

2018-19 Endowment Subcommittee CHARTER

**Section A: Name**

1. What is the name of your group?

Endowment Subcommittee of the Financial Stewardship Committee

**Section B: Purpose**

1. What is the purpose of your group?

The purpose of the Endowment Subcommittee is to assist the Board of Trustees (BOT) in management of the Endowment Fund. In such management, the Endowment Subcommittee provides for the long-term financial security for the church aligned with the Financial Stewardship Committee's 5-Year Financial Strategic Plan. The Endowment Fund has a perpetual duration, making it possible to provide financial support of church (assets and improvements) over the long-term. A Portion of the Endowment Fund will be designated to support the 1 to 3-year capital expenditures of the church

2. How is your work related to one or more of our Unitarian Universalist Seven Principles? They are listed in the Overview Section above.

The Endowment Subcommittee seeks to operate within all of the Seven Principles and strives for its work to result in a healthy and vibrant church which has the capacity to live by the Seven Principles both internally and externally in the wider community. In particular, building a durable and sustainable physical and monetary infrastructure for the church will then allow it to focus its operational resources and energy on exemplifying to its members and others: inherent worth of every person (Principle 1); justice in human relations (Principle 2), Acceptance of one another and spiritual growth (Principle 3), free and responsible search for truth (Principle 4); conscience and democratic process (Principle 5); peace, liberty and justice for all (Principle 6); and interdependent web of existence (Principle 7).

3. How does your group connect with East Shore's Mission and Vision? Please see the Mission listed in the Overview Section above. The full Vision based on the Mission can be found at [www.esuc.org](http://www.esuc.org) under Governance and Bylaws.

The Endowment Subcommittee seeks to achieve an equitable and just investment strategy in order to support the Mission and Vision of East Shore.

The Endowment Subcommittee through establishing a perpetual duration of financial support (assets and improvements) ensures that the campus and buildings are maintained over the long term such that they are safe and accessible in order to conduct the mission of the church.

The Endowment Subcommittee recognizes the ministry of each of its participants provided through service on the Subcommittee. By preserving and conserving the institution and resources of the church the Subcommittee members practice love of East Shore and the wider community and ensure the means for members and friends to explore spirituality, to build community, and to promote justice.

The Subcommittee also demonstrates these four pillars of the Mission by how its members interact in accordance within the committee and with other groups and individuals in the church.

4. In order to intentionally live our mission in our daily team work, a set of Right Relations guidelines is recommended for all Committees and Teams. Do you have an agreed upon set of guidelines? If not, please develop one this year. The Right Relations Committee will assist you as needed.
5. What relationship does your group have, if any, to the 2018/19 Ends? Ends are East Shore's goals. Please see the current Ends which will be listed in the Overview Section above once established.
6. What are your group's specific goals for the next year? What impact do you expect from your efforts? If an activity is listed, what result do you expect from it? How will you evaluate the impact of your efforts?

#### Endowment Subcommittee Goals for fiscal year 2018-2019

1. Fulfill the BOT Ends relating to the 5-Year Financial Strategic Plan in coordination with the Financial Stewardship Committee
2. Revise the Endowment Subcommittee's Investment Policy Statement in alignment with the 5-Year Financial Strategic Plan
3. Create a new Endowment Five to Seven Year Strategic Plan
4. Implement a planned giving campaign
5. Update printed and digital information educating the Congregation about the Endowment Fund, Subcommittee, and methods of planned giving
6. Increase membership of the Endowment Subcommittee to 4 plus the chair.

These goals will be measured by the completion of the specified documents, minutes and materials documenting implementation, results, and impact of planned giving and congregational education as reported in the Subcommittee's Annual Report.

#### **Section C: Group Structure, Leadership & Decision-Making**

1. Where does your group fit into East Shore's organizational structure – as a Board Committee, Ministry Team or Core Team? Who is your staff liaison or partner?

Endowment is a Subcommittee of the Financial Stewardship (FS) Committee, and a Standing Board of Trustees Committee as defined in Bylaws Article VII, Section C.

The Treasurer of the BOT will attend ex-officio (non-voting) and serve as liaison to the Board. The Chair of the Financial Stewardship Committee may attend ex-officio and serve as liaison to the FS Committee. The Executive Director will attend ex-officio, report from the Core Finance Team, and ensure adherence to Policy 2.13. The Chair of the Facilities Team may attend ex-officio and serve as liaison to the Facilities Team

2. What are the minimum and maximum number of participants? To ensure community representation, no fewer than five members is recommended. If you have fewer than five members, please explain. Who are your current team members?

The Endowment Subcommittee will consist of a Chair or co-chairs and at least four others, all of who must be members of East Shore Unitarian Church and be approved by the Board of Trustees. Members serve at the will of the Trustees.

