REDWOOD EMPIRE FOOD BANK

Cash Management Policy

Introduction

This policy was adopted by the Board of Directors of Redwood Empire Food Bank (REFB) to provide procedures for the creation and management of Operating and Short-Term Reserve funds held by the organization. This revision to the policy supersedes any and all prior actions and policies regarding cash management.

Policy Philosophy Statement

To ensure exceptional stewardship, financial stability and solvency of the REFB. The responsible parties will effectively collect and manage the cash available, including using it for short term investing.

Purpose

To advance our mission to end hunger in our community through effective cash management and judicious investing of funds to optimize returns within acceptable risk parameters. Cash management will include managing the length of account receivables (AR), monitoring collection rates, careful management of accounts payable due dates and discount opportunities, selecting appropriate short-term investment vehicles, and increasing revenue opportunities to improve REFB's cash position.

Definitions

The following are REFB funds designation:

Operating Fund: The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations for a set period of time balanced with the desire to minimize exposure to amounts beyond FDIC limits. The Operating Fund shall be approximately one month of operating expense and, on average, not less than $1 million and not greater than $2 million. Excess funds will be placed in the Short-Term Reserve fund. Transfers between the Operating Fund and the Short-Term Reserve shall be initiated by the REFB Management on an as needed basis to maintain the balance within the range allowed in the Operating Fund.

Short-Term Reserve Fund: The purpose of the Short-Term Reserve Fund is to provide a source of funds in highly liquid form that can be available for transfer in case the Operating Fund balance falls below the minimum target balance of $1 million. We will maintain six months of operating cash needs in Short-Term Reserve Fund.

Excess Funds: Funds in excess of target balances for the Operating and Short-Term Reserve Funds will be considered Long-Term Reserve funds or Board-Designated Endowment (Sub-Fund 3). The reallocation of funds shall occur at the end of each fiscal year once the Operating and Capital budgets have been approved. Based on the approved budgets, the REFB Management may determine and recommend that additional funds will be held in the Short-Term Reserve Fund to meet expected cash demands. All Long-Term Reserve Funds or Endowment Funds will be managed and/or invested according to the respective policies.

Delegation of Authority

The Board of Directors designated committee, Finance Committee, acts in a fiduciary capacity, and is responsible for directing and monitoring the management of the various fund assets on behalf of the Redwood Empire Food Bank. As such, the Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to, Investment Management Consultant, Investment Manager, Custodian, and additional specialists.

Responsible Parties

Board of Directors

The Board of Directors (Board) has a direct oversight role regarding all decisions that impact the REFB's institutional funds. The Board has delegated supervisory responsibility for the management of our institutional funds to the Finance Committee. The Board shall ensure that its fiduciary responsibilities concerning the proper management of the REFB's funds are fulfilled through appropriate investment structure, internal and external management. Based on the advice and recommendations of the Finance Committee, the Board shall approve investment policies and objectives that reflect the risk orientation of the Short-Term Reserve Fund.

Finance Committee

As it relates to the management of the investment assets, the Finance Committee is responsible for reviewing and monitoring the financial performance of the Short-Term Reserve Fund. In addition, the Finance Committee will,

- determine that institutional funds are prudently and effectively managed with the assistance of REFB Management and any necessary investment consultants and the portfolio performance is consistent with all policies and procedures.
- based on REFB Management's review and recommendations regarding the performance of all parties responsible for managing institutional funds, the Finance Committee shall approve the retention and/or dismissal of investment consultants or other service providers.
- review and approve contractual relationships with any necessary outside service providers-such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals as recommended by REFB Management.

- at least quarterly, receive and review reports from REFB Management and investment advisor.
- at least annually, meet with the investment advisor on topics that include discussion on the total investment activity, market conditions, and future recommendations to ensure all investment objectives are met.
- convene annually to evaluate whether this policy, investment activities, asset allocation ranges, risk management controls and processes continue to be consistent with meeting the goals and objectives set for the management of investment funds; develop and/or propose policy recommendations to the Board with regard to the management of all investment funds.

REFB Management

REFB Management shall be responsible for the day-to-day administration and implementation of policies established by the Board and/or the Finance Committee concerning the management of institutional funds. REFB Management shall also be the primary liaison between any investment consultants and/or other outside professionals that may be retained to assist in the management of such funds. The Chief Financial Officer will be primarily responsible for executing all management responsibilities.

