The primary purpose of this proposed by-law revision is to clarify under what conditions principal in the UUCB “endowment” may be spent without reimbursement.

For decades UUCB has spoken of “the endowment” as a single fund, with an assumption by many members that money remained in it “forever”, and the original amount never spent. Under California law and non-profit accounting, that is only partially true. Amounts designated by donors to “the endowment” are permanently endowed (original gift never spent), but amounts for which there is no stated intent to endow have typically been placed in “the endowment” anyway. The latter situation is known in non-profit accounting as a “quasi” or “board designated” endowment, because it is the organization’s board that decides it goes into the endowment – and the board also has the ability to unendow it.

UUCB has multiple endowments, three of which are for general purposes with a payout that goes to the operating budget. Two consist of gifts that were specifically endowed by the donor, with the remaining (and largest, over $1 M) account consisting of board-designated gifts. Though the intent remains to grow the endowment, having the ability to use the money in extraordinary circumstances provides flexibility for the future of the church.

This by-laws proposal insures that the congregation determines what constitutes “extraordinary circumstance.” It requires a 3/4 vote to spend the principal of the Board-Designated Endowment without repayment.

For future gifts, it codifies the conservative practice of endowing most un-designated gifts as “normal practice”, with exceptions from $10,000 to $25,000 approved by the Board, with notification to the Congregation, and anything over $25,000 approved by the Congregation by a 2/3 vote. Bequests $10,000 and under that are not designated for the endowment by their donor will go to the General Operating Fund, as has been the practice in the past decade.

**Examples**

1. At a regular called congregational meeting, the congregation votes by over 90% to loan $300,000 for repairs. Per 9.1.1.1, this meets the criteria for a loan from the Board Designated Fund.

2. Waitstill and Martha Sharpe bequest $100,000 to UUCB, without any specifications on record or in their bequest. Per 9.1.1.4, the entire $100,000 is designated by the Board to the Board Designated Endowment fund OR per 9.1.1.3 the bequest can be used to pay down the loan in #1 with at least a 2/3 vote in a called congregational meeting.

3. At a called congregational meeting, the congregation votes by over 90% to take $300,000 from the Board Designated Endowment Fund for repairs. Per 9.1.1.1, this meets the criteria for use of funds without repayment from the Board Designated Fund.
4. Susan Anthony bequests $50,000 to the Building Endowment Fund. Per 9.1.1 and 9.1.1.2, none of the funds may be used for loan repayment, and only the earnings can be spent for building maintenance.