

# Establishment of Board-Restricted Cash Reserve Policy- Framework Draft

## Purpose

- The purpose of the fund is to help to ensure the long- term financial stability
- Position the organization to respond to varying economic conditions and changes affecting our financial position and ability to carry out our mission

## Objectives

- To sustain operations through delays in payments of committed funding and to accept grants and reimbursable contracts without jeopardizing ongoing operations
- To ensure the long-term sustainability of the organization by preventing chronic cash flow crises
- To create an internal line of credit to manage cash flow and maintain financial flexibility

## Cash Reserve Fund Balance

- Establish amount for the fund and method / rationale for determining the amount
- Planned additions to the reserve using identified grant money and any required matching money
- The timeline and incremental plan for reaching the desired ultimate fund balance

## Use of Cash Reserve

- Describe terms and use of the fund
- The threshold requiring a higher level of authorization
- The standard expectation for repayment of accessed funds

## Management of Cash Reserve

- Who is responsible for managing the fund
- Who may open and/or monitor bank accounts
- Establish Accounting procedures, reporting requirements, and procedures for disposition of any interest income
- Liquidity requirements for funds comprising the reserve, and whether and how they can be invested

## Authorization of Cash Reserve Draw-Down

- Establish terms and conditions for drawing down the fund for operating purposes in the case of a financial emergency
- Procedures for replenishment of the fund
- Time frame for restoring the Board Restricted Cash Reserve to target level