



POLICY STATEMENT: GENERAL OPERATING FUNDS

CASH MANAGEMENT POLICY

Policy Effective Date: August 16, 2010
(Approved by Trustees)

Revision History: Original

CASH MANAGEMENT POLICY

Introduction - The Board of Trustees of The American Orchid Society (AOS) has determined that establishing a cash management policy is important to the operation of the Society for the stability and flexibility it can provide. Adequate funds must be readily available to meet the normal operating expenses of the Society and ensure continued unencumbered operations.

This policy sets forth the guidelines to be followed by the Society for the prudent management of general operating funds.

AOS receives annual revenue from membership dues and other sources. These revenues are received unevenly during an operating year. Since operating expenses are incurred more evenly over the entire fiscal year, general operating account balances may alternate between shortfall and excess balances.

Sufficient Excess amounts of operating revenue that are not needed to support current operations shall be placed in timed interest bearing instruments until such time as needed.

Shortfall shall be covered first from the timed interest bearing instruments, and 2nd from a line of credit.

Annual budgeting shall include line items for repayment of any outstanding loans to the extent that there is net profit before depreciation and not to exceed any positive cash flow.

Purpose - The purpose of the timed interest bearing instruments is to realize interest earnings on funds not immediately needed for operations while preserving principle.

Management - The Director of Administration and Membership will have responsibility for determining the amounts to be maintained in general operating accounts to fulfill the



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payroll and other financial obligations of the Society. Any excess funds may be used to purchase timed interest bearing instruments.

Funds may be held in FDIC insured money market accounts or certificates of deposit only. Certificate of deposit(s) may have a maximum duration of a year or permit withdrawal with penalties.

Authorization for Use – The Director of Administration and, when present, is the only authority to purchase timed interest bearing instruments. In his absence, any other person who has check signing authority may purchase them.

Approved by the Board of Trustees
Amended: to change authorities

August 15, 2010
February 23, 2017