

The United Church in Meadowood (UCiM)

**Restricted Funds
Policy**

1. Restricted funds

There are two kinds of Restricted Funds an organization can hold: **Externally Restricted Funds** and **Internally Restricted Funds**.

1.1 Definition

All Restricted Funds have terms for their use either imposed by a donor or external party or by policy set by the governing body of the organization establishing the fund.

Externally Restricted Funds In the case of externally imposed restrictions, once the organization accepts a gift, and its purpose, the organization is obligated to use the money in accordance with the donor's directions. Examples: An unsolicited government grant is received to operate an emergency fresh air centre. Money is left to the congregation by a deceased member to be used to reduce the mortgage.

Internally Restricted Funds The terms governing Internally Restricted Funds are established by the organization themselves. All solicitation of funds, through donation or fundraising activity, for the Fund obligates the organization to use the funds for the purpose defined in the Terms. Examples: A campaign to replace the roof. Setting aside money from general funds to cover a minister's sabbatical leave.

It is imperative that organizations have clear Terms of Reference for the purpose and governance of all Funds, including mechanisms for changing the terms of the Fund should that become necessary. These Terms should be retained in the organization's files and reviewed regularly. Organizations should have a **Gift Acceptance Policy** which sets out rules for the acceptance of any gift offered to the organization for any purpose and consult it prior to accepting a gift from a donor.

2. Restricted Funds at UCiM

UCiM has the following Internally Restricted Funds:

- a. The Memorial Fund - existing
- b. Greening Fund – existing
- c. General Reserve Fund – new effective January 1, 2026
- d. Operating Reserve Fund – new effective January 1, 2026

2.1 Memorial Fund

PURPOSE: The Memorial Fund Trustees have the responsibility to oversee the Fund. Contributions may be made by individuals or groups in memory of deceased members or non-members of UCiM, to provide for the beautification and improvement of the Church.

2.2 Greening Fund

PURPOSE: The Greening Fund was created June 21, 2023 (by the Board through the Greening Steering Committee based on direction from the April 2023 Congregational Meeting) with the purpose to fund the installation of a Geothermal heating and cooling system to replace the existing systems. *If the funds collected for the Campaign exceed the cost of the project, surplus monies raised will be used for other building maintenance or restoration, with a priority on projects which are in keeping with reducing the energy requirements of the building (for example, but not limited to, new windows) and any other greening projects at the direction of the UCiM Board which will follow established policies for consultation and approval from other bodies such as the Trustees and the Congregation.*

2.3 General Reserve Fund

PURPOSE: The General Reserve Fund was created January 1, 2026, with funds as determined by the Finance Committee and approved by the Board and will be open to additional contributions. The General Reserve Fund will be used for projects including building maintenance or restoration, and equipment purchases which meet the threshold for Capital acquisitions and any other project or expenditure included in the annual budget as approved by the congregation at the annual general meeting. Projects that are environmentally friendly and reduce the energy requirements of the building will be given priority. The Board will provide oversight of the Fund.

2.4 Operating Reserve Fund

PURPOSE: The Operating Reserve Fund was created January 1, 2026, with funds as determined by the Finance Committee and approved by the Board. The purpose of the Operating Reserve Fund is to cushion against unexpected events or the loss of expected income. The Board will provide oversight of the Fund.

Establishment and guidelines for the newly created restricted funds effective January 1, 2026:

As of January 1, 2026, a portion of the total equity shall be distributed as follows:

Equity:

General Reserve Fund:

Operating Reserve Fund:

Profit for the Year:

General Reserve Fund –

1. Shall be created using the funds from the Capital Fund (cookbook) as the final balance indicated in the 2025 Financial Statements.
2. Upon finalization of the 2025 Financial Statements, the Finance Committee shall provide a recommendation to the board on the amount of the overall surplus that shall be allocated to the General Reserve Fund.

Operating Reserve Fund -

1. Upon finalization of the 2025 Financial Statements, the Finance Committee shall provide a recommendation to the Board of the amount of the overall surplus that shall be allocated to the Operating Reserve Fund.
2. The Finance Committee shall take the following into consideration when making their recommendation:
 - a) The operating surplus will be the amount of the year-end surplus that exceeds the average of three months actual expenses. The balance will be sustained throughout the year and at year end will be adjusted accordingly to coincide with the previous year expenses to equal an equivalent amount to a contingency of three (3) month expenses.

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