

Reserve Funds Policy - Centre Communautaire Wakefield La Pêche

Purpose

The purpose of the Reserves Policy for Centre Communautaire Wakefield La Pêche (CWLP) is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization and to provide a source of internal funds for organizational priorities such as building repair and improvement, program opportunity, and capacity building.

The Reserves Policy will be implemented in concert with the other governance and financial policies of the CWLP and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

Definitions and Goals

Operating and Opportunity Reserve Fund

The Operating and Opportunity 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. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the CWLP's Operating and Opportunity Reserve to be used and replenished within a reasonably short period of time.

The Operating and Opportunity Reserve is defined as a designated fund set aside by action of the Board of Directors. The minimum amount to be designated will be established in an amount sufficient to maintain ongoing operations and programs measured for a set period, measured in months.

The Operations and Opportunity Reserve is also intended as a source of internal funds for organizational capacity building such as staff development, research and development, or investment in social infrastructure that will build long-term capacity.

The target minimum Operating and Opportunity Reserve Fund is \$ 60,000 equal to 2-3 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.

Building and Capital Asset Reserve

The Building and Capital Asset Reserve is intended to provide a ready source of funds for repair or acquisition of buildings, leaseholds, furniture, fixtures, and equipment necessary for the effective operation of the organization and programs outside of the annual maintenance funding commitments.

The target amount of the Building and Capital Asset Reserve will be determined by a third-party building assessment conducted every 5 years.

Funding of Reserves

The Operating and Opportunities Reserve will be funded with surplus unrestricted operating funds from the previous fiscal year with a minimum contribution of 5% of surplus annually no later than April 30th each year. Additionally, the Board of Directors may from time to time direct that a specific source of revenue be set aside for Operating and Opportunity Reserve. Examples could include one-time gifts or bequests, special grants, or special appeals through the CWLP Partnership Fund managed by the Ottawa Community Foundation.

The Building and Capital Assets Reserve will be funded with surplus unrestricted operating funds with a minimum contribution of 10% of surplus annually no later than April 30th each year in addition to setting aside funds received from any capital campaigns or special grants.

Use of Reserves

Use of the Reserves requires three steps:

1. Identification of appropriate use of reserve funds.

CWLP senior/general manager and staff will identify the need for access to 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 period that the funds will be needed and replenished.

2. Authority to use reserves.

The senior/general manager will submit a request to use Reserves to the Finance and Fundraising Committee of the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve months to restore the Reserve Fund to the target minimum amount. If the use of Reserves will take longer than 12 months to replenish, the request will be scrutinized more carefully. The Finance and Fundraising Committee will recommend the request to the Board of Directors.

3. Reporting and monitoring.

The senior/general manager is responsible for ensuring that the Reserve Funds are maintained and used only as described in this Policy. Upon approval for the use of Reserve Funds, the senior manager will maintain records of the use of funds and plan for replenishment, if required. He/she/they will provide regular reports to the Finance and Fundraising Committee and through this Committee to the Board of Directors of progress and outcomes of Fund use and to restore the Fund to the target minimum amount at a minimum semi-annually or as specified by the Finance and Fundraising Committee.

Relationship to Other Policies

The senior/general manager will maintain the board-approved policies, which may contain provisions that affect the creation, sufficiency, and management of the Reserve Fund. The Board of Directors will ensure effective oversight.

These policies are: NA

- *Financial Policy (to be developed)*
- *Budget Policy (to be developed)*
- *Contingency or Disaster Preparedness Plan (to be developed)*
- *Investment Policy (to be developed)*

Review of Policy

This Policy will be reviewed every two years at minimum by the Finance and Fundraising Committee or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Finance and Fundraising Committee to the Board of Directors.

Approved by: Board of Directors



Date of Approval: September 19, 2023

Note: Percent Allocations and maximum reserve amounts to be approved at Special Meeting of the Members in October 2023.