

The United Religions Initiative Foundation, Inc.

SPENDING POLICY

Approved on January 23, 2019

**In effect as of January 1, 2019 and
for any 2019 related budget process**

**The United Religions Initiative Foundation, Inc.
1009 General Kennedy Avenue
San Francisco, CA 94129
415-561-2300**

I. Introduction

Primary Contacts:

- Pamela Banks, Director of Finance and Administration
- Biff Barnard, Director of Institutional Advancement

The United Religions Initiative Foundation, Inc., (the "URI Foundation") is a 509(a)3 organization created by the Global Council Trustees (the "Global Council") of United Religions, dba United Religions Initiative ("URI"), with its sole purpose to stand as an independent, competent, trustworthy vehicle for the oversight and stewardship of URI's invested funds. The Board of Directors of the URI Foundation (the "Foundation Board") is responsible to ensure that URI's invested funds are managed in full compliance with all applicable laws and in order to achieve URI's objectives as set forth in the URI Charter. The Foundation Board oversees the work of the Investment Committee (the "Committee"), which makes specific recommendations regarding the make-up of URI Foundation's investment portfolio, both endowed funds and strategic reserve (the "Portfolio").

II. Purpose

The purpose of the Spending Policy is to put into place a consistent plan that will enable the Portfolio to support the objectives of URI while working to further strengthen its financial base.

III. Funds Managed by the URI Foundation

There are two types of funds held at the URI Foundation and both are invested funds: Endowment (both Quasi-Endowment and Permanent Endowment funds) and Strategic Reserves. For accounting and audit purposes, each fund is administered separately. Funds may be commingled for investment management purposes, if feasible and aligned with investment objectives of the funds.

Quasi-Endowment

The Quasi-Endowment, or funds functioning as an endowment, are funds earmarked by the Foundation Board to be invested to provide financial resources for URI for a long but unspecified period. Legacy gifts or named funds can be part of the Quasi-Endowment funds, depending on URI's/URI Foundation's gift acceptance and management policy, or the donor's designation.

Permanent Endowment

Gifts designated specifically for and accepted into the Permanent Endowment are "true endowment" funds with the long-term objective to maintain spending power after inflation in perpetuity. Legacy gifts or named funds can be part of the Permanent Endowment funds, depending on URI's/URI Foundation's gift acceptance and management policy or the donor's designation.

Strategic Reserves

Strategic Reserves are funds that are invested with the objective of growth, but which may be accessed according to existing policies by formal action of the Global Council. Additional funds accumulated at URI that are over and above necessary URI cashflow needs may be added to the Strategic Reserve at any time. Strategic Reserves are funds that URI transfers to URI Foundation for investment purposes. Legacy gifts or named funds can be part of the Strategic Reserves funds, depending on URI's/URI Foundation's Gift Acceptance and

Management Policy or the donor's designation.

Strategic Reserves are intended to be for the long term (but not necessarily permanent) support of URI. Distributions to URI from the Strategic Reserve may be made at any time in any amount by request to the URI Foundation Board by the URI Finance and Operations Committee of the URI Global Council.

Legacy Gifts

Legacy Gifts to URI or the URI Foundation will be transferred for investment at the earliest practical time. Legacy Gifts can be part of the Endowment funds or Strategic Reserves, depending on URI's/URI Foundation's Gift Acceptance and Management Policy or the donor's designation. For purposes of this statement, Legacy Gifts include any type of gift in which the assets are transferred upon the death of the donor.

Named Funds

A gift of \$250,000 or more to URI or the URI Foundation (including Legacy Gifts) can be used to establish a separate named fund with the assets managed with other assets for investment purposes, but the identity and designated purpose of each fund is preserved individually. Named gifts can be part of the Permanent or Quasi-Endowment funds or Strategic Reserves, depending on URI's/URI Foundation's gift Acceptance and Management Policy or the donor's designation. These funds will be made available for expenditure for the purposes specified in the designation and in compliance with the URI Foundation Spending Policy.

Gift Acceptance and Management Policy

A comprehensive gift acceptance and management policy is to be developed by URI and reviewed for adoption by The Foundation Board.

In the meantime, the Foundation Board voted to endorse a policy of the Global Council that all unexpected gifts to URI over \$150,000 (gifts not solicited, anticipated or accounted for in URI's annual operating budget) will be transferred to the URI Foundation and placed into the Strategic Reserves for investment unless otherwise designated by the donor or the Foundation Board.

IV. Spending Policy

The Foundation Board has adopted the following Spending Policy, which will apply to the entire Endowment (Permanent and Quasi), unless a particular donor has otherwise stipulated spending restrictions.

