



Policy on Operating, Capital, and Restricted Funds

1. Purpose: This policy provides the definition of the funds employed by Bet Aviv in conducting its operations, establishes the sources of those funds, and establishes the controls and guidance for expenditure of those funds.

2. Definitions: The following classes of funds are defined as follows:

2.1 Operating Funds – Operating funds are used for day-to-day operations of Bet Aviv as authorized by the annual budget. They cover all operating expenses and expenses associated with Bet Aviv programming. The authority to expend general funds is co-terminous with the budget year in which spending authority is contained. General fund allocations that are unexpended at the end of the fiscal year revert to the treasury and become operating reserve funds.

2.2 Capital Funds – Capital funds are used to purchase durable items, increased equity share in OMI, and other non-expendable assets that have long term (i.e., having an expected life of at least three years) use that are deemed beneficial to the operation of Bet Aviv. These funds carry over from one fiscal year to the next.

2.3 Restricted Funds – Restricted funds are monies earmarked for specific uses as delineated by the Board. These funds may be expended only in conjunction with the established purpose of the fund. The monies remain earmarked for the dedicated purpose of the fund from year to year and do not revert to the treasury.

2.4 Operating Reserve Fund – All monies that are not capital funds or restricted funds, and are not delineated for expenditure in the annual budget are deemed operating reserve funds and are available for either inclusion in an annual budget or for a capital expenditure.

2.5 Directed Donation – A donation made to Bet Aviv, other than a donation to a restricted fund, that is conditioned on the money being used for a specific purpose, shall constitute a directed donation. Committees receiving directed donations have the obligation to spend these monies prior to any Operating Funds being spent in the year the donation was received. Expenditures associated with a directed donation shall occur during the same year that the donation is made if practicable. Should directed donation money remain unspent at the end of the fiscal year, the committee may request the Board to carry that money forward into the next fiscal year. Otherwise, the unspent monies shall revert to the Operating Reserve Fund.

3. Operating Funds

3.1 Sources of funds - Operating funds come from the following sources:

1. Members' annual dues
2. Donations to Bet Aviv that are not earmarked to any Restricted Fund nor are Directed Donations, regardless of whether the Operating Fund is specified.
3. Income from fundraising activities and surplus revenues from any programming.
4. Income from room rental, copying reimbursement, ad sales in the Observer, and High Holy Day Book of Remembrance contributions (and other miscellaneous income not otherwise earmarked.).
5. Operating Reserve funds voted by the Board to be applied to the current fiscal year operating budget.

3.2 Duration of the Funds - Operating Funds are available for one fiscal year. At the end of the fiscal year, any unexpended Operating Funds revert to the Treasury and become Operating Reserve Funds.

3.3 Spending Authority

3.3.1 - Committee chairs with expense line items in the operating budget are authorized to spend those monies in the execution of their programs up to \$500 for a single expenditure. No Executive Committee or Board action is required. Single expenditures in excess of \$500 require Board approval unless otherwise previously budgeted.

3.3.2 - Monies required for daily operation of Bet Aviv including, but not limited to OMI rent, telephone, insurance, MUM dues, copying, and computer maintenance shall be disbursed as required by the Bet Aviv Administrator upon approval of either the President, one of the Vice Presidents, or the Treasurer.

3.3.3 - Expenditures for purposes other than those contemplated by the budget may be approved by the Board provided that sufficient funds are contained within the Miscellaneous category or elsewhere in the budget. Board minutes will reflect any authorized changes.

3.4 Manner of Making Payments

3.4.1 Checks are issued by the Bet Aviv Administrator and must be signed by either the President, one of the Vice Presidents, or the Treasurer. If the check is \$1,000 or greater in value, then two officers' signatures are required per Bet Aviv By-laws.

3.4.2 Salaries may be disbursed through a payroll service. The Bet Aviv Treasurer is responsible for collecting the hours worked by the hourly employees and entering those hours into the payroll company's system on a bi-weekly basis. The

Treasurer is also responsible for the monthly payment of the Bet Aviv clergy through the payroll company's system.

3.4.3 Monies may be paid electronically through a banking on-line payment system provided that payments are authorized by an appropriate officer.

4. Capital Funds

4.1 Sources of funds - Capital funds come from the following sources.

1. Operating Reserve fund as approved by the Board
2. Donations to the capital fund
3. Any capital assessment of the congregation as may be imposed by the Board on a regular or extraordinary basis.

4.2 Duration of the funds - The monies in the capital fund have no expiration.

4.3 Spending Authority – Capital funds may be spent upon approval from the Board. The Executive Committee shall determine the need for these funds and validate that the expense fits the criteria for a capital expense. Once the need and validity of the capital expense is established, the President or other officer will bring the request to the Board for a vote. The funds are authorized to be spent by the President or their designee upon Board approval.

