

## **Red River Unitarian Universalist Church Endowment Fund By-Laws**

Approved by the Board of Trustees on April 21, 2004

Red River Unitarian Universalist Church (hereafter called the "Church") is a Texas non-profits corporation organized for charitable or religious purposes under Section 501(c)3 of the Internal Revenue Code.

### Article I. Purpose

- 1.1 The Red River Unitarian Universalist Endowment Funds (hereafter called the "Fund") shall be established for the following purposes and reasons:
  - a. To provide a vehicle to accept bequests and contributions that will constitute an endowment fund,
  - b. To provide a method for long term management of bequests and other funds contributed to, or earned by, the Endowment Fund.
  - c. To establish reserve funds and investments to ensure the perpetuity of Church and,
  - d. To provide a resource in the event of emergencies jeopardizing the continuity of Church.

### Article II. Property to be Donated

- 2.1 The Fund through its trustees may accept any form of real or personal property unless the use of the property or income from it would be encumbered in an unreasonable manner, or the acceptance of the property would jeopardize the purposes or tax exempt nature of the Church.
- 2.2 All Trustees must agree to accept any property that is offered by the Fund.

### Article III. Principal and Income

- 3.1 The principal and income of all property may be distributed for the benefit of Church in accordance with the provisions of Section 501(c)3 of the Internal Revenue Code, except as limited by this and other provisions of the By-laws.
- 3.2 No distributions by the Fund shall be used for the annual operating budget of Church. Further, no distribution in any one year shall exceed the fund income from the prior year, except in an emergency requiring distribution of corpus of the Fund and approval by the membership of the Church shall be required.
- 3.3 Decisions on the distribution of income shall be the province and responsibility of the Trustees operating under majority rule.

#### Article IV. Management

- 4.1 The Fund shall be managed by three (3) Trustees until such time as the Fund corpus reached \$100,000.00 at which time two additional trustees shall be elected at the next regularly scheduled of the Church election. Once the Fund reaches the amount to trigger the addition of the two additional Trustees, then elections shall be conducted by mail ballot.
- 4.2 Trustees will be elected by simple majority with at least 6% of the membership having voted. Initial terms of service for trustees shall be randomly assigned as 1, 2, or 3 years. At the end of each of the three terms above, subsequent trustees shall be elected for terms of three years.
- 4.3 Any trustee may be elected for two consecutive terms, after which, Trustees must go off the Endowment Board for a minimum of three years, before seeking elections again.
- 4.4 At any time, only one member of the Endowment Trustees may be an officer or member of the Church Board. All Trustees must be members of Church and 21 years old.
- 4.5 Nomination of Trustees for service should be based on past business, legal, or financial experience.
- 4.6 While Fund is managed by three Trustees all "committee" type duties shall involve all Trustees. When there are five Trustees, they may organize work into committees.
- 4.7 Initial Trustees shall be nominated by the Church Board and voted on by the Church members. In subsequent elections, the Fund Trustees shall meet with the Nominating Committee to jointly recommend a Trustee candidate with final approval of the nominee by the Board. In the event of disagreement, the Fund Trustees shall meet with the Church Board to jointly select a candidate for the elections.

#### Article V. Provisions

- 5.1 No distribution from the Endowment, for purposes other than the operation of the Fund, shall be made until the Fund reaches a value of \$50,000.00.
- 5.2 No distribution out of Principal shall be permitted except by the approval of 65% of the Church members voting on the issue. Such a question before the Membership will require a congregational meeting or a mail ballot with notice going to the entire Church membership at least two weeks prior to such a mail ballot or meeting.

## Article VI. Records and Reporting

- 6.1 Trustees shall continually maintain unambiguous financial records and prepare thorough reports for the Church semiannually.
- 6.2 The midyear report shall be to the Board of the Church and the yearend report shall be at the congregational spring meeting.
- 6.3 The Endowment Fund Trustees shall meet at least twice annually and keep accurate written minutes of all meetings.
- 6.4 As long as the Endowment remains below \$50,000.00 in actual (not including future bequests) then the Trustees shall be responsible for preparation of the annual report. When the fund is greater than \$50,000.00 but less than \$100,000.00, the Treasurer of the Fund, or another person of financial experience, shall informally review reported income and the validity and proper representation of expenditures for the Fund.
- 6.5 Upon achieving a balance of \$100,000.00 the above procedures shall apply except that once every two years, a compiled financial report submitted by a Certified Public Accountant shall be required.

## Article VII. Disbursements for Operations

- 7.1 The Trustees shall have authority to make such disbursements out of income of the Fund to pay expenses of printing, reporting, auditing, mailing, fund promotion (to inform the community about the purposes of and procedures for the Fund) and any other ordinary and necessary business expenses.

## Article VIII. Investment Policy and Objectives

- 8.1 The policy of the Fund will be to invest its funds to provide capital appreciation, while also concerning itself to preservation of capital.
- 8.2 Consideration for the provision of income shall also guide investment decisions. Trustees are expected to invest Endowment funds in ways that are compatible with the purposes of Unitarian Universalism and the Church.
- 8.3 The Fund shall evaluate the Total Return of the Entire Portfolio as consisting of income earned and capital appreciation. The Trustees shall seek a diversified portfolio avoiding risk associated with excessive reliance on one investment mechanism.
- 8.4 Based on the concern for preservation of capital, the investments chosen shall minimize investment risk compatible with reasonable returns.

- 8.5 The Fund shall give consideration to investments desired to produce annual income in order to generate available funds for the Church's needs. Trustees may also opt to utilize gains on investments as income for distribution.
- 8.6 The Fund shall retain Investment Counsel as necessary to achieve the goals of the Endowment Fund Investment Policy. Investment counselors, money managers or securities brokers shall act upon approval of a majority of the Trustees or a subcommittee should the Trustees organize in that way.
- 8.7 The above Investment Policy shall be considered a goal and a guide until the fund shall reach a minimum of \$50,000.00 after which, the stated Investment Policy becomes a more firm guiding directive.

Article IX. By-law Re-consideration at \$100,000.00

- 9.1 As the time span between adopting this initial set of by-laws and the time that the fund accumulates \$100,000.00 maybe several years, this by-law required the Church to review and update these by-laws upon achieving a balance of \$100,000.00 ensuring that all elements are in compliance with normally accepted provisions and laws in effect at that time. Such revision shall, in effect, be a re-adoption of the by-laws and subject to the same voting provisions as these initial set.

Article X. Revisions and Dissolution of the Fund

- 10.1 Changes in the By-laws of the Fund must be ratified by a simple majority with at least 65% of the Church Membership having voted.
- 10.2 Recall of a trustee shall be subject to the same standard.
- 10.3 Proposed changes in the By-laws shall be published to the Church Membership 30 days prior to the vote.
- 10.4 Dissolution of the Fund shall require a vote of at least 65% of the certified voting Members of the Church.
- 10.5 Should the Church cease to exist, any funds remaining shall be distributed to the Southwestern Unitarian Universalist Conference (75%) and the North Texas Unitarian Universalist Congregations (25%)