

## **WEST VOLUSIA FAMILY YMCA**

### **CASH RESERVES**

*Cash reserves consist of working capital funds that are segregated in the general ledger by branch for the benefit of the Association. The funds will be used to maintain the current operating stability of the Association and provide resources for repairs and maintenance, facility enhancement equipment and technology. The Association shall collectively maintain 10% cash reserve on hand. The following branch cash reserves are considered fully funded at 15% of the prior year operating budget less United Way, Intra-Y Allocations and Reserve Transfers from operating.*

### **ACCUMULATED OPERATING SURPLUS/DEFICITS**

- Prior “nets” generated by the branches at year-end.
- Operating deficits must be repaid to the Association.
- To provide a standardization of the operating surplus or deficits.
- To provide funds for future program and capital needs.

### **OPERATING RESERVE**

- Rate is 3% of actual membership dues, program fees, rental income, misc. income, and current support, joiner fees and unrestricted interest income.
- To provide working capital funds for expenditures not budgeted.

### **MAINTENANCE RESERVE**

- Fully funded at 2% of insured value of the facilities.
- To provide funds for regular/periodic repairs of the facilities.

### **JOINER FEE RESERVE**

- One time initiation charge to new members upon joining the YMCA.
- To provide funds for the investment in facilities and equipment so as to enhance our ability to serve members and participants

### **VEHICLE RESERVE**

- Fully funded at levels determined by current and future vehicle needs.

- To provide funds for major vehicle repairs and replacement.

### **HOME MISSION RESERVE**

- Rate is 5% of total current membership revenue less joiner fees, resale and vending commissions.
- To provide funds for community programs in compliance with the corporate thrusts (i.e. Teens, Youth & Family).

### **DEFINITIONS**

- Accumulated operating surplus/deficits are an aggregate of branch operating nets through the most recent year-end. Current year nets are not classified in this reserve.
- Cash Reserves are the combination of all Board Designated cash or investments held by banking or investment institutions and are identified in segregated accounts in the general ledger.
- Cash Reserves are based on 10% of the branches current annual budgeted revenue less United Way and are identified in segregated accounts in the general ledger.
- Cash Reserves can be used when the branch meets or exceeds the 15% cash reserve requirement. Before being fully funded, reserves can be used for emergency use only as defined by the Branch Board.
- Cash Reserves will be reduced and applied toward a branch deficit.

### **COMMENTS**

- The Branch Board has final approval if the branch has met the 15% requirement; otherwise the Corporate Finance Committee will have final approval.
- Branches with operating debt can be given an exception for funding a particular reserve that is in the best interest of the branch and the association and must be approved by the Corporate Finance Committee.

### **EMERGENCY REQUESTS**

- The Corporate Board of Directors defines a true emergency as a situation that directly threatens the health, safety or welfare of our employees, volunteers, members and participants.
- Expenses that will be reimbursed by insurance proceeds ARE NOT eligible for funding through the Maintenance Reserve Account funds.

**WEST VOLUSIA FAMILY YMCA**

**CASH REQUIREMENT**

***To provide the Branches with adequate “Cash” held in reserve for meeting short-term operating expenses due to emergency or economic circumstances.***

**FUNDING**

- The Branches shall maintain a minimum 15% of its total reserves as “Cash”
- The minimum 15% calculation is based on the following example:

Prior Year Operating Budget	1,454,643
Less United Way	(46,077)
Less Intra-Y allocations/rsrv tsfrs	<u>(288,815)</u>
Net operating budget	1,119,751
	x15%
15% Requirement	<u><u>111,975</u></u>
Total Funded Reserves	251,409
Less 15%	<u>(111,975)</u>
Net Reserves	<u><u>139,434</u></u>

## ***WEST VOLUSIA FAMILY YMCA***

### ***ACCUMULATED OPERATING SURPLUS (DEFICITS)***

***To provide funds for program and capital enhancements***

#### **FUNDING**

- Branch surpluses or deficits will be closed to a segregated general ledger account at year-end and will be adjusted if necessary after the conclusion of the annual audit.
- Unused corporate administrative support will be allocated back to the branches in relation to the percentage paid in.
- Corporate deficits will be allocated back to the branches in relation to the percentage budgeted at the branches.

#### **USES**

- **Expenditures can be made for major expenses such as:**
  - Repairs and maintenance**
  - Equipment**
  - Program enhancements**
  - Facility enhancements**

#### **APPROVAL**

- The branches are authorized by the Corporate Board of Directors to spend up to 50% of the cash portion of year-end surpluses after the reserves are fully funded.
- A list of expenditures must be presented to the facility/program committee, the finance committee and the branch board for approval and be included as part of the minutes.
- The Branch Board has final approval if the branch has met the 15% requirement; otherwise the Corporate Finance Committee will have final approval.
- Request for all other expenditures during the fiscal year if applicable will be accompanied by a minimum of three bids or quotes.
- Request for payment will include:
  - The vendors invoice (statements not accepted) and purchase order.
  - Copy of the minutes giving final approval of the expenditure.
  - Authorized check request.