4.4 Funds Disbursement – Authorized capital funds will be disbursed from the Bet Aviv checking account, balance permitting. If the checking account is deemed by the Treasurer to have insufficient funds to both cover the capital expenditure and provide funds for continuous operation of Bet Aviv, a CD will be liquidated to cover the capital expenditure. Any monies left over from the CD after the expenditure will be deposited into an interest-bearing instrument. If the checking account has sufficient monies to cover both the capital expenditure and provide funds for the continuous operation of Bet Aviv, the Capital Fund shall reimburse the checking account as soon as one of the CDs matures.

5. Restricted Funds –

As of June 2017, the following Restricted Funds exist:

1. The Arnold Feldman Fund for Social Action
2. The Richard Tobin Fund
3. The Paula Polinsky Fund
4. The Marv Hoss Fund
5. The Rabbi's Discretionary Fund
6. The Cantor's Discretionary Fund

5.1 Sources of funds - Restricted funds come from two sources.

1. Operating Fund
2. Donations to a specific restricted fund

5.2 Establishment of Restricted Funds – The establishment of new, long-term, restricted funds to memorialize Bet Aviv members is strongly discouraged. Restricted funds tend to tie up monies that could be otherwise be used to the benefit of the Congregation and community largely due to the relatively low need for spending in these restricted areas versus the relatively high rates of donations. It is recommended that a member be memorialized by a donation or donations to a specific committee with a budget line, and that the committee or budget item be renamed in honor of the memorialized member (e.g. The John Smith Music Committee).

All restricted funds shall be established by approval of the Board after review and concurrence by the Executive Committee. Restricted funds shall only remain restricted for a given period of time, all future donations to this fund, and any remaining balance in the fund become part of the Operating Fund.

The requestor(s) for the establishment of the restricted fund(s) shall submit to the Board via the Executive Committee a written charter for the fund. The charter shall include, but is not limited to:

1. The name of the fund
2. The purpose/mission of the fund (i.e. what is the intent for the money donated to this fund?)
3. The Board Committee or Bet Aviv function this fund supports
4. Proposed period of time that the fund remains restricted.
5. At the request of the Executive Committee, the Board may review on a yearly basis, the need to maintain the existence of any or all restricted funds.

5.3 Existing Restricted Funds - All current restricted funds, with the exception of the Rabbi's Discretionary Fund and the Cantor's Discretionary Fund shall have a charter prepared for Board approval by the relevant committee or as directed by the Board in accordance with Section 5.2.

5.4 Spending Authority

5.4.1 Rabbi's and Cantor's Discretionary Funds – As both of these funds are intended for the clergy to use at their judgment and discretion for the good of Bet Aviv and the community in general, both are authorized to spend the monies in their funds with no additional action required by the Executive Committee or the Board.

5.4.2 All Other Restricted Funds – Restricted funds tied to a standing committee shall be used by that committee in the execution of their program/function. The committee chair shall make a request to the Board for use of monies from their respective fund. The request shall include a specific dollar amount, the date by which the monies are needed, and the specific purpose the monies are to be used for. The request should be discussed with the Bet Aviv President prior to the Board meeting when the request will be made. The Bet Aviv President, at his or her discretion, can have the request gain approval by the Executive Committee prior to introducing it to the Board.

5.5 Management of Restricted Funds

5.5.1 Rabbi's and Cantor's Discretionary Funds – The Rabbi and the Cantor may maintain independent checking accounts for their discretionary funds to enable them to ensure confidentiality of the people and organizations the funds are benefiting. The accounts shall be reviewed regularly by an accountant at each account's expense to ensure the funds are being used for their intended purposes. The board has the authority to create further policies and guidelines for the operation of these funds.

5.5.2 All Other Restricted Funds – All other restricted funds are accounted for in Bet Aviv's book-keeping system. The monies in the funds may be co-mingled with monies in the Operating Fund and Operating Reserve, allowing Bet Aviv to maintain one checking account or to maintain certificates of deposit most advantageous to Bet Aviv. Checks are issued in accordance with the Bet Aviv By-laws.

5.5.3 Funds Raised For Specific Projects – Bet Aviv frequently raises funds for a particular project that can span one or more years. Funds raised for such an activity shall be treated as restricted for the purposes of book keeping but shall not be required to develop a charter, etc. as laid out in this policy. All the monies raised for a project must be spent on that project. Upon completion of the project or deletion of the fund, the book keeping fund will be closed.

6. Accounting

Separate ledgers shall be maintained to delineate:

- a. Operating Fund revenues and expenditures, and progress against budget
- b. Restricted fund balances, revenues and expenditures
- c. Capital fund balances, revenues and expenditures
- d. Operating Reserve fund balances, revenues and expenditures

7. Other – Should a situation with Bet Aviv funds arise that does not appear to be addressed in this policy, the Board on advice from the Executive Committee shall address the situation by formal action that shall be recorded in the minutes of the Board meeting.