- A. The Uniform Prudent Management of Institutional Funds Act provides uniform and fundamental rules for the investment of funds held by charitable institutions and the expenditure of funds donated as endowments to those institutions. The Foundation Board endorses these rules and agrees to use them as basic guidelines in establishing its Spending Policy:
 - assets will be invested per the terms of the Investment Policy; and
 - disbursements can be prudently made for the purposes of the URI Foundation mission to further URI's mission.

In adopting this Spending Policy, the Foundation Board seeks an appropriate balance among three goals:

- to provide current URI programs with a predictable and stable stream of revenue;
- to ensure that the real value (defined as purchasing power) of the revenue stream does not decline over the long term; and
- to ensure that the real value of the endowment assets does not decline over the long term.

B. The spending policy for the URI Foundation assets is as follows:

- **Budgeted Funds:**

In the course of the budgeting process, URI will inform the Foundation Board of the disbursement needs from the URI Foundation assets for URI's following year's proposed budget. The Foundation Board will review the calculations of the proposed budget's usage of funds to ensure that the proposed disbursements are within the guidelines of the Spending Policy.

Once the URI budget is approved by the Global Council, the Foundation Board will allow for all approved disbursements to occur in a timely manner. The Executive Director will be authorized to transfer the budget approved funds as they are needed.

- **Endowment Funds (Permanent and Quasi):** In any given calendar year, the endowed assets' principal (total initial donations, plus all dividends, interest and appreciation defined as "Principal") can be expended to a maximum of Five Percent (5.00%) of Principal per year, subject to otherwise-stipulated spending restrictions. To limit the volatility of the spending stream, the spending rate of 5.00% will be calculated off of the trailing four-quarter market value of Principal minus any endowed funds with donor or Global Council/Foundation Board restrictions which will not be used as part of the approved budget.

The four-quarter market value will be raised to eight-quarter market value starting with the 2020 budget process in fall of 2019.

- **Restricted Funds:**

Distributions of Restricted Funds will be made according to the donor or URI stipulations.

- **Strategic Reserves:** Distributions to URI from the Strategic Reserves at any time in any amount may be made by request to the URI Foundation by the URI Finance and Operations Committee of the Global Council.

C. The Foundation Board may appropriate for expenditure or accumulate so much of the Endowment as it determines to be prudent for the uses, benefits, and purposes of URI.

The Foundation Board has adopted the following initial criteria as a guide for its yearly expenditure decisions. Additional criteria may be added by the Foundation Board. The current criteria are:

- duration and preservation of the Endowment;
- the purposes of URI and the Endowment;
- general economic conditions;
- effect of inflation or deflation;

- the expected total return from income and the appreciation of investments;
- other resources of URI; and
- the Investment Policy of the URI Foundation.

D. The Foundation Board shall have discretion over whether or not distributions are made. If it is determined by the Foundation Board that a distribution is not appropriate in a current fiscal year, the Foundation Board may waive the distribution for the year.

V. Spending Policy Amendment

The URI Foundation Investment Policy and Spending Policy are interdependent and related updates between the two are critical to the long-term success of the Portfolio. The Spending Policy is subject to annual review.

The Foundation Board:

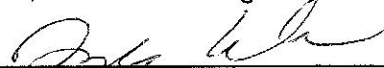
- may make changes to the Spending Policy by majority vote of the Foundation Board members; and
- will direct staff to communicate any such changes directly with the Global Council, the Investment Committee, and the Investment Advisor(s).
- requires the Investment Advisor(s) to communicate such changes directly to the Investment Manager(s) in a timely manner.

VI. Approval

This document is adopted as the Spending Policy for the United Religions Initiative Foundation, Inc.'s Portfolio.

By: Douglas Kahn

Title: Chairman, The United Religions Initiative Foundation, Inc.

Signature: 

Date: 1/23/19

By: Victor Kazanjian

Title: President, The United Religions Initiative Foundation, Inc. and Executive Director, United Religions Initiative

Signature: 

Date: 1-23-19

By: Kiran Bali

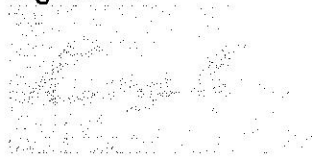
Title: Global Council Chair, United Religions Initiative

Signature: _____

Date: _____

By: Kiran Bali
Title: Global Council Chair, United Religions Initiative

Signature:

A faint, illegible signature, likely of Kiran Bali, written in a dark ink or stamp. The signature is located below the 'Signature:' label and above the date.

Date: January 30, 2019