

UUFB Financial Reserves Policy

February 1, 2019

UUFB created 3 Financial Reserves Funds to accumulate funds to meet large expenses outside of the annual budgets. These Financial Reserves are assets of UUFB and their expenditure can only be made with approval of the UUFB Board. The reserves are:

1. Minister's Sabbatical Reserve – to fund additional costs related to sabbaticals for UUFB ministers.
2. Long-term Facilities Reserve – to fund major repair work on UUFB physical building.
3. Operating Reserve – to fund expenses for major unexpected expenses for UUFB,

Accumulation of Funds

The Finance Committee shall recommend that each annual budget shall specify an amount to be placed in the three Financial Reserve Funds for that budget year. The funds will be transferred to the Reserve accounts for each reserve during the budget year at the direction of the Finance Committee.

If a reserve balance exceeds anticipated expense levels, the Finance Committee can recommend reducing or stopping the accumulation of funds in that reserve.

Expenditure of Funds

Expenditure of reserve funds shall be recommended by the Finance Committee based on their understanding of anticipated expenses. The Finance Committee will recommend a specific amount to meet the expense to the UUFB Board for their approval. The approved funds are then transferred to the Annual Budget for expenditure. The UUFB Board is the only body within UUFB authorized to approve such expenditures.

Investment of Reserve Funds

Investment of each of the 3 Reserve Funds shall be directed by UUFB's Investment Committee in accordance with prudent investment practices and the of the timing of potential expenses. The Investment direction will be recommended by the Investment Committee to the UUFB Board for approval, and subsequent investment.

Reporting, Monitoring and Review

The UUFB Board is ultimately responsible for ensuring that the Reserve Funds are maintained and used according to this policy. The Treasurer will maintain records of the use of the funds. The actual and target amount of the fund and the amount needed to maintain the fund will be reviewed annually as part of the budgeting process. The Board will also review the policy itself at appropriate intervals.

Particulars of each Financial Reserve Fund

1. Minister Sabbatical Reserve Fund

The Minister's Sabbatical Reserve Fund ensures that funds will be available to support the minister during a sabbatical period. The Sabbatical Reserve Fund will cover the minister's salary, benefits and ministerial expenses during the sabbatical; the UUFB Operating Budget shall support expenses needed to cover ministerial duties while he/she is away.

Sabbatical Reserve Process

The minister shall use sabbatical leave for study, education, writing, meditation, and other forms of professional and religious growth. Sabbatical leave accrues at the rate of one month per year of service,

with leave to be taken after four but before seven years of service. Every fiscal year, the annual budget will transfer an amount equal to one month's salary/housing, benefits, and ministerial expenses to the Sabbatical Reserve Fund. If the Minister's Sabbatical Reserve is not depleted for sabbatical compensation, the fund can be used to support expenses for any future ministerial search or future sabbatical.

2. Long-term Facilities Reserve Fund

The Long-term Facilities Reserve Fund is intended to ensure that funds are available for replacements and repairs associated with the UUFB Building. This would include items such as roof replacement, furniture replacement, heating system replacement, major painting and exterior refinishing, the deductible amount of the property damage insurance, etc. The fund would not be used for routine, anticipated maintenance and wear and tear, such as landscaping, minor repairs, cleaning, etc.

The fund is to be established by yearly budgeting to the account of an amount the Finance Committee recommends to meet anticipated major replacement and repair expenses. An initial target of \$50,000 was established for Long-term Facilities Reserve Fund. Over a 20 year period UUFB might incur expenses on the order of the following:

Roof.	\$28,000
Furniture	5,000
Heating System	6,000
Parking lot resurfacing	6,000
Insurance Deductible	5,000

3. Operating Reserve Fund

The Operating Reserve Fund is intended to ensure that unanticipated operating expenses can be met by UUFB with existing reserves. The Operating Reserves Fund should stabilize UUFB's finances by providing a cushion against unexpected events, loss of income and large unbudgeted expenses. The Operating Reserve Fund should be used to solve temporary issues not structural financial problems.

The Operating Reserve Fund should ideally have a balance of at least 3 months' expenses. At a minimum it should be enough to cover at least one month's full payroll.