



# Final Straw Foundation CIO

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## Reserves Policy

Policy Updated: 30.10.23

Date to be Reviewed: 30.10.24



## 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.

### 2. Restructuring Fund

This fund is to be used to cover essential activities whilst sourcing income to a maximum of 3 months budgeted activity. 2 staff members.

### 3. Dissolution Fund

This fund provides for the costs of dissolution should the charity 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 the Final Straw Foundation until closure of the organisation.

### 4. Cyclical Maintenance Fund

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

<b>Fund</b>	<b>Balance</b>
Continuity <ul style="list-style-type: none"><li>• 3 staff members</li><li>• 3 months budgeted trading activity</li></ul>	£21,000
Restructuring <ul style="list-style-type: none"><li>• Essential activities only, 6 months</li><li>• 2 staff members</li></ul>	£18,000
Dissolution <ul style="list-style-type: none"><li>• Redundancies<ul style="list-style-type: none"><li>○ 3 months minimal running costs &amp; closing costs</li><li>○ 3 months residual salaries (2 staff)</li></ul></li></ul>	£21,000
Cyclical Maintenance	N/A
<b>Minimum Required</b>	<b>£39,000</b>

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 the charity.

### 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.

Policy approved by the Trustees on 30<sup>th</sup> October 2023.

POLICY DATED: 30<sup>th</sup> October 2023

REVIEW DATE: 30<sup>th</sup> October 2024