

4.0 Reserves Funding Policy:

4.1 Reserves are funded from the Association's operating cash flow determined using the Association's annual audited financial statements.

4.1.1 Operating cash flow is defined as "the excess of revenue over/(under) expenses plus depreciation and amortization."

4.1.2 The annual operating cash flow funds amount, adjusted by Capital related Fees & Expenditures, shall be transferred to Reserves to fund:

4.1.2.1 The Repair Replacement requirement: industry standard for a strong Reserves is one set between 70-100%, and

4.1.2.2 New Capital requirements: for the addition or modification of a major Capital Asset.

4.1.3 The Capital related Fees & Expenditures adjustment shall include Asset Preservations Fees (as defined in Policy Fi 17) net of Capital Expenditures including Club Funded Capital and the change in the Capital Encumbrance amount.

~~4.1.3~~ 4.1.4 Funds shall be transferred as soon a cash flow amount is determined, but no later than the end of December following approval of the transfer by the Governing Board.

4.2 All expenditures from Reserves shall be approved as part of the Annual Financial Plan or upon Governing Board approval of Capital as authorized in the bylaws.