

Capital District Central Office
Prudent Reserve Policy (Approved 05/09/2023)

The following policy has been approved by the Steering Committee for maintaining a Prudent Reserve for the operations of the Capital District Central Office:

The intent of the operating reserve policy is to describe and document the purpose, goals, and mechanics for maintaining and using operating reserve funds. To accomplish this, the operating reserve policy needs to address five areas:

1. Purpose of building and maintaining reserves.

The purpose of the CDCO Prudent Reserve will be to cover operating expenses only and will consist of a single reserve that is primarily used for occasional unexpected shortfalls.

2. Definitions of the types of reserves, intended use, and calculation of target amounts.

- a. A single reserve held in a bank savings account.
- b. Intended use is to cover the following ongoing recurring operational expenses in the event of a shortfall due to an interruption or cessation of income contributions from AA Groups:
 - i. office rent
 - ii. phone and internet provider
 - iii. information technology (website software, website services and website security)
 - iv. business insurance

[Excluded from consideration are expense items found to be objectionable when this topic was first discussed in the spring/summer of 2022 - office supplies, water, GSO Contributions and U.S. Post Office.]

- c. Target amount will be \$11,509.00, sufficient to cover 12 months of expenses. This amount includes one year of office rental expense, despite the rental contract obligating CDCO to pay the remainder of the contract period if it dissolves. CDCO is in the third year of a five-year renewal contract period (November 1, 2020 – October 31, 2025).

3. Assignment of authority for making use of the reserve fund, which may include delegation of some authority to staff leaders.

- a. Expenditures may be made from the Prudent Reserve by the CDCO Chair, CDCO Treasurer, or the CDCO Assistant Treasurer

4. Responsibilities for reporting reserve fund amounts and use of reserve funds.

- a. The CDCO Treasurer will explicitly report any expenditures from the Prudent Reserve within the monthly Treasury Reports given at the CDCO Steering Committee meetings.

5. Any specific policies, if needed, about investment of reserve fund.

- a. No investments are currently made with Prudent Reserve funds.