

**NATIONAL ASSOCIATION OF HEALTH UNDERWRITERS
POLICY & PROCEDURES**

POLICY TITLE:	Board-Designated Operating Reserve
CLASSIFICATION:	Finance
POLICY NUMBER:	12-01-F
DEPARTMENT COORDINATOR:	Finance
MOTION:	Ryan Thorn
DATE APPROVED:	June 20, 2012
SUNSET:	2018

PURPOSE: To ensure that NAHU has sufficient financial strength to fulfill its mission and to ensure the long-term financial stability of the organization.

POLICY: Sufficient reserves should be available to meet short term operating requirements, provide for a shortfall in revenue and prepare for an unexpected economic downturn.

PROCEDURE(S): Reserves will be defined as Total Net Assets. The Finance Committee will provide the Board with a Reserve Status Report as part of the annual budget process. The report will present current and projected reserve status based on the above definition.

The target amount to be attained for the Board-Designated Operating Reserve will be 25% of annual operating expenses of the current year budget, or about 3 months of expenses on average. In the event the operating reserve balance is less than the targeted level, the Board of Trustees will make every effort to approve a budget which will increase this balance.

FINANCIAL IMPACT: Minimal; possible accounting expenses for review by auditor.