



Greenwich United Way Finance Committee Report

October, 2017

The Finance Committee met on October 11 and discussed the following:

Background:

Historically the G UW has had three funds which are covered by the Investment Policy – the Cash Flow Reserve Fund, the Property and Equipment Replacement Fund and the Investment Fund. Years ago the Property Fund was drawn down to fund operating deficits and currently (excluding the building sale Board Restricted Fund) the G UW has approximately \$95k in the Investment Fund and \$340k in the Cash Flow Reserve Fund. Additionally, in the regular G UW checking account there is \$142,000 of unrestricted cash. The 2010 Investment Policy, which was written prior to the changing of the funding cycle for agency grants, tied the size of the Cash Reserve Fund to approximately 20% of the previous year's distributions to agencies. Given both the sale of the building and the changing of the funding cycle, it is time to revisit the Investment Policy Statement.

Proposal:

I propose that the size of the Cash Reserve Fund be tied to the prior year's operating expenses exclusive of Direct Impact Programs and grants. In 2016-17 these expenses totaled approximately \$800k. Maintaining a Cash Reserve Fund of 50% of this amount (so currently \$400k) and investing any remaining funds in the Investment Fund balances the need for cash reserves in the event of a fundraising crisis with the need for investment income. Additionally, I think that annually "sweeping" any unrestricted cash in excess of 30% of the prior year's operating expenses (so currently \$240k) into the Cash Reserve/Investment Fund pool makes sense. This should leave enough cash in the bank to prevent any cash flow issues (David is \$240k a good amount – I know there are seasonal cash flow patterns – what would the max needed in a regular year be?) while ensuring that assets are put to productive use.

Investment Advisor and Investment Policy:

The G UW's Cash Reserve and Investment Fund accounts have been maintained at Field Point, but given the new, larger relationship with Brown Advisors and we should discuss whether it makes sense to transfer these accounts to Brown as well.

Once the decision on an advisor is complete, we need to update the Investment Policy.