



## Our Kids Network Reserve Policy

### PURPOSE

The purpose of the Reserve policy for **Our Kids Network** is to ensure the stability of the mission, initiatives, employment, and ongoing operations of the organization and to provide a source of internal funds for organizational priorities such initiative opportunities, and capacity building.

The Reserve policy will be implemented in concert with the other governance and financial policies of **Our Kids Network** and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

### DEFINITIONS AND GOALS

#### Reserve

The 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, or uninsured losses. Reserves are not intended to replace a permanent loss of funds. The Reserve may also provide funds to meet special targets of opportunity or need that further the mission of OKN. It is also intended as a source of internal funds for organizational capacity building or investment in infrastructure that will build long-term capacity.

It is the intention of **Our Kids Network** for the Reserve to be used and replenished within a reasonably short period of time. The Reserve Fund is defined as the designated fund set aside by action of the Senior Executive Group.

The minimum amount to be designated as Reserve will be established in an amount sufficient to maintain ongoing operations and programs measured for a set period of time, measured in months. The Reserve will be reviewed and adjusted in response to both internal and external changes.

The target Reserve Fund is equal to a minimum of three (3) months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes one-time or unusual expenses, capital purchases, and one time program funding.



The amount of the Reserve fund target minimum will be calculated and approved with the annual budget by the Senior Executive Group. The Reserve fund will be included in the regular financial reports.

## **ACCOUNTING FOR RESERVES**

The Reserve Funds will be recorded in the financial records as Reserves. The Fund will be available in cash or cash equivalent funds. The total of the Reserves will be maintained in a segregated bank account or investment fund.

## **FUNDING OF RESERVES**

The Reserve funds will be funded through partner contributions and/or with surplus unrestricted operating funds. The Senior Executive Group may from time to time direct that a specific source of revenue be set aside for Reserves.

## **USE OF RESERVES**

Use of the Reserves requires three steps:

### **1. Identification of appropriate use of reserve funds.**

The Executive Director and staff will identify the need for access reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be needed and replenished.

### **2. Authority to use reserves**

The Executive Director will submit a request to use Reserves to Senior Executive Group. The request will include the analysis and determination of the use of funds and plans for possible replenishment.

### **3. Reporting and monitoring**

The Executive Director is responsible for assuring that the Reserve funds are maintained and used only as described in this Policy. Upon approval for the use of Reserve funds, the Executive Director will maintain records of the use of funds and plan for replenishment, if required. He/she will provide at a minimum an annual report.

## **REVIEW OF POLICY**

This Policy will be reviewed every other year, at minimum, by the Senior Executive Group or sooner if warranted by internal or external events or changes.