

RESERVE FUND POLICY

At the end of 1998, our reserve fund, previously set at \$4,000, was reduced to \$2,000. During 1999, a designated gift of \$500 was received and we have proposed that \$750 of the 1999 general fund balance be transferred to the reserve fund, which will bring this fund balance to a total of \$3,250.

An adequate reserve fund can provide a very stabilizing effect on the budget process, protecting against shortfalls which impact planned discretionary spending and ensuring that basic obligations are met. In the event of a surplus, the year end transfer of excess funds to the reserve fund may result in a more thoughtful designation of funds in future year budgets.

While the Giving Project recommends a reserve of 7-10%, our history would indicate that we have successfully estimated giving in a much narrower range. A reserve of 5% of the proposed 2000 general fund budget is \$7510.

Policy:

It is the intent of Assembly Mennonite Church to maintain a reserve fund equivalent to 5% of the general fund budget. Receipts in excess of budget in any given year will be transferred to the reserve fund. When the reserve fund exceeds 5% of the proposed future year budget, the excess over 5% may be budgeted to supplement anticipated giving for the future year.

June 30, 2000