

FUNDS

Note that any fund balances listed in these descriptions are as of December 31, 2020. They are mostly provided for “scale” (big or small fund?).

Fund 100. Operating Fund

Source of funds: External income for the Operating Fund is generated from financial commitment donations, general donations, rental fees, fundraising projects, and investment earnings. Internal income may also be transferred from other funds as restrictions allow.

The Operating Fund expenses are defined by the yearly Operating Budget presented by the Executive and approved annually by the Congregation at the UUCA annual meeting (see Executive Limitation D. Financial Planning and Budgeting in the Governance Document).

The Executive cannot spend more money from the operating fund in any fiscal year than has been budgeted without Board approval. The Executive may transfer additional monies from the Contingency or other funds without notifying the Board if in the last few days of the fiscal year it becomes clear that expenses are predicted to surpass **actual income** by the fiscal year end. Otherwise, transfers are not made without discussion with the Board. The Executive may modify the budget by cutting expenses to end the year with a balanced budget.

Use of funds: Used to fund general, day-to-day costs of running the church. Such expenses include those for:

- Worship & music
- Congregational care & connections
- Community & denominational outreach
- Lifespan faith development
- Personnel costs
- Fiscal & administrative expenses
- Professional expenses & staff development
- Fundraising
- Support (transfers to) Sabbatical and Capital Maintenance & Repair Funds

The Operating Fund Consists of:

Operating –No donor restriction, so money can be transferred to other funds for other uses. For example, if the fiscal year ends with a surplus, any Operating income is transferred to the Contingency Fund.

Fund 200. Contingency Fund

Source of funds: The fund balance should be maintained at or near 15% of annual operating budget expenses. The fund is replenished via two different avenues.

- 1) 25% of any bequest received without restriction, if the balance is less than 15%.
- 2) At the end of the year, any income that exceeds operating expenses is transferred to Contingency.

Use of funds: The Contingency funds are used when no budgeted funds are available, in line with existing Executive Limitations, in the following cases. Except where noted, Board notification/agreement is required.

Catastrophic Event: The fund balance of 15% of annual operating budget expenses was established as insurance against a catastrophic event that results in income dropping unexpectedly and dramatically.

Operating Fund: when expenses exceed income at the end of the fiscal year, whether due to income falling short of budget or expenses exceeding budget. Board approval is required if expenses are greater than 5% of budget.

Capital Maintenance & Repair Fund: If the Contingency Fund balance is greater than 15% at the end of the fiscal year, the extra amount will be transferred to the Capital Maintenance & Repair Fund until the balance of the Capital Maintenance and Repair Fund equals the total depreciation of fixed assets during the previous fiscal year. The total transferred is limited by the balance in Contingency, which cannot fall below 15% of Operating.

When the cost of an emergency capital need exceeds the balance in the Capital Maintenance & Repair Fund, transfers from the Contingency Fund require Board approval.

Other Funds: when unexpected expenses occur or cause a project to go over budget and no more funds are available; transfers from the Contingency Fund require Board approval. Frequently unexpected costs are paid for out of Operating (when possible) and transfers occur at the end of the fiscal year if needed.

The Contingency Fund Consists of:

Contingency –Not restricted by a donor, so can be transferred to other funds for other uses.

Fund 300. Campus Improvement Fund

This Fund includes three sub-funds: 310-Capital Maintenance & Repair, 320-Campus Development Projects, and 390-Fixed Assets.

Source of funds for Capital Maintenance and Repair (310): If the Contingency Fund balance is greater than 15% at the end of the fiscal year, the extra amount will be transferred to the Capital Maintenance & Repair sub-fund until the balance of the Capital Maintenance and Repair sub-fund equals the total depreciation of fixed assets during the previous fiscal year. The total transferred is limited by the balance in Contingency, which cannot fall below 15% of Operating.

When the Contingency Fund level is too low to be used to fund the Capital Maintenance & Repair Fund, funds will be transferred annually from the Operating Fund. This is usually a \$10,000 transfer per year although a number closer to \$70,000 is closer to our total depreciation each year.

