



### **Financial Reserves and Designation of Annual Net Income**

1. The Academy will maintain at least 6 months of operating reserves (\$365,000 as of 2023) in the AAFP pooled funds account.
2. Reserves exceeding the 6 months of operating income may be held in the AAFP pooled funds account and may be used as directed by the WAFP Board of Directors.
3. The Finance committee is responsible for recommending to the board the distribution of all or part of the net income generated annually. The amount of net income will be determined at the time of the annual accountant review and is made up of investment income and excess income over revenue. The finance committee will develop a guideline to allocate the net income (investment income and operating net income) after the accountant review of the previous year.
4. Consideration for the distribution of prior year net income could include:
  - WAFP-Foundation Endowment,
  - Current fiscal year projects for both the Academy and Foundation,
  - Marketing efforts,
  - Other special requests from the Academy or Foundation.
  - Reducing annual meeting fees for members
5. The finance committee will consider the current and projected investment return climate in determining allocation amounts.
6. The finance committee may, if warranted, recommend allocation of more than the net income from the prior year as long as a minimum of six months of operating reserves is preserved.
7. Both the Academy Board and Foundation Board may make requests or recommendations to the Finance committee for the annual allocation of net income or other funds.
8. The Finance committee will forward recommendations annually to the WAFP executive committee and board prior to the board meeting following the annual account review.

**Board approved 10/7/2023**