

June 1, 2023

Gibsons Seniors Society (GSS)

Contingency Reserve Fund (CRF): Policy

Purpose:

The GSS, CRF is intended to safeguard the society against unanticipated expenses and is divided into two portions, an Operating Reserve and a Building and Capital Asset Reserve.

Operating Reserve:

The GSS Operating Reserve is intended to provide an internal source of funds for unforeseen circumstances such as emergencies, with the potential to impact on the regular functioning of the Society and its mission to deliver activities and resources for seniors residing in the Gibsons area.

Examples of circumstances that may require use of the Operating Reserve could include closure of the hall or sudden loss of revenue from activities and rentals, needed to pay our regular bills. This could result, from the impact of public health orders and closures, as we saw with the recent pandemic, and in a worst-case scenario, costs associated with the windup of the society.

Building and Capital Asset Reserve:

The Building and Capital Asset Reserve portion of the CRF is intended to provide a ready source of funds for the repair or acquisition of assets, furniture, fixtures, and equipment necessary for regular GSS activities and access to resources.

Funding of Reserves:

The CRF is an unrestricted cash reserve that will be financed with surplus from the GSS-operating funds. The board of directors may from time to time direct that specific sources of revenue be set aside for the Operating and/or the Building and Capital Asset Reserves. Examples could include profits from special events and from the annual grant provided by the Town of Gibsons.

The Operating and Building and Capital Asset Reserves will be set initially at \$10,000 and \$30,000 respectively. The Operating Reserve will be reviewed annually considering issues such as adjustments for inflation. The Capital Asset Reserve will be augmented annually by 50% of the depreciation/amortization reported on the financial statement or a minimum of \$2,000.

The CRF will appear as a line item in the GSS budget entitled Board-Designated GSS Reserves and will be reviewed annually by the board shortly after the year end. The board will replace any funds taken from CRF as soon as feasible.

Authority to use reserves:

The CRF can be accessed by a $\frac{3}{4}$ vote from the GSS board of directors.

Accounting for Reserves:

CRF will be available in the form of cash or cash equivalent funds. The Operating Reserve will be maintained in a redeemable term deposit held at the Sunshine Coast Credit Union. The Building and Capital Asset Reserve will be maintained in a separate high interest savings account also at the Sunshine Coast Credit Union.

Notes:

A big thanks to maria and especially Kathy for their help in developing this policy.

The following came to light in the process of developing the CRF policy:

- 1) Once the policy is approved by the Board, it should include a date and be part of the list of policies posted on the website
- 1) That we need to develop a depreciation report for the hall.
- 2) That all regular GSS commitments throughout the year such as insurance renewals, defibrillator maintenance, reviewing of annual CRF contributions etc. need to be itemized in an electronic calendar accessible to the board executive and maintained by the board.
- 3) A designated member from the board needs to be assigned to ensuring that the CRF is maintained annually at year-end and regularly reviewed.