

Parish of Drumcondra, North Strand, and St Barnabas

Registered Charity No. 20001964 CHY 1280

RESERVES POLICY STATEMENT

A formal policy on reserves was agreed on 23rd March 2021 at a meeting of the Select Vestry of the parish of Drumcondra, North Strand, and St Barnabas

It states:

The Select Vestry has set a reserves policy which requires:

- Reserves be maintained at a level which ensures that the parish core activity could continue during a period of unforeseen difficulty – at a minimum of 3 months.
- A proportion of reserves be maintained in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.

It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted.
- Planned activity level at any given point in the programmed year.
- The parish contractual commitments.

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RESERVES POLICY

Purpose

The purpose of the Reserve Fund for the Select Vestry is to help ensure the long-term ability of the Parish to meet its mission. The Select Vestry will maintain the reserve to achieve the following objectives:

- To continue to create an internal line of credit to manage cash flow and maintain financial flexibility.
- To enable the parish to sustain the services/outreach provided by the parish.
- To pay for one-time, nonrecurring expenses that will build capacity, such as overheads associated with the continued development of the parish.

Definitions and Goals

The reserve fund is defined as funds set aside by action of the Select Vestry.

Minimum target amount

The minimum amount to be designated for the reserve fund will be established as an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The reserve serves as a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum reserve fund is equal to €11,000/1€11,666 per month, representing an average of 3 months of operating expenses on average and per contractual agreement.

The target minimum amount is comprised of, but not limited to, the following costs:

Funding reserves

To establish the reserve, fund the Select Vestry have designated €23,168.66 in Solidarity Bonds of existing accumulated liquid unrestricted net assets as the balance at the beginning of the fund. In addition to the accumulated net assets. The remaining shortfall amount of €11,831.34 to be targeted over the next 10 years by way of generating income from the following sources:

Fundraising
Rental Income
Donations

The amount of the reserve fund target minimum will be calculated each period as part of budgeting processes. The amount will be reported to the Select Vestry and included in the financial reports at Select Vestry meetings.

The Select Vestry may from time to time direct that a specific source of revenue be set aside for its reserves.

Investing reserves

The reserve fund will be established in cash or cash equivalent funds, in accordance with risk preferences, liquidity requirements and investment objectives of the organisation. The reserves will be merged with the current and deposit accounts of the organisation but segregated in financial reporting.

Shortfalls

In the event the reserve is and has been less than a percentage of the target reserve minimum for three consecutive years, the Select Vestry will adopt an operational budget with a projected surplus sufficient to rebuild the reserve fund to its targeted reserve over a prescribed number of years.

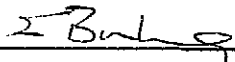
Procedure for spending reserves

Outside the reserves level having been met, the Select Vestry may, at its discretion, authorise exceptional expenditure from reserves should the need arise. The process by which this happens is discussion at the Select Vestry meeting.

Accounting for reserves

The reserve fund will be listed separately in the unrestricted net assets section of the organisation's statement of financial position as "Select Vestry-designated reserve".

Approved by Select Vestry

Signed 

Dated 2nd May 2023

Minutes reference to Review: Hon Secretary Minutes of 2nd May 2023