

The Manitoba Association of Landscape Architects Inc

a component organization of the Canadian Society of Landscape Architects

MALA OPERATING RESERVE POLICY

Purpose:

The purpose of the Operating Reserve Policy for the Manitoba Association of Landscape Architects Inc. (MALA) is to ensure the stability of the mission, programs, and ongoing operations of the association. The Operating Reserve is intended to provide a financial cushion in the event of unplanned loss of revenue or extraordinary expense, such as a sudden increase in expenses, unanticipated loss in revenue, or uninsured losses. The Operating Reserve is not intended to replace a permanent loss of revenues or eliminate an ongoing budget gap. It is the intention of the MALA for the Operating Reserve to be used and replenished within a reasonably short period of time.

Definitions and Goals:

The Operating Reserve Fund is defined as a designated fund set aside by action of the MALA Council. 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 in months. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum Operating Reserve Fund is equal to 5 months of average operating costs, estimated at \$23,800 for 2021. The calculation of average monthly operating costs includes all recurring, predictable expenses such as ED salary, office, travel, programs, and ongoing professional services. The amount of the Operating Reserve Fund target minimum will be calculated each year after approval of the annual budget, reported to the MALA Council, and included in the regular financial reports.

Accounting for Reserve:

The Operating Reserve Fund will be recorded in the financial records as Council-Designated Operating Reserve. The Fund will be funded and available in cash or cash equivalent funds. The Operating Reserve will be commingled with the general cash and investment accounts of the MALA (MALA Savings account).

Funding of Reserve:

The Operating Reserve Fund will be funded with surplus unrestricted operating funds. The MALA Council may from time to time direct that a specific source of revenue be set aside for the Operating Reserve. Examples may include one-time gifts or bequests, special grants, or special appeals.

Use of Reserve:

Use of the Operating Reserve requires three steps:

1. Identification of appropriate use of reserve funds.
The Treasurer and Executive Director will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserve, and evaluation of the time period that the funds will be required and replenished.
2. Authority to use reserve funds.
The Treasurer and Executive Director will submit a request to use reserve funds to the MALA Council. The request will include the analysis and determination of the use of funds and plans for replenishment. The Association's goal is to replenish the funds used within twelve months to restore the Operating Reserve Fund to the target minimum amount. If the use of the reserve funds will take longer than 12 months to replenish, the request will be examined more carefully. The MALA Council will approve or modify the request and authorize transfer from the Fund.

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3. Reporting and monitoring.

The Treasurer and Executive Director is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of the Operating Reserve Fund, the Executive Director will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the MALA Council of progress to restore the fund to the target minimum amount.

Approved October 22, 2021 - MALA Council meeting