

Operating Reserve Policy

Purpose

The purpose of this Operating Reserve Policy is to build and maintain a level of internally restricted funds that may be used for unique unbudgeted expenses, such as special donations to support another Canadian registered charity, scholarships, new ventures, or special ministries. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

This Operating Reserve Policy will be implemented in conjunction with the other financial policies of the District and is intended to support the goals and strategies contained in those related policies and operational plans.

Definitions and Goals

The Operating Reserve Fund is a designated fund set aside by action of the District Executive Committee (DEXCOM). The amount to be designated as operating reserve will be recommended by the District Superintendent and approved by the DEXCOM.

Authority to Use Operating Reserve

If a particular expense or donation to another registered charity within a fiscal year is below \$20,000, the District Superintendent has the authority to transfer funds from the operating reserve for that expense or donation.

An expense or donation exceeding \$20,000 per year will require the approval of the DEXCOM.

Replenishment or Increase

In the beginning of each fiscal year, the District Superintendent will determine if the Operating Reserve needs to be replenished or revised to a higher or lower level.

Replenishment to the previous year's amount does not need to be approved, nor does lowering the amount, but any increase over the previous year's level will require approval by the DEXCOM.

Reporting and Monitoring

The District Superintendent and the Director of Finance are responsible for ensuring that the Operating Reserve is maintained and used only as described in this policy.



The Director of Finance will maintain records of the use of funds and provide regular reports to the Finance Committee and Lead Team on the status of the Reserve.

The Director of Finance should ensure that the accumulated amount transferred to the Operating Reserve does not exceed the total equity in the balance sheet net of the amount invested in the District Office property and the deferred revenue for employee benefits.

Adopted April 2019

