

ASNT RESERVES POLICY

1.0 Purpose

This policy provides guidelines for establishing and maintaining adequate reserve levels or net assets to sustain ASNT through potential economic downturns or unforeseen scenarios that ASNT might encounter and to provide a source of internal funds for organizational priorities such building repair and improvement, program opportunity and capacity building.

2.0 Scope

The policy applies to ASNT Staff, ASNT Board of Directors and ASNT Business and Finance Committee.

3.0 References and Related Documents

3.1 *ASNT Bylaws*

3.2 **ASNT Policy F-02** - Investment Policy

3.3 **ASNT Policy J-05.10** - Business and Finance Committee

4.0 Definitions

4.1 Operating reserves are defined as net assets designated by action of the Board of Directors for contingencies and unplanned losses. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

Opportunity reserves are defined as net assets designated by action of the Board of Directors to provide funds to meet special targets of opportunity or need that furthers mission of ASNT.

“Restricted Funds” shall mean the asset value of the fund that must be exceeded before any withdrawals are allowed.

5.0 Policy

5.1 Amount of Operating Reserves

5.1.1 The amount to be designated will be sufficient to maintain ongoing operations and programs for a set period of time. The set time period will be based upon the recommendation of the Business and Finance Committee to the Board of Directors.

5.1.2 The amount of the operating reserves will be calculated at the end of each fiscal year based on the closing fiscal year operating costs. Any amount needed to increase the operating reserves will come from undesignated net assets. Excess amounts, if any, will be returned to undesignated net assets.

5.2 Accounting and Funding of Operating Reserves

The operating reserve will be recorded as a Board of Directors Designated Operating Reserve. The reserves will be commingled with the general cash and investment accounts of ASNT and invested according to ASNT's investment policy. The adjustment to the amount of the reserves shall be based upon the calculation, recorded at the end of fiscal year and reported to Board of Directors and Business and Finance Committee as part of the financial report.

5.3 Use of the Operating Reserves

International Service Center will identify the need for access to operating reserve funds and confirm that the use is consistent with the purpose of this policy and submit a request to use the fund to Business and Finance Committee. The request will include the reason for the shortfall, the availability of funds before using the reserves and estimation of the time that the funds will be required and replenished. The Business and Finance Committee will review and recommend the request to Board of Directors. The Board of Directors must approve the request prior to use of the reserves funds. Upon approval of the use of the reserves funds, International Service Center will maintain records of the use of the fund and the plan for replenishment and provide regular reports to Board of Directors and Business and Finance Committee.

6.0 Amount of Opportunity Funds

6.1 The initial amount of Board of Directors "restricted funds" is set at \$10,000,000. This fund shall be increased each year by a minimum of 1% starting on July 1 of each year starting July 1, 2017.

6.2 Accounting and Funding of Opportunity Fund

6.2.1 The amount of the restricted fund will be recorded as a Board of Directors designated fund in the balance sheet.

6.2.2 The reserves will be commingled with investment accounts of ASNT and invested according to ASNT's investment policy. The adjustment to the amount of the reserves shall be based upon the calculation, recorded at the end of fiscal year and reported to Board of Directors and Business and Finance Committee as part of the financial report.

6.3 Use of the Opportunity Reserves

International Service Center will identify the need for access to “Restricted Funds and confirm that the use is consistent with the purpose of this policy and submit a request to use the fund to Business and Finance Committee. The request will include a business case including payback and recovery metrics. The Business and Finance Committee will review and recommend the request to Board of Directors. Withdrawals from principal of the “restricted funds” shall require a vote from two-thirds of the ASNT Board of Directors. Upon approval of the use of the reserves funds, International Service Center will maintain records of the use of the fund and the plan for replenishment and provide regular reports to Board of Directors and Business and Finance Committee.