

Indiana Pressler Memorial Chapter of HFMA

Cash Reserves

Approved: October 5, 1997
Revised: October 15, 2008
October 5, 2005

DEFINITION:

This policy defines the level of cash reserves that the Board of Directors and National believes should be the minimum level of cash reserves for the Chapter as determined by the Chapter Balanced Score Card monitored by National HFMA.

POLICY:

It is policy of the Board of Directors that the minimum level of cash reserves maintained by the Chapter be established at 400 days of cash on hand. This minimum target level is based on the All Chapter Average of Days Cash on Hand provided by National HFMA.

Days cash on hand is defined as cash divided by the average daily operating expenses, excluding depreciation.

The Chapter will maintain a minimum of 180 days cash on hand in the Chapter checking account, a money market account, or short-term certificates of deposit.

Cash reserves in excess of 180 days cash on hand will be used to invest in the Chapter and to take advantage of opportunities to improve Chapter services to its Members.

This policy will be reviewed annually in conjunction with updated information published by National HFMA.

The amount of cash reserves (400 days of expenses) will be reviewed and adjusted on a semi-annual basis using the prior six months' expenses as a basis.