

B4 FUTURE FUND

Scheduled Reviewed Triennially or as required

Date of Board Approval 30 May 2016 Updated: 11 November 2019

Purpose

The KA Future Fund ("Future Fund") is a financial planning tool that will allow the Board to make plans now and in the future during times of prosperity to ensure the long term financial security of the company and to provide for future investment in services and infrastructure that will strengthen the sport of karting for decades to come.

The Future Fund is a special bank account into which KA will deposit the gains of strong financial management in the 'good times' to reinvest into our sport so as to secure the long-term future of karting in Australia.

Through the Future Fund, the members of tomorrow will share in the proceeds of today's sound financial management and growth for many years and decades to come. Through the Future Fund, KA will build a stronger sport of karting.

Vision

KA's Future Fund will preserve the benefits of our currently improved revenue streams and allow the Board to set aside the wealth created in a given period of prosperity for use at a later point in time for future generations of competitors.

The Future Fund will quarantine revenue from KA's current and future operating surplus activity for investment that will provide ongoing benefits to Karting and to current and future competitors.

How It Will Work

Management And Investment Strategy

The Future Fund will be managed by the KA Board. A separate interest-bearing bank account will be opened in the name of **Australian Karting Association Ltd Future Fund**.

Payments Into The Fund

1. Payments into the Future Fund will be made only in years when KA is operating in surplus.
2. The KA Board will determine at its discretion, the amount to be paid into the Future Fund each year.
3. Deposits into the Future Fund will only be made after the close of the financial year and following audit of the accounts for that year.
 - a. Following is the basis of the considerations of the Board as to the amount to be deposited into the Future Fund in any year (after audit):

• Trading Surplus – Less than \$100,000	30% of surplus
• Trading Surplus –\$100,001 - \$200,000	50% of surplus
• Trading Surplus –\$200,001 - \$400,000	70% of surplus
• Trading Surplus – More than \$400,001	75% of surplus
• Bequests & Donations to Karting Australia	100% of Bequests & Donations
4. The strategy to accrue benefits into the Future Fund will be reviewed by the Board from time to time.

Investment Strategy

The Board will determine the investment strategy of the Future Fund from time to time but will generally take a conservative approach to investments.

Payments Out Of The Fund

Once a minimum balance (as determined by the Board) is accrued, funds will become available for infrastructure and initiatives that will yield ongoing benefits to the sport of karting including:

- Investments in physical infrastructure which have significant and long-lasting benefits for the sport.
- Investments in other initiatives which will build long-lasting benefits for the sport.

The Future Fund would not be expected to support the regular operating expenses of Karting Australia.

Reporting

The Future Fund will be shown as an asset on the Karting Australia Balance Sheet.