Should the cost of an emergency capital need exceed the balance in the Capital Maintenance & Repair Fund, any transfer from the Contingency Fund or Fund for the Future will require Board approval.

Use of Capital Maintenance & Repair funds: For an expense to be paid out of the Capital Maintenance & Repair sub-fund, the expenditure must meet the criteria in either A or B below:

- A) Expenditure is for an asset with a lifespan of at least one (1) year or the expenditure either increases the value of or extends the life of an existing asset by at least one (1) year;

AND

Expenditure is at least \$1,000.

- B) Expenditure is for a repair/maintenance project totaling at least \$1,000, but will not be capitalized.

Expenditures for reconditioning, renovating, improving or altering church property shall be capitalized even though certain portions of the work, if performed alone, might properly be classified as repair expenses.

Campus Development Projects (320): For studies, designs and construction of improvements, additions or new facilities. As of 12/31/2020 there were \$20,366 in the fund. Most recently, the fund was used for Solar Project costs.

There is occasionally a sub-fund under Campus Development: 322-Wish List.

Wish List (322) - Each November staff lists equipment or projects that can be funded. This restricted fund holds those donations. There is no money in the sub-fund at this time.

Source of funds for Campus Development: bequests and gifts restricted by donor to Campus Development projects. Also includes transfers from other Funds (designated by the Board or Executive).

Use of Campus Development funds: expenditures for planned major expansion of the UUCA facilities. Projects in process or completed using Campus Development funds:

- Purchase of 23 Edwin
- 23 Edwin Renovation
- 23 Edwin Operating Costs
- RE classroom and playground renovations
- Jefferson House Culvert Project
- Welcome Project (new foyer, sign, front landscaping, and drainage and accessibility improvements)
- Solar Panel Project

Campus Development Fund Contains:

Campus Development – Monies with no donor restrictions transferred by the Board in 2008. Can be reallocated to any other fund.

Campus Development, Restricted – Donations originally given during the purchase of 23 Edwin, but restricted by donor more generally to campus development, plus donations for any named campus development project (also restricted by donor).

Fixed Assets (390) – the original cost of all major capital purchases and improvements (see criteria A above) minus depreciation. Depreciation allocates the original value of a fixed asset over its useful life (as defined by the IRS). Depreciation is deducted on a monthly basis, with an adjustment at the end of each fiscal year to account for new purchases and disposals.

Fund 400. Special Operating Fund

This designated fund currently holds five sub-funds: 420-Financial Review Fund; 430-Sabbatical Fund; 440-Staff Development Fund; 450-Anonymous Fund, 460-Justice Ministry-Designated Fund.

Source of funds: primarily gifts without restrictions and “set-asides” from bequests or Operating funds made by the Board for specific purposes.

Use of funds: These funds are held aside for special projects that span operating years. Currently five funds reside here: Financial Review/Audit Fund, Sabbatical, Staff Development, Anonymous, and Justice Ministry.

Financial Review/Audit (420) (Designated): In 2014 the Board established this fund to accumulate payment for a full audit of the church's accounting system. As of 12/31/2020 there were \$6,110 in the fund.

Sabbatical (430) (Designated): Covers expenses incurred to support a minister's sabbatical leave, including but not limited to paid substitutes for worship or administrative duties, workshop/class fees, and travel expenses to said workshops. Per IRS rules, when travel occurs for a "business function" as defined by the IRS, the church's reimbursement for that travel is not taxable income. There must be a business purpose for the travel for it to be considered business travel. Since activities involving personal spiritual development and prayer don't require a destination, the IRS doesn't agree that traveling to another destination is required to accomplish these purposes. (Refer to the Sabbatical Pay section of the current *Church & Clergy Tax Guide* for more detail.) As of 12/31/2020 there were \$20,161 in the fund.

Staff Development (440) (Designated): This fund holds a gift without restrictions from an anonymous donor who suggested that these funds be used for staff development activities. As of 12/31/2020 there were \$12,763 in the fund.

Anonymous (450) (Designated): This fund holds gifts without restrictions from donors who do not want the funds to go directly to the Operating Fund. This fund has been used for such items as new hymnals, video equipment, completion of the sound loop in the choir area of the Sanctuary, and landscape projects. As of 12/31/2020 there were \$30,479 in the fund.

