



September 13, 2021

TO: Columbia Association Board of Directors
Lakey K. Boyd, President/CEO

FROM: Susan Krabbe, Vice President and CFO

CC: Lynn Schwartz, Director of Finance/Treasurer
Members of the Senior Leadership Team

SUBJECT: Revision to the Emergency Cash Reserves Policy to Remove Two-Thirds Majority Language

In April 2021, the CA Board of Directors approved CA's first Emergency Cash Reserves Policy. The policy as drafted and approved incorrectly included requirements for two-thirds majority votes by the CA Board for certain actions. The attached policy document shows the removal of the two-thirds majority requirements as tracked changes.



Columbia Association Inc.

Emergency Cash Reserves Policy

I. Purpose

The purpose of the Emergency Cash Reserves policy is to build and maintain an adequate level of cash reserves to help ensure the long-term financial stability of Columbia Association (CA) and to position CA to respond to varying economic conditions and changes affecting CA's financial position and its ability to continuously carry out its mission for the community.

CA will maintain the Emergency Cash Reserves to achieve the following objectives:

- > To maintain day-to-day operations to the extent feasible in the event of unforeseen, immediate and otherwise unsurmountable shortfalls. The Emergency Cash Reserves are not intended to replace a permanent loss of revenue or subsidize an ongoing budget gap.
- > To promote community confidence in the long-term sustainability of CA by preventing catastrophic cash flow crises that could diminish CA's reputation and force the leaders of the organization to make expensive, short-term crisis-based decisions.

This policy will be implemented in conjunction with CA's other financial policies and is intended to support the goals and strategies contained in those related policies and in strategic and operational plans and budgets.

II. Definition and Goals

The Emergency Cash Reserves are defined as the designated cash set aside by action of CA's Board of Directors (Board), at the recommendation of CA staff.

A lower and upper funding level range shall be proposed by CA senior management to the CA Board for consideration and approval in conjunction with the adoption of CA's budget. CA senior management will conduct a detailed review of the Emergency Cash Reserves at least once every three years.

III. Accounting for the Emergency Cash Reserves

The Emergency Cash Reserves will be recorded in CA's accounting system and financial statements as board-designated cash reserves. The Emergency Cash Reserves will be maintained and invested in accordance with CA's Board-approved investment policy. It is not required that the Emergency Cash Reserves be physically segregated in a separate bank account although CA senior management may decide to do so.

IV. Funding of the Emergency Cash Reserves

The Emergency Cash Reserves will be established initially by cash generated from operations and financing activities in FY 2021. The CA Board may, from time to time, direct that a specific source of revenue be set aside for the Emergency Cash Reserves. For

example, sources may include one-time grants, proceeds from the sale of assets, or a portion of greater than anticipated revenue.

V. Authority to use the Emergency Cash Reserves

The authority to access and use the Emergency Cash Reserves requires approval in advance by a ~~2/3~~ majority of the CA Board.

VI. Reporting and Monitoring

The President/CEO is responsible for ensuring that the Emergency Cash Reserves are maintained and used only as described in this policy. CA's Audit Committee and Board will monitor the status of the Emergency Cash Reserves as a part of CA's fiscal year-end reporting practices and procedures.

The President/CEO will maintain records of the Emergency Cash Reserves and will provide regular reports to the Audit Committee and the CA Board, including progress to get the Emergency Cash Reserves to the target minimum amount, and then to restore to the target minimum amount following a draw-down.

Changes to the Emergency Cash Reserves funding level may be proposed by the President/CEO to the CA Board for their deliberation. If there is to be a reduction in the Board-approved funding level, such a decision must be approved by a ~~2/3~~ majority of the Board.

VII. Review of Policy

Senior management will review this policy every three years at minimum, or sooner if warranted by internal or external events or changes. Changes to the policy will be recommended by CA senior management to the Board and approved by a ~~2/3~~ majority of the Board.

***Approved by the Columbia Association Board of Directors April 22, 2021.
Revised in May 2021 to remove the two-thirds majority language)
Revision approved by the Columbia Association Board of Directors _____***