



## Policy on “Carry Forward” Items in The Congregation’s Financial Accounting

### Background

The Congregation adopts an operating budget annually. Beginning with the fiscal year ending June 30, 2021, a separate capital budget is also adopted annually by the Congregation.

Records of revenues and expenses related to ongoing operations are generally maintained on a cash basis. Revenue is booked in the month and year in which it is received, and expenses are treated similarly.

Asset and liability (balance sheet) accounts are maintained for the Congregation’s investment accounts, including the general endowment, restricted funds, and funds of the Women’s Leadership Alliance that are maintained by the Congregation as a service to the WLA. In addition, beginning with the current fiscal year, an asset account is maintained for a segregated capital fund.

### Policy for restricted funds

When funds are given to the Congregation by testamentary bequest, or by some other formal written instrument, subject to explicit restrictions regarding their maintenance and use, and the Board accepts the funds subject to restrictions, then such funds are credited to asset accounts and maintained from year to year pursuant to the restrictions agreed. Exceptions may be made with appropriate authorization if the purposes and restrictions associated with the funds are no longer meaningful or consistent with law or public policy.

Unless otherwise specified, such restricted accounts are treated as part of the Congregation’s endowment and participate pro rata in the earnings or losses of the endowment.

### Policy for other deferrals

In a limited number of other special circumstances, revenue received for specified purposes in one fiscal year may be carried forward, that is, classified as “deferred

income,” credited to a reserve account, and thus made available for use in a later fiscal year. In general, balances in such accounts remain until reversed in whole or in part, either to meet the expenses for which they were deferred or because a determination has been made that there is no further need for the reserve. Such accounts are not treated as part of the endowment and do not accrue investment earnings or losses.

Adopted by the Board of Trustees: February 11, 2021