**POLICY ON SURPLUS AND DEFICITS IN OPERATING BUDGET**

**CREATION OF A “BALANCE FUND”**

*First Church of Jamaica Plain Finance Committee April 21, 2015*

The purpose of this fund is to create stability in the operating budget. It provides a financial cushion that can mitigate surprises such as disappointing fundraising results, a drop in membership or other revenue generating activity, emergency repairs or the need to hire a consultant to handle an unexpected problem in the course of a church year.

The fund is maintained on the balance sheet of the church and is called the “Balance Fund”.

At the end of every church fiscal year,

 -if there is a deficit, income can be recorded from this fund to cover the deficit. If the fund is not large enough to cover the deficit, the remaining deficit must be carried forward as a line item in the next FY operating budget and the FC, SC and congregation must revise its budget to put it back into balance.

 -if there is a surplus, income is added to this fund. The FC, SC and congregation can vote on specific use of the money if it gets particularly large, or more than 4 months of operational expenses. In this case, the accumulated funds may be spent on single, one-time expenses, such as equipment, special supplies or repairs and as long as the decision does not create an unplanned obligation for subsequent fiscal years.