

Bishops University Students' Representative Council

Operating Reserve Sustaining Policy

Purpose

The purpose of this Operating Reserve Sustaining Policy for the SRC is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. The Operating Reserve Sustaining Policy is intended to provide an internal source of funds for situations such as sudden increase in expenses, one-time unbudgeted expenses, or unanticipated loss in funding. The SRC has only three major sources of income which include student fees, operations, and sponsorship support. None of these are guaranteed. It is crucial therefore to ensure there are sufficient reserves to tide the SRC over to allow the organization to meet its obligation to members, vendors, contractors, and staff, in the event that existing sources of income decrease or are lost. The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as development or investment in infrastructure. The Reserve is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the SRC for Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve Sustaining Policy will be implemented in concert with the other bylaws and policies of the SRC and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

Accounting for Reserves

The Operating Reserve Fund will be recorded in the financial records as Board Designated Operating Reserve. The Operating Fund will be available in cash or cash equivalents. Operating Reserves will be maintained in a segregated bank account in accordance with any investment policies of the SRC.

Funding of Reserves

The Operating Reserve Fund will be funded with surplus unrestricted operating funds. The Board of Student Representatives may from time to time direct that a specific source of revenue be set aside for the Operating Reserve Fund.

Use of Reserves

I. Identification of appropriate use of reserve funds: The General Manager and Director of Finance will identify the need for access to reserve funds 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 and the availability of any other sources of funds before using reserves.

2. Authority to use operating reserve. The Director of Finance will submit a request to the BSR to use Operating Reserves. The request will include the analysis and determination of the use of funds. The BSR will approve, deny or modify the request and authorize transfer from the fund.

3. Reporting and monitoring. The General Manager and Director of Finance are responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve funds, the Administrative and Accounting Coordinator will maintain records of the use of funds.

Definitions and Goals

The Operating Reserve Fund is defined as a designated fund set aside by the decision of the Board of Student Representatives.

The minimum amount to be designated as Operating Reserve will be established in an amount sufficient to maintain ongoing operations and programs as follows:

Minimum Target Operating Reserve Fund – Minimum Target Operating Reserve Fund is equal to approximately 6 months of average operating costs. This has been calculated based on average monthly operating costs and includes all recurring, predictable expenses such as salaries, contracts, office expenses, travel, program costs and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in this calculation.

The Minimum Target Operating Reserve Fund has been calculated and set at \$200,000 CDN (Two Hundred Thousand Dollars CDN).

Maximum Target Operating Reserve Fund – Maximum Target Operating Reserve Fund is equal to two (2) years of average operating costs. This has been calculated based on average monthly and annual operating costs and includes all recurring, predictable expenses such as salaries, contracts, office expenses, travel, program costs and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in this calculation.

The Maximum Target Operating Reserve Fund has been calculated and set at \$750,000 CDN (Seven Hundred and Fifty Thousand Dollars CDN), which is equal to approximately 2 years of operating expenses.

The Operating Reserve Fund serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

Review of Policy

This Policy will be reviewed every 3 years, at minimum, by the BSR, or sooner if warranted by internal or external events or changes. Regular review will ensure the Policy remains consistent with the overall objectives of the SRC.