ASDIN Reserves Policy

Section 1. Definition of Reserves

Reserves are defined as the accumulated net surpluses of the Society, i.e., the unrestricted net assets as reported on the Statement of Financial Position. The primary purpose of the reserve is to ensure that the Society has adequate funds available in the event of an unanticipated catastrophic event or business situation that reduces reserves and threatens the financial viability of the Society. A secondary purpose of the reserve is to support special projects in the event a single or multiple strategic initiatives should surface outside of the annual budgeting process. This means that should a strategic initiative surface during the course of the year, a Council member may make a motion to the full Council to fund such an initiative. An initiative is defined as a chance for the Society to invest in an action that will benefit the Society, the Society membership, or the field, in general, represented by the Society.

Section 2. Funding Requirements

The Society shall have a goal of maintaining reserves in the range of no less than one-hundred percent (100%) of annual budgeted expenses and two-hundred percent (200%) of annual budgeted expenses. In the event this range goal is not achieved and reserves are less than eighty-five percent (85%) of annual budgeted expenses, the Treasurer shall notify the Council of the variance. Where reserves are below fifty percent (50%) of annual budgeted expenses, the Council may direct the Executive Director to put a cap on any new-project funding or special initiative funding through the reserves. Also, this occurrence would trigger a process through which the Finance Committee would convene to recommend necessary and sufficient corrective actions to pursue a recovery plan by 1) using the next-year’s budget surplus sufficient to rebuild the reserves’ floor to a minimum of 100% of annually budgeted expenses, or 2) using a two-year budget cycle to rebuild the reserves’ floor to a minimum of 100% of annually budgeted expenses. In either case, the recommendations shall be presented to the Council for immediate action.