

Policy Number -C005 CASH RESERVE POLICY

Purpose: To maintain a cash reserve that ensures financial stability, enabling the Club to meet its operating expenses for a minimum of 3 months and up to 6 months in the event of unexpected financial challenges or emergencies.

It is important and appropriate for our Club to maintain sufficient cash reserves to provide a level of protection against often unforeseen or unplanned reductions in income or increases in operating expenditure. A cash reserve provides the means by which we can respond to such unforeseen circumstances and is an important part of our financial stability and long-term sustainability.

It is important to strike a balance between using existing funds for current operations and ensuring sufficient funds are saved for a “rainy day”.

We have determined an appropriate cash reserves policy after an assessment of the following:

- The nature of contracts in place and current and future liabilities (e.g. funding for specific projects, employment contracts, property and/or equipment leases);
- The existence and level of other funds or saleable investments that can be called upon should a major downturn occur;
- Access to other external funding sources such as a loan if needed, possibly secured over fixed assets such as our buildings;
- The board’s view on the current economic climate and medium term prospects – (generally the less certain and more negative the outlook the greater the reserve);
- Funds required in the future for infrastructure (including equipment e.g. IT), major events member programs and services;
- Compliance issues or legal claims (current or potential) that need to be addressed that may fall outside insurance cover (of which there are none at the time of assessment);
- Racing and track requirements.

Reserve Target: The Club will aim to maintain a cash reserve within the range of \$425,000 to \$850,000, based on current operating expenses. The range represents between 3 and 6 months of operating expenses.

1. **Minimum Reserve:** The Club will maintain a reserve of at least 3 months of operating expenses (\$425,000).
2. **Maximum Reserve:** The Club will strive to build a reserve equivalent to 6 months of operating expenses (\$850,000) to ensure long-term stability and the ability to cover major unexpected expenses or revenue shortfalls.

Review Process: The reserve level will be reviewed annually in conjunction with financial performance, and adjustments will be made to the reserve target as necessary to account for changes in operational costs, revenue patterns or capital expenditure/projects.

Use of Reserves: The reserves will be used only in the following circumstances:

1. **Emergency Expenditures:** Unanticipated expenses related to the maintenance of facilities or urgent operational needs.



Signature

General Manager
Position

Dale Putland

Name

1 November 2024

Date