

# Operating Reserve Policy

## 1. Purpose

The purpose of this Operating Reserve Policy is to ensure the long-term financial stability of Congregation Beth-El, to support the continuation of our activities and programs, and to provide a financial cushion against unanticipated revenue shortfalls or emergency expenses.

This policy reflects the organization's commitment to good stewardship, transparency, and fiscal responsibility.

---

## 2. Definition of Operating Reserves

Operating reserves are unrestricted funds that are set aside to stabilize the organization's finances. These reserves:

- Are separate from restricted funds, endowments, or special-purpose accounts.
  - May be used by the Treasurer to support the operations of the Congregation, based on the budget approved by the Board, under circumstances defined in this policy.
  - Are held in secure, low-risk, liquid financial accounts to ensure availability when needed.
- 

## 3. Target Reserve Level

The Board of Congregation Beth El establishes the following target levels for the Operating Reserve Fund:

- Minimum Reserve: Equivalent to three (3) months of average annual operating expenses.
- Target Reserve: Equivalent to six (6) months of average annual operating expenses.
- Maximum Reserve Goal: Up to nine (9) months of average annual operating expenses, as resources allow.

This level reflects the organization's fixed costs, including the Rabbi's salary, building operations, insurance, and essential program expenses.

---

## 4. Use of Operating Reserves

Operating reserves may be used for:

- Covering temporary cash flow shortfalls due to delays in giving, membership dues support, or other income.
- Continuing core operations during significant revenue disruptions.
- Funding emergency facility repairs or replacement of critical systems.
- Responding to unexpected external events that impact the organization's financial position.

Operating reserves are not to be used for:

- New programs or permanent budget expansions without an identified funding source.
- Routine budget balancing for predictable or recurring shortfalls.

---

## 5. Authorization and Oversight

- Any use of operating reserves that would exceed the budget approved by the Board of Directors requires approval by the Board.
- In urgent situations, the Treasurer may recommend use of reserves, subject to concurrence by the President of the Congregation or Chair of the Board, after which prompt Board ratification will be sought.

---

## 6. Investment and Accounting of Reserves

- Reserves will be held in liquid, low-risk accounts such as a money market account, savings account, or similar secure financial instruments managed by our investment company.
  - The Treasurer will report the reserve balance to the Board as part of the periodic Treasurer's reports.
-

## 7. Replenishment of Reserves

- If reserve levels fall below the minimum target, the Finance Committee will present to the Board a rebuilding plan to restore reserves to the minimum or target levels within a 12- to 24-month period, subject to Board approval.
  - Surpluses from annual operations, special Board-directed allocations, or designated reserve-building campaigns may be used to rebuild the fund.
- 

## 8. Policy Review

This policy may be reviewed by the Finance Committee and the Board to ensure alignment with:

- Current financial realities,
- Operational needs,
- Strategic priorities of Congregation Beth El

Revisions must be approved by a two-thirds majority of the Board present at a Board meeting.

---

## 9. Adoption

Approved by Board on: November 16, 2025