

FINANCIAL POLICY

Adopted: 26-Aug-2012
by the Executive Board

Revised: 04-Oct-2014
by the Executive Board

1.0 Purpose; General Provisions

1.1 The North American Vexillological Association / Association nord-américaine de vexillologie is a nonprofit organization that is operated exclusively for scientific, educational, and charitable purposes, with a specific purpose of promoting vexillology as the scientific study of flags. Fiscally responsible policies ensure that working capital is available to underwrite programs and activities that further these nonprofit purposes. The Executive Board recognizes that these policies support a financially vital organization, so that expended capital can be replenished, the Association's capability can be enhanced, the eroding effects of inflation can be offset, new technologies can be adopted, services can be expanded, and the Association can be protected against financial harm due to recessions or other uncontrollable situations.

1.2 The Association's tax-exempt status is predicated on its service to vexillology as a whole—not on the provision of benefits exclusively to its own members. Accordingly, the Association's activities, publications, and services will be available to members and non-members. Reasonable differences in pricing must be used, however, since member dues provide a foundation for all the Association activities.

1.3 All funds earned under the auspices of the Association, including any activity of the Association, are part of the assets of the Association.

1.4 No Association member, director, officer, employee, committee member, or any other private individual shall receive at any time a share of the net earnings or pecuniary profit from the operations of the Association. This prohibition shall not prevent the payment to any such person of reasonable compensation for services rendered to the Association in fulfilling any of its purposes, as defined by the Association's governing documents and Executive Board policies.

2.0 Dues and Subscriptions

2.1 The Association's dues should be set at a rate which will at least cover the Association's basic publications and administrative costs at the current membership numbers.

2.2 Compared to dues for Active membership, dues should be higher for Organizational membership and lower for Associate membership.

2.3 Subscription rates for publications should equal the amount set for Active membership dues.

2.4 Dues should change as necessary to cover the costs of increased services and inflation/deflation.

3.0 Budgeting

3.1 The Budget Committee proposes the annual budget as provided under the Association's bylaws for review by the Executive Board.

3.2 An annual budget should:

(1) be an accurate reflection of the Association's programmatic and capital expenditure goals for the coming year; and

(2) reflect reasonable estimates of expenditures that do not exceed reasonable estimates of expenditures.

3.3 Actual annual surpluses shall be returned to the Association's reserves; actual annual deficits will be paid from the Association's reserves.

3.4 The reasonable estimates for income from, and expenditures for, annual meetings should balance each other so that the net surplus or net loss for the meeting equals US\$0.

3.5 If possible, awards and grant programs should be funded by designated contributions, either current or accumulated in segregated funds.

3.6 A moderate contingency of up to 10 percent of the annual estimate of membership dues should be budgeted to provide the Executive Board fiscal flexibility during the year.

3.7 Planned extraordinary expenditures should be funded either by designated contributions or draws on reserves.

3.8 Extraordinary expenditures should be included in the annual budgeting process subject to member approval.

4.0 Reserves

4.1 The Association's reserves represent accumulated deficits and surpluses from all prior years.

4.2 The Association will retain a reasonable amount of funds in reserve to provide for unforeseen adverse circumstances. The accumulation of excessive reserves may result in the Association's tax-exempt status being jeopardized or the Association being deemed as organized primarily for business purposes.

4.3 The minimum amount held in reserves should be an amount equal to twice the prior year's membership dues.

4.4 The minimum amount should be held in a segregated bank account, invested for income.

4.5 Amounts above the minimum amount are available and should be used for program expenses, special projects, and planned extraordinary expenditures, following the annual budgeting process.