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**TABE Financial and Liquidity Policy**

TABE is a not-for-profit organization governed under Ontario’s Not-for-Profit Corporations Act, 2010 (ONCA)[[1]](#footnote-1). The Board of Directors has agreed that TABE should operate itself in a prudent, sustainable and solvent manner. As such, the Board agrees to adopt a prudent financial and liquidity policy to ensure this. Specifically, this means the Board will run its operations in a manner such that its projected annual revenues are sufficient to cover TABE’s annual fixed expenses, the cost of planned events, any incidental interest costs resulting from its operations and allow for sufficient liquidity to cover any unexpected or unforeseeable revenue / expense shortfalls.

**Financial Policy**

TABE must use funds to deliver on its purposes which are to:

* Provide a forum for discussion of business economics and related subjects
* Promote the study of business economics in the Greater Toronto Area
* Provide a link between members of the corporation and the Canadian Association of Business Economics (CABE)
* Accept donations, gifts, legacies and bequests and to do all things necessary or desirable for the attainment of the foregoing objects

Over the course of its activities, TABE can realize an unexpected surplus/shortfall of revenues over expenses from its activities in any given year. Any surplus must be used solely to further the purposes of the corporation. The Board will determine the best way to allocate it for the following Programming years that is consistent with the purposes of TABE. This could mean:

* Allocating funds to fully fund or replenish the required liquidity reserve to the agreed prescribed level.
* Organizing additional in-person members-only event that TABE will pay wholly or partly for. For instance, this could mean a winter or summer marquee event.
* Organize an in-person event to promote TABE to students and early career starters interested in business economics.
* Other events or uses as agreed upon by the Board.

If there is an unanticipated deficit, the Board will use its mandated liquidity reserve fund (see below) to address the shortfall and take remedial steps to:

1. correct such imbalance in the following year; and
2. replenish its liquidity reserve to its agreed upon and prescribed level.

Spending Limits

Also, the Board of Directors has found it prudent to put in place spending limits which will be subject to prescribed approval limits to better manage expenditures for individual events or other initiatives. The limits are as follows:

* Up to $499: Requires the approval of either the President or the Treasurer.
* $500-$1,999: Requires the approval of both the President and the Treasurer.
* Over $2,000: Requires the approval of the Board of Directors.

**Liquidity Reserve**

The Board agrees to establish and maintain a liquidity reserve sufficient to cover TABE’s fixed expenses (such as fees for the Operations Manager), plus any interest costs and bank fees incurred in the normal course of TABE’s business on any revolving credit facility (such as the credit card) for an extended period of time. Given the current state of TABE’s finances, **it is agreed that the prescribed prudent level for the liquidity reserve fund should be $40,000.**

The TABE Treasurer may invest TABE’s funds only in Canadian Dollar-denominated, CDIC-insured deposits for a term of:

* Up to one year if the deposit is not cashable (sometimes referred to as term deposits); or
* Longer than one year if the deposit is cashable within one year (sometimes referred to as cashable GICs).

Effective terms exceeding one year require prior TABE Board approval.

The objective of investing TABE’s funds in such deposits would be to allow TABE to earn interest income that can be used to offset future TABE expenses while maintaining access to the liquidity should it be needed to meet any aforementioned fixed expenses or an unexpected shortfall in revenues.

This Financial and Liquidity Policy and associated spending limits, will be reviewed annually and can be amended upon a vote of the Board of Directors.

**Other Financial Institution Accounts**

TABE may only maintain Canadian Dollar-denominated accounts and deposits up to amounts which are CDIC-insured. The list of CDIC member institutions can be found here: <https://www.cdic.ca/your-coverage/list-of-member-institutions/>.

1. As a not-for-profit, activities are strictly for purposes that do not include any financial gain of the members or the benefit of for-profit organizations such as business corporations. [↑](#footnote-ref-1)