

UUFHC

RESERVE EXPENDITURE POLICY

Emergency Reserve

Background - At a Finance Committee meeting on December 16, 2003 an Emergency Reserve goal of \$xx,xxx was established and was immediately met. The Emergency Reserve amount should be adjusted every few years to account for changes in income and expenses.

Use of Funds - The Emergency Reserve should only be used when funds are required above the level that can be reasonably¹ accommodated by the Operating Budget and only after the Discretionary Reserve has been depleted. Examples of the types of expenses that might require use of Emergency Reserve funds are:

- a. Sudden significant loss of income (such as renter leaving or dramatic loss of pledge income).
- b. Significant bills to pay for property damage including insurance deductibles.
- c. Upgrades or repairs required to meet code (such as paving or septic work).

Discretionary Reserve

Background - The Discretionary Reserve fund is money outside the Operating Budget that is not allocated for a specific purpose (normally called Restricted Funds). Discretionary Reserve funds can only exist after the Emergency Reserve goal has been met. This money can come from donations, or gifts or end-of-year surpluses.

Use of Funds - Discretionary Reserve funds can be used by the Executive Board to address any number of critical needs. At a Finance Committee meeting on March 29, 2004, a Critical Needs List was established to provide a systematic approach for tracking and addressing critical needs. This list will be maintained by the Finance Committee and presented to the Board on a regular basis (perhaps quarterly) for review, prioritization and obligation of funds. Discretionary Reserve funds should be used to address items on this list. However, there may be times when unanticipated needs arise suddenly and require attention before they are added to the list.

Adopted by UUFHC Executive Board on _____
(date)

UUFHC Board of Trustees President _____
(signature)

¹“Reasonable” adjustments to the budget cannot be easily defined. Normally, determining what is “reasonable” should be a decision of the Executive Board after very careful consideration. The Operating Budget can and has been adjusted in the past to address extreme financial circumstances. For example, one year where the checking account almost hit zero custodial support was cut, musician status and hours were reduced, and some staff hours were cut. However, these measures are considered extreme and should only be done in times of desperate financial need. This approach can result in extreme hardship for those directly affected and may ultimately have a serious adverse affect on the health and vibrancy of the Fellowship.