Cymdeithas Grefyddol y Cyfeillion (Crynwyr) yng Nghymru a'r Gororau

Cymar

The Religious Society of Friends (Quakers) in Wales and the Marches

Charitable Incorporated Organisation

Registered charity number: 1207878

Cymar Reserves Policy

August 2025

Key

Cymar – working title for The Religious Society of Friends (Quakers) in Wales and the Marches - Cymdeithas Grefyddol y Cyfeillion (Crynwyr) yng Nghymru a'r Gororau CIO

AM – Area Meeting

LM – Local Meeting

CCQW – Crynwyr Cymru – Quakers in Wales

MWAM – Mid Wales Area Quaker Meeting

NWAM – North Wales Area Meeting

SMAQM – Southern Marches Area Quaker Meeting

SWAM – South Wales Area Quaker Meeting

Constituent Bodies – CCQW, MWAM, NWAM, SMAQM, SWAM

Constituent Meetings – CCQW, MWAM, NWAM, SMAQM, SWAM and all their local meetings

Introduction

This policy on reserves was agreed at a meeting of Cymar trustees on September 4th 2025.

Cymar is responsible for all the property and funds of its Constituent Meetings. Cymar trustees determine with each Area Meeting, each Local Meeting and CCQW how the duties delegated to that meeting are to be financed.

The Cymar constitution and Finance Policy determine how meeting funds are to be received, managed, maintained and reported.

Cymar trustees need to discern how the financial resources across the Constituent Meetings of Cymar are to be divided between reserves for reasonable future need, and spending on our current area and wider needs.

As a registered charity Cymar must explain in the Annual Report any policy for holding reserves and state the amounts of those reserves and why they are held.

This effectively requires a Cymar wide policy, with a balance between current and future expense, and between spending within each meeting and outside it. These balances should be based on Cymar wide discernment.

This policy covers all constituent meetings of Cymar and has been discussed with, and discerned by, all the Constituent Meetings of Cymar, including specifically with CCQW, AM and LM treasurers.

What are Reserves?

Reserves are unrestricted funds that not needed immediately, but are set aside for specific purposes in the future to further the aims of Cymar, as stated in its constitution.

In general, normal day to day running costs of each meeting are met from its own income, with each meeting paying its way. Reserves are intended for unforeseen or emergency expenditure and planned commitments that cannot be met from normal regular income alone.

Whereas reserves are understood to refer to unrestricted funds, we will also cover restricted funds, their timely expenditure and how they might affect the level of reserve funding needed in some areas.

Reserves are intended to be used when needed, and so when unexpected expensive items are paid for, the reserves can be run down. On the other hand, when expensive items are expected in the near future, reserve funds may need to be increased above the guidelines below.

It can be tricky to balance the concerns of those Friends who feel that money should be kept as a guarantee against hard times with those who feel that ‘God will provide’.

An agreed reserves policy can help guide discernment about balancing these and is a legal requirement.

In addition to unrestricted funds, a meeting may hold designated funds, restricted funds or endowment funds.

Designated funds, e.g. fund for peace schools work, which is earmarked for a purpose but can be reallocated by agreement of the meeting.

Restricted and Endowment funds can only be used for the specific purposes for which they were donated. In this case a Reserves Policy may not be appropriate, as the meeting may have no control over the amount of money held. It is important to use these funds in a timely way.

If the purposes for which they were given no longer exist, consideration should be given to disposing of the funds according the regulations of the Charity Commission.

Why do we need a Reserves Policy?

The purposes of a Reserves Policy are two-fold:

i. to ensure that the charity and all its Constituent Meetings have adequate funds to undertake its charitable activities and protect itself from fluctuations in income or expenditure;
ii. to reassure its members, the public and the Charity Commission that we have prudent reserves, but also to show that we are using our financial resources for our charitable work, and not accumulating excessive reserves.

Cymar trustees have a responsibility to agree, publish, implement and monitor an effective reserves policy so that we can show that we comply with our legal duties to:

- act in the interests of Cymar and its Constituent Meetings
- protect and safeguard our assets
- act with reasonable care and skill
- ensure Cymar is an accountable charity

Our reserves policy explains why Cymar and its Constituent Meetings are holding particular amounts of reserves. This will give confidence that the charity's finances are being properly managed and will also provide an indicator of future funding needs and its overall resilience. Also, trustees are required to report on the management of reserves in our Trustees Annual Report.

This policy is intended to make the management of money easier for meetings, and not to create an additional burden. The provisions below may not be possible every year, but they provide a target to aim for.

The treasurers of all meetings should be familiar with, should understand and are responsible for ensuring adherence to this Reserves Policy. The Cymar treasurer and the AM treasurers can support LM treasurers with this.

The application of the policy needs to be tailored to the individual needs of each meeting. Usually, the treasurer will draft a Reserves Plan for their meeting and discuss it in detail with the meeting's finance committee (often Property & Finance) before presenting it to the Meeting for Worship for Business for consideration and approval.

