



DUNTON COMMUNITY GARDEN GROUP

Financial Reserves Policy

Policy Statement

Dunton Community Garden Group (DCGG) believes that the charity should hold financial reserves to provide the ability to continue to operate should there be a damaging event. DCGG has no endowment funding and is dependent for income on sales, subscriptions, donations and grants that is inevitably subject to fluctuation.

Scope of policy

Money in the DCGG bank account that is not part of restricted funds.

Purpose of this policy

It is the aim of DCGG to have sufficient financial reserves to be able to operate for up to six months.

The amount needed will be calculated each year as part of the year-end process.

During 2009/10 running costs per month amount to £570

During 2010/11 running costs per month amount to £880 – this included set up costs for telephone and water supply

At year end 31st January 2010 the reserves amount to £7,676

At year end 31st January 2011 the reserves amount to £5,990

This equates to 6.8 months.

The reserves are intended to cover:

A buffer for cash-flow problems equal to the highest monthly outgoings of the preceding 3 years

A capital reserve to cover the replacement of uninsured items – e.g. lawnmowers and computers

A capital reserve to cover premises costs – e.g. burst pipes, roof repairs, insurance excess and project costs that will not be covered by external funding.

Responsibilities

It is the responsibility of the DCGG committee to review the amount of reserves (either too much or too little) and to discuss any remedial actions.

It is the responsibility of the Treasurer and Chair to recommend the desired reserve amount each year. The committee will ratify this where appropriate.

Monitoring

The policy will be reviewed annually.

Adopted April 2011