

POLICY: - PRUDENT RESERVE

Preamble

A Prudent Reserve is both prudent and a reserve. Creation or continuation of such a reserve along with specifically associated Prudent Reserve Investments constitutes prudent financial management. The specific investments made represent a total sum set aside, over and above finance required to cover day-to-day operations, and to meet unforeseen contingencies. These invested funds may be accessed from time to time, under the designated authority of the Finance and Administration Committee, to meet such contingencies.

One way of perceiving a prudent reserve is that sum of money required to be set aside to permit GSO to function effectively for a designated period of time (e.g. 6 months) should all other sources of finance from within the fellowship cease to be received.

A Prudent Reserve is created and administered in conformity with Concept XI with its observation that "*... this is the place where money and spirituality do have to mix, and in just the right proportions'*...along with its requirement of The Finance and Budgetary Committee (NZ. Finance and Administration Committee) to "*...continue to set aside in good times substantial sums to our Reserve Fund.*"

POLICY

"The Prudent Reserve shall be ideally sufficient (**taking into account extraordinary items**) to cover (as nearly as possible to the nearest \$10,000) six months expenses (half the 12 months total, including those offset), with those expenses consisting of the following principal categories as designated in the financial accounts, namely:- Wages - Literature, Administration, Premises, Membership Services, Conferences / Board Meetings, Public Information, and World Service"

ASSOCIATED ADMINISTRATIVE GUIDELINES

1	" The Prudent Reserve level to be reviewed annually by the Board in the first quarter of each new financial year and to be applicable for the whole of that financial year using the final result of the previous financial year as the guideline basis of calculation"
2	Funds to be invested as follows:- <ul style="list-style-type: none">• First \$10,000 for 3 months.• Second \$10,000 for 6 months.

	<ul style="list-style-type: none"> Balance ideally in round \$10,000s for 12 months or more as decided at the annual review.
3	Maturity dates to be 28 March, 28 June, 28 September, 28 December respectively.
4	Interest earned to be payable on maturity for the 3 and 6 months investments and annually on the balance and to be credited directly to the Current Account for general use
5	Any increases or decreases to be ideally in \$10,000 lots.
6	The sum of the Prudent Reserve to be included in the Balance Sheet (as at present) under Accumulated Funds and a separate amount be included in the Assets section under a heading " Prudent Reserve Investments" the sum of which must equal the Prudent Reserve total. The representative investments made to be designated accordingly

NZGSB Policy Decisions

September 2009	Policy adopted
February 2010	Policy amended to reflect that the Policy is based on the previous year's accounts
March 2010	Policy amended to include extraordinary items and to be reviewed in the first quarter of each financial year.
February 2012	Policy amended to clarify re credit offsets in expense section of accounts

Policy Review

February 2010 for April Conference	
February 2012	Approved Prudent Reserve is adjusted to \$60,000. Policy to be reviewed annually.
March 2013	Approved unchanged with annual review.
March 14	Approved unchanged with annual review.
March 15	Approved unchanged with annual review.