

WPWA Cash Reserves Policy

The assets of the Wood-Pawcatuck Watershed Association can be generally separated into the following categories:

- Operating funds: liquid bank checking and savings accounts
- Investment funds: held as longer-term investment accounts, not generally in cash equivalents
- Endowment funds: funds in accounts with restricted uses and/or required reserve balances
- Real property: land, buildings, easements

Operating funds are intended for the day-to-day running of the organization. As donations and other income is generated irregularly through the year, these accounts must be adequate to avoid liquidity issues. Accordingly, we target those accounts to contain between \$10,000 and \$40,000 of liquid cash. When the balance falls below expected needs for 3 months the Executive Director or Treasurer may request Board authorization to transfer additional cash from the Investment funds.

Transfers out of the Investment funds require Board authorization.

The Executive Director and Treasurer may initiate the transfer of cash from the Operating funds to the Investment funds when the Operating fund balance exceeds \$40,000 or the Operating fund balance generally exceeds the cash needs for the next 3 months. These transfers are reported to the Board but Board authorization is not needed.

Some Endowment funds make cash available to the organization on an annual basis. That cash may be removed from the Endowment funds or left reinvested. The Executive Director and Treasurer may make those withdrawal decisions without Board authorization and report them to the Board.