



RESERVE ACCOUNTS

Board-Designated Reserves

The purpose of Reserves is to help ensure the long-term financial stability of the organization and position it to respond to varying economic conditions or unplanned strategic opportunities.

VEP will maintain a Board-Designated Reserve to achieve the following objectives:

1. To enable the organization to always fulfill contractual obligations with vendors, and continuously carry out programs essential to its mission;
2. To promote public confidence in the long-term sustainability of the organization by preventing cash flow crises that can diminish its reputation and force its leaders to make expensive short-term, crisis-based decisions during times of economic uncertainty;
3. To create an internal line of credit to manage cash flow and maintain financial flexibility due to the seasonality of VEP's funding.
4. To allow the organization to take advantage of strategic opportunities that may present themselves, without jeopardizing ongoing operations.

The targeted reserve is 15% of the annual operating expenses, which does not include the 6E Passthrough funds.

TABOR Reserves

Governmental entities in Colorado, including Special Districts like the Estes Park Local Marketing District, must set aside an amount of money in reserves equivalent to 3% of their fiscal year spending.

USE OF RESERVES

Board-Designated Reserves

Necessary usage of these funds shall be at the discretion of the CEO and the Board of Directors. With the exception of temporary transfers for operational cash flow needs and items approved in the annual operating budget, the CEO can approve a draw-down of up to \$25,000 per occurrence, as occasionally time is of the essence when seizing opportunities. Utilization of reserves spent in this manner must be reported at the next board meeting. A draw-down over \$25,000 requires a majority vote of the Board of Directors.

TABOR Reserves

TABOR can only be used for declared emergencies such as natural disasters or public health pandemics. Revenue shortfalls or changes in the economy do not qualify as an emergency. In the event a qualifying event occurs, usage of these funds shall be at the discretion of the Board of Directors.

REPLENISHMENT OF RESERVES

Board-Designated Reserves

Should the Board of Directors find it necessary to utilize Reserve funds, the balance must be restored as funds are available. A portion of general fund balances, interest revenue, and excess revenues may also be added to the Reserve on an annual basis. If the Board-Designated Reserve remains less than the targeted reserve level for two consecutive years, the Board of Directors, in the absence of any extraordinary circumstances, will adopt an operational budget that includes a projected surplus sufficient to rebuild the Reserve to its targeted reserve level over a planned number of years.

TABOR Reserves

If the TABOR Reserve is utilized, it must be restored per the requirements of Article X, Section 20 of the State of Colorado constitution.