



Reserves Policy

Introduction

The Waterford Sustainable Living Initiative acknowledges the need for reserves while at the same time recognising the difficulty of building reserves as a mostly grant-funded organisation. Reserves are needed to bridge the gap between the spending and receiving income to cover emergencies and other expenditures. The reserves policy is based on the current operational budget. As of 2023 we have secured some corporate sponsorship from the Algorand Foundation which will be put toward the reserves fund. We will hold reserves to cover the following exigencies:

- »» To fund capital expenses such as computers and other essential office equipment not normally covered by grants.
- »» To fund shortfalls in income resulting from delayed disbursement of grants.
- »» To cover expenditure in the event of reduced income or changes in circumstances.

Further we stipulate the following:

- »» We are not to accrue funds for the Reserve from our grant income.
- »» Any grant funds that we do not use for their specified purpose are to be returned to the funder at the time of final reporting.
- »» As it is difficult for a mostly grant funded organisation to 'save' money for reserves we have arranged for an over-draft facility with our financial institution which will cover SLI in the event of a period of financial instability while we work toward the long-term goal of having contingency reserves in place (€15,000).
- »» Any work that is outside our grant funded activities, for which we charge a nominal amount, will be added to the reserves account. Additionally, we will provide a mechanism for SLI users/followers to provide voluntary donations towards our work. These funds will serve as the base of our reserves which we will build up over time.
- »» We will continue to investigate innovative methods by which raise funds for the SLI's Reserve Fund e.g. Corporate Social Responsibility Sponsorship,

Definition

Reserves are made up of funds that are available for expenditure in a future period. There are two kinds of reserves; restricted and unrestricted reserves.

- » Restricted reserves are funds that must be used for a specific purpose or project.
- » Unrestricted reserves are funds that are available for expenditure at the discretion of the Board in furtherance of any of SLI's objectives.



This policy is concerned with the management and oversight of SLI's unrestricted reserves.

Current Reserves Position

- ▶ Reserves be maintained at a level which ensures that the Waterford Sustainable Living Initiative's core activities could continue during a period of unforeseen difficulty.
- ▶ The goal of the Reserves Policy is to hold a 3-month reserve (€15,000). The Management Committee acknowledges that the Waterford Sustainable Living Initiative will not be in a position to carry those reserves in the immediate future.
- ▶ Planning for reserves is to be an integral part of the Waterford Sustainable Living Initiative's planning, budget and forecast cycle.
- ▶ The Waterford Sustainable Living Initiative will actively pursue non-grant funded options for building reserves to the above specified amount including but not limited to seeking out funders that allow for a percentage taken for reserves, donations, advertising and non-grant funded facilitation.
- ▶ Reserves are to be kept in a dedicated sub-account of the Waterford Sustainable Living Initiative's primary bank account.
- ▶ The Board and CEO regularly reviews the amount of reserves that are required to ensure that they are adequate to fulfil out continuing obligations.
- ▶ This policy is to be reviewed annually.


Principles

The principles underlying this policy are:

- ▶ SLI will manage its finances so as to ensure that the level of year end reserves is adequate to meet 3 months' budgeted, recurring and committed expenditure.
- ▶ SLI will only use unrestricted reserves to deal with a sudden unexpected drop in its core income or necessary increased expenditure not included in its budget.
- ▶ SLI reserves will always be used for the furtherance of SLI's strategy and objectives.
- ▶ SLI may on occasion use unrestricted reserves to fund cash flow due to the seasonal nature of the receipt of SLI's income, (from members or grant payments).
- ▶ SLI will identify non-recurring expenditure as part of its annual budgeting procedures and determine if any of this non-recurring expenditure should be funded from reserves.



The Reserves Policy will be reviewed in June 2024, or as soon as practicable after there has been a material change in any matter to which the statement refers.

Signed:  (John Hawkes, SLI Board Chair)

This policy was approved by SLI's Management Committee, June 2023.