The Reserves Plan needs to be owned by the meeting, with collective responsibility for it. The way the policy is implemented should be reviewed by meeting annually.

Why Hold Reserves?

In the Cymar constitution, it is stated that Cymar may hold reserves.

There are a number of reasons why meetings might hold reserves, for example to fund (property needs)

a) Future repairs and maintenance of buildings
b) Known property defects not yet repaired.
c) Major projects, for example those aimed at reducing our carbon footprint.

Also to be able to cover (community needs)

d) Income uncertainty, if voluntary contributions or room hire income falls.
e) Regular outgoings when income is sporadic or unpredictable.
f) Ongoing costs if a meeting is laid down or the charity is closed down.

The Property Committee will establish the connection within Cymar between property costs and the reserves policy and will advise on an additional section if required.

"I have learned … that stewardship of our financial resources demands not only meticulous accounting skills but also knowledge of what our money does, and imagination in devising what it can do…" Christine A M Davis, 2008

Reserves Funds

Reserves will be held at two levels under Cymar:

i. The Meeting Reserves Fund for all constituent meetings
ii. The Cymar (central) Reserves Fund

The Meeting Reserves Fund

All meetings should normally hold in their fund in the Cymar bank account, sufficient reserves to cover approximately 6 months of annual non-property related costs should their income all cease or should they need to lay the meeting down.

This funding will come from donations and contributions which exceed normal outgoings.

Decisions about the level and use of meeting reserves will be made by the meeting itself[1].

The Cymar Reserves Fund

Cymar will aim to hold 6 months of running costs. In addition to its own reserves, Cymar will hold a Reserves Fund to cover costs (that are not property related) in instances where there is an emergency, an unexpected problem or a major crisis within a constituent meeting, for example

i. A Local Meeting has a reduction in donations and is unable to meet ongoing costs of renting a venue for meeting for worship.
ii. Payments for training or attending conferences need to be made in advance of donations arriving.
iii. A meeting has an unusually high number of new appointments where training is needed and does not have the resources to meet the cost.

The Cymar trustees will aim to establish a small Reserves Fund for this purpose.

The Cymar Reserves Fund will be built up from

- Contributions from Constituent Meetings
- Transfers from meetings with excess reserves

Decisions about the use of the Cymar Reserves Fund will be made by Cymar trustees in consultation with the affected meeting.

[1] See Guidance for treasurers below

Spending Funds that are surplus to Reserves

As a general rule, any surplus above reserve should be spent over 10 years; any deficit reduced over 5 years.

There are several ways of dealing with surplus funds. Funds may be designated, if this can be justified, or spent on financial or programme-related investments[2]. Financial investment is made to yield the best financial return, within the level of risk which is considered to be acceptable (usually low to medium) and subject to ethical investment criteria, following the guidance in the Cymar Investment Policy.

Programme-related investment is made to promote the charitable aims of the organisation and also provide some financial return.

Funds can be invested in the local meeting houses or donated to another Area Meeting or to Britain Yearly Meeting.

Decisions on the spending of Cymar reserves will be made by Cymar trustees who may decide to follow a combination of these options to reduce surplus funds to the level of funds required under the Reserves Policy.

Review of this Policy

This policy will be reviewed by trustees at least 3-yearly and more frequently if required.

Some Area and Local Meetings have started applying a risk-based approach to reserves. Over time, it is the intention of trustees to move towards a risk-based Reserves Policy.

[2] Note: All investment arrangements and decisions must be made by trustees

Applying the Cymar Reserves Policy – Guidance for Treasurers.

The policy's aim is to set reserves according to the risks to both income and expenditure, so that there is neither a shortage of, nor too much, cash.

To do this, it is necessary to evaluate the reliability of income, and the consistency of expenditure levels. Levels of risk are assigned to each main element of income and expenditure, which then enable the appropriate levels of reserves to be worked out.

If actual reserves are above or below the figures calculated as a result of applying the policy, actions should be considered to bring reserves back into line with the policy.

Each Constituent Meeting should develop a plan as to how this Reserves Policy will be implemented in their meeting, in relation to all the funds for which the meeting is responsible. This will be known as the (insert name) Meeting Reserves Plan. Target amounts for reserves should be set by the Business Meeting, along with any actions need to achieve these targets. The Reserves Plans for all meetings under Cymar should be approved by Cymar trustees.

<u>Setting Target Amounts</u>

The policy above sets target amounts but it is the responsibility of each meeting to agree the level of reserve it holds year on year and record them in its plan. This should be reviewed at least annually as circumstances change.

For **unrestricted** funds, including designated funds, various factors need to be taken into account, such as:-

i. How reliable is your income? Do you enjoy a high level of income from regular donations from members, and is this stable? Are you heavily dependent on one or two generous donors, and might their circumstances change?

ii. If you have investments, how reliant are you on the investment income? Is it significant, or could you afford to release some capital, e.g. for charitable work, and still have enough income to cover your routine expenditure?

iii. Do you employ staff? If so your Reserves Policy must allow for fulfilling obligations to staff in the event of a financial crisis, and an LM, CCQW or AM with staff may need to carry more reserves than one without.

iv. Are your expenses fairly predictable and regular?

v. The timing of receipts and payments can also affect the level of reserves required. A meeting with regular donors and a generally regular payments, such as a small Local Meeting (LM), could need a lower level of reserves than one, such as an Area Meeting, where income comes in irregularly and late in the year but has regular outgoings. If your expenditure fluctuates you need to carry sufficient reserves to cover the cash flow variations.

