

## Governance Policies and Procedures



<b>Policy Name:</b>	<b>Reserve Policy</b>
<b>Policy Number:</b>	010
<b>Policy Type:</b>	Board Officer's Roles and Accountability
<b>Approval Date:</b>	
<b>Date for Review:</b>	Every 3 Years

### **INTRODUCTION**

CFLA-FCAB wishes to grow a reserve fund to provide overall financial stability to the organization.

### **PURPOSE**

The purpose of the Policy is to guide the development of a reserve fund to help to ensure the long-term financial stability of the organization and position it to respond to varying economic conditions and changes affecting the organization's financial position and the ability of the organization to continuously carry out its mission.

### **PROCEDURE**

The target amount to be attained and maintained for the Reserve Fund is \$40,000, representing approximately 25% of annual operating expenses of \$168,000, or roughly 4 months of expenses on average. To establish the Reserve Fund, the Board of Directors has designated \$5,000 of fiscal year 2017-2018 revenues to be placed into the fund and will continue to budget a \$5,000 contribution, when possible, in subsequent years.

Under the direction of the Treasurer, the Executive Director will establish a separate, interest-bearing bank account for the Reserve Fund. Policies and procedures for handling deposits, reconciling statements, safeguarding access, etc. will be the same as established from time to time for any of the organization's other bank accounts.

The Reserve will be listed separately in the net assets section of the organization's statement of financial position as "Reserve Fund" in internal financial reports.

The Treasurer will report the status of the Reserve Fund to the Board as part of the regular Treasurer's report.

### **RESERVE FUND WITHDRAWALS**

A draw down from the fund for established purposes identified below must be approved by a majority of the Board, either by a majority of the votes of a quorum present at a regular Board meeting, or by a 2/3 majority of the Board if such vote is conducted by other means. A plan for replenishing the funds including key activities and procedures for monitoring the implementation of the plan will be included in the Board approval of the draw-down. A record of any such action will be maintained and be made a part of the Board meeting minutes. Any such action would remove the Board designation of "reserves" from these funds.

Purposes to withdraw funds from the Reserve Fund would include such items as, but not limited to:

- Loss of revenues in a fiscal year that would require funds to be used to satisfy contractual obligations
- To enable engagement in a project or initiative that could further the goals of the Federation where the opportunity would otherwise be lost

### **RELATED DOCUMENTS**

N/A