

# IFIS Reserves Policy

## 1. Purpose of Reserves

The organisation maintains financial reserves to ensure continuity of operations, protect against short-term income fluctuations, and provide a buffer for unforeseen administrative or operational costs. Reserves are not intended for long-term accumulation, but to support stable delivery of the organisation's mission.

## 2. Target Level of Reserves

The organisation aims to maintain Minimum Reserves equivalent to the higher of either **four months of budgeted operating expenses, plus a 20% contingency buffer** or **50% of the budgeted Membership Fees**. Should the Reserves fall below this amount, the matter must be discussed at the following board meeting.

This level reflects:

- The typical lead time for planning and committing to standard events (approximately four months).
- The low likelihood of significant cancellation fees.
- The organisation's reliance on stable but modest income streams, including membership fees.

In the event that events are planned that may incur a significant cancellation fee, the minimum reserves available at the time of commitment should be in the order of four months budgetted operating expenses plus those same cancellation fees.

## 3. Use of Reserves

Minimum Reserves are intended to be used only when:

- Income is temporarily lower than expected,
- Unplanned administrative or compliance costs arise, or
- The Board approves expenditure necessary to protect the organisation's continuity.

Any use of Minimum Reserves must be reported to the Board.

## 4. Review

The reserves level and this policy are reviewed annually during the budget approval process, or sooner if material changes occur in the organisation's financial risk profile.

## Rationale for the Reserves Policy and application in 2025/2026

The level of Minimum Reserves are based on industry consultancy norms and not regulatory requirements, of which there appear to be none at the level of the UK, Luxembourg or the EU. Regulators such as the UK Charity Commission do not prescribe a fixed level of reserves but require trustees to set a risk-based target appropriate to their circumstances. Sector practice for small, low-risk charities typically ranges from three to six months of operating expenditure. Based on our planning horizon and risk profile, we propose a target of four months for IFIS.

Based on budgeted operating expenses for IFIS in 2025/2026 of €24,065, the Minimum Reserves would be defined as €8,020 plus a contingency of 20%: i.e. €9,624.

On the basis of Minimum Reserves not falling below 50% of budgeted Membership Fees, the Minimum Reserve required would be €8,125 (50% of budgeted €16,250). Hence the applicable Minimum Reserve for the budget year 2025/26 would be €9,624.

On this basis, and with current reserves at €21,140, we would deem €11,516 as available for investment in initiatives that will improve the performance of the organisation and/or commitments to cancellation fees (normally an avoidable expense).