

**NORTH TEXAS ASSOCIATION
OF UNITARIAN UNIVERSALIST SOCIETIES
Endowment Fund Grant and Loan Guidelines**

As a result of remarkable foresight many years ago, and the hard work and dedication of many people over the last forty years, NTAUUS is in the fortunate position to have available a significant sum of money to carry on its mission of promotion of the growth of Unitarian Universalism in North Texas. Recognition of the time and effort required to create that fund led the NTAUUS Board of Directors to create the Endowment Fund (the “Fund”) and to delegate to the specially-created Endowment Committee (the “Committee”) the responsibility to manage the investment of the Fund and to administer grants from the Fund. The unique opportunity presented the Fund, and the time and difficulty that would be involved in recreating the Fund, dictates that care be taken not only in how the Fund is invested, but in how the earnings of the Fund and the fund itself are used. For that reason the following guidelines are adopted to govern grants and loans made from the fund.

ELIGIBILITY: To be eligible for a grant or a loan from the fund the applicant must:

1. Be a dues-paying member of NTAUUS and SWUUC in good standing;
2. Be a member of the UUA and a “Fair Share” contributor to the UUA in good standing;
3. Be a qualified exempt organization under Section 501(c)(3) of the United States Internal Revenue Code; and,
4. Be an active congregation with demonstrated community involvement and activities that support one or more of the seven principles adopted by the UUA.

GRANTS

GRANT FUNDS AVAILABLE:

NTAUUS has adopted the use of “net appreciation, realized and unrealized, in the fair market value of the assets of the endowment fund over the historic dollar value of the fund to the extent prudent under the standard provided by Section 163.007 of the Texas Uniform Management of Institutional Funds Act” as the method of determining the amount of money available for grants each year. Grants out of the distributable funds in the amount of \$10,000 and under may be made upon the approval of at least four members of the Endowment Committee.

Annually, as soon as reasonably practical after receipt of the necessary information to do so, the Endowment Committee will determine the amount available for distribution in the following year under that definition (the “Distributable Funds”), and will notify each member society of that amount. In determining the amount of Distributable Funds the Committee will determine how much of the net appreciation should be set aside to compensate for the effects of inflation, provide for appropriate growth of the Fund, to provide for loan losses, to deal with fluctuation of the net appreciation from year to year and other exigent circumstances.

Not all Distributable Funds will necessarily be distributed in any given year.

The notice of availability of funds will specify a date not earlier than 60 days after the date of the notice for submission of applications for grants. Grants received after the end of the submission period will be held to be considered if Distributable Funds remain unused after all timely applications are considered. The Committee would normally expect to announce grants within 60 days of the end of the submission period. The notice of availability of funds will specify the manner of submission of the application, and the address to which the application should be sent.

GRANT PURPOSES:

To be considered, an application for a grant must demonstrate that the funds will be used for a purely charitable, religious or educational purpose as those terms are defined in Section 501(c)(3) of the Internal Revenue Code and be a permissible use of funds by an exempt organization under Section 501(c)(3). Grants for the following purposes which meet the criteria in the preceding sentence will be considered

1. Specific programs or projects with demonstrated potential for the promotion of the growth of the society applying for the grant or Unitarian Universalism in North Texas generally;
2. Specific programs of community outreach with demonstrated potential for promoting one or more of the seven Unitarian Universalist Association Principles.

Except in extraordinary circumstances, grants will not be considered to defray ordinary operating costs of any society except for short-term assistance with startup costs if the costs are part of an organized effort of the society to promote its growth by adding programs or activities, including adding professional staff or facilities.

GRANT APPLICATION REQUIREMENTS AND CRITERIA:

To be considered an application must contain:

1. A statement that the applicant meets all the eligibility requirements set out above, and that the use of the funds will be for a purpose that will meet the requirements of Section 501(c)(3) of the Internal Revenue Code.
2. A detailed description of the proposed use of the funds which must clearly demonstrate how the proposed use of the funds will promote growth of the applicant, promote growth of Unitarian Universalism or promotion of one of the seven UUA Principles.
3. A description of the financial commitment of the applicant to the program for which the funds are requested which must demonstrate positive trends in membership and pledge growth.
4. A description of funds to match, at some level, the NTAUUS contribution, either from increased internal commitment or other external funding sources.

