

ArtStream Reserve Policy
Approved February 11, 2021

Purpose of the Reserve Funds: To build and maintain an adequate level of unrestricted net assets to support the day-to-day operations in the event of unforeseen shortfalls, unexpected non-recurring expenses, and strategic initiatives.

Definitions and Goals of the Reserve Funds

The **Operating Reserve Fund** is a designated unrestricted fund. The Operating Reserve Fund is set aside to stabilize cash flow during temporary shortfalls of operating funds.

The target minimum Operating Reserve Fund is equal to approximately four months of average recurring operating expenses. The Operating Reserve Funds will be available in cash or cash equivalents and maintained in a separate account.

The Executive Director will submit a request to use the Operating Reserve Fund to the Board Finance Committee for presentation to the Board of Directors. The request will include analysis of the reason for the use of the funds and the plan for repayment of the Operating Reserve Fund.

The **Opportunity Reserve Fund** provides for major unbudgeted expenditures, new programs, current program improvements and facilities.

The Opportunity Reserve Funds will be invested according to the Investment Strategy adopted by the Board of Directors and maintained in a separate account.

The Executive Director will submit a request to use the Opportunity Reserve Fund to the Board Finance Committee for presentation to the Board of Directors. The request will include analysis of the reason for the use of the funds. The Board will monitor the investment portfolio and determine if it is necessary to develop a plan for re-funding the Opportunity Reserve Fund.

Accounting for the Reserve Funds – The Operating and Opportunity Reserve Funds will be separately recorded in the accounting system and financial statements.

Reporting and Monitoring

The Executive Director is responsible for ensuring that the Operating and Opportunity Reserve Funds are maintained and used only in accordance with this policy. The Executive Director shall ensure that the Operating and Opportunity Reserve Funds are designated and noted in the financial statements.

Review of the Reserve Policy and Investment Strategy

The Finance Committee will review the Reserve Policy annually and the Investment Strategy twice a year and report to the Board of Directors.