically reserved for decision by the voting membership.

e. Acceptance and disposition of non-recurring gifts or restricted bequests having a value greater than \$5,000.00.

Problems with Article V, Section 3e

- The policy is confusing and therefore applied inconsistently.
- It discourages giving.
- It is hard to administer.
- It is inflexible.
- We do not have gift acceptance and use criteria.
- It is often unclear how to administer the gift. Can the Board spend the money without amending the budget?

Recommendation re: Restricted Gifts

Recommendations this Fiscal Year

- Strike Article V, Section 3e from the constitution.
- Amend Bylaw XV, UU Trust Fund to address highest priority concerns.
- Add a “permanent” Capital Fund (with explicit rules).

Long Term Recommendations

- Continue to improve policies and increase planned giving.
- Add a Rainy Day/Emergency Fund.

Specific Funds in our Trust

- The new Unrestricted Bequest Fund & Ehrlich Fund were created to accept unrestricted gifts. All of the other specific funds were created to accept restricted gifts.
- The General Trust Fund is a specific fund within the Trust. It was created to provide annual distributions to the operating budget. No other distributions are allowed.

Goal: Create new Funds in our Trust to meet the needs of the congregation and inspire donors.

Unrestricted Bequests to UU Trust Fund

- Current Policy (Bylaw XV) – Unrestricted bequests to the **UU Trust Fund** will be deposited into the General Trust Fund.
- New Policy – Unchanged, clarified

Unrestricted Bequests to the Church

- Current Bylaws – no policy stated
- Past Practice – All unrestricted bequests to the church were deposited into the General Trust Fund.
- Recommendation – Bequests should be used for the congregation's top **long-term priorities**. A policy should be adopted that allows easy administration and the flexibility to respond to changing needs .

Proposed Amendments to Bylaw XV Unitarian Universalist Trust Fund

- Revisions are highlighted in yellow.
- Much of the retained text has been edited and rearranged.

ARTICLE XV: UNITARIAN UNIVERSALIST TRUST FUND

Section 1: The Unitarian Universalist Trust Fund shall be administered by three trust fund Trustees elected as described in Article VIII. The Trust Fund shall include all funds created under this Article. All such funds shall be held by the Trustees for management and safekeeping.

Section 2: The promotion of long-term giving to the Church shall be the responsibility of the Board of Trustees of the Church.

Specific Funds within the Trust

- Section 3: Specific funds of the Unitarian Universalist Trust Fund may be created by the Board of Trustees at a business meeting or by the congregation at a duly called meeting. The rules of distribution from these funds will be specified. Only the congregation may create funds that allow monies to be distributed outside of the normal budget process. All other distributions will be made via the customary budget process. Specific funds are created to serve a specific purpose. Specific funds may be terminated by the Board when the objective is achieved, the project is completed, or the fund is no longer viable. Any monies remaining in a terminated fund will be transferred to the General Trust Fund.

Acceptance and Use of Gifts

Section 4: The Board of Trustees may accept or reject any gift or bequest, subject only to the limits of these Bylaws and the Constitution. Gifts and bequests shall only be accepted if: they support the church's mission and goals; they do not create an undue administrative burden; and the donor's intentions can be honored. Gift monies will be deposited into an appropriate fund and used and administered per that fund's rules.

Unrestricted Bequests

Section 8: Bequests to the Unitarian Universalist Trust Fund will be deposited into the General Trust Fund. Unrestricted, undirected bequests to the church will be deposited in the Unrestricted Bequest Fund and distributed in accordance with policy.

Default Distribution (Proposed)

Unrestricted, undirected bequests to the church will be divided evenly between the General Trust Fund and the Capital Fund, unless the Board or the congregation act as described below.

Proposed Unrestricted Bequests Policy

Role of the Congregation

The congregation will endeavor to use unrestricted, undirected bequests to the church for top long-term priorities. Periodically, at a duly called meeting, the congregation will specify how these bequests will be routinely distributed among specific funds. The purpose of this default procedure is to distribute gifts easily and appropriately. But the congregation recognizes that a default procedure may not always align with the congregation's current top long-term priorities. The congregation retains the authority to modify the default procedure or select a different distribution for specific bequests. These decisions will be made at a duly called congregational meeting.

Receipt and Distribution of unrestricted, undirected bequests to the church

These gifts will be deposited into the Unrestricted Bequests Fund and the Financial Secretary, or delegate, will notify the Board Chair of their receipt. The Board will take either of these actions: A) Direct that the monies be distributed per the default procedure or B) Seek feedback from congregational leaders and/or the congregation. After receiving feedback, the Board may decide to distribute the monies per the existing default distribution procedures or address this issue at a duly called congregational meeting. At such a meeting, the congregation can select any distribution or may leave the monies in the Unrestricted Bequests Fund. The Board may add additional procedures to this policy providing that they do not conflict with the above. For example, the Board could decide that all applicable bequests under \$XX will be automatically distributed per the default procedure.

Proposed Default Distribution

Default Distribution as of June 5, 2022

New unrestricted, undirected bequests to the church will be divided evenly between the General Trust Fund and the Capital Fund, unless the Board or the congregation act as described above.

Capital Fund Motion

- The Congregation hereby creates the Capital Fund, a specific fund of the Unitarian Universalist Trust Fund. The Capital Fund will supplement capital campaigns approved by the congregation. Prior to approval by the congregation, the Board of Trustees may use these funds to evaluate and plan campaigns under review. Monies from this fund can be spent outside of the customary operating budget.

Ehrlich Bequest - \$150,000 to the Church

Received December 2021, the Board created a fund to hold the monies until the congregation decides how to distribute it.

In Jan. 2022, the Finance Committee recommended that the monies be evenly split between the General Trust and the new Capital Fund.

In April, the FC revised their recommendation.

Recommendation on Use of Ehrlich Bequest

Deposit 1/3 in General Trust, 1/3 in Capital Fund.

Keep 1/3 in Ehrlich Fund – do not distribute at this time.

- Monies in the General Trust create ongoing income for the church.
- Strategic plan inc. a Capital campaign; could provide \$ to plan.
- Reserving 1/3 of the money is prudent due to current budget challenges and uncertainty.
- A 3-way split recognizes that there is not a consensus among members to use the monies for a single purpose.

Unrestricted Bequests Fund

This fund temporarily holds monies from unrestricted, undirected bequests to the church while the congregation or the Board consider the best use of these gifts. The Board may direct that monies in this fund be distributed per the current default policy for Unrestricted Bequests. Alternatively, the congregation may select any distribution at a duly called meeting.

Unrestricted, undirected bequests to the church include all gifts left to the **church** by a descendent where the descendent did not impose restrictions or specify that the gift be added to a specific fund or used for a specific purpose.