

TERMS OF THREE ENDOWMENTS ESTABLISHED
AT THE FIRST UNITARIAN CHURCH OF PITTSBURGH
WITH A BEQUEST FROM THE ESTATE OF HERBERT SIMON

MAY 15, 2002

This document presents the terms of three endowments to be established with a bequest given to the First Unitarian Church of Pittsburgh from the estate of Herbert Simon.

THE SOCIAL JUSTICE ENDOWMENT

Purpose. The purpose of the Social Justice Endowment is to promote the social application of Unitarian Universalist religious principles. In accord with the policy of the Board of Trustees that discourages contributions directed toward specific, ordinary, items in the annual operating budget, proceeds from the Social Justice Endowment could support the following programs and activities: (1) participation by Church members or youth in social justice programs operated by the Church; (2) participation by Church members or youth in social justice programs operated by the Unitarian Universalist Association or the Unitarian Universalist Service Committee; (3) participation by Church members or youth in social justice programs operated by other groups which are largely in sympathy with the social application of Unitarian Universalist religious principles; (4) proportional compensation for any Church staff member for whom social justice work is a primary responsibility; (5) expenses incurred by the Church in connection with providing space for meetings and other activities of social justice groups or social service groups from the larger community; (6) social justice conferences or workshops sponsored or hosted by the Church; (7) social justice lectures or speeches or presentations or sermons sponsored or hosted by the Church; (8) training for Church members or youth to enable their participation in organized social justice efforts; (9) other programs or activities that could be classified as “extras and externals.”

Governance. All decisions about allocation of any available Social Justice Endowment proceeds will be made by the Social Justice Endowment Committee. The Social Justice Endowment Committee will meet at least once each fiscal year. Members of the Social Justice Endowment Committee will be as follows: (1) Three members of the Church who will be appointed by the Board of Trustees and whose term of service will be three years. (2) The Treasurer of the Church or a member of the Investment Committee of the Church designated by the Treasurer. (3) The Ministers of the Church.

Operation. The Social Justice Endowment will constitute a portion of the endowed (permanently restricted) funds of the Church. The fiscal year of the Social Justice Endowment will be the same as the fiscal year of the Church. The Social Justice Endowment will be invested by the Treasurer of the Church who may consult with the

Investment Committee of the Church, with the provisions that (1) the Social Justice Endowment will be invested in accord with the social and ethical principles of Unitarian Universalism; (2) as a general guiding principle, the Social Justice Endowment will be invested with the goal of long-term growth, rather than current income, and (3) the Social Justice Endowment and any accrued income from the Social Justice Endowment will be maintained separately and distinctly from all other restricted or unrestricted funds owned or managed by the Church. Proceeds available for use in any given year shall be determined in accord with the following method: (1) A small payout percentage (e.g., 3% to 5%) will be established by the Social Justice Endowment Committee. This payout percentage will generally remain constant from year to year. (2) Shortly after the close of the fiscal year, the Treasurer of the Church or the Investment Committee of the Church will take from the Social Justice Endowment an amount equal to the payout percentage times the average total year-end value of the Social Justice Endowment over the previous three years. This amount will be available for use by the Social Justice Endowment Committee. (The Appendix shows an example of how this works.) During the first three years of operation of the Social Justice Endowment, the payout percentage shall be 3.5% of the Social Justice Endowment's value at start of the fiscal year, or at the start of the Fund's operations during the first year of the Endowment's existence, and this amount will be available for use by the Social Justice Endowment Committee during that fiscal year.

Accountability. The Social Justice Endowment Committee will provide a written report to the congregation at its annual meeting indicating how funds drawn from the Social Justice Endowment have been used in the previous year.

Contributions. Any individual, estate, or institution wishing to contribute to the Fund for Social Justice may do so, with the provisions (1) that monies contributed may not be subsequently withdrawn by the donor; and (2) that the stated purposes of the Social Justice Endowment may not be altered to accommodate the preferences of any particular donor.

Catastrophic Use of Fund. In case of catastrophe (e.g., destruction of the Church building), the Board of Trustees may expend or borrow up to ten percent (10%) of the principal of the Social Justice Endowment in any given year for use in helping the Church recover from such catastrophe. Such spending or borrowing shall not occur more than once in any ten-year period.

