

Florence Park Community Association Reserves Policy – June 2024

Components

The policy allocates funds 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 3 months budgeted trading activity.

2. Restructuring Fund

This fund is to be used to cover essential trading/activities whilst sourcing income. This has been defined as a minimum of 3 months budgeted trading activity.

3. Cyclical Maintenance Fund

This fund is to be used for major items of maintenance of the fabric of the building such as redecorating interior and exterior.

4. Dissolution Fund

This fund provides for the costs of dissolution should Florence Park Community Association be unable to continue. It is only to be used in the event of the Trustees deciding the charity should cease to exist. It will be used to pay notice periods, redundancies and the expenses of running Florence Park Community Association until closure of the organisation.

Fund	Balance
Continuity	£9,300
Restructuring	£9,300
Dissolution - Redundancies - 3 months minimal running costs - 3 months residual salaries (3 staff)	£18,000
Cyclical Maintenance	£2,500
Minimum Required	£27,300

The minimum reserves required is the Restructuring Fund plus the Dissolution Fund. These are to be used to ensure we look at every alternative before dissolution of Florence Park Community Association.

Regular Policy Review

Due to the nature of the organisation and the regular review of the budget, this policy should be reviewed on a *biannual/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 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.

POLICY DATED: 08/07/2024

REVIEW DATE: 01/06/2025