

## **Oasis Centre – Cornwall Reserves Policy**

The Trustees have adopted this policy regarding the reserves held by the Charity. Underlying this policy are the following principles: -

- Money that has been donated to the Charity for a specific purpose is a restricted fund that cannot form part of the Charity's reserves.
- Money that the Charity has set aside out of its general fund for a specific purpose is treated as a designated fund that can only form part of the Charity's reserves if the Trustees decide to abandon that specific purpose.
- The Charity's reserves are to be accumulated from and to form part of the Charity's general fund.
- The focus of this policy and the fundamental risk that this policy is designed to address is the ever-present danger that, due to economic causes or other circumstances outside the control of the Trustees, grant income may cease to be available and/or donations from other sources may dry up.

The adequacy of the Charity's reserves is to be determined having regard to the following general principles: -

1. The reserves must first of all be sufficient to cover the Charity's routine monthly overheads for running its office and keeping its general activities going for a minimum period of three calendar months assuming the absence of incoming revenues. The rationale behind this is that this period will be sufficient to enable the Trustees to identify the problem and to put in place appropriate measures to reduce overheads and/or boost revenues in order to remedy matters.
2. These reserves must be augmented by a realistic sum to cover all longer term contractual liabilities incurred by the Charity that demand more than one month's notice. The rationale behind this is that the Trustees should by the end of the first two months of the period mentioned in principle 1 above be able, if deemed necessary, to take steps to terminate its longer term commitments.
3. A further addition will, if deemed necessary, be made to the reserves to cover specific activities for which restricted grants or donations are received based upon the cost of continuing each such activity for one month without further grants or donations. The rationale behind this is that the Charity will be able to stop each such activity if funding stops and there is no realistic prospect of replacing it and a period of one month is sufficient time within which to make such a decision.

Restricted funds currently total £15,515.02. Designated funds for which the purposes have not been abandoned currently total £1,000.00. The total of these is £16,515.02. This sum is not part of the Charity's general fund and cannot therefore form part of the reserves.

The Charity's routine overheads have been assessed at £2,500 per month, thus producing required reserves of £7,500. The long term commitments under principle 2 are assessed at £800.00. The addition to the reserves in accordance to the principle 3 amounts to a figure of £0.00. The Charity's general fund reserves are therefore assessed at £8,300.00.

First adopted by the Trustees on 20<sup>th</sup> April 2016 and to be reviewed annually in January.