



Reserves Policy

1. Introduction

The purpose of this reserves policy is to ensure the stability of the mission, programs, and ongoing operations of Chaffinch. The reserves policy is intended to provide a source of internal funds for organisational priorities such as unforeseen emergencies, program opportunities, and unexpected variations in sponsorship and other regular income.

2. Definitions and Goals

2.1 General Reserve Fund

The General Reserve Fund is defined as the designated amount of funds that is set aside to ensure the stability of the charity's operations in the event of a shortfall in sponsorship/regular income or an unforeseen emergency.

2.2 Project Reserve Fund

The Project Reserve Fund is defined as funds specifically designated for future projects or opportunities that may arise. This fund provides the charity with the flexibility to pursue new projects or expand existing programs as opportunities present themselves.

3. General Reserve Fund

3.1 Purpose

The purpose of the General Reserve Fund is to protect the charity from financial instability due to unexpected changes in sponsorship/regular income and to ensure that the charity can continue to meet its financial obligations.

3.2 Target Level

The target level for the General Reserve Fund is set at an amount equivalent to three months' sponsorship income. This amount is reviewed annually to ensure it remains adequate.

3.3 Usage

The General Reserve Fund can be used for:

- Covering unexpected shortfalls in sponsorship/regular income.
- Funding unforeseen emergency expenses.
- Providing working capital when needed.

3.4 Replenishment

Should the General Reserve Fund fall below the target level, the Board of Trustees will develop a plan to replenish the funds within a reasonable timeframe, typically within one year.

4. Project Reserve Fund

4.1 Purpose

The purpose of the Project Reserve Fund is to set aside funds for future projects or opportunities that align with the charity's mission and goals.

4.2 Target Level

The target level for the Project Reserve Fund is up to £11,000. This amount may be adjusted based on strategic priorities and opportunities identified by the Board of Trustees.

4.3 Usage

The Project Reserve Fund can be used for:

- New projects or programs that align with the charity's mission.
- Expansion of existing programs.
- One-time opportunities that require immediate funding.

4.4 Approval Process

Expenditures from the Project Reserve Fund must be approved by the Board of Trustees. Proposals for the use of these funds should include a detailed plan outlining the project, its alignment with the charity's mission, and the expected outcomes.

5. Oversight

The Treasurer, under the direction of the Board of Trustees, will be responsible for monitoring the reserve funds. Regular reports will be provided to the Board of Trustees, including the current reserve levels and any usage or replenishment activities.

This policy may be revised at any time with the agreement of a majority of the trustees.