

Reserve Fund Policy



Section	Date	By-Law Number	Page	Of
The Muse	June 21, 2023	72-2023	1	3
Subsection	Repeals By-Law Number		Policy Number	
Reserve Fund	N/A		MU-01-12	

Introduction/Purpose:

1. The purpose of this policy is to ensure the stability of the mission, programs, and ongoing operations of The Muse: Lake of the Woods Museum and Douglas Family Art Centre.

The Muse has a number of restricted reserve funds, presently:

- a) Heritage Fund - Established for Museum acquisitions and conservation work, comprised of funds donated from the private sector.
 - b) Exhibit and Collection Fund - Established to support Museum exhibitions and collections, comprised of funds donated from the private sector.
 - c) Operating Reserve Fund - Established to supplement The Muse's operating budget, comprised of funds that were surplus operating funds that accumulated in prior years.
2. The purpose of this policy is to outline the nature of the various reserve funds, to ensure their prudent use, and to define the decision-making process regarding the expenditure of Reserve Funds.
 3. This policy should be ready in conjunction with the Muse Investment Policy.

Definitions:

4. Reserve Funds are funds set aside in separate savings or investment accounts, and expenditures may be permitted provided expenditures are within the scope of the approved purpose of the specified Reserve Fund and in compliance with the approval process defined in this policy.
5. Reserve Funds are not intended to replace the permanent loss of funds or eliminate an ongoing budget gap.

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Accounting

6. Funds will be recorded in the financial reports as Board Designated reserve funds. Each will be maintained in a segregated bank account or investment fund.

Funding:

7. The Reserve Funds may be funded with restricted or unrestricted donations or surplus operating funds. The Board may, from time to time, direct that a specific source of revenue be set aside for reserves. This may include one-time gifts or bequests, special grants or special appeals.

Use:

8. The following restrictions have been placed on each of the funds:
 - a) Heritage Fund is for the acquisition and restoration of museum artifacts.
 - b) The Exhibit and Collection Fund is for the collection and display of museum artifacts.
 - c) The Operating Reserve Fund is to provide additional support to general fund operations of future periods.
9. Expenditures of these funds must be consistent with the purpose of the reserve, specifically to support acquisitions, exhibitions/collections and operations.
10. Expenditures of these funds will occur, when approved, for planned future projects, unexpected events or extraordinary expenditures that exceed what has been approved in the operating budget or capital budget.

Authority:

11. Expenditures are subject to The Muse Board approval.
12. The Director will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve fund as described in this policy. The Director shall present an analysis of the reason for expenditure request, the availability of any other sources of funds before using reserves, the effect on the reserve fund balance, and an evaluation of the time period that the funds will be required and replenished.

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3. The Muse Board shall:
 - a) Consider the short, medium and long term forecasts for the balance of the reserve fund in relation to other planned expenditures, anticipated donations and fundraising plans;
 - b) Consider if a targeted fundraising campaign is an option to fund the expenditure rather than an expenditure from Reserves;
 - c) Consider the impact of any expenditure on the reserve fund(s) with a focus on responsibly managing reserve fund expenditures to permit the long term sustainability, renewal, and relevancy of The Muse in a manner consistent with the Strategic Plan;
 - d) Ensure that reserve funds are not depleted below a level that jeopardizes The Muse's ability to comply with its Mission and Strategic Plan;
 - e) Ensure that reserve fund balances do not exceed a reasonable amount.

14. The Muse Board may establish additional restricted reserve funds, with the resources available from private sector donations, bequests, or operating surplus, upon Board motion, and must clearly define the purpose and use of the funds.

Review of Policy:

15. The Reserve Fund Policy shall be presented by the Director to The Muse Board for review at a minimum of every three years.