

East Cumbria Family Support Association

Reserves Policy

1 ECFSA needs reserves to:

- Meet contractual liabilities should the organization have to close. This includes redundancy pay, amounts due to creditors and commitments under leases.
- Meet unexpected costs like break down of essential office machinery, staff cover re illness, maternity leave, parental leave, and legal costs defending the charities interest.
- Replace equipment as it wears out.
- Ensure that the charity can continue to provide a stable and quality service to those who need them. Within this context to minimize recruitment, staff training, staff induction and marketing costs by avoiding the need for redundancies caused by financial crisis.
- Provide working capital when funding is paid in arrears.
- Meet the legal requirements in certain funding contracts.

2 ECFSA funding.

ECFSA will plan its fund raising in advance having an eighteen month view of the cash flow.

3 A prudent level of reserves

ECFSA aims to have reserves of at least 50% of current annual expenditure.

4 Establishing and maintaining a prudent level of reserves.

In the event of reserves dipping below 50% or exceeding 50% measures will be looked at to restore the reserves to at least 50% of expenditure. This could be achieved by looking at funding, staff time, and level of service delivery.

5 Monitoring and reviewing of reserves policy.

The level of reserves is monitored at each management meeting.

This reserves policy will be reviewed on an annual basis.

Date approved: 25th January 2013

Next review date: January 2014