Justice Ministry (460) (Designated): This fund is what remains from our achievement during the UUA's Legacy Challenge program where newly identified legacy donations earned matching fund from the UUA. Three-quarters of this "award" was used to pay off the Welcome Project mortgage in the summer of 2019. This remaining amount is awaiting congregational input. Rev. Mark Ward has suggested it be used for either an impactful Justice Ministry project or as a reparations donation. As of 12/31/2020 there were \$34,629 in the fund.

Fund 500. Memorial Garden Fund

Source of funds: A fee (\$400 as of 2017) is paid to cover the costs of interment and maintenance of the garden. To protect these funds, they are maintained and accounted for separately from other monies. The funds are held in the Memorial Garden money market at First Bank. Some donor-restricted gifts are also given to the Memorial Garden.

Use of funds: Purchase of name plaques for those interred in the memorial garden, background plaques for affixing names, and garden maintenance. As of 12/31/2020 there were \$6,955 in the fund.

Fund 600. Ministers' Discretionary Fund

Source of funds: Bequests and gifts restricted by donor for the ministers' discretion.

Use of funds: Established for the use of the ministers who have sole authority to distribute it for purposes specific to the mission of the congregation. These funds may not be distributed to the ministers themselves or their families, except as reimbursement for a documentable expense that conforms to this account's designated use. (Any reimbursement request and check should be signed by the other minister.) The congregation remains accountable for the oversight of the fund, the fund adheres to all the policies and procedures of UUCA regarding check voucher requests, and donations to the fund are considered tax-deductible. As of 12/31/2020 there were \$15,191 in the fund.

Fund 700: Church Community Fund

Source of funds: This fund holds 12 sub-funds for smaller restricted donations and designated funds for committees, activities and projects. Funding comes from direct donations.

Use of funds: Each account in this fund is controlled by the specified group or staff member that oversees the project or activity. For example, the Minister of Faith Development oversees the religious education and outreach accounts, UU Women's Connections oversees their own fund, etc.

Pastoral Visitors (712) (Restricted): For use on training events for pastoral visitors or pastorally-related presentations and workshops for congregants. As of 12/31/2020 there were \$1,021 in the fund. Authorizing staff member is the Lead Minister.

Women's Connections (713) (Restricted): Money collected by the Women's Connections group to be spent at their discretion. As of 12/31/2020 there were \$640 in the fund.

Care & Connect (710) (Restricted): Interweave \$100, Ethical Eating \$85. Authorizing staff member is the Minister of Faith Development.

Coming of Age (731) (Restricted and Designated): Holds funds collected by the Coming of Age students and parents for an end-of-year trip that provides additional experiences of UU values, UU history and/or creates UU connections outside of UUCA. As of 12/31/2020 there were \$4,704 because the 2020 CoA trip did not take place (COVID-19). Authorizing staff member is the Minister of Faith Development.

Youth Groups/Activities (732) (Designated): Provides funding for youth group activities outside of Sunday mornings. IN addition to direct donations, this fund holds unspent money from previous Coming of Age trips. As of 12/31/2020 there were \$6,807. Authorizing staff member is the Minister of Faith Development.

Religious Education (733) (Restricted): For religious education activities or supplies. As of 12/31/2020 there were \$1,257 in the fund. Authorizing staff member is the Minister of Faith Development.

Scholarships (734) (Restricted and Unrestricted): Available to help congregants attend UU-related workshops and conferences, including children and youth camps, but excluding General Assembly. The “restricted” portion of this fund may only be used for children and youth scholarships. As of 12/31/2020 there were \$7,444 in the fund with \$6,909 restricted for children and youth. Authorizing staff member is the Director of Administration with approval of available ministers.

Music (754) (Restricted): For use in the music program (including piano tuning) to be spent at the discretion of the Music Director. As of 12/31/2020 there were \$4,510 in the fund. Authorizing staff member is the Music Director.

Immigration Justice (771) (Restricted): Funds collected to provide “sanctuary” for an undocumented immigrant or as a donation to CIMA or any other organization supporting sanctuary activities. As of 12/31/2020 there were \$757 in the fund. Authorizing staff member is the Minister of Faith Development.