THE MUSIC ENDOWMENT

Purpose. The purpose of the Music Endowment is to provide financial support for the music ministry program at the First Unitarian Church of Pittsburgh. In accord with the policy of the Board of Trustees that discourages contributions directed toward specific, ordinary, items in the annual operating budget, proceeds from the Fund for Music could support the following programs and activities: (1) instrument acquisition, improvement, restoration, and maintenance; (2) equipment acquisition, improvement, and maintenance;

(3) support for public concerts open to the larger community; (4) support (including printed music, if needed) for a small number of worship events where music is especially prominent (e.g., Christmas Eve); (5) tours by music performance groups of the Church; (6) commissions for new hymns or choral works especially intended for use in Unitarian Universalist churches; (7) an artist-in-residence program; (8) a church music internship program; and (9) other programs or activities that could be classified as “extras and externals.”

Governance. All decisions about allocation of any available Music Endowment proceeds will be made by the Music Endowment Committee. The Music Endowment Committee will meet at least once each fiscal year. Members of the Music Endowment Committee will be as follows: (1) Three members of the Church who will be appointed by the Board of Trustees and whose term of service will be three years. (2) The Treasurer of the Church or a member of the Investment Committee of the Church designated by the Treasurer. (3) The Ministers of the Church. (4) The primary music staff member of the Church.

Operation. The Music Endowment will constitute a portion of the endowed (permanently restricted) funds of the Church. The fiscal year of the Music Endowment will be the same as the fiscal year of the Church. The Music Endowment will be invested by the Treasurer of the Church who may consult with the Investment Committee of the Church, with the provisions that (1) the Music Endowment will be invested in accord with the social and ethical principles of Unitarian Universalism; (2) as a general guiding principle, the Music Endowment will be invested with the goal of long-term growth, rather than current income; and (3) the Music Endowment and any accrued income from the Music Endowment will be maintained separately and distinctly from all other restricted or unrestricted funds owned or managed by the Church. Proceeds available for use in any given year shall be determined in accord with the following method: (1) A small payout percentage (e.g., 3% to 5%) will be established by the Music Endowment Committee. This payout percentage will generally remain constant from year to year. (2) Shortly after the close of the fiscal year, the Treasurer of the Church or the Investment Committee of the Church will take from the Music Endowment an amount equal to the payout percentage times the average total year-end value of the Music Endowment over the previous three years. This amount will be available for use by the Music Endowment Committee. (The Appendix shows an example of how this works.) During the first three years of operation of the Music Endowment, the payout percentage shall be 3.5% of the Music Endowment’s value at the start of the fiscal year, or at the start of the Fund’s operations during the first year of the Endowment’s existence, and this amount will be available for use by the Music Endowment Committee during that fiscal year.

Accountability. The Music Endowment Committee will provide a written report to the congregation at its annual meeting indicating how funds drawn from the Music Endowment have been used in the previous year.

Contributions. Any individual, estate, or institution wishing to contribute to the Music Endowment may do so, with the provisions (1) that monies contributed may not be

subsequently withdrawn by the donor; and (2) that the stated purposes of the Music Endowment may not be altered to accommodate the preferences of any particular donor.

Catastrophic Use of Fund. In case of catastrophe (e.g., destruction of the Church building), the Board of Trustees may expend or borrow up to ten percent (10%) of the principal of the Music Endowment in any given year for use in helping the Church recover from such catastrophe. Such spending or borrowing shall not occur more than once in any ten-year period.

THE CAMPUS MINISTRY ENDOWMENT

Purpose. The purpose of the Campus Ministry Endowment is to extend the ministry of the First Unitarian Church of Pittsburgh to local universities and colleges and to promote the spiritual growth and religious education and social witness of Unitarian Universalist students enrolled at those universities and colleges. In accord with the policy of the Board of Trustees that discourages contributions directed toward specific, ordinary, items in the annual operating budget, proceeds from the Campus Ministry Endowment could support the following programs and activities: (1) regular or occasional services of worship, either on- or off-campus; (2) equipment used in conjunction with regular or occasional services of worship (e.g., hymnbooks); (3) materials used in conjunction with religious education programs or structured discussions; (4) conferences, workshops, presentations, lectures, or sermons about Unitarian Universalism or the social application of Unitarian Universalist principles; (5) refreshments; (6) regular dues for Church membership with interfaith campus ministry coordinating groups at local universities and colleges; (7) proportional compensation for any Church staff member for whom campus ministry is a primary responsibility; (8) expenses incurred by the Church in connection with providing space or services for campus ministry; (9) publicity and advertising; (10) training for campus ministry leaders or advisors; (11) attendance by campus ministry leaders or advisors at Unitarian Universalist conferences; (12) expenses incurred for procurement and maintenance of office space and equipment; (13) other programs or activities that could be classified as “extras and externals.”

