



REVENUE RESERVES POLICY

15th November 2022

Next review due: November 2025

Version Control

Date	Description	By
19/06/2015	Created and Approved	Board
20/05/2017	Reviewed and Approved	Board
15/09/2019	Reviewed and Approved	Board
15/11/2022	Reviewed and Approved	Board

Who are we?

The Experiment in International Living trading as EIL Intercultural Learning and as EIL/AFS is a company limited by guarantee not having a share capital, registered in Dublin, Ireland with registered offices at Classic House, 11 – 13 Washington Street, Cork. Registered company number is 136044. The Experiment in International Living is also a charity (Charity Reg. No 20107390). The Experiment in International Living EIL Intercultural Learning is in membership of the following international federations: <http://federationeil.org/> AFS International <https://afs.org/> For the purpose of this statement when we refer to EIL/AFS we mean Experiment in International Living CLG

Purpose of a Revenue Reserves Policy:

In accordance with best practice as recommended by the Charities Regulator in Ireland, the Board of Directors of EIL/AFS, (“the Board”), has developed this reserves policy for the organisation. The purpose of the policy is to ensure transparency and clarity for all stakeholders about what EIL/AFS reserves are, how they are accumulated, how and when they are spent and how adherence to this policy is monitored by the Board to ensure compliance.

What are Reserves?

Reserves are made up of funds that are available for expenditure in a future period.

In the EIL/AFS balance sheet reserves are clearly split between restricted and unrestricted reserves. Restricted reserves are funds that must be used for a specific purpose or project.

Unrestricted reserves are funds that are available for expenditure at the discretion of the Board in furtherance of any of EIL/AFS objectives. This policy is concerned with the management and oversight of EIL/AFS unrestricted reserves.

The purpose of the Revenue Reserves Policy for EIL Intercultural Learning is to ensure the stability of the mission, programmes, employment, and ongoing operations of the organisation.

The Board Revenue Reserves Policy requires:

1. Unrestricted reserves (“Revenue Reserves”) to be maintained at a level which ensures that the organisation's core activity could continue during a period of unforeseen difficulty. These Revenue Reserves should be approximately equivalent to 6 months of core salary costs (the “Revenue Reserves Fund”).
2. Revenue Reserves Fund to be maintained in a readily realisable form, acknowledging that existing capital reserves are not in a readily realisable form, for example, in the property that houses the head office of EIL Intercultural Learning and the location in which our staff are based.

The calculation of the required level of Revenue Reserves is an integral part of the organisation's planning, budget and forecast cycle.

USE OF RESERVES

The Board will consider use of reserves as follows:

1. Identification of appropriate use of Revenue Reserves in the case of any operational shortfalls / unforeseen emergencies:

The CEO and staff will identify the need for access to the Revenue Reserves Fund and confirm that the use is consistent with the purpose of the Revenue Reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using Revenue Reserves, and evaluation of the time period that the funds will be required and replenished.

2. Authority to use Revenue Reserves in the case of any one-off Development or Investment Projects:

The CEO will submit a request to use Revenue Reserves to the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The organisation's goal is to replenish the funds used within twelve months to restore the Revenue Reserves Fund to the target minimum amount. If the use of Revenue Reserves will take longer than 12 months to replenish, the request will be scrutinised more carefully.

Reporting and monitoring

The CEO is responsible for ensuring that the Revenue Reserves Fund is maintained and used only as described in this Policy. The CEO will maintain records of the use of Revenue Reserves and of the plan for replenishment. He/she will provide regular reports to the Board of Directors of progress to restore the Revenue Reserves Fund to

the target minimum amount.

Evaluating the policy

This policy will be reviewed in full on a three-yearly basis, by the Audit and Risk Committee, or sooner if warranted by the Committee, the Board, the Auditor or as a result of external events or changes. Any changes to the Policy will be recommended by the Audit and Risk Committee to the Board of Directors. The Board of Directors has the final authority to change this policy.