

STABILITY RESERVE FUND POLICY

1. Purpose

Ringette Canada strives to achieve a balanced budget each fiscal year. This policy establishes required reserves and restricted funds to ensure that sufficient funds are available to maintain stable and continuing operations of the organization.

2. Background

Ringette Canada is a National Sporting Organization (NSO), whose operations rely on funding from Sport Canada, its Members and Participants, as well as event participation and sponsorships. A material reduction in expected revenues or an unexpected material (large) expense could threaten the ability of Ringette Canada to sustain operations.

3. Definition

A **stability** or operating **reserve** is a level of funds required to sustain the operations of Ringette Canada on an interim basis, in the event of unexpected financial demands, or sudden loss of revenues or increased costs.

4. Stability Reserve Fund

A **Stability Reserve** Fund shall be established and maintained for the purpose of reducing risk and ensuring continuity of operations. The target balance of the Fund will equal the average annual amount of core funding from Sport Canada over the five previous fiscal years. This is an approximation of the minimum amount needed to run Ringette Canada programs for one year, if Sport Canada funding is not received, permitting time to obtain other sources of funding without adversely affecting its members and participants.

Ringette Canada's Stability Reserve Fund will take the form of a restricted fund in the net assets (equity) statement of the organization's financial statements. Funds may be drawn from the Stability Reserve Fund only upon authorization by the Board of Directors, upon a recommendation by the Audit and Risk Committee that:

- A material loss of income and/or a material expense has been incurred or is imminent; and,
- The stability or continuity of Ringette Canada operations are at risk without recourse to the Stability Reserve Fund.

Funds in the Stability Reserve will be highly liquid and take the form of Guaranteed Investment Certificates issued by a Canadian bank, with terms to maturity of one year or less.

Ringette Canada's approved annual operating budget will include as an expense a transfer to the Stability Reserve Fund in the amount needed to raise the Fund balance to its target level, to a maximum amount of \$50,000 in any year.

The Board of Directors may also allocate any realized annual operating surplus as an additional contribution to achieving the target balance of the Stability Reserve Fund.

Any interest income from investments held in the Stability Reserve Fund will be first allocated to raising the Fund balance to the target level. To the extent interest income is not required to raise the Fund balance to the target level, interest income from the Fund may be used in Ringette Canada's general revenues.

5. Authority Assignments

Ringette Canada's Board will determine the criteria for which any excess reserves or restricted funds are able to be used. In determining stability reserve fund targets, Ringette Canada's Board shall acknowledge:

- Ringette Canada's future funding requirements, including any anticipated capital expenditure or long-term projects, and
- that increases in stability reserve funds will need to be funded through the generation of operational surpluses.

6. Policy Implementation and Related Procedure Documents

The implementation and review of the Stability Reserve Fund Policy is the responsibility of the Audit & Risk Committee (ARC).

Ringette Canada's ED will report reserve fund amounts and use of reserve funds during the fiscal year on the cadence specified in the Financial Policy.

This Policy is subject to review at least once every three (3) years.

Date of last review: August 2023

The publication of Ringette Canada policies will be in the English and French languages. In the case of conflicting interpretations, the English version will prevail.