

**POLICY and PROCEDURE**  
**St. Luke Lutheran Church of Sacramento, California**

**Number:** P&P-2014-1  
**Title:** Reserve Fund  
**Board/Committee:** Finance Board  
**Effective Date:** March 18, 2014; Revised July 16, 2019; Revised September 1, 2020  
**Voided Date:**

**References:** Constitution/Bylaws – C5.03(e) & (g), C12.05, C12.05.01(c), C12.05.01(h), C13.17.07(d); Policy and Procedure– CR-2000-1.

**POLICY:** A Reserve Fund shall be established, maintained, and administered as outlined in this P&P.

**Definitions:**

- a. Reserve Fund: A separate fund created to meet “emergency situations” as provided for in section C12.05(c) of the Constitution.
- b. Emergency Situation: An unforeseen situation that must be remedied (corrected, repaired, fixed, etc.) immediately, and such remedy cannot be delayed until the next budget cycle without a critical, adverse effect on the operations and/or programs of the church.

**Procedures:**

- a. The Reserve Fund shall be a “Special Fund” and shall be established, maintained, and accounted for as specified in P&P-2000-1, “Special Funds”.
- b. Reserve Fund money shall be expended only for needs that are required to resolve a declared emergency situation.
- c. The Finance Board shall manage the Reserve Fund and, in cooperation with the Executive Committee, recommend expenditures from the Reserve Fund to the Congregation Council.
- d. The Congregation Council shall strive, at all times, to maintain the Reserve Fund account at a level of at least \$25,000. The Reserve Fund level shall be reviewed at least annually by the Finance Board and Congregation Council. When the level falls below the minimum, the Congregation Council shall take action to identify sources for replenishing the Reserve Fund to the minimum level.
- e. The Reserve Fund balance, as of December 1, shall be reported to the congregation in a note on the Annual Budget.
- f. The Reserve Fund is **not** a substitute for proper planning. If a critical appliance, device, or other item is becoming obsolete, functioning poorly, or requiring excessive maintenance, planning and budgeting for a replacement should be during the normal, Annual Budget preparation and adoption cycle.

**APPROVED:**

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*Signature of Church Secretary (officer)    Date Approved*

**VOIDED:**

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*Signature of Church Secretary (officer)    Date Voided*