



## 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 Designated Reserve 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 about \$174k 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.

## RESOLUTION

The first funding priority of unrestricted cash and other liquid assets of the Greenwich United Way is for ongoing working capital needs of the G UW. The amount of unrestricted cash that should be left in the bank accounts of the G UW at the beginning of each fiscal year should be approximately equal to 30% of the prior year’s operating expenses exclusive of Direct Impact Program expense and grants to agencies. This cash should act as working capital for the organization to comfortably meet its regular operating expenses throughout the annual revenue cycle. The second funding priority for cash and liquid investments is the Cash Flow Reserve Fund. The purpose of the Cash Flow Reserve Fund is to provide sufficient cash to cover the G UW’s operations in the event of a fundraising crisis. This Fund should equal approximately 50% of the prior fiscal year’s operating expense exclusive of Direct Impact Program expense and grants to agencies. If there is not enough cash to fully fund these first two cash priorities, the board should consider making replenishing these funds a budget priority. If there is cash and liquid assets available in excess of the amounts called for in the first two funding priorities, the third funding priority is to fund the Investment Fund up to a maximum of 50% of the prior year’s operating expenses exclusive of Direct Impact Programs and grants to agencies. Any amounts available above this maximum should be made available to spend on operations, programs or grants. Additionally, the income from the investment fund can also be made available to fund ongoing operations, programs or grants.

Note: 2016-17 operating expense exclusive of Direct Impact Programs and grants to agencies was approximately \$800k so fully funding priority 1 would require \$240k, priority 2 \$400k and priority 3 \$400k.