



RESERVE ACCOUNT POLICY

(as approved at April 11, 2002 board meeting)

1. The purposes of the Reserve Fund are:
 - 1.1. To cover short or long term funding shortfalls in advance of anticipated revenues as approved by the Board of Directors
 - 1.1.1. The funding shortfall outlined in section 1.1 cannot cause the Reserve Fund to fall below the minimum level outlined in section 2.1
 - 1.2. To cover the operational and staff expenses in the event of a decision by the Board of Directors to close down the VIDEA office
 - 1.3. The Reserve Fund should be able to cover the staff and operational expenses for a period of three months. This shall include, at the minimum, coverage of rent, utilities, staff salaries and Revenue Canada remittances for a period of three months
2. The minimum amount to be held in the Reserve Fund will be determined by the Board of Directors
 - 2.1. As of this date, the minimum amount to be held in the Reserve Fund will be \$5,000.
 - 2.2. When the Reserve Fund reaches the level set by the Board of Directors in section 2.1, the Board of Directors must meet within one month's time to approve a plan to deal with the shortage of funds.
3. The Board of Directors will set the maximum amount in the Reserve Fund.
 - 3.1. As of this date, April 1, 2002, the maximum amount to be held in the Reserve Fund will be \$75,000.
 - 3.2. When the Reserve Fund reaches the level set by the Board of Directors in section 3.1, the Board of Directors must meet within one month's time to approve a plan for the use of the excess funds and to reduce the Reserve Fund to the maximum level within six months.
4. Withdrawals or transfers from the VIDEA Reserve Account (number 15000456723) at Coast Capital Savings can only occur with the approval of the VIDEA Board of Directors. This approval must be recorded in the minutes of a Board meeting. The minutes will reflect:
 - 4.1. The amount transferred
 - 4.2. The purpose of the transfer
 - 4.3. The schedule to reimburse the Reserve Account if such reimbursement is the intention of the Board.
5. Purposes for which transfers may occur are:
 - 5.1. To relieve short-term cash flow requirements of VIDEA operations.
 - 5.2. Short-term investments in Guarantee Investment Certificates or similar secure investment. The amount and the period of investment will be approved by the Board and recorded in the minutes of a meeting.
 - 5.3. To balance VIDEA finances in the event of a revenue short fall in a given year.