

FINANCIAL AND OPERATIONAL POLICY

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Policy Title: 2.1 Reserves
Section: 2.0 Financial Reporting
Last Approved: January 2020

BACKGROUND

The purpose of this policy is to ensure the Association has appropriate reserves or funds to provide for sound financial management of the SSBA. Reserves can be a valuable tool to help the Association respond to temporary changes in circumstances or in its environment or designate funds for specific projects or programs. By building and maintaining reserves, an organization has the ability to better manage its cash flows on a day-to-day basis.

APPLICATION

This policy applies to the Association.

POLICY STATEMENT

1. The Executive is responsible for determining reserves for the Association. Reserves may include:
 - 1.1. Operating: to support the Association's day-to-day operations in the event of unforeseen shortfalls;
 - 1.2. Incurred but not yet reported (IBNR) claims: to provide support for the lag time associated with insurance claims;
 - 1.3. One-time, nonrecurring expenses that will build long-term capacity such as staff development, research and development, or investment in infrastructure;
 - 1.4. Other.
2. The Executive will define the following for all reserves:
 - 2.1. Purpose of reserve;
 - 2.2. Timeline for reserve.
 - 2.3. Amount of money to be set aside including a minimum and maximum amount;
 - 2.4. Circumstances or allowable usage or drawdown criteria;
 - 2.5. Funding or replenishment requirements;
 - 2.6. Allocation of interest earned from reserve funds;
 - 2.7. Any other directions, restrictions or limitations.
3. Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.
4. Reserve policies will be implemented in conjunction with the other financial policies of the organization and is intended to support the goals and strategies contained in those related policies and in strategic and operational plans.
5. Expenditures from reserves or transfer of monies from reserves to the Association's operating account require approval by Executive motion;

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6. Surplus monies in any reserve at the end of a fiscal year, may be transferred to another reserve or returned to members as determined by Executive motion;
7. Reserves will be appropriately recorded in the accounting system and financial statements.
8. Reserves will be funded and available in cash or investments.
 - 8.1. Reserves may be in separate bank accounts or investment funds or commingled with the general cash and investment accounts of the Association.
 - 8.2. Monies held in reserves or funds provided for shall be invested in accordance with the Association's investment policy and the investments reviewed periodically as provided for in that policy.

REFERENCES

SSBA Bylaw 4.2 - Executive – Powers and Duties