Current Team Members include:

- Craig Nelsen- Chair
- William (Bill) Culverwell
- Steve Lange

3. What are the leadership roles and responsibilities within your group?

The Chair of the Endowment Subcommittee will:

1. Arrange for four to six meeting a year, set the agendas, and lead the meetings;
2. Attend the Financial Stewardship Committee quarterly;
3. Ensure that the Guidelines, Investment Management, Disbursements and Gifts, and Planned Giving and Fund Raising Sections of this charter are followed;
4. Update the charter annually and submit the Annual Report;
5. Communicate as needed with the members and the ex-officio members of the Subcommittee;

4. How are leaders determined, and what are their term limits? Please explain any differences from the term limits recommended in the Overview Section above.

The chair of the Endowment Subcommittee will be selected from the Endowment Subcommittee Committee by a majority vote of the Subcommittee and approved by the Board. The chair will serve a term of three years and may return after 3 years have lapsed from being chair.

5. What, if any, are the term limits for your members? Please explain any differences from the term limits recommended in the Overview Section above.

Members of the Endowment Subcommittee serve no more than five consecutive years. They may return after 3 years off the committee.

6. How are decisions made in your group (consensus, majority vote, officers, super majority percent)? What quorum is needed? Is email vote allowed?

Quorum is met when at least 50% of the Members are present. Decisions and recommendations are made by a majority of the committee total.

7. How are records kept and passed on for your group? If you are a Board Committee, what one person on your team will send the meeting minutes to the Chair of the Archives Team?

8. How are members recruited and oriented to your team?

As some financial and investment acumen and experience are necessary for service, the Endowment Subcommittee will recruit new members through the Nominating Committee, recommendations from the Financial Stewardship Committee, recommendations from the Membership Development Manager, and through personal outreach to potential candidates.

New members are oriented to the work of the Endowment Subcommittee by past meeting agendas and notes, providing each member the Endowment Charter, the five-year financial strategic plan and quarterly investment reports. Meeting discussion, questions and answers are an important element of orientation to the FS roles and responsibilities.

9. What, if any, qualifications are required for membership or leadership?

Members are required to attend at least 75% of the meetings. Members are allowed to attend meetings via electronic communication.

10. How does your group communicate and collaborate with the larger East Shore community?

The group communicates via Financial Stewardship reports, the Board Reports of the Treasurer, and a basic brochure explaining its purpose and status. It also holds Town Halls for ES members.

11. What one person on your team is authorized to approve communications publicized by Staff?  
Who is the designated back up person?

The Endowment Chairperson is authorized to approve communications publicized by Staff.

12. What types of decisions is your group authorized to make?

It organizes communication about the Endowment with ES members and does outreach for possible donors to the Endowment.

13. What kinds of recommendations, if any, does your group make and to whom (Board, Minister, Staff, congregation)?

The group brings reviews and recommendations of quarterly and annual financial returns and distributions, as well as the specifics of its investments, to Financial Stewardship and then to the Board. It also assesses the work of the ongoing financial advisors hired by ES.

14. Does your group plan to sponsor any outside groups to use the church facilities? If so, please see Board Policy 1.16a and the Staff Procedures for Sponsorship of outside groups.

No such sponsorship is planned for the 2018-19 fiscal year.

15. What is the expectation for longevity of the group and the plan, if any, for disbanding the group?

Ongoing.

#### **Section D: Finances**

1. Will your group present a budget proposal to the Budget Team next year?

The Endowment Subcommittee does not generate any revenues or incur any expenses for the committee, thus a budget proposal is not required for submission to the Budget Team.

2. If the Operating Fund is unable to grant the full amount of your budget request, will the group reduce its expenses or do its own fundraising?

n/a

3. If your group plans to do fundraising, please describe how it will go about this. If you plan to solicit donations, use the following wording: "Your donation goes to East Shore's operating funds which supports (name of your team) and other programs."

n/a

4. What kind of decision process exists for how money is used?

n/a

5. Which one person on your team is authorized to approve team expenses? Who is the designated back up person?

n/a

6. Does your group have the need for a Prudent Reserve (funds set aside to hedge against a contractual liability)? If so, how much and what for?

