



boabc

Serving the Province of British Columbia for over 50 years

TITLE:	RESERVE FUNDS	4.13
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DATE APPROVED: January 29, 2011

SIGNED: Frankie Victor (Secretary)

POLICY:

The BOABC shall maintain in reserve, funds for unanticipated expenditures in carrying out the objectives of the Association from time to time including:

- [a] To provide funds to meet major non-recurring expenditures that cannot be financed through changes in the regular budget; and
- [b] To provide for unanticipated expenditures or shortfalls of revenue in operations that include, but are not limited to, loss of major revenue source, unanticipated operating expenditures, or increases in service delivery costs that cannot be financed through changes in the budget; and
- [c] To provide reserve funds to serve as a resource to meet obligations associated with the winding down of the organizational structure in the event that the BOABC is dissolved.

POLICY OBJECTIVE:

The purpose of the policy is to provide guidance to manage the Association's reserve funds in a prudent manner in order to promote the preservation of those funds for their intended use. The amount of reserves shall be maintained to at least one-third of the current operations expense budget in the annual statement of revenues and expenditures as approved by the Executive Committee. If this goal cannot be met, the Treasurer will budget for an operating surplus sufficient to achieve the goal within five [5] years.

Reserve Funds may be allocated subject to BOABC Reserve Funds policy and fiscal policies with regard to the authority to commit funds, such as BOABC Policy 4.11 Budget Responsibilities – Executive Members, including 4.11 [g]: “ *Expenses not defined in the Annual Budget, or in excess of that identified in the Annual Budget, must be placed before the Executive Committee for review and approval.* ” If the year-end statements show a net surplus over the budget in a given year, that surplus, or a portion thereof, shall be allocated to replenish the reserve fund for unanticipated expenditures. Reserve funds may be invested at the discretion of Treasurer and the Executive Committee utilizing savings accounts and conservative, low risk investment vehicles. Such investments shall be reviewed on an annual basis at the fiscal year end.

POLICY JUSTIFICATION:

Funds held, outside of the annual budgetary statement of revenue, in the BOABC savings account and/or investments require definition in order to be appropriated.