



POLICY 6.07

FINANCIAL MANAGEMENT

Reserves and Investments

POLICY INTENT

To provide guidelines for the maintenance of AUSU Reserves and Investments to ensure that funds are used effectively.

POLICY RESPONSIBILITY

Council

POLICY

Definitions

6.07.01 In this Policy, the following terms have the following meanings:

Reserves — the current running total of surpluses from the annual budget. Reserves are divided into two categories: unrestricted and internally restricted. Neither category is descriptive of specific bank or investment accounts. Reserves are balance sheet items.

Unrestricted Reserves — any amount of the reserves that have not been assigned to a specific project or task and are used for the operations of AUSU as provided for in the operating budget.

Internally Restricted Reserves — any amount of the reserves that council has designated for a specific reason or project. (For example: The contingency reserve, the projects reserve, The Voice Magazine Reserve, and operational contingency reserves for expenses such as legal, leasehold improvements, and staff searches).

Investments — any amount of the reserves that is being held in an investment portfolio rather than in regular bank accounts.

Investment Advisor — any individual appointed by council with either a CFA certification or who is working in that capacity at a major financial firm.

Investment Policy Guidelines — investment portfolio recommendations as set out by the investment advisor and as adopted by council .

Reserves

- 6.07.02 AUSU will strive to use membership fees in a way that benefits those whom the fees have been collected from.
- 6.07.03 Internally Restricted Reserves and funds restricted by policy are so designated by a motion of council. Recommendations on internally restricted reserves may be made by the finance committee or the executive committee.
- 6.07.04 The executive director will maintain a worksheet that details the makeup of Internally Restricted Reserves, and includes applicable council motions, the amounts of funds transferred, purposes of funds, and the dates that council approved the reserve transfers.
- 6.07.05 Internally Restricted Reserves are not to be used to fund the annual operating budget of AUSU without a specific motion of council.
- 6.07.06 AUSU will maintain a minimum of \$360,000.00 in an internally restricted contingency reserve to ensure that the organization has adequate funds in the event of unexpected costs or unexpected fluctuations in revenue.
 - 6.07.06.01 In the event that unexpected costs or unexpected fluctuations in revenue necessitate the use of any of the contingency reserves and they fall below their minimum amount, AUSU will put together a financial plan to ensure the contingency reserves are rebuilt to the minimum as soon as possible.
 - 6.07.06.02 Use of funds from the contingency reserves will require a two thirds majority vote of council.
 - 6.07.06.03 The minimum value to be maintained in the contingency reserve may be reviewed during the annual audit by the executive committee, with consultation from the auditor. Any recommendations made shall go to council for approval.
- 6.07.07 Unrestricted Reserves can be used as council sees fit while following policy 6.05 Financial Management - Expenditures.

Investments

- 6.07.08 The executive committee, in consultation with the finance committee will create a council approved investment policy guidelines document with the assistance of an investment advisor. The philosophy of the investment policy guidelines document shall be focused on capital preservation while ensuring both financial return and socially responsible investing practices are promoted.
- 6.07.09 AUSU will keep the majority of its reserves invested, with a minimum amount remaining in the operating account in order to not impede cash flow activity.

- 6.07.10 The executive director is charged with managing cash flow and, with a motion from the executive committee, will arrange for the deposit or withdrawal of funds through the investment advisor, ensuring that signing authority in policy 6.05 is followed, in such a way as to not impede the operating activity cash flow or incur unnecessary fees.
- 6.07.11 The executive committee will meet semi-annually, at minimum, with the investment advisor to review the performance of AUSU's investments and ensure that the investment plan is being followed.
- 6.07.12 Any changes to the investment policy guidelines document, or withdrawals or deposits into the investments will be reported to council within 5 business days and included in the monthly executive director report.
- 6.07.13 If the finance committee feels that the current investment advisor is unable to meet the criteria set out in AUSU's investment plan, the committee may put together a proposal to council to change investment advisors that includes the following:
- a) detailed reason for the change;
 - b) details on how alternate investment advisors were sought;
 - c) detailed information on three alternative investment advisors; and
 - d) a recommendation, including reasoning, on one of the three alternatives.
- 6.07.13.01 Any decision to change investment advisors must be made by motion of council with a 2/3 majority vote.
- 6.07.14 To ensure that no conflicts of interest arise, AUSU will obtain an annual statement of independence from their investment broker.
- 6.07.15 AUSU will ask all staff and councilors annually to disclose any conflicts of interest with regards to AUSU's investment holdings or investment advisor.

RELATED REFERENCES, POLICIES, PROCEDURES AND FORMS

This Policy References

AUSU Policy 6.05 Financial Management – Expenditures
AUSU Policy 7.02 Member Services – Scholarships, Awards, and Bursaries Program

This Policy is Referenced by

AUSU Policy 6.01 Financial Management – General Financial Management
AUSU Policy 6.06 Financial Management - Oversight

Forms

Internally Restricted Funds Tracking Form

POLICY HISTORY

Original Approval Date: May 7, 2007

Last Review Date: April 2021

Review by Date: November 2022