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 the exclusive right to revise this policy.

Statement of Purpose
CNE will maintain an Operating Reserve Fund (Fund) for the general purpose of providing financial stability, by ensuring CNE can preserve its capacity to execute its mission and provide stability for its employees. The Fund is intended to sustain operations in the unanticipated event of significant funding shortfalls or unexpected operating costs.

Operating Reserve Fund
The threshold requirement for the Fund is to cover operating expenses for a minimum of 3 months. However, in line with fiscal best practices, the future objective is to build this Fund up to 6 months of operating expenses. The Fund will be accounted for as a transfer line item in the operating budget. The exact amount of the Fund and the monthly contributions required will be determined during the annual budget process and approved as part of the annual budget. If additional funding is required, the transfer will be prorated and transferred from CNE’s checking account quarterly. Once the threshold requirement is achieved, future operating surpluses may be used to increase the Fund based on recommendations of the 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. The amount 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 and revised 4/13, 4/15, 1/17, 5/18 and 12/19