

Bath County Arts Association (BCAA)

Cash Management Policy

I. Purpose

The following policies govern the management of bank accounts by the BCAA and outline the purposes for which withdrawals may be made from the reserve fund.

II. General Operating Fund

The BCAA maintains a bank account for the deposit of cash. These assets may include receipts from art shows, events, memberships, and other revenue producing activities. In addition, the deposits include cash donations and other funds received to support the day-to-day operations of the BCAA. These funds are "General Operating" funds and are to be held as insured bank deposits and drawn upon as needed to pay wages, bills, expenses, etc. Other deposits include funds received in the form of gifts or grants from individuals, foundations, corporations or government agencies for specific projects and activities.

III. Reserve Fund

The BCAA will establish a Reserve Fund in the amount of 200% of the average of the last three annual operating budgets. This amount is to be maintained and operated with the following guidelines.

- A. This fund is to be used only as deemed necessary to cover costs associated with needs not included in the BCAA's annual operating budget. It is anticipated that these will be primarily new grants or expenses that are not in the budget but time sensitive.
- B. Any withdrawal from the Reserve Fund must be approved by the Board except for amounts up to \$1,000 which may be approved by a majority of the Executive Committee. If such action by the Executive Committee occurs, the Board of Directors will be notified within 24 hours. If the BCAA receives any reimbursement, from insurance coverage, legal action, or other sources, previously covered by a withdrawal from the Reserve Fund, the funds will be returned to the Reserve Fund.
- C. The funds may be placed in guaranteed certificate of deposits as determined by the Treasurer and the Finance Committee. These will be invested in multiple banks to maintain full insurance by the Federal Deposit Insurance Commission (FDIC).
- D. The balance of the Reserve Fund shall be reported to the Board of Directors by the Treasurer at every meeting of the Board.