5. A description of prior activities of the applicant in the area of activity for which the funds are requested describing progress achieved, barriers to future progress, and how the grant addresses those barriers.
6. A copy of the Vision Statement and/or Mission Statement of the applicant which must encompass the purpose for which the funds are requested.
7. A copy of the applicant's Long-Range Plan encompassing the purpose of the grant; if none exists, NTAUUS is willing to help fund a strategic planning process.
8. A copy of minutes of the governing body of the applicant showing the approval of the program or project to be funded with the grant, including the number of yeas and nays cast in the vote approving the program or project.

LOANS

LOAN PURPOSES:

To be considered, an application for a loan must demonstrate that the funds will be used for a purely charitable, religious or educational purpose as those terms are defined in Section 501(c)(3) of the Internal Revenue Code and be a permissible use of funds by an exempt organization under Section 501(c)(3).

In appropriate circumstances, applications will be considered for loans to member societies for specific purposes, which comply with the preceding paragraph, and which purposes have demonstrated potential for contributing to the growth of the society. Loans are not limited to distributable funds, but if a requested loan exceeds \$10,000 and/or is to be made out of funds other than distributable funds, it must be approved by at least 75% of the members of the Endowment Committee, **and** 75% of the members of the NTAUUS board. Loans to defray ordinary operating costs of any society will not be considered, except for short term assistance with startup costs if the costs are part of an organized effort of the society to promote its growth by adding programs or activities, including adding professional staff or facilities.

LOAN TERMS:

Loans greater than \$10,000 will considered to be investments of principal of the endowment fund, and while in appropriate circumstances repayment may be structured to meet projected revenues, over the life of the loan the loan would be expected to generate a return on the investment commensurate with the overall return generally expected of investments by the endowment fund. Structured loans may include the use of such techniques as no payment periods, interest only periods or amortization schedules longer than maturity with balloon payments.

Term and structure of the loan requested must bear a relationship to the nature of the use. Loans secured by land or other hard assets purchased will be considered for larger amounts and longer terms than unsecured loans. Short term or bridge loans for startup purposes to be repaid out of refinancing or fund drives are preferred.

LOAN APPLICATION REQUIREMENTS AND CRITERIA:

1. The application must contain and comply with all items set out in the Grant Application Requirements and Criteria.
2. The application must contain a three year history of the finances of the organization showing sources and uses of funds, certified as correct by an officer of the society.
3. The application must contain a projection of income and expenses for at three years, or the period of time of the requested term of the loan whichever is shorter. The projection must be commensurate with the financial history of the organization, but may include projections for reasonable growth in members and pledging commensurate with the demonstrated history and must demonstrate the ability of the society to repay the loan within the requested time on the requested terms.
4. A copy of the “Plan” approved by the congregation for the project or program to be funded by the loan, including the information and analysis developed and considered in constructing the Plan. The Plan should include such things as the growth goal to be achieved; what is needed to enable growth; existing barriers for growth; how the plan addresses those needs and barriers; demographics where relevant; description of member input and process for obtaining that input; the extent to which outside consultants including UUA or district staff have been involved; benchmarks for progress in achieving the goal with the date each benchmark is expected to be achieved; etc. The plan must demonstrate that the project or program is carefully thought out, is realistic and has a reasonable prospect for achieving the desired goal.
5. With respect to any loan approved, the recipient will be required to make quarterly reports to the Endowment Committee showing the detail uses of the funds and showing the progress toward the goal (including each benchmark) which has been achieved.
6. If the loan is for the purpose of acquiring assets such as land or equipment, or related to construction of improvement, the loan must be secured by a perfected lien or security interest in the assets under documentation acceptable to the Endowment Committee. All out of pocket costs of making the loan, including the costs of granting and perfecting the lien or security interest will be added to the principal of the loan. If the project or program is to have other financing, where appropriate, the committee will consider a second or subordinated lien position for real estate and improvements, under terms and conditions approved by the committee.
7. If funding for a material part of the project or program is expected from a grant or loan from any other entity, including the UUA, the application must contain current information concerning the status of approval that grant or loan. Any loan extended by Endowment Fund may be made contingent upon approval and funding of the other grant or loan.