



Mental Health Reform

Promoting Improved Mental Health Services

Reserves Policy

Introduction

As recommended by the Charities Regulator in Ireland, Mental Health Reform (MHR) has developed this reserves policy to ensure transparency and clarity to all stakeholders and donors.

What are reserves?

Reserves are the funds which an organisation has available for future expenditure and can be divided between restricted and unrestricted reserves. Restricted reserves are for a specific project or purpose. Unrestricted reserves are the funds available for future expenditure at the discretion of the Board. This policy relates to the level of unrestricted reserves the organisation holds.

Why hold unrestricted reserves?

The Board is responsible for ensuring that MHR has robust financial controls in place which ensure the organisations viability.

In order to meet this obligation, the Board has set a reserves policy which requires:

- Reserves be maintained at a level which ensures that Mental Health Reform's core activity could continue during a period of unforeseen difficulty.
- A proportion of reserves would be maintained in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.

In determining the appropriate level of reserves the Board considers:

- Risks associated with each stream of income and expenditure being different from that budgeted;
- Strategic plans and operational activity levels;
- Contractual obligations and commitments, i.e. rent, staff;
- Need to prepare for unforeseen risks or events;
- Gaps in funding.

Target level of reserves

MHRs Board has a current unrestricted reserves target equal to a minimum 4 months of the organisation reoccurring expenditure. The level of unrestricted reserves held will be reviewed annual by the Board. MHR will avoid holding reserves in excess of this target, should such a situation arise, the Board will take steps to reduce them over a specific period.

Values

The guiding principles associated with this policy are:

- MHR will manage its finances in a manner which ensures the year end reserves meet the minimum target
- MHR may on occasion use its unrestricted reserves to fund a shortfall in income being received from funders
- MHR will only use unrestricted reserves in the event of an unforeseen event or crisis
- MHR reserves will always be used to further its strategic objectives

Policy monitoring

The Finance and Audit sub-committee review the level of unrestricted reserves on a bi monthly basis and report to the Board on whether the level of unrestricted reserves meet the organisations policy.

The level of restricted and unrestricted reserves is reported in MHRs annual report which is approved by our members at our AGM.

This policy is available on MHRs website and is reviewed annually.