

Reserve Fund Draw Criteria
Approved by Session June 22, 2011
Revised and Approved by Session January 30, 2016
Revised and Approved by Session May 22, 2019

Introduction: In January 2011, the Westminster Presbyterian Church Session approved the establishment of seven reserve funds, into which were placed funds from the new cell phone contracts and from certain undesignated bequests. An eighth fund was established by the Session on January 30, 2019 and funded by transferring excess reserve and operating funds into the account. The reserve funds have been designed to allow better long-term planning and budgeting for readily predictable yet non-routine expenditures relating to core Westminster functions, including maintaining the physical plant; music ministry; mission; and retreats. Routine and ordinary expenditures generally will be built into the Church's annual operating budget.

When the Session approved the establishment and funding of the original seven reserve funds, it also provided that no money could be spent from them until the Session also approved the draw criteria, which would be developed by the Administration and Finance Committee in consultation with other appropriate Session committees. The original draw criteria were developed and discussed by the A&F Committee and approved by Session in 2011. Revised criteria were developed by A&F and approved by Session in January 2016. This version of the draw criteria adds the eighth fund and updates the draw criteria for all funds, to include establishing the requirement for Administration and Finance Committee review with a recommendation to Session for disposition of all expenditures that require Session approval. This additional review is necessary because A&F has primary responsibility for managing the necessary allocation of funds from available resources in order to maintain long-term financial viability of the reserve funds as well as the overall financial health of church budget resources of which reserve funds are a part.

The purpose of these draw criteria is to provide guidance regarding the appropriate uses of these funds, and to ensure appropriate oversight by the Session over relatively large expenditures. The recommended draw criteria for each reserve fund are discussed below:

Capital & Maintenance Reserve Account: (1) resides in **Foundation Fund B**; (2) fund balance (including interest and dividends from the portion of the CMRF that is invested by the Foundation Board) can be used at any time; (3) amounts from the fund can only be spent with the approval of, and upon the request of, the Building & Grounds Committee; (4) up to \$5,000 can be spent from the fund for any single item or project, without the need for A&F review or Session approval, provided both the Foundation Board and the Director of Finance and Administration agree that the item or project is an approved use; (5) expenditures from the fund of \$5,000 or more for a single item or project must be approved by the Session after receiving a request from the B&G Committee and a recommended disposition of that request from the Foundation Board and the A&F Committee; (6) approved uses include the replacement of or major repair to any portion of the church building and its contents, including furniture, and any portion of the church grounds; (7) approved uses do not include routine grounds work, snow removal, cleaning or custodial work, routine small-scale repairs, maintenance and replacements, and other expense items that in the judgment of the Foundation Board and the Director of Finance and Administration should properly be funded out of the church's annual operating budget.

Capital Improvement Reserve Fund: (1) resides in **Foundation Fund D**; (2) fund balance can be used at any time; (3) amounts from the fund can only be spent with the approval of, and upon the request of, the Building and Grounds Committee; however, the B&G Committee is directed to solicit and carefully consider recommendations for expenditures from other Session committees; (4) up to \$5,000 can be spent from the fund for any single item or project, without the need for Session approval or A&F review, provided both the Foundation Board and the Director of Finance and Administration agree that the item or project is an approved use; (5) expenditures from the fund of \$5,000 or more for a single item or project must be approved by the Session after receiving a request from the B&G Committee and a recommended disposition of that request from the Foundation Board and the A&F Committee; (6) approved uses include expenditures that increase the capacity, productivity or efficiency of Westminster facilities, particularly, although not exclusively, through additions, physical enlargement, expansion, enhancement or adapting facilities to new or different uses; or fixing a defect or design flaw; (7) approved uses do not include ordinary and necessary repair and maintenance expenditures that in the judgment of the Foundation Board and the Director of Finance and Administration should properly be funded out of the church's annual operating budget or from the Capital Maintenance Reserve Fund.

Organ Maintenance Reserve Fund: (1) resides in **Foundation Fund C**; (2) fund balance can be used at any time; (3) amounts from the fund can only be spent with the approval of, and upon the request of, the Worship and Music Committee; (4) up to \$2,500 can be spent from the fund for any single project, without the need for Session approval, provided both the Foundation Board and the Director of Finance and Administration agree that the project is an approved use; (5) expenditures from the fund of \$2,500 or more for a single project must be approved by the Session, after receiving a request from the Worship and Music Committee and a recommended disposition of that request from the Foundation Board and the A&F Committee; (6) approved uses include all forms of maintenance on the organs in the church sanctuary and chapel except as provided in (7); (7) approved uses do not include tuning of the church organs, which must be paid for out of the annual operating budget, or the purchase or maintenance of any musical instrument, other than the organs.

