

Kansas Hospital Association
Reserve policy
August 19, 2008

The Kansas Hospital Association is a dues-based organization where approximately 60% of its budget is met through the assessment of dues to the hospitals of Kansas. To provide the financial resources for KHA to maintain its high level of member service, KHA shall maintain Cash Net Assets in reserve as indicated below.

1. Cash Net Assets shall be defined as Unrestricted Net Assets less Unrealized Gain/Loss on investments and Investments in Subsidiaries and Fixed Assets.
2. Cash Net Assets should be no less than six and no more than twelve months of the operating budget.
3. The KHA audit committee shall review the Cash Net Assets at least annually and advise the KHA board and KHA staff as to any steps necessary for corrective action.
4. The audit committee may recommend that the board take the following corrective actions for Cash Net Assets of less than six months:
 - i. Dues formula change/increase
 - ii. Reduction of budgeted expenses
 - iii. One-time membership assessment
 - iv. Dividend request of subsidiaries
 - v. Other actions as deemed necessary
5. The audit committee may recommend that the board take the following corrective actions for Cash Net Assets of more than twelve months:
 - i. Dues formula change/reduction
 - ii. Increase in annual activity for membership
 - iii. One-time projects for membership benefit
 - iv. One-time dues rebate/reduction
 - v. Contribution to KHERF
 - vi. Other actions as deemed necessary