

17/06/2020

Honorary Treasurers Forum (HTF) zoom seminar:

Reserves: Too little, Too late?

Bruce Gordon - Chair HTF - Practical issues facing trustees & funders in their reserves analysis

David Rowe – Trustee HTF – Strategic Reserve is there to plan for change

RBS Covid 19 loan – free reserves for 1st year

Or sell investment i.e. reduce activity

Cash Flow planning is vital

Challenge can be that CEO's in charities do not often have a background in finance

Too much or too little depends on the type of charity e.g. Grant Making / Fund Raising

Using reserves to compensate for the loss of income.

Operational charity often faced with the challenge of Restricted vs Unrestricted reserves

Endowments – 3% to 4% p.a.

Government grants is a source of income

Be transparent with your reserves policy

Interlock with your investment and expenditure policies.

Immediate / short- & long-term timelines

Q & A

Risk based approach (May be unhelpful)

6 months benchmark – an old-fashioned approach?

Amount of cash in the bank – liquidity, security 7 return

Charity Commission now amenable to conversion of restricted to general reserves

Training / Technology investment / Safeguarding / Infrastructure Requires reserves which cannot be spent on beneficiaries

14% of charities may not be financially viable

Covid19 audit review (FRC) additional fee?