



## **St. David's Repair Reserve Fund Policy 15 August 2016**

### 1. General

The purpose of the Repair Reserve Fund (hereinafter "Reserve Fund") is to accumulate moneys to finance the cost of capital repairs to and/or replacement of St. David's facilities and equipment. The facilities include the Church Building, Boslaugh Hall, Mercer Hall and surrounding structures. Expenditures from this Reserve Fund shall be made only for the purpose for which the Reserve Fund is established. This policy will be reviewed annually by the Trustees following the Annual Meeting and Election of Vestry Members.

### 2. Objective

It shall be the objective of St. David's to maintain the reserve fund at TBD-1% of the fully funded balance, where 100% means our reserve cash equals the amount of deterioration of the church assets. Should unforeseen circumstances result in a Reserve Fund balance falling below TBD-1%, the Vestry will bring the fund balance back to TBD-1% within three years. The Vestry feels that this level of Reserve funding reasonably protects the congregation from the risk of special appeals and excessively deferred maintenance that could significantly harm the ongoing operation of the Church.

### 3. Responsibilities

- a. Trustees - It shall be the Trustees responsibility to determine the repair/replacement risk of the assets owned and maintained by St. David's and annually provide an updated 10 year schedule of anticipated repair and replacement projects along with a recommended Reserve contribution rate to the Vestry.
- b. Vestry - It shall be the Vestry's responsibility to create and maintain adequate reserves to provide for the orderly repair and replacement of St. David's facilities and equipment so as to minimize the risk to the congregation of special appeals, deferred maintenance, or budget overruns.

### 4. Source of Funds

- a. The Repair Reserve shall be funded by annual appropriations from the church operating budget as well as designated gifts from donors (i.e. Temporarily Restricted), either unsolicited or in response to Vestry Appeals.
- b. The Vestry shall review the Repair Reserve Fund balance annually and suspend, increase or decrease future contributions as appropriate to ensure adequate resources are maintained to maintain the stated target Percent Funded.

### 5. Accounting

- a. The Church Accountant shall account for the Reserve Fund in a manner which maintains the separate identity of Temporarily Restricted and Unrestricted balances in the Reserve Fund, shows the date and amount of each sum paid into the fund, interest earned by the fund, capital gains or losses resulting from the sale of investments of the fund, the amount

and date of each withdrawal from the fund and the total assets of the fund, and shall render to the Trustees a monthly report of the operation and condition of the Reserve Fund.

- b. Expenditures shall first be drawn from any Reserve Funds classified as “Temporarily Restricted” before drawing from unrestricted contributions appropriated from the annual operating budget.

6. Reserve Fund Investment

- a. Moneys for the Reserve Fund in excess of \$100,000 (TBR-1) shall be invested in the Diocesan Investment Account. All other moneys shall be invested in the Church Savings Account.
- b. Any interest earned or capital gains/losses realized on the moneys so deposited or invested shall accrue to and become part of the Reserve Fund.

7. Withdrawals

- a. The Reserve Fund shall not be used to purchase new capital assets that the Church does not already own. Funds may be authorized for the major maintenance, repair or replacement of capital assets in excess of \$5,000. A capital asset shall be defined as a readily identifiable asset with a cost of \$5,000 or more that has a useful life in excess of one (1) year. Also included in this definition are assets that may individually be less than \$1,000 each, but that are normally purchased in bulk at the same time. The major maintenance, repair or replacement of a capital asset may incorporate upgrades in quality, technology, design, and construction.
- b. A resolution appropriating moneys from the repair reserve fund is subject to approval at a Vestry meeting and must be published on the agenda publicizing notice of the meeting.
- c. Repairs or replacements not exceeding \$20,000 determined to be of an emergency nature by the senior Trustee may be expended without giving notice and without holding a Vestry meeting. The senior Trustee or their designate is authorized to commit funds in this instance. The Senior Warden and Junior Warden shall be notified within 48 hours when such expenditure is required.
- d. Unrestricted Reserve Funds in excess of the target Percent Funded may also be transferred to the Church general fund by a vote of the Vestry.
- e. The Church Accountant is authorized to borrow from the Replacement Reserve Fund to temporarily fund the Church’s operations for a maximum of ninety (90) days at any one time, provided that the Treasurer is notified of the borrowing and any such borrowed funds are repaid within ninety (90) days. Any other borrowing from the Replacement Reserve Fund is prohibited without the approval of the Vestry which shall be duly reflected in the minutes of a properly Vestry meeting.

8. Miscellaneous

- a. The Vestry reserves the right to make reasonable interpretations regarding the intent and purpose of this policy.
- b. This policy shall replace and supersede any prior Reserve Fund Policy.

Approved by the Vestry on August 15, 2016.