Having come to an agreement, the amount of reserve that the meeting will target should be stated in its Reserves Plan.

Actual Reserves greater than required

If the outcome is that the LM has significantly higher reserves than needed, the meeting must consider what to do with the excess funds.

vi. It would be appropriate to give priority to transferring these excess reserves to BYM or Cymar;

vii. Funds transferred to Cymar can then be used to support other meetings in the charity when financial help is needed. These funds will then be placed in a designated reserves fund to support other meetings.

viii. Another advantage of transferring the funds to Cymar is that the charity may then have more cash funds to be able to put into investments at possibly a better rate of return[3].

ix. Separately, meetings might consider transferring surpluses from their property income, after related expenditure, to the Cymar Reserves Fund or the Cymar Property Fund (see above and the Finance Policy and Property Memorandum of Understanding).

Actual Reserves less than required

If actual reserves are significantly less that required, various actions can be taken to improve matters. It is important to involve the meeting as a whole so that all know the circumstances, take responsibility, and discern a way forward. The agreed actions should be recorded in the meeting's Reserves Plan.

x. Reduce expenditure – look at the various items that occur regularly and decide if there are any that can be reduced or are not essential in the current circumstances. This could include, for example, donations to Non-Quaker charities, and contributions to Area Meeting, CCQW and BYM.

xi. Increase income by suggesting increased contributions from Friends, either regular or one-off donations; care must be taken with Friends who would not be able to help because of their financial circumstances.

And Finally

If you need guidance or advice on the process, or you find that Friends in your Meeting are not in unity over the Policy, support is available from Cymar's treasurer and trustees.

xii. Having agreed a Reserves Plan for one or more of your funds your meeting holds, you should record the decisions by minute at a Business Meeting and agree a routine for reviewing the plan from time to time. Ad hoc reviews may also be triggered by an event or a change in circumstance.

[3] Please note: Local Meetings can invest their own funds separately also within these investment accounts.

xiii. You should then draw up plans for either spending or fundraising – as dictated by the outcome.

xiv. Please let Cymar's treasurer know how you have applied the policy, and provide them with a copy of your meeting's Reserves Plan along with the relevant minute agreeing this. This will help trustees to monitor the situation.

1. Which Fund?

Please see below lists of items that Friends should expect to fund from

The Meeting Reserves Fund

- Making expected payments before anticipated donations have arrived.

The Cymar Reserves Fund

- Supporting a meeting that is temporarily low on funds
- Supporting a meeting at a time of unexpectedly high costs
- Supporting a Friend in need where meeting resources are insufficient
- Supporting a meeting at a time of financial crisis

2. Examples

1. <u>Local Meeting, no meeting house</u>

Income from donations:

Most donations are by monthly standing order, the risk of income reducing is low. If most donations are collected by cash at each Sunday meeting, variations in donations can occur, and there is higher risk.

Expenditure on hiring a meeting room would be regular, and donations to charities would depend on income received for that purpose. The meeting would make significant contributions to Area Meeting, CCQW and BYM possibly annually towards the end of the year.

In this case, the reserves at the end of the year would not need to be very high, say 3 months' worth of regular expenditure. They would grow during any one year until the point at which they make the annual contributions to AM, CCQW, Cymar and BYM.

2. Local Meeting with a meeting house:

General Fund:

Their general income and expenditure, excluding room hire cost, would be similar to example 1 above, so their requirement for general reserves would be about 3 months-worth of expenditure.

Building Fund:

Casual Lettings income could vary more, but if there are regular, repeat bookings, it is more stable than if there are many one-off bookings. Recent history over the previous 2 – 3 years can be useful in helping to gauge the risk.

Items of expenditure can vary in regularity – utilities are usually regular monthly payments, but repairs can occur randomly. Gardening costs would most occur from April to October. Repairs costs can be random throughout the year.

The cost of major repairs can be difficult to assess. Quinquennial surveys can give a good guide to planning these over say five years and can give a rough indication of costs.

3. Area Meeting

General Fund income:

For the AM's general fund, income from LM contributions can mostly come late in the financial year, when LM's have a good idea what their financial position is, and are able to commit to sending their annual contribution.

They may receive a number of regular standing order donations from individual Friends, which is a more reliable, albeit smaller, source of income.

Training and conference costs could come at any time in the year, but often seem to be concentrated in the first and second quarters.

CYP, newsletters, and other expenditure can occur at any time during the year, and can be difficult to allocate to any particular period.

Bearing in mind the timing issues, the AM might be justified in keeping 6 -12 months expenditure as a reserve.