Technology Reserve Fund: (1) resides in **Foundation Fund T**; (2) fund balance can be used at any time; (3) amounts from the fund can only be spent with the approval of, and upon the request of, the Digital Ministries Committee; (4) up to \$2,500 can be spent from the fund for any single item or project, without the need for Session approval, provided both the Foundation Board and the Director of Finance and Administration agree that the item or the project is an approved use; (5) expenditures from the fund of \$2,500 or more for a single item or project must be approved by Session, after receiving a request from the Digital Ministries Committee and a recommended disposition of that request from the Foundation Board and the A&F Committee; (6) approved uses include the purchase of AV equipment and all office-type equipment located anywhere in the church; including computers (whether desktops, laptops or tablets), software, printers, fax machines, copying machines, etc.; (7) approved uses do not include maintenance of any equipment, or the purchase of consumable supplies for office equipment (such as printer cartridges and paper).

Special Music Performance Reserve Fund: (1) resides in **Foundation Fund C**; (2) fund balance can be used at any time; (3) amounts from the fund can only be spent with the approval of, and upon the request of, the Worship and Music Committee; (4) up to \$2,500 can be spent from the fund for any single musical performance or purpose, without Session approval, provided both the Foundation Board and the Director of Finance and Administration agree that the expenditure is being made for an approved use; (5) expenditures from the fund of \$2,500 or more must be approved

by Session after receiving a request from the Worship and Music Committee and a recommended disposition of that request from the Foundation Board and the A&F Committee; (6) approved uses include special music performances that are held at infrequent intervals, and that may or may not be part of a regularly-scheduled worship service; (7) approved uses do not include special music that has traditionally been a part of Westminster worship services and which is properly funded out of the church's annual operating budget.

National Mission Projects Reserve Fund: (1) resides in **Foundation Fund M**; (2) fund balance can be used at any time; (3) amounts from the fund can only be spent with the approval of, and upon the request of, the National Mission Committee; (4) up to \$2,500 can be spent from the fund for any single item or project, without the need for Session approval, provided both the Foundation Board and the Director of Finance and Administration agree that the item or project is an approved use; (5) expenditures from the fund of \$2,500 or more for a single item or project must be approved by the Session, after receiving a request from the National Mission Committee and a recommended disposition of that request from the Foundation Board and the A&F Committee; (6) approved uses include projects or expenses for national mission activities supported by the church; (7) approved uses do not include expenditures that either explicitly or implicitly give rise to an expectation by the recipient of a continued stream of funding from Westminster, or that will cause the recipient to undertake financial obligations reasonably giving rise to such an expectation.

Local Mission Projects Reserve Fund: (1) resides in **Foundation Fund M**; (2) fund balance can be used at any time; (3) amounts from the fund can only be spent with the approval of, and upon the request of, the Local Mission Committee; (4) up to \$2,500 can be spent from the fund for any single item or project, without the need for Session approval, provided both the Foundation Board and Director of Finance and Administration agree that the item or project is an approved use; (5) expenditures from the fund of \$2,500 or more for a single item or project must be approved by the Session, after receiving a request from the Local Mission Committee and a recommended disposition of that request from the Foundation Board and the A&F Committee; (6) approved uses include projects or expenses for local mission activities supported by the church; (7) approved uses do not include expenditures that either explicitly or implicitly give rise to an expectation by the recipient of a continued stream of funding from Westminster, or that will cause the recipient to undertake financial obligations reasonably giving rise to such an expectation.

Retreat Reserve Fund: (1) resides in **Foundation Fund F**; (2) fund balance can be used at any time; (3) amounts from the fund can only be spent with the approval of, and upon the request of, the Congregational Life Committee or the Christian Formation Committee; (4) up to \$2,500 can be spent from the fund for any single item or project, without the need for Session approval, provided both the Foundation Board, and the Director of Finance and Administration agree that the item or project is an approved use; (5) expenditures from the fund of \$2,500 or more for a single item or project must be approved by the Session, after receiving a request from the Congregational Life Committee or the Christian Formation Committee, and a recommended disposition of that request from the Foundation Board and the A&F Committee; (6) approved uses include paying or subsidizing the costs of any Westminster-sponsored retreat, including a retreat by youth, young adults, women, men, families, or singles, and providing scholarships for church members unable to pay their own costs to attend Westminster retreats; (7) approved uses do not include any church expenditures not directly connected to a retreat sponsored by Westminster for the benefit of Westminster members.

Competitive Bidding: Any anticipated expenditure of \$10,000 or more from any reserve fund shall be competitively bid by the relevant committee, with the assistance of the Director of Finance and Administration, soliciting no fewer than two competitive offers, while taking into account that the lowest bid received is not always the best or most economical choice.

Appeals: The draw criteria above may not readily fit every situation that may arise. Therefore, if there is a disagreement between a relevant committee, the Foundation Board, the Administration and Finance Committee, or the Director of Finance and Administration over whether a proposed expenditure appropriately may be funded from a particular reserve account, any party shall have the option of taking such a disagreement to the Session for resolution.

Suggested form of Motions to Session: “The _____ Committee recommends an expenditure of up to \$_____ from the _____ Reserve Fund for _____. This request has been approved by the Foundation Board and has received a favorable recommendation from the Administration and Finance Committee [where relevant: more than one bid has been solicited / considered].”

Larry R. Hayward
Pastor and Moderator

Clerk of Session

Effective Date: January 1, 2020