

**EUROPARC Federation
Report to Council
25th March 2011**



Title:
Reserves Policy

Summary :
Policy setting out guidelines for building up restricted reserves

Recommendations :
❖ To adopt the policy

EUROPARC Federation

Policy Statement on Financial Reservesⁱ

March 2011



This policy statement sets out guidelines for building up restricted financial reserves in the form of a bank cash deposit to enable EUROPARC Federation to counteract shortfalls in income.

Rationale

As Federation funding is subject to peaks and troughs throughout the year it is important to maintain financial reserves at a level that would ensure EUROPARC's core activity to continue during periods of low income, (i.e. a minimum of 3 months operational costs).

To this end the reserves need to be maintained in a readily realisable form.

The calculation of the required level of reserves is an integral part of the Federation's planning, budget and forecast cycle.

Description

Target and Implementation

The Directorate will aim to build up bank cash deposits as restricted contingency reserves to cover operational costs for at least three months and preferably six months. Based on current operational costs the reserves should therefore be accumulated over 5 years and amount to €180.000 - €210.000.

Target date for establishment of the full reserve amount is 2015.

Use

The reserves can be used to cover losses and cash flow problems at any time subject to the principles below:

Up to €10.000: The Director can withdraw the amount to cover cash flow problems, but has to put it back in when the cash flow problem is solved. The President should be informed.

Up to €20.000: The Director needs the Presidents permission to withdraw amounts.

Above €20.000: The Council has to authorize the withdrawal from the account.

Monitoring and Review

The Council shall monitor the progress in building up the reserve annually and adjust the target according to the financial situation of the Federation (the situation of unrestricted funds).

These guidelines apply as of 25th March 2011.

ⁱ A formal policy on reserves was agreed at the EUROPARC Federation Council meeting on 29th September 2010.