

Reserve Policy

Radio Amateur Satellite Corporation

*Keeping Amateur Radio in Space and
the Next Generation reaching for the Stars*



Purpose

The purpose of the Reserves Policy for the Radio Amateur Satellite Corporation (“AMSAT”) is to ensure the stability of the mission, programs, services, and ongoing operations of the organization and to provide a source of internal funds for organizational priorities such as program opportunity and capacity building.

The Reserves Policy will be implemented in concert with the other governance and financial policies of AMSAT and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

Definitions and Goals

Operating Reserve

The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of AMSAT for Operating Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve Fund is defined as a designated fund set aside by action of the Board of Directors. The minimum amount to be designated as Operating Reserve will be established in an amount sufficient to maintain ongoing operations and programs measured for a set period of time, measured in months. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to both internal and external changes.

The target minimum Operating Reserve Fund is equal to three months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as fundraising, processing fees, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation.

The amount of the Operating Reserve Fund target minimum will be calculated each year after approval of the annual budget, reported to the Board of Directors, and included in the regular financial reports.

Opportunity Reserve

The Opportunity Reserve is intended to provide funds to meet special targets of opportunity or need that further the mission of the organization which may or may not have specific expectation of incremental or long-term increased income. The Opportunity Reserve is also intended as a source of internal funds for organizational capacity building such as staff development or research and development that will build long-term capacity. The target amount of the Opportunity Reserve will be determined by the President and Treasurer.

Accounting for Reserves

The Reserve Funds will be recorded in the financial records as Board-Designated [XXXX] Reserve. The Funds will be funded and available in cash or cash equivalent funds. Reserves will be commingled with the general cash and investment accounts of the organization.

Our mission is to design, build, and operate experimental satellites and promote space education. We work in partnership with government, industry, educational institutions, and fellow Amateur Radio societies. We encourage technical and scientific innovation and promote the training and development of skilled satellite and ground system designers and operators.



AMSAT

Funding of Reserves

The Operating Reserve will be funded with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for Operating Reserves. Examples could include one-time gifts or bequests, special grants, or special appeals.

The Opportunity Reserve will be funded with occasional special designations made by the Board of Directors.

Use of Reserves

Use of the Reserves requires three steps:

1. Identification of appropriate use of reserve funds.

The President and Treasurer will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be needed and replenished.

2. Authority to use reserves.

Authority for use of Reserves is delegated to the President in consultation with the Treasurer. The use of Reserves will be reported to the Board of Directors at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and plans for replenishment to restore the Reserve Fund to the target minimum amount. The President must receive prior approval from the Board of Directors if the Reserves will take longer than 12 months to replenish.

3. Reporting and monitoring.

The President is responsible for ensuring that the Reserve Funds are maintained and used only as described in this Policy. Upon approval for the

use of Reserve Funds, the Treasurer will maintain records of the use of funds and plan for replenishment, if required. The Treasurer will provide regular reports to the Board of Directors of progress to restore the Fund to the target minimum amount, if required.

Relationship to Other Policies

The Treasurer shall maintain the following board-approved policies, which may contain provisions that affect the creation, sufficiency, and management of the Reserve Fund.

- Financial Policy
- Investment Policy

Review of Policy

This Policy will be reviewed every other year, at minimum, by the Treasurer, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Treasurer to the Board of Directors.