

FOR SWIMMING Reserve and Restricted Fund Policy

Original Data of Adoption: Jan 2019

Date Modified: March 2021

The Friends of Rockbridge Swimming receives and raises monies for purposes related to the operation, maintenance and improvement of the Rockbridge Aquatic Center. This policy provides guidance by which portions of those monies may be restricted for specific purposes. The following defines each funds purpose, how they are to be managed and who is responsible for their oversight.

Note: the first priority of fund raising is to ensure that the then current fiscal year is fully funded. Those monies are obligated and not considered restricted.

Currently, FOR Swimming has one Board Designated Operating Reserve Fund and three restricted funds.

1. Board Designated Operating Reserve Fund

Purpose: The purpose of the fund is to help to ensure the long term financial stability of the organization and position it to respond to varying economic conditions and changes affecting the organization's financial position and the ability of the organization to continuously carry out its mission.

FOR Swimming will maintain a Board-Designated Operating Reserve Fund to achieve the following objective(s):

- (a) To manage cash flow interruptions;
- (b) To promote public and funder confidence in the long-term sustainability of the organization.

Fund Balance: The target amount to be attained and maintained for the Board-Designated Operating Fund is \$45,000 representing approximately three months of the operating expenses of the RAC .

The fund can be used for:

- A. Internal line of credit for use to financially operate the organization
- B. Funds to meet unfunded and unexpected organization needs
- C. Funds to bridge between pledges and pledge receipts

The fund cannot be used for:

- A. Capital purchases (funded by Equipment Replacement Fund)
- B. Funds to make up a deficiency in the Capital Campaign

Drawdown: A drawdown from the fund that cannot be replaced with operating funds must be approved by a majority of the Board. A record of any such action shall be maintained and be made a part of the Board meeting minutes. Any such action would remove the Board designation of "reserves" from these funds.

2. Equipment Replacement Fund

Purpose: Monies in this fund are to be used to cover the cost of replacing items as identified in the Rockbridge Aquatic Center then current Capital Replacement Plan. The Capital Replacement Plan covers capital assets essential for the operation of the RAC.

3. Capital Build Fund

Purpose: Monies in this fund are for making significant capital improvements to the Rockbridge Aquatic Center. Those improvements and their projected cost are detailed in the then current Capital Improvement Plan.

4. Board Designated Restricted Funds

Purpose: Monies in these funds are restricted either (1) by the donor or (2) by the Board for a purpose other than equipment replacement and capital build.

[each fund's history and guidelines are outlined in the Appendix of this policy]

Management/Oversight of Restricted Funds

The FOR Swimming Finance Committee acts in a fiduciary capacity for all restricted funds identified and is accountable to the full Board of FOR Swimming.

All funds are to be conservatively invested with the objective of maintaining the real purchasing power of the funds intended purpose.

The Finance Committee will provide to the full Board of FOR Swimming a detailed report on a regular basis, initially once each quarter. In the event of unusual or unanticipated financial activity in any fund the committee will notify the President of FOR Swimming immediately.

The Aquatics Director will inform the Finance Committee about all contributions and deposits to any Restricted Fund.

Withdrawals from any Restricted Fund requires approval by the full Board of FOR Swimming.

Appendix

Kathy Haugen Fund (Board Designated Restricted Fund)

History: The Kathy Haugen Memorial Fund was established to honor Kathy, a founding member of Friends of Rockbridge Swimming, Inc. When our campaign to bring an indoor pool to our community was launched, her enthusiasm and generosity were critical in our success. In the early days that meant countless meetings and endless work. Her Stalwart determination and support gave us confidence to keep moving forward. Kathy was amazing in all that she accomplished with her business and the projects she supported in the community. She was a person who made things better. We will miss her terribly The Kathleen Haugen Memorial Fund has been established to honor her as we continue to meet the needs of our facility and the people we serve. In this way, she will always be our guiding hand, our generous supporter, and our loyal friend. At the time that the fund was established, it was the wish of the FOR Swimming board to use these funds for advancing our facility's footprint in the community. Kathy Haugen was most interested in supporting projects that made our facility more viable and financially secure. It was decided that these funds would not be used for operational expenses or repair and maintenance of existing features. They are earmarked for new initiatives or new building projects. She would have been proud to be a part of initiatives and projects that "moved us forward and made us better ." That is who she was and this fund should honor that. Her husband Gary Ruley and sons Tommy and Kyle Haugen were instrumental in starting this fund after her untimely death. They should be updated periodically on the growth and use of these funds.

Guidelines: FOR Swimming will contribute 10% of the previous year's fundraising efforts (to exclude capital campaign fundraising) toward the Kathy Haugen Fund. The approval for the transfer of funds should be added to the Board's January or February agenda. In extraordinary circumstances and if the organization needs access to liquid funds, the Board may vote to postpone the annual contribution to the Kathy Haugen Fund.