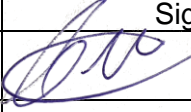




Totton & Eling Community Association CIO Funding & Reserves Policy

Funding & Reserves Policy

| Version | Action | Date | Signed |
|----------|------------|------------|--|
| Issue 01 | Issued | 29/05/2023 |  C D Compton |
| | Authorised | | |

1) Introduction

- a) Raising money via Grant-Funding is often a laborious process. It requires a large amount of information both about the Association and the purpose for the funding. It is a requirement of most grants that the recipient must ensure that the purpose is met. It is often the case that grant sources will demand details of expenditure, to prove that the purpose stated in the request is followed.
- b) All grant funding is paid into the main Association bank account and how it is spent is the responsibility of the Trustees.
- c) In line with the guidance issued by the Charity Commission, the Totton & Eling Community Association shall set aside a 'Reserve' equal to a minimum of 3 months running costs plus the cost of closing the Totton & Eling Community Centre.

2) Ring-Fenced funds

- a) Any funds held by a charity for any particular purpose can be 'Ring-Fenced'. This does not mean that they must be kept in a separate bank account. Each 'Ring-Fenced' fund, income and expenditure must be detailed separately on the Treasurers Report.

3) Unrestricted Funds

- a) Unrestricted funds can be used for any of the charity's purposes. These form a major part of the Association funds. Examples of 'Unrestricted Funds are,
 - Unspecified cash donations.
 - General income from room-hire etc.
 - Funds that are not Ring-fenced.

4) Designated Funds

- a) Designated Funds must be Ring-Fenced.
- b) Designated Funds are Funds formally set aside by the trustees for a specific purpose. The purpose of Designated funds can only be changed by trustee decision.

5) Restricted Funds

- a) Restricted Funds must be Ring-Fenced.
- b) Restricted Funds are used to track income and related expenditure



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where a third party gives the charity money and imposes terms and conditions stipulating the funding must be spent on a particular purpose. Often there is a repayment clause which means the funding must be repaid if it is not spent for the purposes intended.

- c) Other Restricted Funds are those amounts that the Charity must hold for legal reasons. Examples of 'Restricted Funds' are,
- Reserves which must be a minimum of 25% of annual costs.
 - Grants, Endowments and Personal Donations, including cash, given for a specified or stated purpose.

6) Reserves Maintenance

- a) Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. If Reserves are used they must be replenished within a reasonably short period of time.
- b) The actual amount held in reserve shall be recalculated prior to each AGM and the actual amount declared at the AGM. This calculation must include all running costs for 3 months and the cost of closing down the Association and providing redundancy for each of the employees.

7) Use of the Reserve.

- a) The Treasurer and Trustees will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy.
- b) The Treasurer will then submit a request to use Reserves to the Trustees. The request will include the analysis and determination of the use of funds and plans for replenishment. The organisation's goal is to replenish the funds used within twelve months to restore the Reserve Fund to the target minimum amount. If the Reserves will take longer than 12 months to replenish, the request will be scrutinized more carefully.

8) Reporting and monitoring.

- a) The Treasurer is responsible for ensuring that the Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Reserve funds, the Treasurer will maintain records of the use of funds and plan for replenishment and will provide regular updates to the Management Committee.

9) Useful Links

<https://www.nhscharitiestogether.co.uk/wp-content/uploads/2017/04/Management-of-restricted-and-unrestricted-funds-Briefing-Note.pdf>

<https://www.gov.uk/guidance/managing-charity-finances>



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<https://www.gov.uk/prepare-charitys-annual-accounts>

<https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8/internal-financial-controls-for-charities>

<https://www.gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves>