BACKGROUND FOR PRUDENT RESERVE – AD HOC 2026

For many years, the Prudent Reserve was calculated as nine months' expenses. A contribution to the General Service Board of $400 was included in each year's budget as a memorial to Area 25 Past Trusted Servants. We had adopted a practice of "standing still" budgets which changed little from year to year until 2013. Contributions to the General Service Board of funds in excess of the Prudent Reserve were made at the beginning of the year at the discretion of the KAAAAI Board Chair. The Prudent Reserve amount was always around $20,000 - $22,000.

In 2014, the Board recommended a change in the calculation in the amount of the Prudent Reserve to include possible future liabilities as well as a percentage of expenses, but this did not pass.

We closed the Area Office in 2015 which resulted in an annual savings of approximately $22,000, so we were holding around $60,000, more or less. We had a plan to spend some of the "windfall" on English to Spanish translation & interpretation equipment, a professionally managed website, some funds for officers & chairs to attend regional events. We also increased the amount we send to the General Service Board for the annual expense for our delegate to attend the General Service Conference.

In 2018, an ad hoc committee recommended a change to the Prudent Reserve to include possible liabilities from cancellation of contracts for area assemblies, committee meetings and the State Conference ($10,000) as well as 3 months' expenses ($12,000) and 6 months' expenses ($20,000) in the checking account. The total amount then recommended was $42,000. The increase in the amount of the Prudent Reserve was approved by the Assembly. Some parts of the plan have been adopted. The total amount of funds we keep has been $55,000 to $60,000 for the last 8 years. Our annual budgets have increased but contributions to the Area from groups and members have not. The Memorial contribution has been cut to $200. Contributions to GSB of funds in excess of prudent reserve have not been made for some time.

Submitted by Mike R
5/18/2026