

	<p>Policy No.:</p> <p style="text-align: center;">11</p>	<p>Approval Date: July 25, 2012</p> <p>Created: 11 March 1997</p> <p>Last Reviewed: July 19, 2012</p>
<p>Title:</p> <p style="text-align: center;">Reserve Fund Policy</p>		
<p>Background & Purposes:</p> <p>Where possible the Association sets aside a portion of its revenue in Reserve Funds.</p> <p>The purpose of these funds is to cover extraordinary expenses, as follows:</p> <p>Contingency Reserve Fund: fees for legal processes, arbitration, and negotiation; purchase of office equipment, costs of moving premises and tenant improvements; and other unpredictable or non-cyclical expenses;</p> <p>Dissolution Reserve Fund: the dissolution of the Association in terms of staff salaries and benefits and outstanding expenses.</p>		

Each year a portion of the surplus earned after all operational expenses have been covered may be designated as “Appropriated Funds”, and placed in each of the Reserve Funds. The amount put into each Reserve Fund will be recommended by the Treasurer in consultation with the Finance Committee, and approved by the Executive Board for recommendation to the membership. This practice will be continued until the amount which AAPS wishes to maintain in each of the Funds has been appropriated. Appropriated funds will be invested in keeping with the Association’s Investment Policy. The interest from the Contingency Reserve Fund will be paid into the Association’s general account, and this amount will be included in the surplus at the end of each year which will be considered for appropriation to the Reserve Funds.

Expenditures from the Funds:

Expenses incurred by arbitration will need advance approval of the Executive Board. Other annual extraordinary expenses in amounts exceeding \$10,000 will need advance approval of the general membership, to be obtained at a General Meeting.

Explanatory notes:

A portion of the Contingency Reserve Fund covers fees for legal processes, arbitration, and negotiation.

Arbitration would arise from a grievance, which is a claim by AAPS or the University that there has been a violation of the collective agreement. The decision to proceed to arbitration would be made by the Executive Board, and would be based on established criteria and policies.

A limit on arbitration expenditures is not appropriate based on the following reasons:

- AAPS' legal obligations might require AAPS to go to arbitration despite any imposed financial limit;
- Any limit would be arbitrary and might impose inequity depending on when a case came in during the financial year; and
- It would generally be impossible to give the membership enough details on which to base a vote without violating confidentiality.

The Dissolution Reserve Fund has a target minimum goal of \$300,000. The main purpose of this reserve is to defray obligations to staff members should the Association be dissolved. This money comes from surpluses, is reviewed annually, and reflects at least twelve months of salary of staff, lease and other operating obligations.