



Community Capacity
Builders CIC

FINANCIAL RESERVES POLICY

LAST REVIEWED: FEBRUARY 2024

Financial Reserves Policy

What is a Reserves Policy?

It is good practice to keep money aside as a reserve to protect the not-for-profit/not-for-profit against drops in income or allow it to take advantage of new opportunities. The not-for-profit/charity 's reserves can be spent on any of its aims.

A reserves policy should set out:

- how much the not-for-profit/charity needs to hold in reserve and why
- how and when the not-for-profit/charity 's reserves can be spent
- how often the reserves policy will be reviewed

Not-for-profit/charities can set aside enough money to meet a potential need, such as an unexpected drop in income. If setting aside money for a specific purpose, such as building works, a not-for-profit/charity should make it clear that this is separate from the not-for-profit/charity 's general reserves.

Components

The policy allocates money from unrestricted fund balances, which are not invested in fixed assets, to several designated funds. These funds are:

1. *Continuity Fund*

This fund is to be used to bridge any possible delays in receiving promised grants or managing payment in arrears contracts. This has been defined as a minimum of a three-months budgeted trading activity e.g. £18,000

2. *Dissolution Fund*

This fund provides for the costs of dissolution should the not-for-profit/charity be unable to continue. It is only to be used in the event of the Management Committee/Trustees' deciding the not-for-profit/charity should cease to exist. It will be used to pay the expenses of running *Community Capacity Builders* until closure of the organisation.

Fund	Balance
Continuity	£18,000
Dissolution	
- 3 months minimal running costs	£2,000
- 3 months residual salaries (2 staff)	£18,000
Minimum Required	£40,000

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Annual Review

Due to the nature of the organisation and the regular review of the budget, this policy should be reviewed on an annual basis to ensure

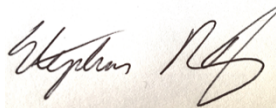
- the continuity element matches changes to the annual budget
- the restructuring element matches the requirements of trading activities
- the cyclical maintenance element moves forward in at least an inflationary manner
- the dissolution element matches the requirements of the staffing levels

Should the budget be reduced due to the end of projects or other such occurrences, then the reduction of reserves should be planned over a minimum of five years.

This FINANCIAL RESERVES POLICY statement came into force on 22nd August 2023 after approval by the Management Committee/Trustees and was reviewed early along with all other organisational policies on the 23rd February 2024.

We are committed to reviewing our policy and good practice annually.

Next Review is 24th February 2025.



Signed: Stephen Reid

(Director, Management Committee and Lead Safeguarding Officer)

Date: 23rd February 2024