

RECOMMENDED CASH RESERVE FUND POLICY

APPROVED OCTOBER 7, 2019

Purpose: As the governing body, the AAUW-ESK Branch Board has fiduciary oversight to ensure the financial sustainability of the nonprofit. The Branch Board shall adopt a “Cash Reserve Fund Policy,” also referred to as “Reserve Fund” and “Reserve.”

Reserve Fund Policy

The Branch Board shall establish the amount of the operating Reserve Fund to be 2-years of the General Fund budget and include operating expenses for the Branch’s bank account(s), PO Box, website, liability insurance, office expenses, member support which includes meeting expenses and member social services, and ongoing core projects (EdCC STEM), in addition to support for EdCC’s AAUW Student Club. This policy is to be reviewed and/or revised as financial status changes.

Reserve funding example, for 2019-2020:

- General budget for year 2019-2020 is $\$1285 \times 2 = \2570
- Student club support (NCWWSL and membership) is $\$296 \times 2 = \592
- Total is $\$3162$

Use and Replenishment of the Fund - The following policy outlines the types of circumstances that shall result in assets in Reserve being used:

- To pay for set up costs not to exceed \$400 or 30% of the Reserve for a fundraiser when there is assurance and a clear process for how the expenses will be returned to the reserve within six months. The six month period cannot extend beyond August 31 of any given year. There are no other options.
- Application fees for grants, when there is a high likelihood of success, and the fee will be returned to the Reserve within 2-years.
- All withdrawals from the Reserve Fund must be approved by the AAUW-ESK Branch Board.
- The Reserve funds can be used to pay operating expenses when the expected income has not met the budgeted general fund expenses. This action requires Branch Board approval and a plan for replenishing the Reserve within any one (1) administrative year. A deficit created by a Branch Board cannot extend beyond August 31 of any given year.

This Cash Reserve Fund Policy is based on wording used by organizations including the Council of Nonprofits at <https://www.councilofnonprofits.org/tools-resources/operating-reserves-nonprofits>