



## **NPRRA Reserves Policy**

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Approved by Board: March 27, 2018

### **Article I Purpose**

Reserves are important in the operation of a business for the stability and flexibility they can provide. Adequate reserve levels will sustain the National Public Records Research Association (NPRRA) through potential economic downturns, as well as provide adequate funding for expected major expenditures.

A secondary purpose of the Reserve Fund 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 year, a Board member may make a motion to the full Board of Directors to fund such an initiative. An initiative is defined as a chance for the Association to invest in an action that will benefit the association.

### **Article II Definition**

The Reserve Fund shall include the assets identified as "Reserves" with sub-accounts with specific descriptions as reported on the association's monthly Balance Sheet.

### **Article III Goal**

The association shall have a goal of reaching and then maintaining reserves of approximately two years of the association's essential operating budget of any given year; currently \$200,000 as of the latest document update (2017 year-end). In the event the goal is not achieved; the Treasurer shall notify the Board of a variance. Where reserves are below the goal set out by this policy the Executive Committee may propose putting a cap on any new-project funding or special initiative funding through the reserves. The recommendations shall then be presented to the Board for immediate action.

### **Article IV Annual Contributions**

The budgeted target contribution to reserves shall be 25 percent of the actual annual net revenue, unless the maximum designated reserve target is achieved, in which case there may be no budgeted contribution to reserves.

Following the completion of the tax return and approval of the annual budget of the association, the Board will approve any additional amount to be designated for the Reserve Fund.

All interest earned from monies invested in the Reserve Fund will automatically be put back into the Reserve Fund.

#### **Article V How Reserves Can Be Tapped**

Withdrawals from the Reserve Fund must be approved by the Board of Directors. When authorizing expenditures from the reserve funds, the Board will also approve a plan to replenish the amount expended from the fund. The Board shall be apprised of the status of the association's Reserve Fund at each Board meeting.

#### **Article VI Review of the Reserves Fund Goal**

The Executive Committee shall review the reserve policy at least once every three years. The Board of Directors may accept, modify, or reject the recommendations of the Executive Committee for changes to the reserve policy, if any. The Board may request that the Executive Committee review the policy at any time for additional recommendations to the board where applicable based on market or industry changes.