**Food For Thought**

**Reserve Policy**

1. PURPOSE

The purpose of this Operating Reserve Policy for Food For Thought is to build and maintain an adequate level of unrestricted net assets to support FFT’s day-to-day operations in the event of unforeseen shortfalls. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. Food For Thought intends for the operating reserves to be used and replenished within a reasonable period of time. This Operating Reserve Policy will be implemented in conjunction with the other financial policies of the organization and is intended to support the goals and strategies contained in those related policies and in strategic and operational plans.

1. DEFINTIONS AND GOALS

The Operating Reserve Fund is defined as the fund set aside by action of the Executive Board of Directors. The minimum amount to be designated as operating reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The operating reserves serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum Operating Reserve Fund is equal to 3-6 months of average recurring operating costs. This calculation is derived by the allocated costs to provide power sack support to Food For Thought’s committed schools during the school year.

In addition to calculating the operating reserve at the fiscal year-end, the operating reserve fund target minimum will be calculated each year after approval of the annual budget. These reserves will be reported to the Finance Committee and Executive Board of Directors, and included in regular financial reports.

1. ACCOUNTING OF RESERVES

The Operating Reserve Fund will be recorded in the accounting system and financial statements as Board Designated Operating Reserve. The Operating Reserve Fund will be funded and available in cash or cash equivalents.

1. Review of Policy

This Policy will be reviewed by the Finance Committee on an annual basis, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Finance Committee to the Executive Board of Directors.