



## **Hollidaysburg Area Summer Baseball League Operating Reserve Policy**

### **I. PURPOSE:**

The purpose of the Operating Reserve Policy for the Hollidaysburg Area Summer Baseball League is to build and maintain an adequate level of net assets to support the organization's day-to-day operations in the event of unforeseen shortfalls and to ensure the long term solvency of the organization. Operating reserves are not intended to replace a permanent loss of funds or to eliminate an ongoing budget gap. If the organization elects to use a portion of the reserves to support operations, they will be replaced within a reasonable period of time.

### **II. DEFINITION AND GOALS:**

The operating reserves fund is a designated fund set aside by action of the Board of Directors. The minimum amount to be designated as operating reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured as a percentage of the organization's annual operating budget. The operating reserve serves a dynamic role and will be reviewed and adjusted annually in response to internal and external changes.

The target minimum operating reserves fund will be equal to at least 25% of an average of the previous three years operating budgets.

### **III. FUNDING OF RESERVES:**

The operating reserves fund will be funded by available funds at the time of implementation as well as from surplus operating funds. The Board of Directors may, from time to time, direct that a specific source of revenue be set aside for inclusion in the operating reserves fund. Examples may include one-time gifts or bequests, special grants, or special appeals.

The Board of Directors 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. Determination of need requires analysis of the sufficiency of the current level of reserve funds, the availability of any other sources of funds before using reserves, and an evaluation of the time period for which the funds will be required and replenished.

### **IV. AUTHORITY TO USE OPERATING RESERVES:**

Authority for use of up to \$2,000 of operating reserves shall be delegated to the League President or Treasurer. If use of operating reserves of less than \$2,000 occurs, the President or Treasurer must notify the Board of Directors within 5 business days via electronic communication or at the next scheduled board meeting, whichever occurs sooner.

The authority to use reserve funds in excess of \$2,000 shall be determined by a majority vote of the Board of Directors. Documentation of the decision to use reserve funds shall be accompanied by a description of the analysis and determination of the use of funds and plans for replenishment to restore the operating reserve fund to the target minimum amount.

### **V. REVIEW OF POLICY**

This policy will be reviewed by the Board of Directors annually at the end of the fiscal year, or sooner if warranted by internal or external changes. The role of the Board of Directors includes recommending financial policies, strategies, and budgets that support the mission, values, and strategic plan of the organization. Its purpose is to ensure the financial health and integrity of the Hollidaysburg Area Summer Baseball League in pursuit of its mission to provide recreational programs for the Hollidaysburg area.