

**FIDDLEHEAD SCHOOL
BOARD OF DIRECTORS**

**ADOPTED: 2-22-2016
REVIEWED:**

Contingency & Capital Improvement Policy

Purpose

It is the intent of the Board of Directors of the Fiddlehead School of Arts and Sciences (FSAS) to incorporate, fund and maintain two distinct reserve accounts as set forth below, and to that end have established a Contingency Reserve Fund (CRF) and a Capital Improvement Program (CIP) fund.

The CRF and the CIP accounts are significant planning and forecasting tools and are considered integral to the long-term financial health of FSAS. The CRF account provides funds for unforeseen or emergency expenses; the CIP account provides funds for capital asset improvement, replacement and maintenance programs over a period of time as described in a planned schedule. Funds are allocated to each account during the annual budget development cycle as FSAS need and fiscal capacity warrant.

The Funds

The CRF account is intended to address unexpected expenses that cannot be reasonably absorbed by the current year general fund. Examples may include: addition of unbudgeted employees; unanticipated repairs or failures of property or assets; or financial hardship.

The CIP account is designed to reserve funds for planned facility and capital improvements, replacement or maintenance programs over time. Capital improvements projects are preplanned and have a written schedule and budget, which is reviewed and updated during the annual budget development. Examples may include: building additions and upgrades; replacement and maintenance of existing systems and assets (e.g., transportation, technology, classroom fixtures); and state or local mandates as they apply to code requirements and safety. A CIP account reserves funds for future anticipated expenses.

Funding, Access and Transfer of Funds

Funding:

- Funding the CRF and CIP accounts is planned during the annual budget development process. Funding levels can vary year to year and for each account as need and fiscal capacity dictates;
- Funding the accounts can occur at any time during the fiscal year;
- Funding the accounts is not mandatory and no penalties are levied if underfunded in any given year;
- Every effort is made to plan and build the reserve accounts.

Access and Transfer of Funds:

Accessing and transferring funds from the CRF and the CIP accounts to the general operating account require:

- Board approval and signatory authority of two persons on record with the banking institution, typically the ED and Treasurer; a third designee may be assigned by the Board;
- Use of the CRF is limited to fiscal emergencies in excess of **\$500.00** and requires justification and Board approval.
- A transfer for projects/improvements from the CIP account that are scheduled can be transferred as needed according to agreed and approved contracts and timelines;
- All transfers are noted in the Treasurer's monthly report, meeting minutes and accounted for on the balance sheet;
- Transfers can happen from either the CRF or the CIP at any time during the fiscal year if authorized;
- Board approved transfers may also happen from either account in the event of financial hardship.