



**COMMUNITY
FOUNDATION**
of Northern Nevada

COMMUNITY FOUNDATION OF NORTHERN NEVADA OPERATING RESERVE POLICY

I. Purpose

The Community Foundation of Northern Nevada (Community Foundation) has established an Operating Reserve Policy to define and set goals for the Operating Reserve.

The purpose of the Operating Reserve Policy is to establish a reserve that will be sufficient to provide an internal source of funds for operating expenses should the Foundation experience a sudden or sustained loss in operating income. The reserve may be used, with board approval, for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The reserve may also be used, with board approval, for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure.

Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the Community Foundation for operating reserves to be used and replenished within a reasonably short period. The Operating Reserve policy will be implemented in concert with the other governance and financial policies of the Community Foundation and is intended to support the goals and strategies contained in these related policies and strategic and operational plans.

II. How the Reserve is Calculated

Each year the Board of Trustees will allocate, from operating fund assets, an amount equal to four months or more of the average monthly expenses to be designated and held in the operating reserve fund. Two months of average expenses should be held in the short term pool and the balance should be held in the long-term pool.

III. Timing of Reallocation

The reallocation of the operating fund balance, including assets in all operating funds, will occur each year in April.