Manhattan Beach Education Foundation
RESERVE POLICY

Adopted October 2024

1) INTRODUCTION AND PURPOSE

a. The purpose of this Reserve Policy is to ensure that the Manhattan Beach Education Foundation (the "Foundation") builds and maintains an adequate level of Net Assets to support the Foundation's operations, including grant-making activities, in the event of unforeseen shortfalls. These funds may also be used for one-time, nonrecurring expenses or investments that the Foundation's Board (the "Board") identifies as being consistent with the Foundation's mission.

b. Funds temporarily made available under Section 3 of this policy are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. As such, the targeted level of funding, as defined below, is to be re-established within a reasonable period of time.

c. This policy shall be periodically reviewed by the Finance Committee of the Manhattan Beach Education Foundation. Any changes must be approved by the Board.

2) RESERVE TARGET

a. Adjusted Net Assets represent the Net Assets of the Foundation as reported in the Statement of Financial Position, as adjusted for any committed but un-expensed grants made to the Manhattan Beach Unified School District as of the end of the fiscal year (June 30).

b. The Foundation shall seek to maintain a fiscal year end level of Adjusted Net Assets greater than or
equal $700,000 ("Target Adjusted Net Assets" or "Target").

c. At no time shall the Net Assets / Adjusted Net Assets of the Foundation fall below zero ("Minimum (Adjusted) Net Assets"). The Foundation's commitments should always be fully funded.

d. Consistent with the goal to fund current programs, the Foundation will seek to minimize the growth of Net Assets in excess of the Target.

e. Reserves will be invested in accordance with the Foundation's Investment Policy.

3) CONDITIONS

a. The Board must approve any action that would, based on the approved budget or other reasonable financial forecasts provided to the Board, result in the Foundation's Adjusted Net Assets falling below the Target. This approval is in addition to – and does not replace – additional approvals that are required in accordance with the Bylaws and Policies of the Foundation.

b. Any deficiency in Adjusted Net Assets vs. the Target shall be repaid within 1 fiscal year, funded through retained Net Income. The Board may consider and approve exceptions to this condition on a case-by-case basis, as circumstances warrant.