

[Cash Reserve Funds]

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Episcopal Church Foundation

- Independent, lay-led, nonprofit organization serving only the Episcopal Church.
- Mission to strengthen financial and leadership capabilities of Episcopal organizations.
- **Endowment Management** – helps Episcopal entities organize, invest and grow endowment and permanent funds to support current and future ministries.
- **Planned Giving** – provides planned giving education and program resources to churches and other organizations.
- **Donor Solutions** – offers life income gifts and donor advised funds for Episcopal donors.

Reserve Fund Overview

- Funds set aside to meet short-term, unexpected or emergency needs.
- Helps ensure long-term financial stability.
- Respond to changing financial conditions without jeopardizing mission.
- Intentionally set aside – not just surplus – replenish as needed.
- Invest for preservation and liquidity.
- Allows endowed churches to invest and spend prudently for the long term.

Purpose

- Cash flow management – pay bills when due, even if seasonal income fluctuations.
- Unplanned repairs or other expenses – these happen, especially to buildings.
- Unexpected revenue shortfalls –
 - Giving may drop as church or economic conditions change
 - Endowment distributions may decline as market fluctuates.
- Missional opportunity – to support important unbudgeted missional work.
- Investment opportunity – cash or short-term funds can be invested for impact.

Oversight

- Vestry has ultimate responsibility.
- Delegate management to finance committee or treasurer under church guidelines.
- Consider a reserve fund policy –

Purpose and amount

Oversight

Investment and spending

Recordkeeping and reporting.

Size

- Many try for 3-6 months operating expenses. Others aim for several years.
- Some increase this amount for anticipated maintenance or capital costs.
- Goal is prudent planning –

Not excessive reserves – take away from mission and ministry

Not minimal reserves – make mission and ministry impossible

Investment can be missional.

Source

- Small budget surpluses – intended or unexpected.
- Unrestricted gifts – all or part. Consider bequest or other legacy gift policie policy.
- Replenish – if use some, build back up to policy level.
- Reexamine – periodically make sure policy still meets church needs.

Communication

- Talk about your cash reserves.
- Explain why cash reserves are important – even if not spent on mission.
- Explain how chose amount to set aside.
- Explain how invested.
- Important to build trust in church and sound financial management of its leaders.

Questions? Resources?

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Sample Cash Reserves Policy
Sample Endowment and Gift Acceptance Policies
Finance Resource Guide