Governance. All decisions about allocation of any available Campus Ministry Endowment proceeds will be made by the Campus Ministry Endowment Committee. The Campus Ministry Endowment Committee will meet at least once each fiscal year. Members of the Campus Ministry Endowment Committee will be as follows: (1) Three members of the Church who will be appointed by the Board of Trustees and whose term of service will be three years. (2) The Treasurer of the Church or a member of the Investment Committee of the Church designated by the Treasurer, (3) The Ministers of the Church. (4) The primary campus ministry staff member of the Church.

Operation. The Campus Ministry Endowment will constitute a portion of the endowed (permanently restricted) funds of the Church. The fiscal year of the Campus Ministry Endowment will be the same as the fiscal year of the Church. The Campus Ministry

Endowment will be invested by the Treasurer of the Church who may consult with the Investment Committee of the Church, with the provisions that (1) the Campus Ministry Endowment will be invested in accord with the social and ethical principles of Unitarian Universalism; (2) as a general guiding principle, the Campus Ministry Endowment will be invested with the goal of long-term growth, rather than current income, and (3) the Campus Ministry Endowment and any accrued income from the Campus Ministry Endowment will be maintained separately and distinctly from all other restricted or unrestricted funds owned or managed by the Church. Proceeds available for use in any given year shall be determined in accord with the following method: (1) A small payout percentage (e.g., 3% to 5%) will be established by the Campus Ministry Endowment Committee. This payout percentage will generally remain constant from year to year. (2) Shortly after the close of the fiscal year, the Treasurer of the Church or the Investment Committee of the Church will take from the Campus Ministry Endowment an amount equal to the payout percentage times the average total year-end value of the Campus Ministry Endowment over the previous three years. This amount will be available for use by the Campus Ministry Endowment Committee. (The Appendix shows an example of how this works.) During the first three years of operation of the Campus Ministry Endowment, the payout percentage shall be 3.5% of the Campus Ministry Endowment's value at start of the fiscal year, or at the start of the Fund's operations during the first year of the Endowment's existence, and this amount will be available for use by the Campus Ministry Endowment Committee during that fiscal year.

Accountability. The Campus Ministry Endowment Committee will provide a written report to the congregation at its annual meeting indicating how funds drawn from the Campus Ministry Endowment have been used in the previous year.

Contributions. Any individual, estate, or institution wishing to contribute to the Fund for Campus Ministry may do so, with the provisions (1) that monies contributed may not be subsequently withdrawn by the donor; and (2) that the stated purposes of the Campus Ministry Endowment may not be altered to accommodate the preferences of any particular donor.

Catastrophic Use of Fund. In case of catastrophe (e.g., destruction of the Church building), the Board of Trustees may expend or borrow up to ten percent (10%) of the principal of the Campus Ministry Endowment in any given year for use in helping the Church recover from such catastrophe. Such spending or borrowing shall not occur more than once in any ten-year period.

APPENDIX

Example: The payout percentage is 4%. On December 31, 1997, the endowment was worth \$100,000. On December 31, 1998, the endowment was worth \$150,000. On December 31, 1999, the endowment was worth \$200,000. The average value of the endowment over those three years was \$150,000. Multiplying this average value by the payout percentage of 4%, one would draw out \$6,000 in the year 2000.

Now suppose the endowment was worth \$150,000 on December 31, 2000. Then the new three-year average (for 1998, 1999, and 2000) would be \$166,666. Once again using a payout percentage of 4%, one would draw out \$6,667 in 2001.

This method offers two benefits: First, it effectively takes into account total return on the endowment, including capital appreciation as well as dividends and interest. Second, it smooths out the flow of available money even when the year-to-year value of the endowment fluctuates.