

u3a Petersfield

Reserves Policy

1. The purpose of the reserves policy for u3a Petersfield (“the organisation”) is to ensure the stability of the organisation and its on-going activities. In addition, it is to provide a source of internal funds for future organisational priorities and opportunities.

2. The reserves policy will be implemented in concert with the other financial and governance policies of the organisation and is intended to support the charitable objectives of the organisation as set out in the Constitution.

Definition of Reserves

3. The Code of Governance for Charities states that “While all charities should maintain some level of reserves to ensure long-term financial sustainability, the charity should disclose its reserves policy in the annual report”.

4. The term “reserves” is used to describe that part of the charity’s income funds that is freely available for its operating purposes not subject to commitments, planned expenditure and spending limits. Reserves do not include restricted funds.

Operating Reserve

5. The operating reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, on-off unbudgeted expenses, and unanticipated loss of funding or uninsured losses.

6. The minimum amount of the operating reserve will be established as an amount sufficient to maintain on-going operations and programmes measured for a set period of time. The minimum amount will be reviewed and possibly amended in response to both internal and external factors in accordance with paragraph 16 below.

7. The target minimum operating reserve is equal to 12 months of average operating costs. The definition of operating costs is all expenses of the organisation which are recurring and predictable. For the organisation, this will include:

- expenditure on publications, both paper and on-line, including all on-going website costs
- affiliation fee to Third Age Trust
- postage costs for Third Age Trust magazine
- costs of operating Third Age Trust Beacon system (or its successor) and any other systems required for the running of the activities of the organisation
- other stationery, printing and postage relating to the activities of the organisation
- independent auditors or examiners fee
- hall hire costs for the activities of the organisation
- recurring meeting costs to welcome new members, group convenors and others as agreed by the Management Committee of the organisation

- external recurring advertising and promotion
- bank charges
- any other expenditure which the Management Committee of the organisation agrees to be recurring in the future.

8. The minimum amount of the operating reserve fund will be calculated each year after approval of the annual budget and reported to the Management Committee.

Opportunity Reserve

9. The opportunity reserve is intended to provide funds to meet special targets of opportunity or need that further the objectives of the organisation which may not have specific expectation of incremental or long-term increased income. This may include investment in infrastructure to maintain or increase membership numbers.

10. The amount of the opportunity reserve will be determined each year as part of the annual budgeting process and agreed by the Management Committee based on the plan for the forthcoming year or more.

Funding of Reserves

11. The operating reserve will be funded with surplus unrestricted operating funds.

12. The opportunity reserve will be funded by occasional transfers from the operating reserve as agreed by the Management Committee.

Use of Reserves

13. The use of the opportunity reserve will be subject to the review and approval of the Management Committee.

14. The Treasurer is responsible for ensuring that the reserve funds are maintained and used only as described in this policy. Upon approval of the use of reserve funds, the Treasurer will maintain records of the use of funds and plan for replenishment, if required. The Treasurer will provide regular reports to the Management Committee of the use of funds.

15. If the level of reserves falls below the minimum agreed by the Management Committee, the Treasurer will provide a report to the Committee of plans to restore the level at the earliest opportunity.

Review of Policy

16. This policy will be reviewed every year by the Management Committee, or sooner if warranted by events or changes. Any changes to the policy will be recommended by the Treasurer to the Management Committee.

Gordon Watts, Honorary Treasurer, 24 February 2021

