

UUSS Fund Policies - Reserve, Capital Outlay, Heritage

UUSS Reserve Fund Policy - 12/20/12

The purpose of the UUSS general fund Reserve policy shall be:

- To provide guidance to the Board of Trustees regarding the annual budget proposal for recommendation to the congregation.
- *To help the Board of Trustees ensure fiscal stability and integrity in both the near and long term.
- To mitigate the effects of a significant economic and fiscal downturn or changes to financial forecasts.
- To maintain a Reserve fund at a fiscally prudent level of three months' operating expenses.

Reserve Fund Target Level -To meet the purpose of the general fund Reserve policy, the Board of Trustees shall target to maintain an unrestricted general Reserve fund end-of-year balance between 15% and 25% of UUSS annual budgeted expenses. Achieving this target may take multiple years. Calculation of this ratio shall include the sum of the balances in the Reserve Fund and the Capital Outlay Fund (as numerator) and the total Operating expenses in the most recently approved budget (as denominator). This ratio shall be called the Reserve Ratio.

When the Reserve Ratio, falls below 15% of annual UUSS budgeted expenses, the Board shall establish, as a budget priority, the restoration of the fund balance to at least the baseline level of 15%. The Finance Committee will recommend during the budget creation process, and the Board will review and determine, methods to achieve a minimum fund level of at least 15% over a reasonable number of years. The Board may also opt to transfer any year-end operating surplus to the Reserve Fund or Capital Outlay Fund toward the end of reaching the target Reserve Ratio. The Board may also discontinue adding to the Reserve Fund upon the Reserve Ratio reaching 25% of budgeted operating expenses, though the Board shall consider budgeting for the Capital Outlay Fund, in accordance with the UUSS Constitution.

Use of Reserve Fund

The Board of Trustees may consider allocation of any portion of the general fund reserve for current year expenditures. The fund may be used to address unforeseen or unbudgeted one-time expenses that do not create obligations in future years and the fund shall not be used to fund ongoing expenditures. At Board discretion, the Operating Reserve Fund could be allocated for emergency operating needs or for could be allocated for critical maintenance of infrastructure, technology systems or infrastructure, equipment replacement, or capital projects. However, reserves from the Capital Outlay Fund shall be used only for maintenance and replacement as noted above.

If an emergency or damage to UUSS threatens the operations of the congregation or impedes the use of UUSS facilities, the Board shall alert the congregation of the fiscal impact and need for emergency funds. The Board may appeal to members and friends to relieve a fiscal emergency or to restore damaged or destroyed facilities or property. Gifts received under these circumstances could offset funds expended from the Operating Reserve Fund and/or Capital Outlay Fund.

Policy Review - The Finance Committee shall review the Reserve Fund policy every three (3) years, commencing FY 2015/2016, and recommend updates or changes, if any, to the Board of Trustees.

Policy adopted by UUSS Board of Trustees, 12/20/2012

Policy Governing Management of USS Capital Outlay Fund - 1/26/17

Definition: A capital expenditure is any substantial expenditure that provides benefits during several accounting periods.

Source of Funds: The Capital Outlay Fund will be funded with at least the 2% of the annual budget required by the USS Constitution. Funds remaining at the end of the fiscal year shall be carried over to the following year.

Use of Funds: Expenditures from the Capital Outlay Fund shall be used in accordance with the provisions of the Constitution for projects that benefit the society for more than one year. Project costs shall be at least \$3,000. A majority of the members of the Administration and Property Management Team (APMT), or successor entity, may authorize expenditures from the Capital Outlay Fund. The APMT will report expenditures from the Fund to the Board of Trustees.

Policy Review: The Finance Committee shall review the USS Capital Outlay Fund policy every three (3) years, commencing 2020/2021, and recommend updates or changes, if any, to the Board of Trustees.

Policy adopted by the USS Board of Trustees, 1/26/2017

Policy Establishing the USS Heritage Fund - 10/16/07

Purpose: The Heritage Fund is established to ensure the appropriate management of significant financial donations to USS.

Source of Funds: Unrestricted gifts between \$1,000 and \$9,999 shall be deposited to the Heritage Fund, a temporarily restricted fund of USS. Memorial gifts will also be placed in the Heritage Fund.

Recognition of Gifts: The Board of Trustees will establish and ensure an appropriate means by which to recognize gifts to the Heritage Fund.

Use of Funds: The Board of Trustees may authorize expenditures from the Heritage Fund for capital expenses at any time. No minimum expenditure is required. The maximum expenditure is limited to the balance of the Heritage Fund at the time the expenditure is authorized.

Management of Funds: The funds shall be invested in CDs, money market funds, or other similar investments. Interest and dividends earned from the investment shall be treated as unrestricted income, available to support the current operating expenses

Definition: A capital expenditure is any substantial expenditure that provides benefits during several accounting periods (fiscal years).