## **COMMENTS**

- Deficits will be carried forward as a debt to the Association to be paid back in the following manner:
  1. Repayment will be a minimum 3% of the operating budget. A rate of interest is to be determined by the Investment Committee and approved by the Corporate Board. Repayments will be budgeted into the current year operations.
  2. 100% of future annual surpluses will be applied against the debt.
  3. Current, past and future reserves will be reduced and applied toward the deficit.
- This reserve is subject to the 15% cash requirement.

## ***WEST VOLUSIA FAMILY YMCA***

### ***OPERATING RESERVE***

***To provide working capital for current expenditures not budgeted***

#### **FUNDING**

- Branches, without operating debt, are required to budget 3 % of its total budgeted revenue less United Way as working capital.
- The 3% will be charged on actual operating revenue earned each month.

#### **USES**

- Expenditures can be made for major expenses such as:
  - Repairs and maintenance
  - Equipment
  - Program enhancements
  - Enhancements to the facility

#### **APPROVAL**

- The Branch Board has final approval if the branch has met the 15% requirement; otherwise the Corporate Finance Committee will have final approval.
- Request for expenditures must be accompanied by a minimum of three bids or quotes.
- Request for payment of expenditures will include:
  - The vendors invoice (statements not accepted) and purchase order.
  - Copy of the minutes giving final approval of the expenditure.
  - Authorized check request.

#### **COMMENTS**

- Unused Operating Reserves are carried forward from year to year in a segregated account in the general ledger.
- Expenses of less than \$500 will not be applied against the operating reserve.
- Before being fully funded, funds can be used for emergency use only as defined by the Corporate Board.
- This reserve is subject to the 15% cash requirement.

## ***WEST VOLUSIA FAMILY YMCA***

### ***MAINTENANCE RESERVE***

***To provide funds for regular or periodic facility repairs not budgeted***

#### **FUNDING**

- A new facility must budget a minimum of 1% of the insured value and will be fully funded by its 5<sup>th</sup> year of operation.
- Fully funded is recognized at no less than 2% of the insured value of the facility or an amount established by the branch board.

#### **USES**

- Equipment-all fixed assets other than land, buildings and improvements, i.e. program equipment.
- Facility-all building (non-leaseholds) and improvements as well as all surface infrastructure type assets such as pool, fields, basketball courts, etc.
- Improvements-additions to facilities or equipment that enhance value or extend estimated useful life.
- Upgrade-an increase in the quality of existing facilities or equipment that extends its useful life, decreases maintenance/operating costs, enhances the level of service, or decreases liability risks/exposure.

#### **APPROVAL**

- The Branch Board has final approval if the branch has met the 15% requirement; otherwise the Corporate Finance Committee will have final approval.
- Request for expenditures must be accompanied by a minimum of three written bids or quotes.
- Request for payment of expenditures will include:
  - The vendors invoice (statements not accepted) and purchase order.
  - Copy of the minutes giving final approval of the expenditure.
  - Authorized check request.

#### **COMMENTS**

- Unused Maintenance Reserves are carried forward from year to year in a segregated account in the general ledger.
- Expenses of less than \$500 will not be applied against the maintenance reserve.
- Before being fully funded, funds can be used for emergency use only as defined by the Branch Board.
- This reserve does not apply to facilities leased outside of the association.
- This reserve is subject to the 15% cash requirement.

## ***WEST VOLUSIA FAMILY YMCA***

### ***JOINER FEE RESERVE***

***To provide funds for facility and equipment enhancements to better serve the members and participants.***

#### **FUNDING**

- The Corporate Board establishes joiner fee rates.
- The rate must be assessed each year for reasonableness given the facility, the community, improvements, etc.

#### **USES**

- **Expenditures can be made for major expenses such as:**
  - Fitness equipment
  - Administrative equipment
  - Renovations to the facility
  - Enhancements of the facility

#### **APPROVAL**

- The Branch Board has final approval if the branch has met the 15% requirement; otherwise the Corporate Finance Committee will have final approval.
- Request for expenditures will be accompanied by a minimum of three bids or quotes.
- The request for payment will include:
  - The vendors invoice (statements not acceptable) and purchase order.
  - Copy of the minutes giving final approval of the expenditure.
  - Authorized check request.

#### **COMMENTS**

- Unused Joiner Fees will be carried forward from year to year in a segregated account in the general ledger.
- Expenditures of less than \$500 will not be applied against the joiner fee reserve.
- This reserve is subject to the 15% cash requirement.

