



Turtle Dove Cambridge Community Interest Company

Reserves Policy

Reviewed: May 2025

Review due: May 2026

Purpose

The purpose of the Operating Reserve Policy for Turtle Dove Cambridge (TDC) is to ensure the stability of the mission, programs, employment, and on-going operations of the organisation. The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an on-going budget gap.

It is the intention of TDC for Operating Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve Policy will be implemented in concert with the other governance and financial policies of TDC and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

Definitions and Goals

The Operating Reserve Fund is defined as a designated fund set-aside by action of the Board of Directors. The minimum amount to be designated, as Operating Reserve will be established in an amount sufficient to maintain on-going operations and programs for a set period of time, measured in months. The Operating Reserves serves a dynamic role and will be reviewed and adjusted in response to internal and external charges.

The target minimum Operating Reserve Fund is equal to a minimum of three months and a maximum of six months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and on-going professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes some expenses examples are: one-time or unusual, capital purchases.

The amount of the Operating Reserve Fund target minimum will be calculated each year after approval of the annual budget, reported to the Board of Directors, and included in the regular financial reports.

Accounting for Reserves

The Operating Reserve Fund will be recorded in the financial records as Board-Designated Operating Reserve. The Fund will be funded and available in cash or cash equivalent funds. Operating Reserves will be commingled with the general cash and investment accounts of the organisation.

Funding of Reserves

The Operating Reserve Fund will be funded with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set-aside for Operating Reserves. Examples may include one-time gifts or bequests, special grants, or

special appeals.

Use of Reserves

Use of the Operating Reserves requires three steps:

- **Identification of appropriate use of reserve funds**

The Executive Director and other Directors will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

- **Authority to use operating reserves**

Authority for use of Operating Reserves is delegated to the Executive Director in consultation with the Treasurer and/or Chair of the Board of Directors. The use of Operating Reserves will be reported to the Executive Committee/Board of Directors at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and plans for replenishment to restore the Operating Reserve Fund to the target minimum amount. The Executive Director must receive prior approval from the Board of Directors for use of Operating Reserves in excess of £1,000

- **Reporting and monitoring.**

The Executive Director is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve funds, the Executive Director will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Board of Directors of progress to restore the fund to the target minimum amount.

Relationship to Other Policies

TDC shall maintain the following board-approved policies, which may contain provisions that affect the creation, sufficiency, and management of the Operating Reserve Fund.

- Financial Policy
- Budget Policy
- Contingency or Disaster Preparedness Plan

Review of Policy

This Policy will be reviewed every other year, at minimum, by the Board of Directors, or sooner if warranted by internal or external events or changes.