

# WSA FINANCE REPORT TO SUBUD WORLD CONGRESS 2014

Covering 4 Years from 2010 to 2013

by WSA Treasurer - Hammond Peek

## Mission Statement

To help Subud members understand the finances of the World Subud Association (WSA) by discussing our finances and their implications in a language they can understand.

## 2010 – 2013 Themes

1. **Overview** of last four years
2. **Income** from countries is stable, while enterprise & individual donations have increased
3. **Expenses** have intentionally increased in some areas, while decreasing in others
4. **Net assets** have decreased over the 4 years
5. **Reserves** – a term with many meanings and interpretations
6. **WSA & affiliated bodies**
7. **Achievements & Challenges**
8. **My Recommendations**
9. **Appendices** are at the end for those that love details:
  - 9.1 WSA Income 2010-2013
  - 9.2 WSA Expenses 2010-2013
  - 9.3 WSA Net Assets & Balance Sheet 2010-2013
  - 9.4 WSA Reserves Policy – for ratification at World Congress 2014

## 1. Overview of 4 Very Busy Years

**2010** started off with a hiss and a roar, with the 13<sup>th</sup> Subud World Congress 2010 held in Christchurch, New Zealand. The Congress itself finished with a surplus of about \$146,000

Lots of lessons were learned from that Congress, and at the first full World Subud Council (WSC) meeting held in Great Malvern, England in August the council (roughly 40 people) decided to set up a “World Congress Fund” of \$150,000 to help each succeeding team of World Congress organisers pay for all those considerable initial expenses that have to be paid well before any registration income starts flowing in.

The WSC meeting also decided to adopt a ‘seeding strategy’ in passing the WSA 2010 budget, by putting extra funding into developing the ‘wings’, particularly Culture (SICA), Youth (SYAI) and Enterprises (SESI). Extra money was also given to our Care Support Program (for educational & emergency grants), and to developing our communications, especially the Subud websites.

**2011** saw the ‘seeding’ strategy continue. A big jump in income was seen from our member countries, from Subud enterprises (up from around \$3,000 to \$68,000) and from individuals (up from \$11,000 to \$60,000). The WSA 2011 budget passed at the full council meeting in Rungan Sari, Indonesia gave increases to the International Helper travel budget, SICA, communications, and a new area – to begin publishing Bapak’s volumes in Spanish. A fundraising initiative was established.

The online donation gateway was set up to make it easier for Subud members to donate online to WSA (and it’s many programs) via the ‘Network For Good’ donate button on our websites [www.subud.org](http://www.subud.org) and [www.subudworldnews.com](http://www.subudworldnews.com)



In **2012** we again put more money into SICA, youth (SYAI), zone support and websites. WSA executive salaries were cut back to reduce some of our costs. WSA & MSF (Muhammad Subuh Foundation) embarked on a project to preserve the audio & video recordings of Bapak’s talks via the professional archive company Memnon in Belgium.

A WSA Reserves policy was produced by the Finance Committee and adopted by the council, to be submitted to the 2014 World Congress in Puebla for ratification.

In **2013** Extra funding was allocated to WSA Archives.

WSA agreed to replenish the \$172,000 MSF funds spent on the Memnon project on behalf of WSA, for WSA Archives (as WSA donation levels allow).

