LIVING SPRINGS
RESERVE FUND POLICY

ARTICLE 1
PURPOSE

The main purpose of the Reserve Fund is to accommodate unusual and/or unforeseen emergency cash requirements in order to ensure the continuance of Living Springs and its ongoing programs.

ARTICLE 2
PROCEDURES

SECTION 1. RESPONSIBILITY

The Reserve Fund shall be maintained at the direction of Living Springs' Board of Directors in accordance with this policy.

SECTION 2. ANNUAL REVIEW

The Reserve Fund should be reviewed annually by the Board for the purpose of:

1. Reviewing the way the fund's principal was invested over the previous year.

2. Reviewing the way any of the principal was spent to determine compliance with this policy and strategies for reimbursement to the fund in the event any expenditure is determined to not be in compliance with this policy.

3. Determining the use of any interest gained by the fund in accordance with this policy.

4. To determine how and/or by who the fund should be invested over the next year.

SECTION 3. FUND PRINCIPAL

The principal of the Reserve Fund can be used as:

1. Facility reserves for repair and replacement of facilities and equipment.

2. Program reserves to support program continuation if income is not currently adequate.

3. Any emergency need of the corporation for funds, as may be determined on a case by case basis, by the Board, to ensure the continuance of the organization.

SECTION 4. FUND INTEREST

The interest accumulated should be used, in order of importance, to:

1. Rebuild fund principal in the event the principal is used for those purposes defined in Section 3 of this Article.

2. Be added to the general fund, making it open to be used for everyday expenses of the organization in accordance with the following guidelines:

a. In the event any portion of the principal is held in the same interest bearing account(s) as the general fund and/or other funds of the corporation, interest will automatically be considered added to the general fund unless the Board determines a calculation should be made, based on a month by month average percentage of Reserve Funds in such account(s), to determine what portion of interest should be added to the Reserve Fund to build or rebuild Reserve Fund's principal.

b. At the Board's discretion, in any year where the interest is not needed to cover the yearly budget of the organization, an effort should be made to use at least a portion of the Reserve Fund's interest to build the fund's principal.

SECTION 5. DONATIONS

Donations to this fund should be used, in order of importance, to:

1. Rebuild principal in the event the principal is used for the purposes defined in Section 3 of this Article.

2. Increase the principal of the fund.

ARTICLE 2
TERMS AND DEFINITIONS

SECTION 1. TERMS

1. The term “principal” refers to the dollar balance of the Reserve Fund, as kept by the Treasurer of this corporation, not including current interest gained.

2. The term “Board” refers to the full Board of Directors of Living Springs.