



WHEREAS, the Ohio Water Environment Association (OWEA) is a 501(c) 3 Organization and a Member Association (MA) of the Water Environment Federation (WEF); and

WHEREAS, OWEA collects and holds funds in investment accounts as one component of responsible financial practice,

WHEREAS, a portion of funds held as investments may be purposed for future capital expenses such as equipment and other expenses deemed appropriate by the Board, and

WHEREAS, it is good managerial and financial practice to allocate a second portion of funds held as investments an “emergency reserve” to be used during periods of financial duress and shortfall, from an unanticipated interruption in cash flow to the organization, usually as a failure of a conference or major event, and

WHEREAS, it is important to quantify the amount of the emergency reserve funds to make sure that the correct amount of money is set aside in accordance with a specific formula,

THEREFORE, OWEA has adopted the following policy and procedure:

POLICY AND PROCEDURE

1. The emergency reserve is intended to be a safety net to avoid it entering into financial crisis from the loss of significant revenue, usually as a result of a sudden cancellation or failure to execute. Specific examples of interruptions to the revenue stream include unexpected loss or revenue from major conference, through failure to perform or Acts of God, such as what happened during the aftermath of September 11, 2001
2. The emergency reserve fund shall be defined to allow OWEA to operate for a minimum period of one year without major changes to its current organizational structure. It shall be understood that upon failure of a significant event, the Board shall take appropriate remedial actions to restore or recover all or a portion of its revenue stream as soon as is possible and reduce expenses where possible. Specific strategies for restoring its revenue stream shall be determined by the Board.
3. The amount of money in the emergency reserve fund shall be generally determined by the Board upon recommendation of the delegates and no less frequently than every two years.
4. The emergency reserve fund shall be computed in the context of the overall health of the organization and in conjunction with the annual budget, anticipated capital expenses, and size of investment portfolio. Considerations shall also be made on the performance of the investment fund.



Reserve Calculation

1. Include one year of normal operating expenses for OWEA for 2012. This will keep the office running and allow the organization to pay normal operating expenses.
2. Do not include expenses for the Annual Conference, since neither revenue will be produced nor expenses will be incurred.
3. Add lost or punitive costs from cancellation of the Annual Conference. It should be understood that not all money will be lost, as some activities can be cancelled within a few weeks with little penalty incurred.
4. Add deposits (or penalties) for rescheduling its Annual Conference for a “make up” late that year.
5. This would be an estimate of the total RESERVE needed by OWEA to sustain itself through a fiscal emergency.
6. It must be assumed that OWEA will take reasonable steps to mitigate losses, by rescheduling its conference for another time. OWEA may pay a premium for doing this, but it can be part of a mitigation plan.