

**GOLDEN RAIN OPERATIONS****BOARD INTERNAL OPERATIONS****Contingency Operating Fund**

The Contingency Operating Fund (the Fund), although an extension of the general operating fund, is maintained as a separate fund. Its sole purpose is to cover cash flow situations where cash levels from the general operating fund become insufficient to cover operating expenses.

**Authorized Uses of The Fund**

1. Due to a timing issue, a significantly large budgeted expenditure is required to be paid before enough funds have been collected through monthly assessments;
2. Due to a timing issue, a significantly large prepaid expense, such as the annual insurance renewal, is required to be paid when cash demands exceed cash supply.
3. In the unlikelihood of unanticipated significantly large unbudgeted expenses causing the operating fund to be depleted, such as an insurance claim deductible, the Fund can be used to continue paying normal operating expenses.

The fund will be regulated as follows:

1. The fund shall maintain a maximum balance of \$700,000.
2. The amount in the fund will be reviewed annually during budget study by the GRF Finance Committee to determine if further payments into the fund will be needed for the following fiscal year.
  - 2.1 The Finance Committee will provide recommendation to the Board for additional funding based upon preexisting and potential risk assessments.
3. Necessary draws from this fund will be determined by the Director of Finance.
4. The Fund shall be replenished using general operating funds when the general operating fund has enough funds to do so without creating a low cash flow situation as determined by the Director of Finance.
5. The Director of Finance will report the status of this fund monthly as part of the financial report delivered to the members of the Finance Committee.

**Policy**

Adopted: 23 Oct 18

**GOLDEN RAIN FOUNDATION**  
**Seal Beach, California**

(Oct 18)