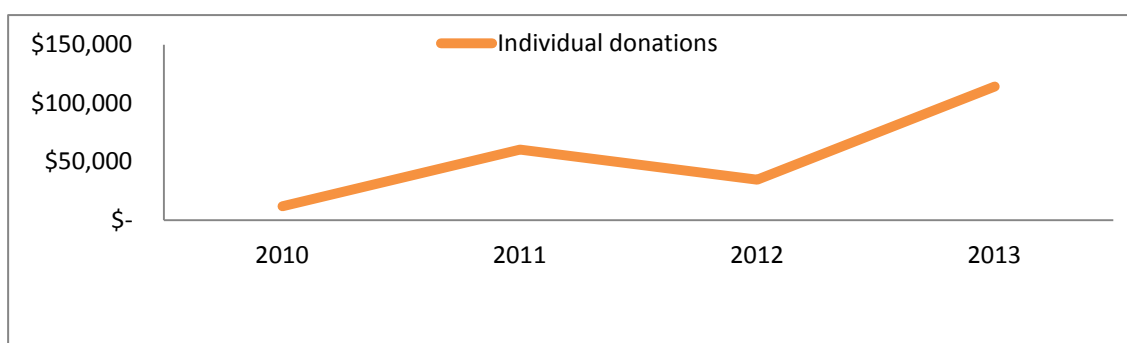
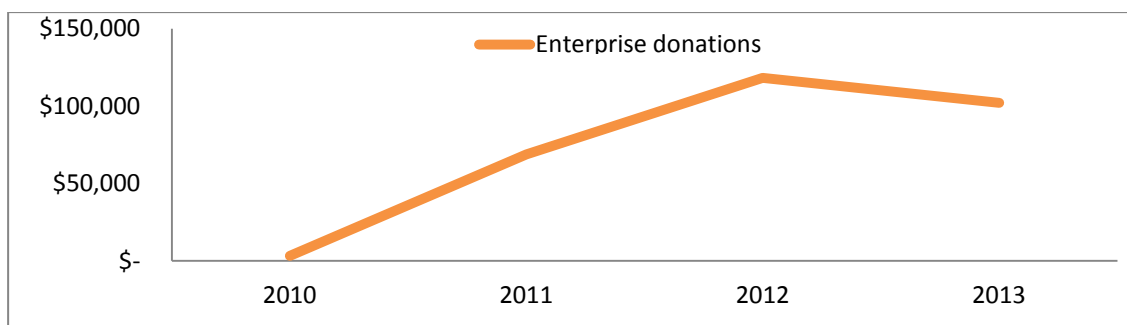
## 2. Income

See Appendix 9.1 WSA Income 2010-2013

All WSA audited annual accounts can be viewed on [www.subud.org](http://www.subud.org) or [www.subudworldnews.com](http://www.subudworldnews.com)  
 This report is purely an overview of our WSA finances over the 4 years 2010-2013.

Income from our member countries & zones was pretty consistent, with improvement from a number of Zones, particularly in South America.

Donations from enterprises and individuals have increased substantially.

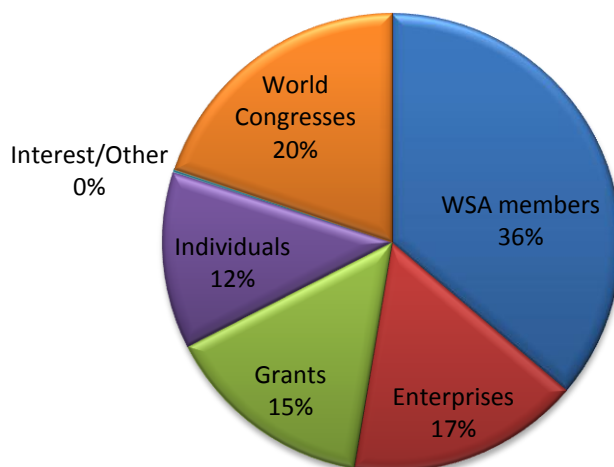


Grants from MSF have decreased as MSF undertook the Memnon preservation project on behalf of WSA Archives. The Guerrand Hermes Foundation for Peace (G.H.F.P.) continues to provide consistent support.

There was a World Congress surplus of \$146,682 in 2010, and the 2013 figures include \$205,852 in registrations for World Congress 2014.

Allowing for the effect of the World Congress 2014 registrations figure of \$205,852 being included in the overall income picture, we get:

## WSA Income 2010-2013



### 3. Expenses

See Appendix 9.2 WSA Expenses 2010-2013

The WSA activities are mostly carried out by a large number of unpaid, voluntary members putting in long hours. We thank you for your unpaid contributions of time and energy.

The annual budget funds Kejiwaan, Media and Human Activity programs, as well as the Supporting Services (executive, administration, communications, meetings, etc). From 2010 through 2012 the council agreed (on my recommendation) to pass budgets that involved spending more than we projected to get in as income. Passing balanced budgets in those 3 years would have meant a drastic cutting back on all WSA programs and services, something we were loathe to do. In each of these years the **actual** budget deficit turned out being less than the deficit **budgeted**.