n/a

### **Section E: Subcommittee Guidelines**

- **Accounting:** The Endowment Fund is a Designated Fund and monies associated with it is separate from the Operating Fund until a disbursement is made. The total Endowment Fund is the combined balance of the 3-1040 Endowment Money Funds – Schwab account and the 3-1070 Endowment Investments – Schwab account.
- **Investments** will be directed according to the Investment Policy Statement, a description of investment policy which shall be applied to the endowment funds. (See "Investment Management"). This subcommittee is charged with proposing revisions and keeping the Investment Policy Statement current.
- **Reporting:** Investment performance results will be reported at least annually to the Financial Stewardship Committee and the Board of Trustees.
- **Recordkeeping:** The Chair or designated Member of the Committee will maintain records of contributions from donors, brokerage statements, correspondence, minutes, etc., and provide copies for archive to the Executive Director and operations quarterly. Confidentiality of these records will be maintained.
- **Audit:** The Endowment Fund is subject to audit such as would be any aspect of church finances, and the status and handling of the funds are subject to review at all times by the Board of Trustees and the Financial Stewardship Committee.
- **Planning:** Each year, the Facilities Team will create a report of expected capital expenses over the next one to three years based upon a current Reserve Data Analysis, personal assessment, and price quotes. With review from the Finance Team, this report will be submitted to the Financial Stewardship Committee and the Endowment Subcommittee for distribution planning. The Endowment Subcommittee will prepare and maintain a five- to seven-year strategic plan that prepares the funds to support planned capital maintenance and improvements of the church assets.

### **Section F: Investment Management**

The Endowment Subcommittee, with approval of the Board of Trustees, will select a professional money manager to manage the assets of the fund. The Endowment Subcommittee will review fund performance at least quarterly with an annual review against appropriate benchmarks.

The manager will have full discretion to invest and manage the Endowment Fund in accordance with the ESUC Endowment Fund Investment Policy Statement. The Endowment should be invested to achieve an equitable balance between growing the principal of the fund and preserving the capital of the fund. Funds which are expected to support planned facilities expenses are expected to be invested in low risk, highly liquid investments to meet the short- to medium-term planned capital maintenance and improvements of the church assets.

The Investment Policy Statement is subject to change on approval of the Endowment Subcommittee. Changes in the Investment Policy will align with the Financial Stewardship Committee's 5-Year Financial Strategic Plan, and require approval of the Financial Stewardship Committee and the Board of Trustees.

### **Section G: Disbursements and Gifts**

- a. Disbursements from the Endowment fund are recommended to the FS Committee which forwards a recommendation to the Board of Trustees. Distributions occur only by authorization of the Board of Trustees.
- b. Annual Endowment Distribution: Each year, a distribution equal to 3.5% of the 3-year average market value of the Endowment fund as of December 31 will be available for transfer to the Operating Fund, or other appropriate church fund, by Board decision. In the event that the 3-year average market value of the Endowment is below USD \$900,000, there shall be no annual distribution from the Endowment Fund. This Distribution formula is set by Board approval.
- c. 5- Year Financial Strategic Plan: In alignment with the ESUC BOT Approved 5-Year Financial Strategic Plan, the intention of the Annual Endowment Distribution is to utilize funds designated as the Capital Reserves, to match the current projected annual capital facilities expenses and improvements as assessed by the Facilities Team and approved by the Financial Stewardship Committee and BOT.
- d. Excess Distributions: The Endowment Fund is designed to be a perpetual fund and distribution beyond the normal Annual Distribution shall occur only on the approval of the BOT up to the maximum amount of One Hundred Thousand Dollars (\$100,000) above the normal Annual Distribution. In alignment with ESUC Bylaws Article VIII, Section D (2), the total sum of distributions within a fiscal year from the Endowment Fund in excess of \$100,000 above the Annual Distribution requires simple majority approval of the church membership with a 25% quorum present at a duly called meeting.
- e. Restricted gifts: In accordance with Policy 2.14, on approval of the Board of Trustees, the Endowment Fund may accept a gift from a donor who specifies the purpose for which the principal and income of the gift may apply. In such a case the principal may be expended in full at any time to meet the donor's instructions. Similarly, cash income from that part of the fund represented by the restricted gifts will become available each year in accordance with the donor's instructions. Such Restricted gifts will be accounted for in a Restricted Fund account, separate from the Designated Fund Endowment accounts.
- f. Gifts of illiquid assets: Gifts of real property, private stock, or other non-liquid assets require Board approval to accept.
- g. Restrictions on borrowing: As a protection to the fund, the Church shall not borrow principal from the Endowment fund, nor may it use the assets of the fund as collateral in any of the borrowing.

### **Section H: Planned Giving and Fund Raising**

The Endowment Fund Committee is authorized to establish a planned giving program and to seek gifts and bequests under such a program. A plan for a bequest program or campaign will be approved by the board. Planned giving includes bequests by will, beneficiary designation, charitable gift annuities and payments under a trust agreement. The purpose of the program is to:

- Inform and educate the congregation about the types of planned gifts and bequests that can benefit the church;
- Identify members and friends who may be interested in making a planned gift; and
- Make sure that interested members and friends are asked for a planned gift commitment and thanked and honored upon receipt of such a commitment.

Bequest Society: The Elliot Marple Bequest Society is established to recognize those members that have made planned gift commitment.