

RESERVES AND INVESTMENT POLICY

1. REQUIREMENTS

- 1.1 This Policy applies to all staff of The Centre.

2. RESPONSIBILITIES

- 2.1 The purpose of this paper is to specify the reserve and investment guidelines of Good News Community Services, Sonshine Childcare Centre and Pasir Ris Family Service Centre (which are collectively known as “The Centre”). It provides a framework to ensure that funds are prudently managed and adequate liquidity is maintained.
- 2.2 The Centre builds up its funds from donations received, government grants, receipts from receipts from centres, and through prudent management of its financial resources. The funds provide financial stability and means for the development of the programmes and activities carried out by the Centre. The Centre intends to maintain reserves at a level sufficient for its operating needs. The EXCO reviews the level of reserves regularly for day to day operations, and its continuing obligations.

3. USAGE OF FUNDS

- 3.1 The charity should ensure that restricted funds and endowment funds are set up solely for clear and justifiable needs. The charity should make sure that these funds are used or transferred to other funds only after getting the permission of the donor to do so. The charity must inform prospective donors of the:
 - a) Purpose of the funds; and
 - b) Amount of funds needed.
- 3.2 For existing restricted and endowment funds, the charity must disclose the purpose, size and planned timing of use for these funds.

4. INVESTMENT OBJECTIVES

- 4.1 Given the Centre’s status as an Institution of Public Character (IPC) funded by government subvention and provision of care services, the primary consideration in the management of funds is the preservation of value in real terms. Hence our investment objective is to offset asset erosion due to inflation.

5. INVESTMENT POLICY GUIDELINES

5.1 Funds for day-to-day operations

In order to fund day-to-day operations and provide a buffer against fluctuations in monthly income, the Centre will set aside a minimum of 3 months of operating expenses in cash and cash equivalent (Operating Cash). Operating Cash is to be kept as petty cash, and deposits including current account, savings account and fixed term deposits. Current and savings accounts may only be held with commercial banks while fixed term deposits may only be placed with commercial.

Operating Cash must be held in Singapore Dollars.

5.2 Investible fund

The investible fund in the investment account is to cover the reserve requirement. Funds available over and above Operating Cash (Investible Fund) will be invested. If necessary, the Investible Fund may be managed by a Fund Manager that is approved by the Board, on behalf of the Centre. Funds may only be invested in Singapore Dollar denominated investments in one or more of the following classes of investment:

- a) Short-term deposits
- b) Negotiable certificates of deposit
- c) Commercial/Bank bills
- d) Treasury bills
- e) Short term notes and bonds
- f) The minimum credit rating for any bond issue is Baa3 by Moody's or BBB by Standard & Poor's. Where the bond issue is unrated by the rating agencies, the Fund Manager's internal credit rating of BBB- will apply.
- g) Investments in bonds denominated in foreign currencies are allowed provided the foreign currency exposure is hedged back to SGD.
- h) Unit Trusts
- i) Limited to fixed income unit trusts no more than S\$ 250,000 is to be invested in a single entity.

The investment products must have good liquidity; defined as the ability for the investment products to be sold and proceeds to be received within 30 days.

5.3 Other investments

The Centre may, through the generosity of donors, receive donations or gifts in the form of shares or foreign currency-denominated cash, bonds or other securities. Under such circumstances, the Centre should:

- a) Sell or encash into SGD such shares within 12 months of receiving title, unless otherwise instructed by donors.

Good News Community Services (GNCS)

- b) Encash into SGD such foreign currency-denominated cash, bonds or other securities
- c) within 12 months of receiving ownership, unless otherwise instructed by donors.