



## Irish Judo Association - General Reserve Policy

The purpose of the General Reserve Policy for the Irish Judo Association (IJA) is to ensure the stability of the mission, strategic plan, employment, and ongoing operations of the organisation. The General Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The General Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development or investment in infrastructure or equipment.

General Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the IJA for General Reserves to be used and replenished within a reasonably short period of time. The General Reserve Policy will be implemented in conjunction with the other governance and financial policies of the IJA and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

## Definitions and Goals

The General Reserve Fund is defined as a designated fund set aside by action of the Board of Directors. The minimum amount to be designated as General Reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The General Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum Operating Reserve Fund is equal to twelve months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes some expenses, such as one-time or unusual, capital purchases. The amount of the General Reserve Fund target minimum will be calculated each year after approval of the annual budget, reported to the Board of Directors, and included in the regular financial reports.

## Accounting for Reserves

The General Reserve Fund will be recorded in the financial records as Board-Designated General Reserve. The Fund will be funded and available in cash or cash equivalent funds. General Reserves will be amalgamated with the general cash and investment accounts of the organisation.

## Funding of Reserves

The General Reserve Fund will be funded with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for General Reserves. Examples may include, but not limited to, one-time gifts or bequests or special grants.

## Use of Reserves

Use of the Operating Reserves requires three steps.

### 1. Establishing the Need to use funds.

The Honorary General Treasurer will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy.



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This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

## 2. Authority to use General Reserves.

The Honorary Treasurer will submit a request to use General Reserves to the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The organisation's goal is to replenish the funds used within twelve months to restore the General Reserve Fund to the target minimum amount. If the use of General Reserves will take longer than 12 months to replenish, the request will be scrutinised more carefully. The final authority for the use of General Reserve funds is vested in the Board of Directors.

## 3. Reporting and monitoring.

The Honorary General Treasurer is responsible for ensuring that the General Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of General Reserve funds, the Honorary general Treasurer will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Board of Directors of progress to restore the Fund to the target minimum amount.

## Relationship to Other Policies

The IJA shall maintain the following board approved policies, which may contain provisions that affect the creation, sufficiency, and management of the General Reserve Fund.

- Financial Policy
- Budget Policy

## Review of Policy

This Policy will be reviewed every three (3) years, at minimum, by the Finance Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Finance Committee to the Board of Directors for approval.

**Issue date:** 31<sup>st</sup> August 2024

**Review date:** 31<sup>st</sup> August 2027

**Signed:** Sylvia O'Flynn

A handwritten signature in black ink, appearing to read 'Sylvia O'Flynn'.