

CF0 Report to the Finance Committee

Net Asset Reserve Policy

Nov. 17, 2020

PURPOSE

To provide directors with a draft Net Asset Reserve Policy and to seek finance committee approval to recommend the policy to the executive committee for approval by the board of directors.

OVERVIEW

Management presented to the committee for discussion at the Sept. 17th meeting the recommendation to amend the Operational Reserve Policy to better reflect the purpose of retaining a net asset reserve. The rationale for changing the policy is to better reflect the purpose for maintaining a reserve fund.

The CNA is a member supported organization with the majority of its revenue generated from membership fees. The operations are contingent on the continued support of the members. If the membership determines that it is not in their best interest to continue supporting the organization, then the board may determine that it must wind up the operations.

The purpose of the Net Asset Reserve Policy is to ensure the organization has sufficient net asset available for an orderly windup including ongoing operations for a period of three (3) months and discharging of all outstanding liabilities.

Attached as Appendix A is a draft of the Net Asset Reserve Policy for the committee's review and discussion.

MOTION

That the finance committee approve for executive committee recommendation and board approval that the CNA Operating Reserve Policy be repealed, effective Dec. 4, 2020, and replaced with the CNA Net Asset Reserve Policy.

NEXT STEPS

The following policies will be presented for review at the Dec. 3rd finance committee meeting:

- Cash management Policy
- Investment Policy



- Capitalization and Amortization Policy

APPENDICES

- **Appendix A** – Net Asset Reserve Policy