

SHOALHAVEN BASKETBALL ASSOCIATION

CASH RESERVES POLICY



1. Purpose

The purpose of this policy is to establish guidelines for the maintenance and use of the Shoalhaven Basketball Association (SBA) cash reserves to ensure the long-term financial stability of SBA. It provides guidelines for the maintenance and use of reserves. By following these guidelines, SBA can be better prepared to meet unexpected challenges and to achieve its goals.

2. Definition

Reserves are funds that are set aside by SBA to cover unexpected expenses, contingencies, or capital expenditures.

3. Reserves Goals

SBA will maintain its reserves with the following objectives:

- a. To ensure that SBA has sufficient resources to meet its financial obligations in the event of unexpected expenses or contingencies.
- b. To provide a stable source of funding for planned capital expenditures and to minimise the need for borrowing.
- c. To maintain SBA's financial stability and protect it from financial risks.

4. Reserves Amount

The reserves will be broken down into the following areas:

- a. Maintain a cash reserve to cover 6 months of operating expenses. This is estimated at \$160,000 based on 2022 trading.

Other cash reserves are set aside for:

A further \$160,000 is set aside for capital projects that are related to securing our ongoing operational footprint. This could include:

- i. Direct investment in refurbishment of the Bomaderry Basketball Stadiums.
- ii. Having an SBA clubhouse one day
- iii. Having more courts (outdoor courts potentially)
- iv. Having more options to play basketball in the local area.

5. Reserves Use

The reserves may be used for the following purposes:

- a. To cover unexpected expenses or contingencies that cannot be covered by the association's regular operating budget.
- b. To fund planned capital expenditures, such as the purchase of equipment or improvements to facilities.
- c. To support SBA's ongoing operations during periods of financial hardship or when revenue is temporarily disrupted.
- d. The use of reserves for any purpose other than those listed above must be approved by the SBA Board.

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6. Reserves Management

SBA's reserves will be managed in accordance with sound financial practices and procedures. The reserves will be invested in low-risk, interest-bearing accounts or instruments, subject to the approval of the SBA Board.

7. Reserves Policy Review

The SBA Reserves policy will be reviewed annually by the SBA Board to ensure that it remains relevant and effective in meeting the needs of SBA. Any changes to the policy will be communicated to SBA members.

Policy Number	BO-02
Version Number	1.0
Approved by the Board on	15 May 2023
Review date	May 2024