

Retained Earnings Policy

1. Purpose

- a. The purpose of this Policy is to define the way in which a committee or panel's year end profit or loss will be managed. The profit or loss shall be referred to as "retained earnings".

2. Scope

This Policy applies to all committees, panels and taskforces approved by the Board.

3. Exclusions

- a. One off events that are organised outside the normal committee and panel structure must break even. Any profits made will be allocated to the Association i.e. the organising taskforce does not retain the earnings.
- b. As Nationals are run on a 2-year cycle, funds are carried forward from the first year to the second year. Unspent levies may be funds carried forward from one biennial period to the next at the discretion of the Board.
- c. Any profits generated by the Festival will be allocated to the Association i.e. the organising taskforce does not retain the earnings.

4. Policy Principles

- a. The Association will manage its finances in a responsible manner for the benefit of all members.
- b. The needs of the Association must be balanced with the needs of individual committee and panels i.e. in terms of cash flow and equity.
- c. Committees and panels need to plan for, and fund, capital purchases, special projects, and development of officials. Consequently, it is important that they have the capacity to carry forward and accumulate surpluses from one year to the next.
- d. All retained earnings that have nominally been linked to committees and events prior to 2017 are written off.
- e. Committees and panels are expected to be self-funded and annual income should at least equal or exceed expenses each year.
- f. Each committee and panel will pay an annual Operational Fee to the Association as determined by the CEO and approved by the Board. The annual fee is to be set prior to Committees finalising their budget.

- g. Each committee and panel shall have their own retained earnings account within the accounting software (i.e. not a separate bank account).
- h. At the end of each year, any surplus or loss incurred by the committee or panel will be transferred to the relevant retained earnings account. The amount of surplus that can be transferred to the relevant retained earnings account each year is capped at \$3000 so as to ensure that the majority of money collected in a membership period is expended in the same period for the benefit of the contributing members, except the accumulation of funds for capital purchases, special projects or development of officials.
- i. Each committee and panel must plan to maintain at least \$1000 in its retained earnings account.
- j. Retained earnings accounts for each committee and panel must not exceed \$9,000 without prior approval from the Board. Any surplus generated above the cap will be allocated by the Association.
- k. Should any committee or panel make a loss, the loss will be funded from that committee or panel's retained earnings. If the committee or panel does not have enough retained earnings to cover the loss, Pony Club WA staff will work closely with the committee or panel to ensure it can return the deficit in the following year to the retained earnings account.
- l. If a committee or panel wishes to use its retained earnings for capital purchases or special projects etc. it must:
 - i) ensure the purchase is included in the budget forecast process (i.e. set the year prior);
 - ii) complete the Expenditure of Retained Earnings form and submit to the CEO; and
 - iii) receive approval from the CEO/Board prior to making the purchase.
- m. If a committee or panel wishes to make an unbudgeted purchase from retained earnings it must seek approval from the CEO.

5. References

- a. Nil

6. Related Documents

- a. Committee Terms of Reference
- b. Expenditure of Retained Earnings Form

Review History

Version	Date Approved	Review Date	Content reviewed/purpose
1.0	October 2017	July 2020	
2.0	November 2017	July 2020	Retained Levies - Nationals