The council adopted a policy beginning in 2010 to put extra funding into the 'wings' (SICA, SYAI and SESI), as well as to boost international helper travel. By increasing funding to SICA, SYAI and SESI it was hoped that they would grow in strength, and thus be able to develop more of their own financial resources.

SICA has successfully set up their own website [www.subud-sica.org](http://www.subud-sica.org) and now collects direct on-line donations to support some of their activities.

Youth (SYAI) have put in place innovative ways of raising funds to bring as many youth as possible to the Puebla World Congress.

The Archives program has been given extra funding, and the legacy that is the audio & video recordings of Bapak's talks has been digitally re-mastered in line with world-class professional standards.

The international helpers have been able to travel to many countries in their areas, which the local groups visited gratefully acknowledge.

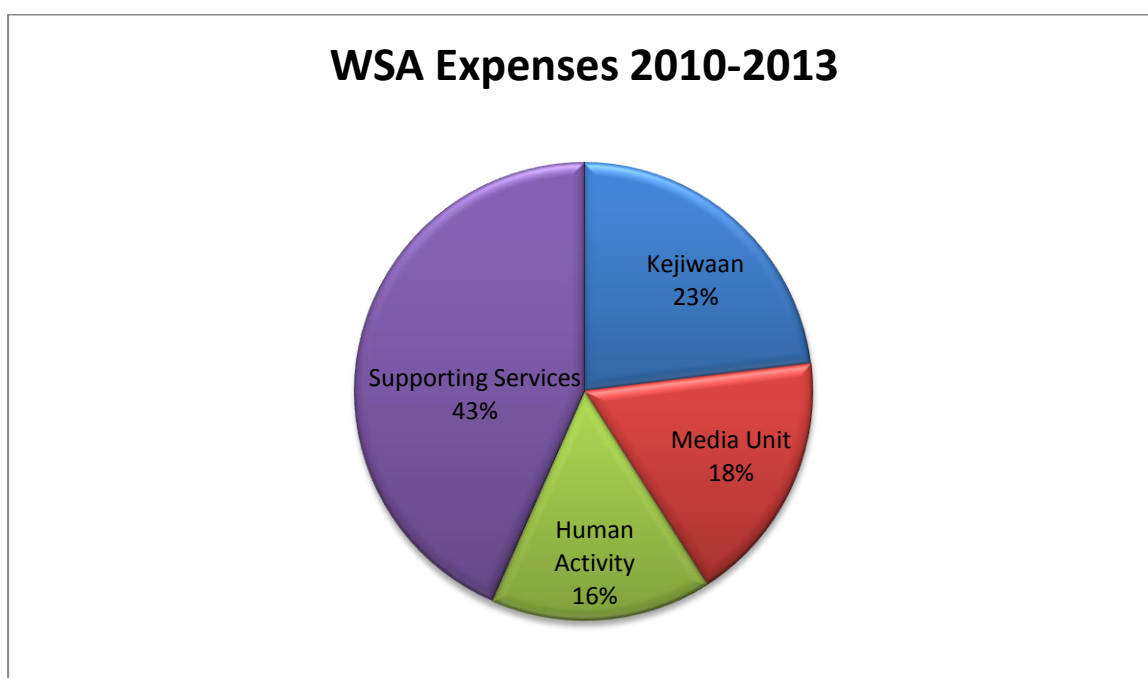
Money was put into improving communications and websites, to better inform members of what is happening in our Subud world.

In 2013 we aimed for a balanced budget by setting a \$140,000 “extra fundraising target”. \$100,000 of this target was raised, and the final result was a small budget deficit of around \$5,000 but an overall accounts surplus of around \$73,000 once the World Congress 2014 income and expenses had been added in.

A large part of the costs for preparing the World Congress 2014 has come from the \$150,000 World Congress Fund set up in 2010. This fund will be repaid from world congress proceeds this year, so that it returns to the original \$150,000 amount, where it will remain until World Congress 2018 needs to access it.

Supporting Services include expenses of the WSA Chair/deputy Chair, the Zone Representative (mostly travel), WSA Executive (remunerations, travel, administration & general), pensions for the widows of the helpers who served in Bapak’s secretariat (these pensions will continue during the widows lifetimes), WSC meetings and World Congress preparations.

