

# NORTH WEST LONDON AREA QUAKER MEETING

Religious Society of Friends (Quakers)

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## RESERVES AND INVESTMENTS POLICY

### 1. Reserves: Principles

Reserves are cash or cash equivalent funds held to meet unanticipated needs.

Reserves must be immediately available funds in current or demand saving accounts. Endowments, restricted, and designated funds, which may only be used in the specified ways, are not part of the cash reserves.

Ideally, the cash available should never fall below a set reserve level. From Charity Commission guidance, reserve levels should be set taking into account prospective income and expenditure, future needs, and risks that are not likely to be able to be met out of income. Charities should hold adequate reserves, but should not hold excessive reserves that prevent the money being used for the charity's purposes.

For local Meetings and Area Meeting, the main risk is cash flow problems due to delays in raising funds and/or transferring funds from local Meetings to Area Meeting. (Other risk factors such as liability problems with premises are minimal as these issues broadly fall under the remit of LQPT.) Reserve levels should be set to AVOID the following:

- reducing or delaying transfers to other bodies such as money passed on by local Meetings to LQPT or Area Meeting.
- delaying expenditures such as expense reimbursements, professional fees etc.
- launching emergency appeals

Generally, the reserve level should be set to ensure that Area Meeting and local Meetings meet their obligations, fulfilling quotas, and maintaining necessary expenditures in the event of temporary cash flow problems.

### 2. Reserves Policy: AM

Area Meeting should hold a cash reserve sufficient to meet AM General Fund expenses (excluding LQPT quotas) in the next quarter with two quarters preferred.

### 3. Reserves Policy: Local Meetings

LMs should hold a minimum cash reserve sufficient to meet the LQPT quota, AM quota and LM expenses in the next quarter with two quarters preferred.

NOTE: because of annual fundraising cycle, LMs may need to hold larger reserves at certain times to guarantee that available cash funds never fall below the reserve level.

### 4. Investment: Principles

- Investments and banking assets should be broadly in line with Quaker peace and social testimonies. A practicable current account is necessary. We should try to bank digitally.
- Funds may be held for endowments where only income can be spent, for specific purposes and projects (restricted and designated funds), for management of cash flow and for future contingencies;
- Money held for future contingencies should be invested to maximise income subject to maintaining capital value and ethical criteria, or invested with a lower return to further Quaker testimonies, or even lent at zero interest for Quaker purposes;
- We should try to live our Witness through our investments rather than give in to idle usury.
- The use of Friends Trusts Ltd as our sole investment advisor should not be assumed.
- Investment and reserve policy should be reviewed every three years.