

## **Project Arts Centre Deficit Elimination Plan and commitment to developing a Reserves Policy**

Project Arts Centre CLG is working to eliminate a deficit so it is not in a position to build reserves at this time. However, the Directors recognise that it is generally accepted that registered charitable/not-for-profit organisations such as Project Arts Centre should aim to have between three and six months' operational reserves in place. The Directors have adopted a deficit elimination plan and aim to establish a reserves policy in the future that will aim to generate a three month reserve over six years. The elimination of the deficit is already an integral part of the organisation's annual planning, budget and forecast cycle, and once it is cleared the same approach will be taken to the building of reserves. While it will take some years to clear the deficit entirely (at a minimum of 5k – 10k each year), Project Arts Centre has signed up to a number of principles relating to the building of reserves as soon as the deficit is cleared.

Project Arts Centre will aim to fund a reserve at a level of three months operational costs to ensure that Project Arts Centre core activities could continue during a period of unforeseen difficulty.

Project Arts Centre will aim to maintain the reserves in a short notice deposit account so that they may be readily realisable. If possible, they will be unrestricted.

The Reserves Policy of Project Arts Centre CLG will take into account the following risk factors:

- Risks associated with income, including funding and sponsorship, being different or lower from that budgeted
- Risks associated with expenditure, including € and £ payments, being different or higher from that budgeted.
- Planned activity level having identified potential threats and opportunities.
- The organisation's contractual commitments.
- The potential costs associated with having to make staff redundant in an emergency situation.

The level of reserves will be kept under constant review through ongoing financial reporting in the company's management accounts, the annual audited accounts as well as undertaking the necessary legal and regulatory compliance.