



## Reserve Fund and Investment Policy

June 2022

**Definition:** As a charitable, not-for-profit organization, it is the expectation of our funders, members (Board of Directors) and the Canada Revenue Agency that funds received will be used to achieve the mission and vision of the Society. It is common, permissible under CRA rules and generally seen as a leading practice for a charity to maintain a reasonable amount of funds in reserve including in interest bearing accounts and/or investments.

**Purpose:** To outline how and when reserve funds can be accessed and replenished, as well as who can access the reserve funds for which use.

**Philosophy:** Financial stability of Inside Education is of utmost importance to the organization's long term success. The Board of Directors want to ensure Inside Education's ability to operate during a funding shortfall or other unplanned future events. These funds can also be accessed in the unlikely event that the Society ceases operations (suddenly or otherwise). Funds can/would cover the costs to mortgage lenders, lease holders, creditors, employees, etc.

**Scope:** This policy applies to funds that are not externally restricted.

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### Operating Reserves

*(Explanatory note: this was the intention of the Calgary Foundation investment)*

- Use: These funds are used to cover operating expenses such as payroll, insurance, mortgage/lease payments, rent, and utility bills.
- Amount in operating reserve: Best efforts shall be made to maintain a reserve fund equivalent to  $\frac{1}{4}$  of the projected yearly operating budget.
- Authorization: The Executive Director is authorized to access external investments to maintain this balance should operating reserves fall below this threshold.
- Replenishment: On-going throughout the fiscal year as practical and appropriate.
- Draw down: The Board shall decide when/if to draw down funds from these reserves should the invested amount grow substantially. This decision would come at a regular or special meeting of the Board of Directors.

### Capital Reserves

- Use: These funds can be used to purchase capital such as equipment, repair vehicles or cover costs associated with unexpected/unbudgeted renovations.
- Amount in capital reserve: A minimum of \$10,000 - either in its own investment vehicle (GIC or savings account), or an internally budgeted and tracked fund.
- Authorization



- Inside Education Management Team, with the approval of the Executive Director can access these funds.
- Executive Director is authorized to access external investments to maintain this balance should operating reserves fall below this threshold.
- Replenishment: On an annual basis during budget discussions.

## **Investment of Funds**

The Board of Directors has currently approved three primary investment vehicles. These are:

- Calgary Foundation - Stock market-tracked investment. Funds are accessible with approximately 30 days notice.  
*Explanatory note: Our investment is essentially a share of the Calgary Foundation's multi-billion dollar portfolio.*
- Edmonton Community Foundation Endowment - investment not accessible but guaranteed annual dividends.
- Regular ATB savings account

Additional investment vehicles may be added with the approval of the Board of Directors at a regular or special Board meeting.

Funds can be invested into board-approved investment vehicles at the discretion of the Executive Director and the Board Chair as long as the operating and capital reserves are at their minimum balances.

## **Accessing Investments**

For reserve funds held in external investment accounts (ie. the Calgary Foundation), the Executive Director shall have permission to access these funds to a maximum \$70,000 (approximately equivalent to two pay periods). Anything above this amount shall be decided by a vote of the Board of Directors either through a special meeting or electronic (email) vote.

## **Reporting**

The Executive Director will report on Reserve Fund balances at each board meeting, when the information is available (ex. investment statements are usually available every four months).

Any time Reserve Funds held in external investment accounts are accessed, the Executive Director will notify the Board of Directors within 30 days of funds being accessed.