## ***WEST VOLUSIA FAMILY YMCA***

### ***VEHICLE RESERVE***

*To provide funds for major vehicle repairs and replacement*

#### **FUNDING**

- Each branch will establish an amount annually based on current and future repair and/or replacement needs.

#### **USES**

- Expenditures can be made for:
  - Major vehicle repairs and maintenance
  - Multi-passenger purchases

#### **APPROVAL**

- The Branch Board has final approval if the branch has met the 15% requirement; otherwise the Corporate Finance Committee will have final approval.
- Request for expenditures must be accompanied by a minimum of three bids or quotes.
- Request for payment of expenditures will include:
  - The vendors invoice (statements not accepted) and purchase order.
  - Copy of the minutes giving final approval of the expenditure.
  - Authorized check request.

#### **COMMENTS**

- Unused Vehicle Reserves are carried forward from year to year in a segregated account in the general ledger.
- Expenses of less than \$500 will not be applied against the vehicle reserve.
- Before being fully funded, funds can be used for emergency use only as defined by the Corporate Board.
- Vehicle purchases for the purpose of transporting children must be in compliance with all applicable insurance, state and federal laws.
- This reserve is subject to the 15% cash requirement.

## ***West Volusia Family YMCA***

### ***HOME MISSION POLICY***

***To provide funds for programs and community development projects in the branch service area***

#### **FUNDING**

- 5% of current actual membership revenue less Joiner Fee, resale and vending commissions.

#### **USES**

- Community Development Programs
- Seed money for new outreach programs
- Services implemented to improve corporate strategic plan priorities.
- Special one-time events (i.e. Teen Rally).

#### **APPROVAL**

- The Branch Program Committee must approve staff request for funding allocations and be stated in the committee minutes.
- Request to fund allocations from the reserve must have Branch Board approval and have prior Program and Finance committee acceptance as stated in the minutes.
- Program allocations should be requested prior to budget approvals.
- Allocations for existing programs will be approved based on prior financial history and justification of the need for continued funding.

#### **COMMENTS**

- Unused Home Mission Reserves are carried forward from year to year in a segregated account in the general ledger.
- This reserve is subject to the 15% cash requirement.

## **WEST VOLUSIA FAMILY YMCA**

### **CAPITAL DEBT RESERVE**

*To provide funds for both the monthly servicing of debt financing and the reduction of capital debt.*

#### **FUNDING**

- Branches will allocate a flat monthly dollar amount. The dollar amount will be based on the membership fee increase over 2005 rates times an estimated 8,700 members. As of 05/2006, that allocation amounts to:
  - DeLand \$119,016 per year - \$9,918 per month
  - DeBary / O.C. 93,960 7,830
  - Deltona 100,224 8,352
- In times when the YMCA has incurred capital debt, branches will cease funding the 3% Operating Reserve. Instead, Branches will allocate a flat monthly dollar amount based on an estimate of 3% of revenue less United Way.

#### **USES**

- Disbursements shall be made for reduction of debt principle and / or interest payments on any outstanding capital debt.
- Disbursements shall be made for any debt acquisition costs or other soft costs related to the incurring of capital debt.

#### **APPROVAL**

- All disbursements must be approved by the Corporate Board.
- All changes in funding must be approved by the Corporate Board.

#### **COMMENTS**

- Branches may continue funding all other reserves during times of incurred capital debt.
- Unused Capital Debt Reserves are carried forward from year to year.
- When all capital debt is retired, excess Capital Debt Reserves shall be transferred to Branch Operating Reserves.

*Approved by the Corporate Board 08/09/06*

## ***INVESTMENT POLICIES***

***The Corporate Investment Committee will monitor cash and equivalents of the entire Association in a prudent manner.***

### **Cash and Equivalents**

- Include unrestricted, temporarily and permanently restricted assets.
- Stated at cost and include cash on hand, amounts in banks, mutual funds and all highly liquid investments with a maturity of 90 days or less when purchased.
- Investments held in marketable securities are stated at their fair values; gains and losses are recorded on the books in compliance with SFAS No. 124 “Accounting for Certain Investments Held by Not-for-Profit Organizations.

### **Investment Objectives**

- To invest idle funds that exceed no less than 90 days projected cash requirements to maintain sufficient liquidity for day to day operations.
- To provide safety of principal and interest.
- To generate a market rate of return that will protect the purchasing power of the funds deposited consistent with the restriction placed on the investment.
- The investment portfolio shall at all times reflect sound investment practices; including adequate diversification, limiting the Association’s exposure to changing interest rates, and consideration of current and anticipated economic conditions.
- Determine suitable investments for the organization considering liquidity, rate of return, safety, avoiding those not consistent with the Organization’s mission of Spirit, Mind and Body.