

PARKINSON'S ASSOCIATION OF IRELAND

RESERVE POLICY

1. Introduction

The purpose of the Reserves Policy of the Parkinson's Association of Ireland is:

- i. To ensure the stability of the services provided by the Parkinson's Association of Ireland, and to allow it to fulfil its mission statement.
- ii. To give confidence to stakeholders that the charity's finances are being managed and to also provide an indicator of future funding needs; and
- iii. To help and support patients and carers by the provision of funding to the network of branches throughout the country.

The Reserves are intended to provide an internal source of funds for situations such as a sudden and large increase in expenses, unanticipated loss of revenue, or any expenditure associated with unplanned closure of the organization.

The Reserves Policy will be implemented in tandem with the other governance and financial policies of the Parkinson's Association of Ireland and is intended to support the goals and strategies contained in these policies and in the current Strategic Plan.

2. Definitions

Free reserves

That part of the charity's unrestricted income funds that is freely available to spend.

Designated funds

Unrestricted funds earmarked for essential future spending by the Organization, for example, to fund a project that could not be met from future income alone.

Restricted funds

These are monies received from supporters/grant funders for a specific area of expenditure. They are not freely available to spend.

3. Responsibilities and Accountability

- Directors have overall responsibility for the governance of the organization.
- Directors should be able to justify the holding of income as reserves.
- Where the Directors have a reserves policy, this policy must be set out in the Directors' annual report.
- Directors should keep the reserves policy under review to ensure it meets a charity's changing needs and circumstances. In this way Directors will be aware of the build-up of excess reserves or of reserves being unexpectedly or rapidly depleted.
- Directors have delegated responsibility for implementing procedures concerning financial governance of the organisation.
- Directors must ensure that controls and procedures are in place to meet the duties of the Trustees in relation to the reserves policy. Failures to put in place the necessary controls and procedures could result in reputational issues for the organisation and affect its long-term sustainability.

4. Procedures and Implementation

4.1 Total reserves

Include restricted reserves, designated funds, valuation reserve (building fund) and free reserves (general fund).

4.2 Calculation of Free Reserves target

Free reserves target should total 12 months of total organisational operating costs for the Parkinson's Association of Ireland based on the next budget year.

This should be regularly reviewed to ensure that it meets the organisation's changing needs and circumstances.

4.3 Designation of funds

Funds can be designated for the following items:

- Significant capital spends
- Piloting new services
- Capacity building which self-funds after year one
- Capacity building which generates income to fund increases in operating costs
- To fulfil the organization's strategy

Each item should be supported with a costed business case, be scrutinized by the Executive Team, the relevant Board committee and Finance Committee and approved by the Board. This should take place during the budget approval process.

Designated funds should be used within 2 years of their target date, if this does not take place, they should either be released back into free reserves or re-approved for designation.

The annual report and accounts should detail the amount and purpose of the designations.

5. Related Policies / Guidelines

- Financial Policy and Procedures
- Investment Policy

6. Monitoring and Review

This policy will be reviewed every year or more frequently in response to legislation or Charity Regulatory Authority Guidance.

7. Statutory Compliance and Evidence referenced

- The Wheel 'Guidelines on a Reserves Policy'
- Charities SORP (FRS 102) - 'Accounting and Reporting by Charities'
- Companies Act 2014
- Taxes Consolidation Act, 1997