



Guelph Soccer Reserves Policy

Purpose

The purpose of the Unrestricted and Internally Restricted Reserves Policy for Guelph Soccer is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. The reserves are intended to provide an internal source of funds for situations such as one-time unbudgeted expenses, unanticipated loss in funding, or capital needs. **Reserves are not intended to replace a permanent loss of funds or eliminate a structural budget shortfall.** It is the intention for the reserves to be used and replenished as described in Use of Reserves #2 below. The Reserves Policy will be implemented in concert with the other governance and financial policies of Guelph Soccer and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

Definitions and Goals

The total Reserves are made up of Unrestricted Reserves which are general funds that are not restricted to any specific purpose and Internally Restricted Reserves which are restricted internally by the Board for a specific purpose. The Reserves are defined as the designated fund set aside by action of the Board of Directors. The minimum amount to be designated as Reserves will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The Reserves serve a dynamic role and are reviewed and adjusted in response to internal and external changes.

The target aim of a minimum amount for the Unrestricted Reserves is equal to two to three months of average operating costs. The calculation of average monthly operating costs (based on the yearly budget) includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes administered or trustee funds, one-time programs, or unusual, capital purchases.

The amount of the Reserves target minimum is calculated each year after approval of the annual budget, reported to the Finance Committee and Board of Directors, and included in the regular financial reports.

Accounting for Reserves

The Reserves will be recorded in the financial records as Board-Designated Unrestricted and Internally Restricted Reserves. The Fund will be funded and available in cash or cash equivalent funds. The Reserves will be combined with the general cash and investment accounts of the organization.



Funding of Reserves

The Reserves are 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 the reserves. Examples may include one-time gifts or bequests, special grants, or special appeals.

Use of Reserves

Use of the Reserves requires three steps:

1) Identification of appropriate use of reserve funds

The Executive Director/General Manager and staff will identify the need for access to the Reserves and confirm that 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 that the funds will be required and replenished.

2) Authority to use Reserves

The Executive Director/General Manager will submit a request to use the Reserves to the Finance 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 Reserves to the target minimum amount. The Finance Committee will approve or modify the request and recommend the request to the Board of Directors. If the use of Reserves will take longer than 12 months to replenish, the request will be scrutinized more carefully, and approval may include additional requirements such as enhanced monitoring, or other conditions the Board deems appropriate.

3) Reporting and Monitoring

The Executive Director/General Manager is responsible for ensuring that the Reserves are maintained and used only as described in this Policy. Upon approval for the use of Reserves, the Executive Director/General Manager will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Finance Committee and Board of Directors of progress to restore the fund to the target minimum amount.

Relationship to Other Policies

Guelph Soccer shall maintain the following board-approved policies, which may contain provisions that affect the creation, sufficiency, and management of the Reserves.

- Financial Policy
- Budget Policy
- Investment Policy



Review of Policy

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