\$176,600 (22%) of the Supporting Services expenses below has been spent on World Congress 2014 preparation:



WS Council meetings took place each year. Besides the expenses under Supporting Services, travel expenses for the WSC meetings are also charged to the budget lines of the individual participants.

#### 4. Net Assets

See Appendix 9. 3 WSA Net Assets & Balance Sheet 2010-2013

Net assets have reduced over the 4 years, from around \$547,000 to \$437,000.

There is a tension between ‘building up or maintaining net assets’ (a sound business approach), and spending the money that members have donated, to provide the programs & services for the members, even if that means a deficit result for the year (a charitable service entity approach). In the last 4 years we have generally adopted the approach that the members donate the money for it to be used, not stored away for ‘a rainy day’.

Members will no doubt have many differing views on this, from both ends of this spending approach spectrum.

My view is that WSA is a charitable based service organisation, which gets money in from donations with the intent that this money is to be used to fund its many activities.

MSF (Muhammad Subuh Foundation) is the entity that Bapak set up to hold and build long term assets for Subud.

## 5. Reserves

“Reserves” - what does this term actually mean? The money you keep aside for when things get difficult? Or the funds you have left over at the end of any year, and thus freely available for the next year (whether that be net assets or unrestricted funds)?

Again, this depends on whether you approach it from a ‘business’ approach or a ‘charitable entity’ approach.

Within the WSA balance sheet (See Appendix 9. 3 WSA Net Assets & Balance Sheet 2010-2013)

the Net Assets at the end of 2013 are broken down into four different categories:

• <b>Unrestricted</b> (freely available to be spent)	\$214,766
• World Congress Fund (a designated fund)	\$179,277
• Subud Emergency Fund	\$ 15,672
• Temporarily Donor Restricted (earmarked donations)	<u>\$ 27,992</u>
Total Net Assets	\$437,707

A ‘Reserves’ policy was developed, and then agreed by the council in 2012, to be ratified at the World Congress 2014. (See 9. 4 WSA Reserves Policy – for ratification at World Congress 2014)

The Reserves are currently viewed as the **unrestricted** or “free” funds.

A ‘contingency’ minimum amount to keep aside for ongoing WSA expenses is currently calculated at 12 weeks of budgeted expenses for WSA programs & operations in that year.

Note: Charity law in the UK requires that any income received should be spent within a reasonable period from time of receipt.

## 6. WSA & affiliated bodies

WSA currently has three affiliated bodies: The Muhammad Subuh Foundation (MSF), Susila Dharma International Association (SDIA) and the Subud International Cultural Association (SICA).

WSA approves the annual MSF budget, and MSF audited financial statements are available at [www.msubuhfoundation.org](http://www.msubuhfoundation.org) and their MSF 2013 accounts show MSF has funds of around \$3.3m.

Both SDIA & SICA operate autonomously from WSA. SDIA mostly sources it’s own funding. The only funding it receives from WSA is usually travel costs for the SDIA chair to attend the WSC meeting.

SICA collects it’s own on-line donations, as well as receiving funding from WSA which it put to good use to develop it’s website, build capacity, and for travel costs for the SICA chair to also attend the WSC meeting.

For information on the good work both SDIA & SICA are doing, visit their very helpful websites

[www.susiladharma.org](http://www.susiladharma.org) and [www.subud-sica.org](http://www.subud-sica.org)

In the past an attempt has been made to provide informal consolidated accounts including WSA and all other international Subud bodies. As WSA stands alone as a legal entity, I believe it is wiser here to report just the financial activities of WSA – with some reference to WSA’s three affiliates MSF, SDIA & SICA. If members wish to look at the finances of any other Subud entities, they are at liberty to do so (please refer to [www.subud.org](http://www.subud.org)).

