



MARYLAND ACADEMY OF
FAMILY PHYSICIANS

ABLE, RESPONSIVE FAMILY PHYSICIANS SERVING THEIR COMMUNITIES

USE OF FINANCIAL RESERVES & DESIGNATION OF ANNUAL NET INCOME

1. MDAFP will maintain at least 6 months of operating reserves in the AAFP pooled funds account.
2. Reserves exceeding the 6 months of operating income may be held in the AAFP pooled funds account and may be used as directed by the MDAFP Board of Directors.
3. The Finance Committee is responsible for recommending to the board the distribution of all or part of the net income generated annually. The amount of net income will be determined at the time of the annual accountant review and is made up of investment income and excess income over revenue. The Finance Committee will develop a guideline to allocate the net income (investment income and operating net income) after the accountant review of the previous year.
4. Consideration for the distribution of prior year net income could include:
 - MDAFP-Foundation,
 - Current fiscal year projects for both MDAFP and Foundation,
 - Marketing efforts,
 - Other special requests from MDAFP or Foundation.
 - Reducing annual meeting fees for members
5. The Finance Committee will consider the current and projected investment return climate in determining allocation amounts.
6. The Finance Committee may, if warranted, recommend allocation of more than the net income from the prior year as long as a minimum of six months of operating reserves is preserved.
7. Both the MDAFP Board and Foundation Board may make requests or recommendations to the Finance Committee for the annual allocation of net income or other funds.
8. The Finance Committee will forward recommendations annually to the Executive Committee and Board prior to the board meeting following the annual account review.