

FP-4 DEFERRED CONTRIBUTION FUNDS

The Congregation uses the deferral method of accounting for restricted contributions. Under this method, restricted contributions are deferred and recognized as revenue in the year in which the related expenses have incurred.

Some deferred funds are Donor Designated or externally restricted, meaning that they originated as a gift or bequest from a person or group who defined the purpose and sometimes limitations on use and balances for the fund. (for example, “only the income may be spent”).

Some deferred funds are Board Designated or internally restricted; these originated when donations are received ‘in memory’ of a member who has died. The Board has then designated a Fund in memory of this person, determined the purpose of the Fund, and determined any financial limitations for the fund.

Some Deferred funds are both Donor and Board Designated; the donor stipulated certain conditions, followed by the Board adding further restrictions.

4.1 Recommendations for Expenditure

- a. The Finance and HR Manager), may authorize the use of Deferred Contribution Funds, on the recommendation of the authorized person listed under “recommendation to spend” in the following list. The Finance and HR Manager is to determine the amount of the fund that may be spent, in accordance with any restrictions to ensure this amount is not exceeded and that the purpose of the deferred fund is in keeping with its intent. Note that the expenditure restrictions under FP-2 Financial Authorities applies to these expenditures, particularly the amount over which the board must approve.
- b. These and future new or amended delegations of responsibility for expenditures from Deferred Contribution Funds shall be minuted in Board proceedings and entered into the Congregational policy records.
- c. Approved expenditures from these funds shall also be reported to the Board via quarterly reports prepared by the Finance and HR Manager.

4.2 Investment and Accounting

- a. In general, all monies of the Deferred Contribution Funds are held in the Investment Portfolio. On occasion, at the discretion of the Finance and HR Manager, a Congregational bank account may be opened for a designated Deferred Contribution Fund. Monies that are received in the general Congregational bank account that are meant for a fund or the investment account will be transferred from the bank account to the investment account by the Finance and HR Manager. Withdrawals from the investment account will be subject to the Treasurer’s approval.
- b. For Deferred Funds held in the Investment Portfolio, investment interest income distribution is made annually at the fiscal year-end according to FP-14 Assignment of Interest and Investment Income.

4.3 List of Deferred Funds as of 2019

a. Donald Watson Student Fund

Type of fund: Donor Designated and Board Designated

Purpose: to support ministerial students in our internship program and other deserving students.

Limitations: none

Ongoing Source of Revenue: investment income

Recommendation to Spend: The Board of Directors

History: Donald Watson's bequest of \$200,000 in early 2013 stated that this money was to be used to 'establish a special purpose fund from which to provide financial assistance to chosen deserving students to enable them to further their studies'.

On August 21, 2013, the Board passed a motion "that funds from the \$200,000 Donald Watson bequest be used to set up an ongoing fund that may be used to support ministerial students in our internship program and other deserving students."

b. Robert Hall Choir Music Fund

In February 2023, the board decided to close the Robert Hale Choir Music Fund and all moneys moved to the special purpose account for music. This fund is closed as of the end of 2023.

Type of fund: Board Designated

Purpose: to provide Choir music for the Congregation

Limitations: only interest can be spent

Ongoing Source of Revenue: investment income

Recommendation to Spend: Music Director

History: "The CHOIR MUSIC FUND (HALE) was established to honour the memory of Bob Hale. A previous choir Fund which had been established for choir purposes, was folded into the Hale Music Fund", (\$561 from donations in memory of Robert Hale and \$1,272.66 from an existing choir fund). (source: Statement of Changes in Designated Funds – Year ended December 31 1991)

'This fund was created early in 1991 in memory of Bob Hale who died following an accident in November 1990. It is based on contributions plus some monies already assembled. The fund provides, through interest, choir music for the Congregation. Balance on December 31, 1990 was \$561.' (source: RESERVE AND OTHER CONGREGATIONAL FUNDS dated April 18, 1991)

c. Edith Holtom Peace Lecture Fund

Type of fund: Donor Designated

Purpose: to finance lectures on international affairs. By 1991, the word Peace was added i.e. the purpose changed to Lectures on Peace and International Affairs. Since 2007 only the word Peace has been used.

Limitations: Disbursement is to be made from the accrued interest.

Ongoing Source of Revenue: investment income and donations

Recommendation to Spend: The Social Justice Action Network

History: This fund was created during the financial year ending June 1983 by an endowment of \$2,400 given to the Congregation in memory of Edith Holtom by members of her family. Accrued interest is 'used for financial lectures on international affairs. (source: RESERVE AND OTHER CONGREGATIONAL FUNDS dated April 18, 1991)

Since 1997 there has been a mandate to establish a committee to be responsible for the Holtom Lectures (source: former FP-22 *Holtom Lecture Committee*).

d. Andrew Wynn Social Responsibility Fund

In February 2023, the board decided to close the Andrew Wynn Social Responsibility Fund and the money moved to the special purpose account for Social Justice Action Network.