## 7. Achievements & Challenges

### Achievements include:

- Setting up the World Congress Fund of \$150,000 so no other world congress organising team (WCOT) needs to struggle with finding initial funding to cover costs, before the registrations start flowing in.
- the legacy that is the audio & video recordings of Bapak's talks is being preserved to a world-class professional standard
- Subtitling of Bapak & Ibu Rahayu's video talks in English initially, and eventually in 4 other languages
- Fundraising progress both short term (increase in enterprise and individual donations), and long term (setting up an integrated system to accept donations at all levels – still a work in progress)
- Setting up an online donation gateway that has made it easier for Subud members to donate online
- Reserves policy put in place
- Greater support to wings (SICA now has their own website) and more funding for IH travel

### Challenges that I see:

- How to motivate member countries to increase their WSA donations
- Motivating more Subud enterprises and businesses to regularly financially support the work of WSA
- Connecting more with grassroots members to help them clearly understand what WSA does to support them, and how their support for WSA is appreciated and crucial
- Developing more cost effective ways of communicating as a World Subud council
- Repaying MSF the \$172,000 Archives money they spent on behalf of WSA with Memnon on securing Bapak's audio & video talks for future Subud generations
- Funding the considerable ongoing expenses of the WSA Archives
- helping to build MSF's funds

## 8. My Recommendations (for the new World Subud council and World Congress):

1. In the next council term I suggest having a full council meeting only every second year.
2. Tailor personal appeals to particular individuals and enterprises. That will, I believe, result in greater donations
3. Approve the WSA Reserves policy
4. Encourage individual Subud groups & centers who own their properties to make better financial use of those Subud houses and halls
5. Promote MSF more widely to Subud members, as I believe that MSF is the long term 'engine' that will drive Subud forward financially. As MSF builds its funds it will slowly, but eventually, provide (amongst many other things) a very substantial funding base for WSA programs

### And finally, a word of thanks

Elwyn Waugh took over as our new WSA accountant in 2010. He comes with 40+ years experience in many Subud roles, and is a qualified, practising accountant whose support and dedication I have witnessed and enjoyed over the last 4 years. Thank you Elwyn.

Our UK auditors (Thomas Westcott) have given us a clean audit report for the last 4 years. And for the last 10 years the auditors have proposed no changes to our annual accounts... This doesn't happen by accident - it happens because financially WSA has been well managed.

Christchurch June 2014  
Hammond Peek - WSA Treasurer

**WSA FINANCE REPORT TO SUBUD WORLD CONGRESS 2014**

**Appendix 9.1**

**WSA Income 2010-2013 (Audited)** (in US dollars)

Year	2010	2011	2012	2013	Total 2010-2013
<b>WSA member countries:</b>					
Zone 1&2	\$ 18,805	\$ 27,828	\$ 29,540	\$ 31,233	\$ 107,406
Zone 3	\$ 70,201	\$ 73,500	\$ 71,821	\$ 69,853	\$ 285,375
Zone 4	\$ 15,181	\$ 14,633	\$ 15,708	\$ 14,137	\$ 59,659
Zone 5&6	\$ -	\$ -	\$ 582	\$ 1,410	\$ 1,992
Zone 7	\$ 38,598	\$ 43,802	\$ 44,556	\$ 44,061	\$ 171,017
Zone 8	\$ -	\$ 229	\$ 1,348	\$ 475	\$ 2,052
Zone 9	\$ 1,763	\$ 3,517	\$ 3,949	\$ 6,558	\$ 15,787
<b>Total member countries</b>	<b>\$ 144,548</b>	<b>\$ 163,509</b>	<b>\$ 167,504</b>	<b>\$ 167,727</b>	<b>\$ 643,288</b>
Enterprises	\$ 3,254	\$ 68,851	\$ 118,300	\$ 102,188	\$ 292,593
Grants 1	\$ 75,422	\$ 107,743	\$ 50,000	\$ 30,000	\$ 263,165
Individuals	\$ 11,787	\$ 60,184	\$ 34,371	\$ 114,281	\$ 220,623
Interest & Other	\$ 2,389	\$ 1,115	\$ 27	\$ 1,297	\$ 4,828
World Congress 2010 surplus	\$ 146,682				\$ 146,682
World Congress 2014 registrations				\$ 205,852	\$ 205,852
<b>Total Income</b>	<b>\$ 384,082</b>	<b>\$ 401,402</b>	<b>\$ 370,202</b>	<b>\$ 621,345</b>	<b>\$1,777,031</b>
Of which unrestricted	\$ 291,845	\$ 244,014	\$ 304,252	\$ 373,991	\$1,214,102
Of which restricted	\$ 92,237	\$ 157,388	\$ 65,950	\$ 247,354	\$ 562,929
<b>Grants:</b>					
1 MSF	\$ 60,000	\$ 60,000	\$ 50,000	\$ 30,000	\$ 200,000
1 GHFP	\$ 15,422	\$ 18,464			\$ 33,886
1 Other: MSF transfer IYTF balance		\$ 22,689			\$ 22,689
1 Other: various		\$ 6,390			\$ 6,390

