



GOV Policy on Cash Reserve

1. Purpose

- 1.1 The purpose of the Cash Reserve Policy for Gay Ottawa Volleyball is to ensure the organization's stability and ability to achieve its mission, programs, and sustain ongoing operations. The Cash Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, onetime unbudgeted expenses, unanticipated loss in revenue or funding, or uninsured losses. The Reserve may also be used for one-time, nonrecurring expenses which will build long-term capacity, such as director or officer development, research and development, or investment in infrastructure.

Cash Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budgetary gap. It is the intention of Gay Ottawa Volleyball for Cash Reserves to be used and replenished within a reasonably short period of time. The Cash Reserve Policy will be implemented in concert with the other governance and financial policies of Gay Ottawa Volleyball and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

2. Definitions and Goals

- 2.1 The Cash Reserve Fund is defined as a designated fund set aside by action of the Board of Directors. The target amount to be designated as a Cash Reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The Cash Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target Cash Reserve Fund is equal to twelve months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as gym rentals, insurance, office, and programming expenses. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes some expenses such as donations, equipment purchases, and other one-time expenses. The amount of the Cash Reserve Fund target minimum will be calculated each year after approval of the annual budget, reported to the Policy, Finance, and Governance Committee and Board of Directors, and included in the regular financial reports.

3. Accounting for Reserves

- 3.1 The Cash Reserve Fund will be recorded in the financial records as Board-Designated Cash Reserve. The Fund will be funded and available in cash or cash equivalent funds. Cash Reserves will be commingled with the general cash and investment accounts of the organization.

4. Funding of Reserves

- 4.1 The Cash Reserve Fund will be funded with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for Cash Reserves. Examples may include one-time gifts or bequests, special grants, or special appeals.

5. Use of Reserves

5.1 Use of the Cash Reserves requires three steps:

- a. Identification of appropriate use of reserve funds:

The President and officers will identify the need for access to reserve funds and confirm the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period the funds will be required and replenished.

- b. Authority to use cash reserves:

The President will submit a request to use Cash Reserves to the Policy, Finance, and Governance Committee of the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization’s goal is to replenish the funds used within twelve months to restore the Cash Reserve Fund to the target amount. The Policy, Finance, and Governance Committee will review the request and recommend to the Board of Directors whether to authorize the transfer from the fund.

In exceptional situations where time is of the essence to reduce risk to the association, the President may bring a request to use Cash Reserves directly to the Board.

- c. Reporting and monitoring:

The President and VP Finance are jointly responsible for ensuring the Cash Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Cash Reserve funds, the President will enlist the support of the VP Finance to maintain records of the use of funds and plan for replenishment. They will provide regular reports to the Policy, Finance, and Governance Committee and Board of Directors of progress to restore the Fund to the target amount.

6. Relationship to Other Policies

6.1 Gay Ottawa Volleyball shall maintain the following board-approved policies, which may contain provisions which affect the creation, sufficiency, and management of the Cash Reserve Fund.

- Refund Policy
- Policy on Financial Management

7. Review of Policy

7.1 This Policy will be reviewed every other year, at minimum, by the Policy, Finance, and Governance Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Policy, Finance, and Governance Committee to the Board of Directors.



Tim Klodt, Chair of the Board

16 May 2021

Date



James Clemens, Secretary of the Board

16 May 2021

Date