



Date Approved: January 24, 2000

Approved By: Bethel Lutheran Foundation

TITLE: RESERVE FUND POLICY

PURPOSE: The Bethel Lutheran Foundation Reserve was established to accumulate a significant amount of money, which could be used for a “large” project/item, which is needed, by Bethel Church and/or School. The goal is to ideally have enough money in the reserve fund so it would be administered like an endowment where the principle is not used; rather, only the interest on the principle would be available for use. It is hoped that as the size of the reserve fund grows congregational members would contribute to the fund so it could grow faster and thus increase the amounts, which could be appropriately used.

OPERATING GUIDELINES

The following guidelines should be followed in the administration of the reserve fund:

1. Requests for reserve fund monies should be made through “normal” channels, i.e., using the Memorial Request form.
2. The Foundation Board members will approve or disapprove the request based on a majority vote of members.
3. The Foundation Board should not use the principle amount in the reserve fund; however, the Board reserves the right to use the principle if an emergency should arise.
4. At the end of each calendar year, the Foundation Board will decide the percent of undesignated funds, which should be transferred to the reserve fund. No specific percent is dictated so as to allow flexibility; however, a target percent is 50%.
5. If the interest earned on the principle is not used during the year for requests, it should be added to the reserve fund principle at the end of the calendar year.

ADMINISTRATION

The administration of the reserve fund will be an integral responsibility of the Foundation Board along with the management of the other monies for which the Foundation is accountable. Foundation financial statements will show the reserve fund as a separate line item.

The above operating guidelines are not intended to be rigid rules, but rather a guide to how the Foundation Board should administer the reserve funds.

