

# **RESERVES, BOARD POLICY RELATING TO**

*Adopted: 4/2/1997 in response to Section 7.6(c) of the Bylaws*

## **1. Policy Relating to Authorization of Expenses from Reserves**

The Board may authorize expenses from the Major Maintenance and Equipment Reserve only if such spending is for major maintenance repair, refurbishing, or renovation of the Church or its appurtenances or for the repair or replacement of major equipment.

The Board may authorize expenses from General Reserves for the following:

- (a) For extraordinary expenses of a nature that the Board does not expect will regularly be required in connection with future operations of the Church.
- (b) In connection with the approval of the budget for a fiscal year, for ordinary operating expenses, but only if:
  - (i) total expected operating expenses for the year do not exceed total operating expense for the prior year; and
  - (ii) operating expenses for the year do not exceed 105% of expected revenues in that fiscal year.
- (c) In connection with authorization of expenditures during a fiscal year, for ordinary operating expenses but only up to 2% of expected revenues for the fiscal year.
- (d) For any expense that is authorized by a vote of three-fourths of the Board of Trustees.

## **2. Policy for Establishing Target Levels for Reserves**

Each year, as part of the annual budget, the Board shall establish target levels for Major Maintenance and Equipment Reserves and for General Reserves. These levels shall be established after considering the recommendation of the Finance Committee, which shall consult with the Building and Grounds Committees and the Administrator in making its recommendations.

## **3. Policy for Replenishing Reserves**

If, at the end of any fiscal year, Major Maintenance and Equipment Reserves or General Reserves are below the target levels established by the Board, then the operating budget for the following fiscal year shall provide for an allocation of an amount equal to at least 2% of total revenues of the Church to replenish the reserves (or less if less would be enough to reach the target levels).