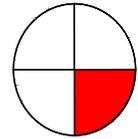


Board of Directors Policy



Policy Type: Executive Limitations

Policy #: EL10

Policy Name: Restricted Reserve

Page #: 1 of 1

Creation Date: June 21, 2021

Effective Date: September 20, 2021

Monitoring: May

For the financial health and stability of the organization, the CEO may not allow the organization to operate without a Restricted Reserve. The target amount of the Restricted Reserve is equal to three (3) months of average operating expenses over the previous five (5) fiscal years plus an estimate of severance liabilities in the event of a wind-down of a program or of the organization. The Restricted Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, and/or uninsured losses.

Accordingly, the CEO may not:

1. Utilize funds in the Restricted Reserve without approval from the Board of Directors, including depleting the Restricted Reserve through a year end operating deficit.
2. Apply any year end operating surplus as unrestricted without presenting to the Board the rationale for doing so until such time the Restricted Reserve target is achieved.
3. Allow the Restricted Reserve to be combined with other funds and not be identified separately for accounting and reporting purposes.
4. Hold the Restricted Reserve in anything other than a separate, higher interest-bearing bank account.