

# **YOUTH GUIDANCE OUTREACH SERVICES**

## **RESERVES POLICY**

### **1. Policy:**

The policy was put into effect and will ensure compliance with “The Code of Governance for Charities and IPCs (Guideline 6.3.1) that states; “While all charities should maintain some level of reserves to ensure long-term financial sustainability, the charity should disclose its reserves policy in the annual report.”

The policy shall serve as a guide for the organisation to manage its resources. With the approved policy by the Board, it enables the organisation to better manage its current needs and plan for future developments.

The Board shall also build reserves to ensure continuity and sustainability during challenging times. It serves as a basis for the Board to determine if the organisation is holding excessive reserves or too little for its future needs.

### **2. Definition of Reserves:**

The term "Reserves" is the organisation's funds that are freely available for its operating purposes not subject to commitments, planned expenditure and spending limits. The reserves of the organisation do not include endowment funds, restricted funds and designated funds.

### **3. Objectives:**

While the objective is to maintain the level of reserves to ensure long-term financial sustainability, the reserves is to be seen as not excessive but sufficient enough to create security amongst beneficiaries, donors, supporters and employees.

### **4. Guiding Principles:**

As a guide in determining “sufficient level” of reserves, the board shall consider how much reserves are needed to ensure uninterrupted operations that enable the organisation to carry on with its core activities even during the most challenging situations.

Challenging situations are those to a certain extent, may threaten the continued existence of the organisation such as; 1. Funding stream is cut-off or reduced significantly, 2. Revenue from main sources is adversely affected by events, Government directions or circumstances beyond the control of the board and 3. Donations drop significantly.

### **5. Management of reserves:**

YGOS seeks to maintain reserves in a minimum amount of 12 months of operating expenses. The Board will review the reserves policy periodically and make such adjustments upwards or downwards as it deems fit in light of YGOS' prevailing operational needs.

### **6. Review of Reserves Policy:**

The Finance Committee shall review the Reserves Policy yearly and shall give its recommendation to the Board.

The Board shall regularly meet once a year to review the policy and to maintain the reserves at a level deems sufficient for its operating needs, taking into consideration the recommendation of the Finance Committee.