

## **OPERATING RESERVE POLICY**

### **1. Statement**

The Board of Directors of Sail Manitoba has determined it is in the interest of the organization to establish and maintain an internally restricted operating reserve to provide protection in the case of unanticipated financial stress and to fund strategic capital asset programs.

### **2. Administrative Procedures**

With respect to the organization's reserve, the Board has determined that the operating reserve shall be established and maintained at a minimum level of 25% of annual operating expenses. The reserve shall be funded by annual contributions of not less than 2% of annual operating expenses until the minimum level has been achieved.

Accordingly, the Association shall:

- a) Maintain a reserve account, separate from the general operating account, with the Organization's financial institution.
- b) Budget annually a contribution to the operating reserve of not less than 2% of annual operating expenses as part of the expense budget until a target balance equal to or greater than 25% of annual operating expenses has been achieved.
- c) Once the operating reserve balance minimum of 25% of annual operating expenses is achieved, continue to budget annually an appropriate amount to maintain or increase the operating reserve at the discretion of the Board of Directors.
- d) Transfers between the general operating account and the internally restricted operating reserve account shall be approved by the Board of Directors at the annual budgeting meeting of the Board of Directors in each fiscal year. The Board may be called on at other times to approve reserve account transfers at the request of the Executive Director.

The Board reserves the right to modify the above during the annual budget approval process should special circumstances or the budgetary needs of the organization demand.

*The next re-approval date for this policy is February 2024*



### **3. Monitoring**

To satisfy the Board that this policy is being complied with, each year, the Board shall review the auditor's report to confirm the budgeted contribution to the operating surplus has been properly applied, and determine if this policy needs amendment.

### **4. Responsibility, Review and Approval**

The administration and review of this policy is the responsibility of the Executive Director. This policy was first approved under the Operating Surplus Policy, which has been cancelled as of February 10, 2021 by the Board of Directors of Sail Manitoba. The next re-approval date is February 2024.