

Operating Reserves Policy

OVERVIEW

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| Section | Board of Directors Policy Manual |
| Area | Governance |
| Title | Operating Reserves Policy |

POLICY STATEMENT

The Board of Directors has established a policy for the direction and administration of agency operating reserves. This policy shall be consistent with the agency's over-all risk management policies. In determining this policy, the Board of Directors primary concern shall be maintenance and operation of the agency's fundamental business activities, including, from time to time, the purchase of capital assets.

The Board of Directors adopts the policy that the agency shall work to maintain a reserve for operational activities amounting to a minimum of three (3) months of operating expenses.

POLICY

SCOPE

Members of the Board of Directors

DEFINITIONS

Operating Reserves – is commonly used to refer to unrestricted cash on hand available to sustain an organization, and non-profit boards usually specify a target of maintaining several months of operating cash or a percentage of their annual income.

PROCEDURES

From time to time, the Finance and Audit Committee shall review the Reserve Fund Policy and recommend changes, as required, with the approval of the Board of Directors.

The Reserve Fund may be expended for an unforeseen combination of events or circumstances that require immediate action, including the expenditure of non-budgeted funds for sustaining ongoing operational and business requirements. Such expenditures shall be approved by the Treasurer and the Finance and Audit Committee, and ratified by the Board of Directors.

COMPLIANCE

Compliance will be monitored by the CEO, Board Chair and Treasurer

RELATED POLICIES

Not Applicable

RESOURCES

Not Applicable

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| Last Revision Approved By: CEO | Review Period: 2 Years | Review Responsibility: CEO |
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