

## Operating Reserve Policy

### Purpose

The Zonta International Board adopts the *Operating Reserve Policy* to establish clear guidelines for the maintenance and retention of financial reserves that are adequate to meet the day-to-day operational requirements of Zonta International, and to provide for unforeseen events and emergencies.

The implementation of the policy will be the responsibility of the board.

The Finance Committee makes recommendations to the board on the maintenance of the appropriate level of operating reserves for Zonta International and changes to this policy. The Finance Committee will oversee the implementation of the *Operating Reserve Policy* and will report to the board on progress of initial implementation.

The Finance Committee must review the *Operating Reserve Policy* at least once each biennium and will recommend amendments, if any, for board approval. The policy must be reviewed more frequently if warranted by an event or change of circumstances.

### Definitions

**12-Month Operating Reserve** – A designated reserve set aside by a decision of the board to provide sufficient funding to enable ongoing operations of Zonta International to continue for at least 12 months. The minimum target operating reserve should amount to one half of a biennium operating expenditure budget.

The 12-Month Operating Reserve must be set after the approval of the biennial budget. The actual value of operating reserve versus target will be reported to the board in monthly financial reports.

**Other Operating Reserve** – Reserves that exceed the 12-Month Operating Reserve are available for fixed asset purchases, technology upgrades, special onetime projects and emergencies, and accounted for as net assets. The board may decide occasionally to set aside additional reserves for specific purposes other than operations.

### Accounting for Reserves

The 12-Month Operating Reserve will be accounted for separately in the ZI accounting system, and financial reports, and described as the 12-Month Operating Reserve.

### Funding for Reserves

Funding for both operating reserves will be sourced from surplus operating revenue primarily generated from member dues.

## Authority to Use Operating Reserves

Authority to use operating reserves is the responsibility of the board following the recommendation of the treasurer/secretary.

The use of operating reserves will be reported at the next available Finance Committee meeting.

This report must explain:

1. The reason for the use of the operating reserves.
2. The action plan and associated timeline established to return the 12-Month Operating Reserve to the target minimum level, if applicable.

## Reporting and Monitoring

The Finance Committee is responsible for ensuring that the operating reserves are budgeted only for the purpose for which they were established, and in accordance with this policy.

Each year the Finance Committee, working in conjunction with headquarters, determines the future budgetary requirements and budgetary risks that may materially impact the operating reserves. Any anticipated impact upon operating reserves must be advised to the board.

## Document Control

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Most recent review by the risk manager	Date: August 2021
Amended policy adopted by the board	Date:
Convention 2022 update	Date: June 2022
Next review date	Date: August 2023
Committee Responsible	Zonta International Finance Committee

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