

CaringMatters Use of Reserves resolution

Background:

The Finance committee met on March 5 and April 30, 2026 to discuss whether a formal Board policy should guide the use of organizational reserves for ordinary and unusual expenditures. For some time, there has been discussion of whether the regular use of reserves could fund additional organizational growth and demonstrate the value of reserves to prospective grantors and donors. Donors want to see that their donations being used for important uses rather than adding to a large fund that is not being used. Prudent use of reserves is seen as evidence of sound fiscal management. As reserves have grown and additional contributions are anticipated from sources such as the Pam Hard Legacy Circle, the Finance committee recommends making the use of the budgeted reserve more consistent and proposes the following directive.

Discussion included the amount of reserve spending that would be seen as prudent, the basis for calculating the amount, as well as the process to access funds. Historically, management has been authorized to use up to 4% of reserve balances, though this amount has often gone unused due to strong fundraising results. Establishing a clear practice would provide consistent guidance and demonstrate responsible stewardship of reserves as the organization continues to grow.

Should additional amounts be required to fund capital or project needs, the Board encourages management to present these needs on a timely basis to the Finance Committee. The Finance Committee will review the request and provide guidance on the financial prudence of the request within the market circumstances then existing and make a recommendation to the Board for Board consideration. Additionally, the Finance Committee will review the impact of major gifts on this resolution.

Recommendation

The Finance Committee recommends that the Board adopt the following resolution:

Resolution

Resolved, that the Board of Directors authorizes management to include in the annual operating budget an amount equal to four percent (4%) of the three-year rolling average (as of December 31) of organizational reserve balances.

Resolved, that such reserve funds may be used to support staffing needs, stabilize operations during fluctuations in funding, support strategic initiatives, and address other critical mission priorities.

Resolved, that unused reserve funds allocated within a fiscal year shall remain in or return to the organization's investment reserves.

Resolved, that requests for reserve use beyond the annual guidelines shall be reviewed by the Finance Committee prior to Board consideration.

Resolved, that the Finance Committee shall periodically review this directive and recommend any updates to the Board as appropriate.