



Exeter Food Action Reserves Policy

1. Introduction

Exeter Food Action (EFA) recognizes the importance of maintaining financial stability and ensuring the long-term sustainability of the organisation. This reserves policy outlines the guidelines and principles governing the management of reserves to protect the charity against financial risks and to support its mission effectively.

2. Purpose of Reserves

The primary purpose of reserves is to provide EFA with a financial buffer to mitigate unforeseen risks, cover unexpected expenses and sustain operations during periods of reduced income. Reserves also allow EFA to invest in new initiatives and respond to emerging opportunities aligned with its charitable objectives.

3. Target Reserve Level

EFA will aim to maintain unrestricted reserves equivalent to three months of average annual expenditure. The specific target level will be determined based on an assessment of financial risks, needs and the stability of funding sources.

4. Types of Reserves

4.1 Unrestricted Reserves: These funds are not designated for any specific purpose and are fully available to support EFA's activities and operations as needed.

4.2 Designated Reserves: In certain cases the trustees may choose to set aside specific reserves to address anticipated future expenses or projects. These reserves will be earmarked for their intended purpose but remain part of the overall reserves.

4.3 Restricted Reserves: EFA may hold restricted reserves as required by donors or regulatory authorities. These funds will be used only for the specified purposes defined by the donors or regulations.

5. Utilisation of Reserves

5.1 Activation of Reserves: The decision to utilise reserves will be made by the Board of Trustees in response to unforeseen circumstances, financial emergencies, or opportunities that align with the EFA's objectives.

5.2 Reporting: Any utilisation of reserves will be documented and reported to the Board of Trustees promptly. The trustees will be informed of the reasons for utilising reserves and the planned impact on the overall financial position of the charity.

6. Review and Adjustment

This reserves policy will be reviewed by the Board of Trustees annually to ensure its continued relevance and alignment with EFA's financial needs and objectives. If circumstances change significantly the policy may be revised and adjusted accordingly.

Agreed by Trustees on: 28.02.26

Date for review: February 2027