Eyes on the Future

Reserves Policy

At Eyes on the Future ("EOTF"), we recognize the importance of maintaining reserves to ensure the financial stability and sustainability of our organization. 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 fulfill our mission.

1. Purpose:

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 EOTF.
2. Reserves provide a cushion against unexpected financial challenges, enable strategic investments, and ensure the continuity of our programs and services.

2. Reserve Target:

1. EOTF Chief Executive Officer ("CEO") may establish one or more reserves in order to maintain financial stability and sustainability of the charity business.
2. For each reserve the CEO shall establish a target amount.
3. The reserve target should be determined based on factors such as the EOTF turnover at the time, nature of activities covered by the reserve, EOTF current and future financial obligations, and the assessment of potential risks and contingencies.
4. The reserve target should be reviewed periodically to ensure it remains appropriate and aligned with the organization's evolving needs and financial objectives.

3. Reserve Components:

5. Reserves may consist of different components based on their purpose and level of restriction, such as:
   - 5.1. General Reserves: unrestricted funds set aside to provide a financial buffer and support ongoing operations.
   - 5.2. Specific Purpose Reserves: restricted funds designated for specific future needs or strategic initiatives, such as capital research projects, or emergency contingencies.
   - 5.3. Board Designated Reserves: funds specifically designated by the board of directors for a particular purpose or to address specific financial challenges.

4. Reserve Funding:

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

6.1. Allocating a portion of surplus funds from operations to reserves on an annual or periodic basis.

6.2. Setting aside a percentage of unrestricted contributions or fundraising proceeds to replenish or build reserves.

6.3. Securing grants or donations specifically designated for reserve purposes, when available and appropriate.

6.4. Earmarking a portion of investment income or other revenue sources for reserve contributions.

5. Use of Reserve Funds:

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

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

8.1. Addressing unforeseen financial emergencies or temporary cash flow challenges.

8.2. Supporting strategic initiatives or one-time investments that align with the EOTF's mission and goals.

8.3. Meeting unexpected or unbudgeted expenses that could significantly impact operations or program delivery.

8.4. Fulfilling obligations during times of decreased revenue or increased costs.

9. Any withdrawal or transfer from reserves should be authorized by the CEO, as per the organization's financial management and decision-making protocols.

6. Reserve Monitoring and Reporting:

10. The organization will establish mechanisms to regularly monitor and evaluate the status and adequacy of reserves.

11. Once established a description of each reserve will need to be recorded in appendix to this policy (describing, among others but not limited to: reserve target, purpose, duration, limits in its utilization, authority, its updated amount / utilization and replenishment at least twice a year)

12. 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.

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

7. Policy Review and Updates:

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

15. Any updates or changes to the policy will be communicated to relevant volunteers, EOTF accountant and auditor and the board of directors. The training will be provided if 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 organization. Adequate reserves provide us with the flexibility and capacity to address unexpected challenges, invest strategically, and fulfill our mission effectively.