

## **OPERATING CONTINGENCY FUND POLICY AND PROCEDURE**

ROXBOROUGH PARK FOUNDATION, August, 2010

1. The Budget committee has recommended that the Roxborough Park Foundation maintain an interest bearing operating contingency account separate from the operating account. This account will have a target balance of 10% of the operating assessment.
2. The Operating Contingency account is to be maintained as a funding source for unforeseen and unforeseeable urgent situations that may arise in the course of operations that require expenditures in excess of those available through the operating funds or via insurance coverage. Examples of unforeseen and uninsurable events are excess snow removal expenses and soil expansion damage requiring mitigation. The Contingency Account will be a separate interest bearing account.
3. It is the intent of the Contingency Fund to preclude the necessity for special assessments in the event of a catastrophic and uninsurable event, or events in which the expenditures exceed insurance coverage and/or available funds. (Floods, wind, hail, and lightening are typically insurable events)
4. The Contingency Account funds may be invested upon the advice of an investment advisor, and any income from investments will accrue to the Contingency Account.
5. Expenditure of monies from this account requires a vote of the Board of Directors, at a monthly Board meeting at which Contingency Fund spending is a listed agenda in the pre published meeting notice
6. At the end of each fiscal year, any unexpended operating funds will be placed in this account. If the resulting account balance would exceed the 10% guideline, then the excess monies will be placed in the Reserve Fund.
7. The Board will fund the Contingency account from an apportionment of the annual assessment, until the Contingency Fund contains an amount equal to 10% of the annual operating assessment, by designating no more than 5% of income from assessments annually to be placed in the Contingency Fund. The calculation will be net of any additions to the account made from unexpended operating funds, and net of any expenditures from the fund.
8. Income to and expenditures from this account will be accounted for and reported separately from the operating account, and the Treasurer will report any transactions affecting this account at the monthly meeting of the Board as well as present an annual accounting at the annual membership meeting.