

ASASD Policy on Reserves

The Board of Directors recognizes that the creation and maintenance of an adequate reserve fund is a fundamental tenet of sound financial management. Thus, the Board has set a goal of developing and maintaining a reserve fund of at least 100 percent of the association's annual operating budget. The purpose of the reserve fund is to ensure that the San Diego Chapter has the financial means to continue to provide critical support to its members in both the short- and long- term.

The specific objectives of the ASASD reserve fund (in no particular rank order) are as follows:

To sustain basic operations and core member services during a long-term economic downturn.

To continue the operation of those activities designed as fee for service that maintain strong revenue over expenses.

To sustain member services during a short-term economic downturn.

To provide a source of capital for the up-front funding of the purchase of capital expenditures (where the reserves are restored as the capital expenditure is depleted).

To cover unbudgeted and extraordinary expenditures brought about by unanticipated challenges or opportunities.

To provide a source of capital for research and development of new products and services that has the potential to

significantly benefit members.

For emergency funding;

Each year, as part of the proposed operating budget it proposes to the Board, the Finance Committee shall include a line item that designates at least 100 percent of the association's operating budget to be added to the reserve fund.

The Committee's report to the Board shall include a list of priority programs and projects that were not funded because of the reserve requirement.

The objectives of the reserve policy shall be reviewed and the target amount adjusted at intervals not to exceed three years.