RLT-New UU Fund (772) (Restricted): Money donated by Randall L. Thompson to be used to extend Unitarian Universalism in western North Carolina. This fund has been used to purchase necessary communications equipment and software related to the addition of online worship services and programs sparked by COVID-19. As of 12/31/2020 there were \$7,341 in the fund. Authorizing staff member is the Lead Minister.

UU Relations (773) (Restricted): This is an unclaimed scholarship that can be used as to provide one or more scholarships for a congregant to General Assembly. As of 12/31/2020 there were \$245 in the fund. Authorizing staff member is the Director of Administration.

Justice Ministry (775) (Restricted): This holds \$1,023 of donations that have been restricted to “Justice Ministry” (Or any of the various names this function has operated under, such as Earth and Social Justice Ministry.”

Outreach, Other (770) (Restricted): This holds \$682 restricted for “WCQS Day Sponsorships.” Note: a Day Sponsorship message, which has tight content restrictions, is read on-air three times on a chosen day. We can either make a donation of \$360 for 2 Day Sponsorships or purchase a Business Sponsorship package which starts around \$500 – this is the better deal in terms of the # of spots you get and their placement. Day Sponsorships need to be booked quite far in advance (on March 2020 the first available date was in August 2021). A Business Sponsorship gives you more flexibility – you can pretty much have whatever dates and messaging that you want. Authorizing staff member is the Director of Administration.

Fund 800. Fund for the Future

Source of funds: All bequests and planned gifts without donor restrictions, except that up to 25% may be used to replenish the Contingency Fund.

Use of funds: Upon recommendation of the Executive and approval by the Board, the principal can be used for special capital or building needs, to avoid risk of foreclosure on property, or to create new ministries. 1.25% of the Fund for the Future's quarterly value is withdrawn and transferred to the Operating Fund. As of 12/31/2020 there were \$317,420 in the fund.

The fund's monies are invested in the UUA's UUCEF fund. See Fund 900 for more detail.

Fund 900. Endowment Fund

Source of Funds: primarily bequests, but the Executive with approval of the Board may also designate certain monies for the Endowment.

Use of funds: The endowment principal is permanently restricted, according to the donor's restrictions, but the earnings may be withdrawn with no restriction. As of 12/31/2020 there were \$180,406 in the fund.

The Endowment and Fund for the Future moneys reside with and are managed by the Unitarian Universalist Association (UUA) and are invested in the Unitarian Universalist Common Endowment Fund (UUCEF) of socially responsible investments. In 2010-11, the Board decided, under the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted by the State of North Carolina in March, 2009, to withdraw earnings at a rate of 1.25% of the Endowment's ending quarterly value. This money is transferred to the Operating Fund.

Revision History	
Responsible Staff Member: Director of Administration	
Date	Description of revision
February 2016	Update to new format
February 2017	Added definitions for Ministers' Discretionary Fund and Sabbatical Fund; deleted references to closed Campus Development funds "23 Edwin Purchase & Operating" and "RE Renovation;" generalized wording for Campus Development: Temporarily Restricted fund; added way to fund Capital Fund when Contingency Fund is unavailable.
December 2018	Changes for clarity, to match current procedures. Changed name of Capital Fund to Capital Maintenance & Repair Fund and raised defined amount from \$500 to \$1,000. Updated fund numbering system to match new accounting Chart of Accounts. Updated terminology to reflect changes by the Financial Accounting Standards Board (FASB) classification of net assets from "permanently restricted," "temporarily restricted," and

	“unrestricted” to just two classifications: “with donor restriction,” and “without donor restrictions.”
September 2019	Added descriptions for all subfunds. Refer to the Fund Equity Balances report for current fund balances. (This report is part of the Financial Report prepared at least quarterly by staff.)
February 2021	Fund balances were updated. Further clarification of Contingency Fund. Deleted references to Welcome Project and Elmslie Fund. Updated description of Fund 450. Added description of Justice Ministry Fund-460. Other fund descriptions edited for clarity.