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1. PURPOSE:

- 1.1. In order to ensure that CHES can survive any significant operating challenges, CHES retains a certain amount of earnings. Retained earnings must be within financial regulations. Investment of retained earnings shall be handled according to this policy and policy B-5.4

- 1.2. The cumulative/total retained earnings target must not exceed regulations and standards. Generally, the cumulative/total retained earnings target is to have enough funds to bridge CHES should there be a year where the majority of CHES income was interrupted due to unforeseen events (e.g. cancellation of annual conference including loss of deposits and other incurred expenses or penalties, elimination of membership payments, loss of all education revenues, etc.).

2. POLICY:

- 2.1 CHES at the annual budget review will assess and decide a target for cumulative/total retained earnings investment.
 - 2.1.1 The established target will be used to inform annual budget decisions as well as expenditure decisions throughout the year.
 - 2.1.2. Generally, the established cumulative/total retained earnings target will be the maximum of 2 times the total average annual gross CHES operating expense.
 - 2.1.3. Additional retained earnings and reinvestment of existing retained earnings will be as per Policy B-5.4.

3. PROCEDURE:

- 3.1. Throughout the year the established annual target will be used to inform annual budget decisions as well as expenditure decisions throughout the year.
 - 3.1.1. Should the retained earnings investment target be achieved prior to or within the fiscal year, the CHES Board of Directors must discuss adjusting the retained earnings target or review the budget (for previously denied or deferred expenses or additional expenditure opportunities) in light of financial retained earnings regulations/limits.
 - 3.1.2. If the retained earnings investment target is not being achieved within the fiscal year, the Treasurer will make ongoing expenditure decisions (deferral of expenses) or recommendations to the board (to cut expenses) throughout the year to work to achieve the target.
 - 3.1.3. If the retained earnings investment target is not achieved by the fiscal year end, the CHES Board of Directors will discuss during the annual budget cycle the next years target and strategy to achieve the target.

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- 3.2 During or at the end of the fiscal year, if the total retained earnings target is reached or exceeded, the Treasurer and Executive Director will prepare the funds for investment as per policy B-5.4.
 - 3.2.1. If the total retained earnings value is not achieved, the Treasurer and the Executive Director will prepare the available retained earnings for investment.
 - 3.2.2. If the total retained earnings value is exceeded, the approved retained earnings value will be invested and the CHES Board of Directors will be informed of the excess value, and approve any additional investment.