CENTER FOR NONPROFIT EXCELLENCE
OPERATING RESERVE POLICY

Philosophy
All funds of Center for Nonprofit Excellence (CNE), including the legally unrestricted funds, are held by it as a fiduciary. The organization, governed by its Board of Directors (Board), acts as steward of the funds for the sake of carrying out the mission and purposes of CNE. The following objectives and directives are to be judged and understood in light of that overall sense of stewardship. The Board designates supervisory authority over its financial affairs to the Board Finance Committee (Committee), but reserves to itself the exclusive right to revise this policy.

Statement of Purpose
CNE will maintain an operating reserve fund (Fund) to sustain financial operations in the unanticipated event of significant unbudgeted increases in operating expenses and/or losses in operating revenues or to invest in new business opportunities. The general purpose of the Fund is to achieve financial stability, thereby preserving the capacity of CNE to deliver on its mission.

Operating Reserve Fund
The goal for the Fund is to achieve a balance of $165,000, which equates to approximately three (3) months of operating expenses. Once a balance of $165,000 is obtained, the goal is to add an additional $50,000 to the Fund which will be made available to invest in new business opportunities.

The Board of Directors seeks to reach the stated operating reserve goal by budgeting each year to increase the reserve.
- An expense line item will be added to the operating budget to be set aside in the Fund until the goal is achieved.
- The annual designated amount will be prorated and transfer of funds from CNE’s checking account will occur monthly, if possible.

Once the $215,000 goal has been met, future operating surpluses as available may be used to increase the Operating Reserve Fund based on recommendations of the Finance Committee and approval of the Board of Directors.
Use of the Reserve Fund
Monies may be borrowed from the Fund upon the recommendation of the Finance Committee and approval by the Board of Directors in the unanticipated event of significant budget increases in operating expenses and/or losses in operating revenues. These amounts borrowed from the Fund will be paid back according to a schedule recommended by the Finance Committee and approved by the Board of Directors.

Adopted 12.10
Revised 4.10.13
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Revised 1.17
Revised 5.18