



Policy Holder: GTF	Number: GTFPP-03-06	Revised: 4/21/2017
Responsible Party: xxx		Effective Date: 8/23/2011 & 8/20/2015

RESERVE FUND POLICY

Financial reserves act as a safeguard for rainy days and permit an organization to adjust to seasonal variances in expenses and income. Market forces, economic downturns, natural disasters, or other unexpected expenses cannot be controlled by nonprofit managers, but expenses related to them can — and should — be managed. Reserve funds allow an organization to continue activity when income falls unexpectedly, such as when donors are unable to pay their commitments on time and contributions decline substantially, or when a significant grant is not realized. These funds also allow an organization to seize an unprecedented opportunity, such as financing a new venture, making an advantageous capital purchase, or expanding a program at an opportune time.

Reserve funds usually come from the accumulated surpluses of the organization over time. The financial objective of the Gwinnett Tech Foundation is to establish a financial reserve to provide for 24 months of operating income. The board needs to authorize any disbursements from this fund. The funds for the reserve fund will come from the surplus from operations, or the net operating excess for each fiscal year.