



Financial Reserve Policy

The Board of Directors (“Board”) of Westlake Charter School (“WCS”) recognizes the need for a financial reserve to support WCS’ strategic plan, as well as to protect WCS against unforeseen circumstances such as revenue shortfalls and unanticipated expenditures. WCS classifies reserve balances as follows:

1. **Operational Reserves**, which include amounts intended to meet unexpected emergencies, economic uncertainties, and catastrophic events, equating to a target level of approximately four (4) months of general fund expenditures;
2. **Program Reserves**, which include amounts intended to meet technology needs, property, plant and equipment upgrades (PP&E), and other strategic needs, equating to a target level of approximately two (2) months of general fund expenditures; and
3. **Strategic Reserves**, which include amounts of all other unrestricted funds.

When multiple types of reserves are available for an expenditure, WCS intends to first utilize funds from Strategic Reserves, as appropriate, then Program Reserves, and lastly, Operational Reserves.

If Operational or Program Reserves fall below target levels due to an emergency situation, planned or unexpected expenditures, or revenue shortfalls, the WCS Finance Committee shall discuss a plan to recover these reserves to target levels. The plan may include dedicating new Strategic Reserves, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

In determining ongoing, appropriate target levels, the Executive Director or designee will consider a variety of needs and factors. It is the Board’s intention that the Finance Committee receive an annual update on such needs and factors, as well as any proposed changes to target levels of reserves.