

Thriveology Wellness CIC

Reserves Policy.

March 2025

RESERVES POLICY

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INTRODUCTION

At Thriveology Wellness CIC we recognise the importance of maintaining reserves to ensure the financial stability and sustainability of our organisation. This policy outlines the guidelines for establishing and managing reserves, including the target reserve amount and the permissible uses of reserve funds. By adhering to this policy, we aim to mitigate financial risks, support long-term planning, and maintain our ability to fulfil our mission.

PURPOSE

- 1.1. The purpose of this Reserves Policy is to provide guidance on the establishment, management, and use of reserves in a manner that supports the financial health and stability of the organisation.
- 1.2. Reserves provide a cushion against unexpected financial challenges, enable strategic investments, and ensure the continuity of our programs and services.

RESERVE TARGET

- 2.1. The organisation will establish a target reserve level to maintain financial stability and sustainability.
- 2.2. The reserve target will be determined based on factors such as the organisation's size, nature of activities, financial obligations, and the assessment of potential risks and contingencies.
- 2.3. The reserve target should be reviewed periodically to ensure it remains appropriate and aligned with the organisation's evolving needs and financial objectives.

RESERVE COMPONENTS

3.1. Reserves may consist of different components based on their purpose and level of restriction, such as:

- a. General Reserves: Unrestricted funds set aside to provide a financial buffer and support ongoing operations.
- b. Specific Purpose Reserves: Restricted funds designated for specific future needs or strategic initiatives, such as capital projects, program expansion, or emergency contingencies.
- c. Board Designated Reserves: Funds specifically designated by the board of directors for a particular purpose or to address specific financial challenges.

RESERVE FUNDING

4.1. Reserves will be funded through a combination of strategies, which may include:

- a. Allocating a portion of surplus funds from operations to reserves on an annual or periodic basis.
- b. Setting aside a percentage of unrestricted contributions or fundraising proceeds to replenish or build reserves.
- c. Securing grants or donations specifically designated for reserve purposes, when available and appropriate.
- d. Earmarking a portion of investment income or other revenue sources for reserve contributions.

USE OF RESERVE FUNDS

5.1. Reserve funds should be used prudently and in accordance with the organisation's strategic priorities and financial management principles.

5.2. Permissible uses of reserve funds may include, but are not limited to:

- a. Addressing unforeseen financial emergencies or temporary cash flow challenges.
- b. Supporting strategic initiatives or one-time investments that align with the organisation's mission and goals.
- c. Meeting unexpected or unbudgeted expenses that could significantly impact operations or program delivery.
- d. Fulfilling obligations during times of decreased revenue or increased costs.

5.3. Any withdrawal or transfer from reserves should be authorised by the executive director and/or the board of directors, as per the organisation's financial management and decision-making protocols.

RESERVE MONITORING AND REPORTING

6.1. The organisation will establish mechanisms to regularly monitor and evaluate the status and adequacy of reserves.

6.2. Financial reports and statements will include disclosure on the status of reserves, changes in reserves over time, and any significant decisions or actions related to the use of reserve funds.

6.3. The board of directors and relevant stakeholders will receive periodic updates and reports on the organisation's reserves, ensuring transparency and accountability.

POLICY REVIEW AND UPDATES

7.1. This Reserves Policy will be reviewed periodically to ensure it remains aligned with the organisation's financial needs, best practices, and changing circumstances.

7.2. Any updates or changes to the policy will be communicated to relevant staff members, the finance committee, and the board of directors, and training will be provided as necessary.

By following this Reserves Policy, we establish guidelines for the establishment, management, and use of reserves, ensuring the financial stability and sustainability of our organisation. Adequate reserves provide us with the flexibility and capacity to address unexpected challenges, invest strategically, and fulfil our mission effectively.

Review Date: March 2026