

Title:	Reserves and Endowments Policy	Related Policies:	All Financial Polices
Number:	2.6	Related Procedures:	
Status:	<b>Approved</b>	Adopted:	1-23-10
Owner:	P. Holloway - Board Treasurer	Accounting:	
Last Revised:	11-21-09	Legal:	FCS COI, O.C.G.A., BoardSource
<b>Policy Detail</b>			

### Operating Reserve

The financial objective of Amana Academy is to establish a financial reserve to provide for 1.2 months of operating income. The board needs to authorize any disbursements from this fund. The funds for the reserve fund will come from the surplus from operations, or the net operating excess for each fiscal year.

### Cash Flow Management

Amana Academy designated financial officer will be responsible for managing Amana Academy cash flow and for communicating anticipated distributions and liquidity requirements in a timely manner to Amana Academy consultant and/or investment advisors who are managing investments.

### Endowment Funds

- Description. Endowed funds usually require that the principal of the fund remains intact and the income is paid out.
- Investment Objective. Preservation of principal to allow distribution of income for designated uses
- Authority. These funds shall be invested in the same manner as board-designated reserves, and paid out according to the terms of the endowment.
- Amana Academy may establish an unrestricted endowment fund to support the general purposes of the organization. The principal is to be invested in a prudent manner in accordance with the investment policy as prescribed from time to time by the board, and the income (defined as total return income) is to be used to support the organization's general purposes.
- Amana Academy may allow the creation of named endowments to recognize a donor and his or her wishes.

The board, or its designated committee, shall retain the right to dissolve Amana Academy endowments and use the principal for general purposes or for the restricted purposes contained in each endowment when, in the board's discretion, the purposes of the endowment can no longer be met or the organization's needs may so require.

The endowment fund shall annually distribute an amount equal to 5% of the fund's average value as calculated in this paragraph. The distributions shall be made quarterly in an amount equal to 1.25% of the calculated distribution value. The distribution value is the average of the fair market value of the fund as of the close of each of the preceding 4 calendar quarters. The fund's market value shall be based upon all assets in the fund including principal and retained income, adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the quarter. The distributions shall be made promptly following the close of each quarter. To the extent that it may legally do so, the organization shall interpret this policy as satisfying a gift provision that calls for retaining principal and distributing income.