


## The Harmony Project - Reserves Policy

<b>Lead</b>	The Harmony Project Leadership Team
<b>Policy prepared by</b>	Morwenna Lewis
<b>Policy approved by Director</b>	Richard Dunne
<b>Signed by Director</b>	
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<b>Reviewed by and on</b>	
<b>Signed by Director</b>	

Reserves are the part of a charity's unrestricted income fund that is freely available to spend on any of the charity's purposes. It excludes restricted funds, endowment funds and fixed assets.

The aims of this policy are:

- to share Harmony in Education's approach to reserves with funders, stakeholders, staff and the public.
- to ensure that Harmony in Education holds sufficient free reserves to allow it to manage any reasonably foreseeable contingency.

Harmony in Education aims to hold 3 - 6 months operating costs in reserves. As a new charity in the early stages, the Board recognise that this is an aspirational goal, with the expectation that after 1-2 years of operation this measure will be met consistently.

This level of reserves would enable the charity to focus on replacing income streams should a substantial income source be lost; and in the case of winding the charity down, would allow for redundancy payments and the honouring of outstanding debtors and active programmes of work.

Once the above level of reserves has been attained, use of the reserves would be at the discretion of the Board. The most likely reason to use the reserves would be to seed fund a new piece of work; it would be very unlikely that the reserves would be used to supplement in-year deficits.

The Board will monitor the Charity's level of reserves at each Board Meeting. This policy will be reviewed annually.

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