**WSA FINANCE REPORT TO SUBUD WORLD CONGRESS 2014**
**Appendix 9.2**

<b>WSA Expenses 2010-2013 (Audited)</b>		(in US dollars)				
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total 2010-2013</b>	
<b>Kejiwaan program:</b>						
Area 1	\$ 25,983	\$ 25,560	\$ 31,139	\$ 33,789	\$ 116,471	
Area 2	\$ 21,181	\$ 40,115	\$ 45,068	\$ 43,148	\$ 149,512	
Area 3	\$ 25,252	\$ 29,158	\$ 26,730	\$ 35,689	\$ 116,829	
Ibu Rahayu	\$ 12,520	\$ 12,520	\$ 12,520	\$ 12,520	\$ 50,080	
<b>Total Kejiwaan program</b>	<b>\$ 84,936</b>	<b>\$ 107,353</b>	<b>\$ 115,457</b>	<b>\$ 125,146</b>	<b>\$ 432,892</b>	
<b>Media Unit program:</b>						
WSA Archives	\$ 32,726	\$ 38,158	\$ 44,009	\$ 56,465	\$ 171,358	
SPI / Translation & Publication of Bapak's talks	\$ 30,000	\$ 30,000	\$ 30,000	\$ 22,302	\$ 112,302	
Publication of Bapak's Volumes in Spanish	\$ -	\$ -	\$ 5,060	\$ -	\$ 5,060	
Translations (WSA+other docs into 5 languages)	\$ 1,570	\$ 3,724	\$ 6,188	\$ 6,964	\$ 18,446	
History of Subud project	\$ 2,500	\$ 9,533	\$ 8,000	\$ 8,000	\$ 28,033	
<b>Total Media Unit program</b>	<b>\$ 66,796</b>	<b>\$ 81,415</b>	<b>\$ 93,257</b>	<b>\$ 93,731</b>	<b>\$ 335,199</b>	
<b>Human Activity programs:</b>						
CSP (Care Support Program)	\$ 14,901	\$ 13,713	\$ 13,450	\$ 16,026	\$ 58,090	
Christchurch Earthquake Fund	\$ -	\$ 26,132	\$ 1,035	\$ -	\$ 27,167	
Japan Tsunami Fund	\$ -	\$ 492	\$ -	\$ -	\$ 492	
Social Welfare/SDIA	\$ 2,166	\$ 4,000	\$ 2,500	\$ 3,000	\$ 11,666	
Culture/SICA	\$ 2,171	\$ 7,000	\$ 15,000	\$ 12,000	\$ 36,171	
Youth/SYAI Travel	\$ 4,539	\$ 6,824	\$ 4,291	\$ 8,162	\$ 23,816	
Youth/SYAI Projects	\$ -	\$ -	\$ 115	\$ 6,117	\$ 6,232	
Intl. Youth Travel Fund	\$ 842	\$ 7,730	\$ 4,580	\$ 1,347	\$ 14,499	
YES Quest	\$ -	\$ 7,000	\$ -	\$ -	\$ 7,000	
Enterprises/SES	\$ 5,656	\$ 3,383	\$ 9,300	\$ 2,870	\$ 21,209	
Health/SIHA	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000	
Support for Zones*	\$ 16,391	\$ 8,719	\$ 1,150	\$ 4,034	\$ 30,294	
Christchurch grant (from WCongress 2010 result)	\$ 18,000	\$ -	\$ -	\$ -	\$ 18,000	
Communication/Websites	\$ 3,857	\$ 2,479	\$ 8,199	\$ 9,502	\$ 24,037	
External Relations	\$ 5,881	\$ 2,779	\$ -	\$ -	\$ 8,660	
Wisma Subud H.P.P.	\$ 1,218	\$ 2,637	\$ 1,066	\$ -	\$ 4,921	
<b>Total Human Activity programs</b>	<b>\$ 75,622</b>	<b>\$ 93,888</b>	<b>\$ 60,686</b>	<b>\$ 63,058</b>	<b>\$ 293,254</b>	
<b>Supporting Services:</b>						
WSA Chair, Dep Chair, Zone Reps	\$ 41,905	\$ 38,168	\$ 27,874	\$ 23,190	\$ 131,137	
WSA Executive (was ISC)	\$ 84,379	\$ 109,062	\$ 75,421	\$ 67,312	\$ 336,174	
WSC meetings	\$ 10,734	\$ 15,642	\$ 47,165	\$ 30,287	\$ 103,828	
Pensions	\$ 16,000	\$ 16,480	\$ 16,976	\$ 17,485	\$ 66,941	
World Congress 2014 preparation	\$ -	\$ 2,500	\$ 46,933	\$ 127,167	\$ 176,600	
<b>Total Supporting Services</b>	<b>\$ 153,018</b>	<b>\$ 181,852</b>	<b>\$ 214,369</b>	<b>\$ 265,441</b>	<b>\$ 814,680</b>	
<b>Total Expenses</b>	<b>\$ 380,372</b>	<b>\$ 464,508</b>	<b>\$ 483,769</b>	<b>\$ 547,376</b>	<b>\$1,876,025</b>	

