**Board-Designated Reserves & Special Purpose Funds**

**Board-Designated Operating Reserve**

The purpose of this fund is to help ensure the long‐term financial stability of the organization and position it to respond to varying economic conditions.

ACVB will maintain a Board‐Designated Operating Reserve to achieve the following objectives:

1. To enable the organization to fulfill contractual obligations with the City of Augusta and major vendors, and continuously carry out programs essential to its mission;

2. To enable the organization to sustain operations through delays in payments of committed funding and to accept reimbursable contracts and grants without jeopardizing ongoing operations;

3. To promote public confidence in the long‐term sustainability of the organization by preventing cash flow crises that can diminish its reputation and force its leaders to make expensive short‐term, crisis‐based decisions during times of economic uncertainty;

4. To create an internal line of credit to manage cash flow and maintain financial flexibility.

The target for the reserve is six months of essential operating expenses including, but not limited to rent, advertising and promotion, and human resources.

The reserve level will be reached by adopting an operational budget that includes a projected surplus sufficient to grow the Reserve Fund to its targeted reserve level over the next x years. A portion of fund balances, interest revenue and excess revenues may also be added to the Operating Reserve on an annual basis.

**Board-Designated Special Purpose Funds**

The Board of Directors may designate additional funds to plan for long-term projects critical to the mission of the CVB which can include, but are not limited to, specific programmatic, organizational or infrastructure needs. The funds may also enable the organization to accept reimbursable contracts or grants without jeopardizing ongoing operations. These funds can be accounted for separately in the internal financial statements, but the board’s decision to create the fund merely reflects its desire to set aside this money for future projects, obligations or opportunities. ACVB will account for board-designated funds as current assets on the statement of financial position. A statement of activity for board-designated funds may be included with the financial statements below-the-line as supplemental information.

Board-Designated Special Purpose Funds include:

Convention Development Fund – This temporary fund may provide a financial incentive to convert tentative, qualified “city-wide” conventions/events to confirmed definite bookings. Conventions and groups must use the new exhibit space. The marketing committee will be responsible for developing qualifying criteria. This fund was created with the balance of pre-opening marketing funds and will be closed once funds are depleted.

Visitor Center Capital Fund – This fund will provide a ready source of finances for building acquisition, design, development, leaseholds, improvements, furniture, fixtures and equipment necessary for the effective operation of a new Visitor Center and programs.

Capital Asset Fund – This fund is intended to provide a ready source of finances for repair or acquisition of leasehold improvements, furniture, fixtures and equipment necessary for the effective operation of the organization and programs.

Special Projects / Opportunity Fund – This fund is intended to provide finances to meet special targets of opportunity or need that further the mission of the organization.

**Use of the Board‐Designated Operating Reserve & Special Purpose Funds**

A. Operating Reserve, Visitor Center Capital Fund, Capital Asset Fund

Necessary usage of these funds shall be at the discretion of the President/CEO, the Finance Committee or the Board of Directors. With the exception of temporary transfers for operations and items approved in the budget, the President/CEO can approve a draw‐down of up to $3,000. The majority vote of the Finance Committee can approve the draw-down of up to $10,000. A draw-down over $10,000 requires a majority vote of the full Board of Directors.

Should the Finance Committee or the Board of Directors find it necessary to use Operating Reserve funds, bringing the balance under the targeted reserve level, the balance must be restored as funds are available. If the Operating Reserve remains less than the targeted reserve level for two consecutive years, the Board of Directors, in the absence of any extraordinary circumstances, will adopt an operational budget that includes a projected surplus sufficient to rebuild the Reserve Fund to its targeted reserve level over a planned number of years.

B. Convention Development Fund, Special Projects / Opportunity Fund

Necessary usage of these funds shall be at the discretion of the President/CEO and the Finance Committee. Time is of the essence in winning bids for conventions and seizing opportunities. With the exception of items approved in the budget, the President/CEO can approve a draw-down of up to $3,000. A draw-down of over $3,000 requires a majority vote of the Finance Committee.

**Policy**

All funds described above are considered reserved and restricted. The financial statements will reflect all current funds. The Finance Committee will review this policy every three years, or sooner if conditions warrant.

Adopted October 17, 2013.