

Maintenance Reserve Account

Approved by Board of Elders April 19, 2011

PURPOSE

The purpose of the Maintenance Reserve policy for The Chapel on the Campus is to ensure the availability of funds for the upkeep and ongoing operations of all Chapel facilities. The Maintenance Reserve is intended to provide an internal source of funds for situations such as anticipated equipment repair or replacement, unbudgeted facility expenditures, unexpected maintenance items, emergency repairs or uninsured losses.

The Maintenance Reserve policy will be implemented in concert with the other governance and financial policies of The Chapel on the Campus, Inc. and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

DEFINITIONS AND FUNDING TARGET

The Maintenance Reserve Fund is defined as the designated fund set aside by action of the Board of Elders to repair and maintain our facilities. The minimum amount to be designated as Maintenance Reserve will be established in an amount sufficient to plan for ongoing maintenance needs and anticipated future maintenance needs. The Maintenance Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum Maintenance Reserve Fund is currently set at \$3.00 per square foot of facility owned and or operated by The Chapel. The amount of the Maintenance Reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance Committee for recommendation to the Board of Elders, and included in the regular financial reports. The Finance Committee shall review this amount annually. Review criteria will include an adjustment for inflation, cost of labor and cost adjustments for the price of goods and materials. The Finance Committee will then recommend a target amount to the Board of Elders who will make the final determination.

ACCOUNTING FOR RESERVES

The Maintenance Reserve Fund will be recorded in the financial records as Maintenance Reserve. The Fund will be available in cash or cash equivalent funds. Maintenance Reserves will be maintained in a separate account in the Restricted Funds bank account.

FUNDING OF RESERVES

The Maintenance Reserve Fund will be funded with surplus unrestricted operating funds and by a weekly set-aside from the operating budget equal to 1/52 of the annual Maintenance Reserve amount

recommended by the Finance Committee and approved by the Chapel Board of Elders. The Board of Elders may from time to time direct that a specific source of revenue be set aside for Maintenance Reserves. Examples may include one-time gifts or bequests, special grants, or special appeals.

USE OF RESERVES

Use of the Maintenance Reserves requires three steps:

1. Identification of appropriate use of reserve funds.

The Business Administrator and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy.

2. Authority to use maintenance reserves

Authority for use of Maintenance Reserves is determined by the following three tier approval grid:

- Level 1: Up to \$5,000 can be approved by the Business Administrator
- Level 2: Up to \$20,000 can be approved by the Management Team
- Level 3: Over \$20,000 must be approved by the Board of Elders

The use of Maintenance Reserves will be reported to the Management Team at their next scheduled meeting.

3. Reporting and monitoring.

The Business Administrator is responsible for ensuring that the Maintenance Reserve Fund is maintained and used only as described in this Policy. The Business Administrator will maintain records of the use of all Maintenance Reserve funds. He will provide regular reports to the Management Team and Finance Committee of the funds available and utilization of the funds spent.