\* In 2010 includes grant for Subud house in Kinshasa \$15,000



WSA FINANCE REPORT TO SUBUD WORLD CONGRESS 2014

Appendix 9.3

**WSA Net Assets and Balance Sheet 2010-2013 (Audited)** (in US dollars)

Year	2010	2011	2012	2013	Total 2010-2013
<b>Net Assets:</b>					
Total Income*	\$ 384,082	\$ 401,402	\$ 370,202	\$ 621,345	\$1,777,031
Total Expenses*	-\$ 380,372	-\$ 464,508	-\$ 483,769	-\$ 547,376	-\$1,876,025
Currency difference	-\$ 18,019	-\$ 9,120	\$ 2,557	-\$ 193	-\$ 24,775
<b>Change in Net Assets</b>	<b>-\$ 14,309</b>	<b>-\$ 72,226</b>	<b>-\$ 111,010</b>	<b>\$ 73,776</b>	<b>-\$ 123,769</b>
<b>Net Assets end of year</b>	<b>\$ 547,167</b>	<b>\$ 474,941</b>	<b>\$ 363,931</b>	<b>\$ 437,707</b>	

**Balance Sheet: Financial Position at 31 December 2010-2013**

Year	2010	2011	2012	2013
<b>ASSETS</b>				
Banks/Cash	\$ 541,714	\$ 498,776	\$ 358,798	\$ 385,214
Custodial accounts	\$ 20,167	\$ -	\$ -	\$ -
Accounts receivables and prepayments	\$ 30,312	\$ 15,948	\$ 26,295	\$ 168,270
<b>Total Assets</b>	<b>\$ 592,193</b>	<b>\$ 514,724</b>	<b>\$ 385,093</b>	<b>\$ 553,484</b>
<b>LIABILITIES &amp; NET ASSETS</b>				
<b>Liabilities</b>				
Expense vouchers & income received in advance	\$ 24,859	\$ 39,783	\$ 21,162	\$ 115,777
Custodial accounts	\$ 20,167	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>\$ 45,026</b>	<b>\$ 39,783</b>	<b>\$ 21,162</b>	<b>\$ 115,777</b>
<b>Net Assets</b>				
Unrestricted/Undesignated	\$ 522,266	\$ 278,234	\$ 216,615	\$ 214,766
Board designated - World Congress Fund*	\$ -	\$ 147,500	\$ 100,592	\$ 179,277
Subud Emergency Fund	\$ 15,672	\$ 15,672	\$ 15,672	\$ 15,672
Temporarily Donor Restricted	\$ 9,229	\$ 33,535	\$ 31,052	\$ 27,992
<b>Total Net Assets</b>	<b>\$ 547,167</b>	<b>\$ 474,941</b>	<b>\$ 363,931</b>	<b>\$ 437,707</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 592,193</b>	<b>\$ 514,724</b>	<b>\$ 385,093</b>	<b>\$ 553,484</b>

\*Total Income & Total Expenses include World Congress registrations & expenses in 2013

## Policy – WSA Reserves

### 1. PURPOSE AND SCOPE

The purpose of this policy is to define the extent and use of WSA Reserve funds.