Additionally, REFB Management shall:

- ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of the REFB; and, performance monitoring systems are sufficient to provide the Finance Committee with timely, accurate and useful information;
- regularly meet with any outside service providers to evaluate and assess compliance with investment guidelines, performance, outlook and investment strategies; monitor asset allocation and rebalance assets, as directed by the Finance Committee and in accordance with approved asset allocation policies, among asset classes and investment styles; and, tend to all other matters deemed to be consistent with due diligence with respect to prudent management of institutional funds;
- monitor and evaluate the performance of all those responsible for the management of institutional funds and recommend the retention and/or dismissal of investment consultants to the Finance Committee propose the engagement of any necessary external service providers — such as investment consultants, investment managers, banks, trust companies, or other relevant professionals — for review and approval by the Finance Committee.
- conduct an analysis of the services provided by each banking and financial services firm every three years to ensure that the REFB is achieving the desired level of performance. Report the results of the analysis, along with any findings and recommendations, to the Finance Committee.
- propose the engagement of any necessary external service providers—such as investment consultants, investment managers, banks, trust companies, or other relevant professionals—for review and approval by the Finance Committee.
- comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments, especially alternative investments;

- prepare and issue periodic status reports to the Board and the Finance Committee.

Cash Management Objectives

The cash management objectives are:

1. Liquidity of funds appropriate for the use of this fund;
2. Safety – as possible and practicable, funds will be placed in FDIC insured accounts or other federal obligations balanced with the Risk Management guidelines below; and
3. To optimize the investment return within constraints above.

Cash Management Procedures

Allowable Investments

Investments only include cash and cash equivalents (investment grade only) such as:

- Interest or non-interest-bearing Checking or Savings Accounts;
- U.S. Government, Municipal, and Agency securities (at least BBB)
- Corporate notes and bonds (at least BBB)
- Money market funds
- Banker's acceptances
- Certificates of Deposit

Risk Management

Because funds held in the Operating Fund may exceed FDIC insurance limits, any institution holding these funds must be deemed financially sound and maintain a credit rating of at least "B" or higher from one or more of the three nationally recognized rating agencies. Institutions holding the Short-Term Reserve Fund, or the aggregate of securities and deposits held by any single institution, must maintain a minimum credit rating of "A-" or higher.

All institutional credit ratings shall be reviewed at least annually, or more frequently during periods of financial stress affecting the REFB or broader financial markets. REFB Management is responsible for conducting these reviews.

In addition to creditworthiness, REFB Management will evaluate the quality of services provided and the overall performance of each institution to ensure continued alignment with the organization's operational and strategic needs.

If any financial institution fails to meet the above standards, the Finance Committee must be notified immediately. The Finance Committee will determine whether such variance falls within acceptable risk parameters or whether the institution should be deemed ineligible to hold REFB funds.

If immediate divestiture from an institution holding Operating Fund assets is required or deemed prudent, all funds exceeding FDIC insurance limits will be transferred to the Short-Term Reserve Fund, with transfers back to the Operating Fund made as necessary to meet current operating cash requirements. Concurrently, REFB Management will establish a relationship with a new financial institution that meets the organization's safety and security standards.

Maturity

The funds required for the Operating Fund and the Short-Term Reserve Fund will be invested to optimize the investment return required to support the Operating Fund. Investments may have a maturity window of up to two years provided the funds can be liquidated early if needed without loss of principle. Funds allocated for a longer-term investment horizon will be held in the Long-Term Reserve Fund or the Endowment Fund managed in accordance with those policies.

Performance Reporting

The cash management of all funds will be evaluated at least semi-annually on a total return basis. The report will be prepared by the REFB Management and the Investment Advisor then presented to the Finance Committee. The Finance Committee will present a report to the Board of Directors at least annually.

Ethics and Conflict of Interest

All directors, employees, agents and others involved in the investment process shall refrain from any personal business or investment activity that could conflict with the proper execution and management of the investment program or impair their ability to make impartial decisions.

ADOPTION

This policy shall be adopted by resolution of the Board of Directors of the Redwood Empire Food Bank.

Approved by the Board of Directors of the Redwood Empire Food Bank on 4/22/2026,

Signature of the Board Secretary

5/19/2026
Date

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Version Control

Date	Author	Version	Change Description
10/20/2021		1.0	Initial version
04/14/2026	Paula Handelman, CFO	1.1	Full revision to ensure policy aligns with industry best practice and current operating requirements.