

# Hillsboro Downtown Partnership Policy

<b>Policy Name:</b>	Working Capital Fund		
<b>Original Approval Date:</b>	October 16, 2018	<b>Policy #:</b>	02-004
<b>Revised Date:</b>	N/A	<b>Next Review Date:</b>	October 1, 2019

**PURPOSE:** The purpose of the Working Capital Fund (the Fund) for Hillsboro Downtown Partnership is to build and maintain an adequate level of unrestricted net assets to support the organization’s day-to-day operations in the event of unforeseen shortfalls and cash-flow challenges. The Fund may also be used for one-time, nonrecurring expenses that will build long-term capacity (such as staff development, research and development, or investment in infrastructure), and for emergency situations (such as damage to assets or essential maintenance.) The Fund is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. The organization intends for the Fund to be used and replenished within a reasonable period. This Working Capital Fund Policy will be implemented in conjunction with the other financial policies of the organization and is intended to support the goals and strategies contained in those related policies and in strategic and operational plans.

**DEFINITIONS AND GOALS:** The Working Capital Fund is defined as a designated fund set aside by action of the Board of Directors. The target minimum Working Capital Fund is \$60,000, or an amount equal to four months of average recurring operating costs (whichever is greater).

In addition to calculating the actual working capital at the fiscal year-end, the Fund’s target minimum will be calculated every other year after approval of the annual budget. These reserves will be reported to the Organization Committee and Board of Directors; and included in the regular financial reports.

**ACCOUNTING:** The Fund will be recorded in the accounting system and financial statements as “Working Capital Fund”. The Fund will be funded and available in cash or cash equivalents. The Fund will be maintained in a segregated bank account or investment fund, in accordance with investment policies or will be commingled with the general cash and investment accounts of the organization, as needed.

**FUNDING:** The Fund will be funded with budgeted unrestricted operating funds and through dedicated fundraising efforts. The Board of Directors may, from time to time, direct that a specific source of revenue be set aside for the Fund. Examples may include one-time gifts or bequests, special grants, or special appeals.

The Executive Director and Board President (alternates: Organization Committee Chair and Board Vice President, respectfully) will jointly identify the need for access to the Funds and confirm that the use is consistent with the purpose of the reserves as described in this Working Capital Fund Policy. Determination of need requires analysis of the sufficiency of the current level of the Funds, the availability of any other sources of funds, and evaluation of the period for which the accessed funds will be required and replenished.

**AUTHORITY TO USE THE FUND:** Authority for use of up to \$5,000 of working capital is delegated to the Executive Director and Board President (alternates: Organization Committee Chair and Board Vice President, respectfully) in consultation with the Treasurer. Such use of the Fund will be reported to the

Board of Directors at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds, and plans for replenishment to restore the Fund to the target minimum amount. Prior approval from the Board of Directors is required for use of working capital in excess of \$5,000.

In the case of use of working capital in excess of \$5,000, the Executive Director will submit a request to access the Fund to the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within six months to restore the Fund to the target minimum amount. If the use of working capital will take longer than three months to replenish, the request will be scrutinized more carefully. The Board will either (1) approve or modify the request and authorize transfer from the Working Capital Fund, (2) recommend an alternative course for funding, or (3) deny the request.

**REPORTING AND MONITORING:** The Executive Director is responsible for ensuring that the Fund is maintained and used only as described in this Policy. Upon approval of the use of the Fund, the Executive Director will maintain records of the use of funds and work towards replenishment. They will provide regular reports to the Board of Directors of progress to restore the Fund to the target minimum amount.

The Executive Director will annually discuss with the Board what additional risk factors might be considered for the organization, the impact of budgeting on the Fund's level, and any requirements with funders or chartering organizations.

**REVIEW OF POLICY:** This Policy will be reviewed by the Organization Committee every year at minimum, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Organization Committee to the Board of Directors.