### 2. DEFINITIONS

Unless specified otherwise, the WSA refers to the World Subud Association, a not for profit Organization, registered in the USA and exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).<sup>(1)</sup>

Policies of the WSA are proposed, discussed and ratified by the World Subud Congress held approximately every four years. In the period between Congresses the World Subud Council has the mandate to implement resolutions of Congress and maintaining effective Governance.<sup>(2)</sup>

US Tax law requires Trustees (and in the case of the WSA, the Board of Directors (BODs) to provide a clear statement detailing the extent and intended use of reserves held. Guidelines are available to help the BODs develop this policy<sup>(3,4, 5,& 6)</sup> but it is up to the BOD to show evidence that they made “ a genuine attempt to formulate a reserves policy, rather than just trying to justify the existing level of reserves.”

In 2005 the UK Charities Commission published the Statement of Recommended Practice (SORP): Accounting by Charities, which requires trustees to provide a statement outlining what reserves are held and for what purpose. In its CC19 document the Charity Commission recommends a policy should outline the reasons why reserves are needed, the level the charity believes is required, the steps it will take to establish and maintain that level, and arrangements for monitoring and reviewing the policy.

Tax law basically requires similar explanations, with the underlying principle being that charities can accumulate income provided it is clear that this is being done to meet future needs rather than to avoid tax. But as Pesh Framjee, head of the unit serving non-profit organizations at Deloitte, has written in a useful white paper Charities and Reserves, what’s most important is that “... management must make a genuine attempt to formulate a reserves policy, rather than just trying to justify the existing level of reserves.”<sup>(5)</sup>

### 3. POLICY

#### 3.1 Reserve Funds

This Policy relates to unrestricted or “free” funds and does not apply to Restricted funds or Endowment funds. However it does include designated funds which have been earmarked for particular use, but whose application can be legally reassigned to other uses by trustee agreement. In general the Charities SORP specifies reserves as that part of a charity’s income funds that is freely available to spend. Charity law requires that any income received should be spent within a reasonable period from time of receipt. Tangible fixed assets are excluded from reserves, as are program-related investments.

The WSA Executive, in conjunction with the Finance Committee, will analyze the financial situation of the WSA at their regular meetings, to identify the total reserves required/ available. This calculation must provide explanations regarding intended use of the Reserves, for subsequent presentation to and approval by the BOD, of how the value of the Reserves, have been arrived at.

**3.2 Calculation of Reserves**

In making their assessment of the extent of Reserves, the Finance Committee should:

- Not include endowment funds or designated funds.
- Exclude Funds committed for Programs (eg. World Congress preparation).
- Deduct Program-related investments.
- Exclude Funds required for asset maintenance
- Calculate a reasonable Contingency for WSA operations.
- Calculate a reasonable Contingency for WSA programs.

**3.3 Assessment of Reserves**

Having arrived at a calculation of the value of Reserves, the WSA Executive should provide a report to the BOD to justify the requirement for the value of Reserves. The BOD together with the rest of the WSC, have the responsibility for evaluating the value of the Reserves to be held and the policy for the year ahead. This process would happen once every year at the annual meeting of the WSC. During the year between WSC annual meetings, the BOD will monitor the Reserves and in the light of circumstances may change the evaluation of the value of the Reserves.

**4. REFERENCES & RELATED DOCUMENTS**

<b>Regulatory</b>	(1) IRS Directive April 19 <sup>th</sup> 1990 to Harun Murray (2) WSA Handbook v10, January 2010 (3) Charities and Reserves (CC19) UK Charities Commission, 2008. (4) Maintaining Sufficient Reserves to Protect your not-for-profit organization – 2010, Frank L. Kurre, Grant Thornton LLP. (5) Charities and Reserves, 2006, Pesh Framjee, Deloitte (6) Charity Times –Balancing the Equation, Aug 2006
<b>Related</b>	