This fund is closed as of the end of 2023.

Type of fund: Donor Designated

Purpose: to support Social Responsibility Initiatives of the Congregation

Limitations: none

Ongoing Source of Revenue: investment income

Recommendation to Spend: The Social Justice Action Network

History: Andrew Wynn, in his will, made a bequest of \$5,000 to the Social Justice Action Network of First Unitarian Congregation of Ottawa. (no further restrictions in the will on purpose or disbursement)

e. Covington World Religions Fund

Type of fund: Donor Designated

Purpose: “to support and present studies of world religion especially Buddhism and Christianity, in their historical and evolutionary context, as related to the religious-ethical tradition of Unitarian Universalism. The income is available also for relevant pulpit exchange of ministers, for lectures and discussion by recognized authorities and to give support to scholars in the given area of world religions”.

Limitations: only the investment income can be spent

Ongoing Source of Revenue: investment income

Recommendation to Spend: Lead Minister

History: ‘This fund was established in December 1976 by a gift of \$1,000, and smaller and earlier gifts, from Arthur Covington, a member of the Congregation. Its purpose is to use the investment income “to support and present studies of world religion especially Buddhism and Christianity, in their historical and evolutionary context, as related to the religious-ethical tradition of Unitarian Universalism. The income is available also for relevant pulpit exchange of ministers, for lectures and discussion by recognized authorities and to give support to scholars in the given area of world religions”. (source: RESERVE AND OTHER CONGREGATIONAL FUNDS dated April 18,1991)

f. Nellie Scott Religious Meetings for Young Members Fund

Type of fund: Donor Designated

Purpose: To establish a fund to assist younger people to attend religious meetings including youth and young adult gatherings, and youth and young adult OWL training, both in Ottawa and elsewhere.

Limitations: no restrictions on disbursement from donor or Board.

Ongoing Source of Revenue: investment income

Recommendation to Spend: Denominational Affairs Team (for young adults) or Director of Religious Education (for youth)

History: “This fund originated in 1975 with a bequest of \$2,000 from the estate of Nellie Scott, a member of the Congregation”. Its purpose is “to establish a Travelling Fund to assist younger people to attend religious meetings”. The Treasurer was authorized, as reported in Board minutes, to invest the funds and make payments from it and the accrued interest, for the purpose of the fund. (source: RESERVE AND OTHER CONGREGATIONAL FUNDS dated April 18,1991) (Board Minutes from Dec 1 1975 state the exact wording of the bequest which confirms the previous excerpt)

In February 2023, the board expanded the purpose to include expenses for youth and young adult gatherings, and youth and young adult OWL training, both in Ottawa and elsewhere.

g. Malcolm Stevenson Youth and Young Adult Action Fund

of fund: Board Designated

Purpose: To help defray expenses for youth and young adult programming, including attendance at youth meetings and conferences.

Limitations: none

Ongoing Source of Revenue: investment income

Recommendation to Spend: Director of Religious Education, DAT and SJAN

History: 'A fund was established in 1990 through contributions from members and friends as a memorial to Malcolm Stevenson who died late in 1989. Interest from the fund is made available to help defray expenses in attending youth meetings and conferences. Current Donations are added to the fund'. (source: RESERVE AND OTHER CONGREGATIONAL FUNDS dated April 18,1991).

In February 2023, the board removed the stipulation that only interest could be spent.

h. Refugee Sponsorship Fund

This fund was closed in 2020 once the initial Syrian refugee sponsorship was complete. Refugee sponsorship monies are no longer considered deferred funds; they are now Special Purpose Accounts managed by the Social Justice Action Network.

Reviewed by:

Finance Committee

Minister

Governance Committee

Date approved: 18-Mar-2020

DATE OF INITIAL APPROVAL: September 2023

Note that during the 4 years leading to board approval this policy went through the following changes:

- April 2023 - Closed the Andrew Wynn Social Justice and Robert Hale Choir Fund as of the end of 2023.
- Nellie Scott Youth Travel for Religious Meeting expanded,
- Malcolm Stevenson Youth has three changes: (1) stipulation removed that only interest be spent; (2) Name changed to Malcolm Stevenson Youth and Young Adult Action Fund; (3) Purpose expanded from "To help defray expenses in attending youth meetings and conferences." to "To help defray expenses for youth and young adult programming, including attendance at meeting and conferences."
- Donald Watson Internship Fund changed to Donald Watson Student Fund.

REVISION HISTORY

Revision Date	Version	Comment