

UniBrass Foundation Reserves Policy

Change History

Date	Issue Number	Changes
30 th March 2016	1.0	Created Document
20 th July 2016	1.1	Policy approved by the Board on 6 th June 2016
20 th January 2018	1.2	Policy updated and approved by the Board on 20 th January 2018
6 th January 2020	2.0	Policy updated approved and approved by the Board on 6 th January 2020
28 th March 2021	2.1	Policy updated with minor restructuring to funds
24 th April 2022	2.2	Addition of UniBrass band camp as a major project for the charity and new ongoing financial liability, and minor changes
20 th May 2023	3.0	Restructuring of funds, and overhaul of policy

Last Reviewed: 20th March 2023

1. Overview

Objective

The objective of this policy is to establish a framework for good governance of funds held by the UniBrass Foundation. These funds, directed by this policy, will enable the charity to take advantage of new opportunities as they arise, or ride out unexpected setbacks, and accommodate unexpected expenditure or losses of funding.

This will also demonstrate to the general public that all funds coming into the Foundation's care are being used appropriately, for the purposes of the charity and its objects.

Scope

This policy applies to all unrestricted funds held as general funds of the UniBrass Foundation, and establishes guidelines for its review and amendment. This policy forms a key element of the strategic plan of the charity, and feeds into the budgeting and decision-making processes.

This policy will be reviewed on an annual basis at a meeting designated by the Trustees. The review will be conducted as part of the charity's usual planning processes.

Policy

The UniBrass Foundation will hold in reserve sufficient funds to secure and sustain the charity's viability, and to capitalise on new opportunities as they are presented. It is the responsibility of each Trustee to ensure that this policy is considered when budgeting and event planning decisions are discussed.

It is the responsibility of each Trustee to read, understand, and comply with this policy.

The UniBrass Foundation reserves the right to change this policy at any time.

2. Major charitable activities

The UniBrass Foundation currently operates or has historically operated several activities and events in fulfilment of its charitable objects. Activities which may be run by the charity are summarised below along with useful financial information.

The flagship event for the Foundation is the UniBrass Championships which typically takes place at a host university in February. Currently, the contest changes host university every 2 years. This regular cadence has demonstrated a cycle where the second year at a given host university is more profitable than the first. The charity should aim to make a profit across a host universities 2 year cycle, allowing for a break even or slight net negative in a host universities first year. As a result, the charity should retain reserves to support an initial negative cash flow across this cycle.

UniBrass Championships

The annual Championships are the largest public event run by the charity; these and other associated events constitute the primary income stream for the Foundation. The Championships also generate significant costs over the financial year, with significant variation dependent on location. The range of typical values is approximately £20,000-40,000.

UniBrass Gala Concert

The gala concert was introduced at the University of Warwick in 2014 and it primarily should aim to generate income for the Foundation. Income derived from the concert is used to support the solvency of the UniBrass Foundation. It has therefore become a major contributor to the charity's reserves. When planning the Gala concert, consideration should be given to the viability of any planned Gala concert reviewing factors like venue size and 'pull factor' of proposed performers in order to maximise potential revenue.

UniBrass Band Camp

The inaugural UniBrass Band Camp was held in August 2021. This was funded primarily by a project grant from Arts Council England with the remaining revenue coming from participant fees. Turnover for this event was approximately £25,000 and it was approximately cost neutral. In the second year the turnover was approximately £15,500, and the project received considerably less grant income. The trustee board should annually review the viability of this project and the financial risk it poses to the charity with the aim of reducing the dependency on grant income over the medium term.

3. Review of current/future funds

The UniBrass Foundation is primarily funded through public events organised by the charity, and maintains two secondary funding streams via fundraising/donations and from direct grants from organisations.

In general, the charity holds mainly unrestricted reserves, unless in recent receipt of grant funding for a specific activity. Any restricted funds received will be recorded in a ledger with details of the restrictions, and updated when the funds are spent. Restricted funds will be reported in the Annual Report of the charity. The Foundation's two large projects have cash flow requirements at two separate times in the year: the Championships cash flow requirements typically run from October to April with peak outgoings in February, and Band Camp's run typically from February to September peaking in August. These periods of peak outgoings are the charity's most at risk periods and so the charity should plan to ensure enough liquidity during these periods. At present, this is managed through a combination of charity reserves, strategic fundraising, and the realisation of income associated with each project. The charity also mitigates some financial risk through a recurring monthly income received from the UniBrass Lottery, the trustee board should aim to continue to grow this as an income stream for the Foundation. Cash flow for new projects must be considered at the project planning stage.

4. Level of reserves

Justification

The UniBrass Foundation will hold in reserve sufficient funds to mitigate the risk posed by unforeseen emergencies, unexpected circumstances or to support events in abnormal circumstances which require additional funding to meet the Foundation's charitable objectives. Significant funds are received via grants from external bodies that are not guaranteed year-to-year, and these considerations are incorporated into the level of reserves set.

Due to the timing of most major cash flows concerned with the charity's work, funds are also held in reserve to cover short-term deficits in the budget. Moving the Foundation's activities to a new venue is likely to result in reduced income in the first year, and provision is set aside for this. The restrictions (or lack thereof) below are subject to following proper procedures as set out in the charities governing documents.

Establishing the reserves

Reserve funds have been established primarily from income accrued from previous Championship events and donations received from other sources. Beginning in the 2020/21 FY, reserves have also been accrued from the UniBrass Lottery, with the aim to expand this income stream in subsequent years.

Beyond this any further funds will be built up gradually from surpluses generated by the charity's events, and via targeted fundraising. As income is received, the Trustees will have regard to the proximity of any major charity event and the severity of any deficit when deciding which funds to allocate this to.

Investing reserves

All reserves will initially be held in cash charity accounts where access is possible on a short timeframe. They will review these accounts regularly, and remain vigilant to the prevailing market for other alternatives which may be more advantageous.

When total cash reserve levels across all funds reach approximately £15,000, the Trustees will investigate the possibility of investing a portion of these cash funds in longer-term vehicles. It is expected that any event necessitating a drawdown against a fund will become clear far enough in advance that, if required, long-term investments can be liquidated in good time.

Range & level of reserves

Below is detailed charity activities for which specific reserves are held. In total, this policy recommends a reserves fund of £41,000.

Operations

Amount: £4,000

Reason: The Foundation will hold in reserves sufficient funds to operate the charity at the current level for one financial year. This allows for protection against short-term reductions in

income, or to wind down the charity if it were to be deemed that the charity must cease to exist.

Spending restrictions: There are no specific restrictions on how or when reserves from this fund can be spent, however costs under this category may include day-to-day management of the charities activities, fundraising, IT systems, meetings, training, ongoing low-cost activities (e.g. the lottery or outreach)

UniBrass Championships

Amount: £30,000

Reason: The Foundation will build up and hold in reserve sufficient funds to support one year of activities independent of external funding sources. The Trustees have identified that this should be set at this level as this is representative of the minimum cost likely to be needed to run a “bare minimum” contest, based on previous recent championships.

Spending restrictions: These funds should be used on contest related spend only.

UniBrass Band Camp

Amount: £5,000

Reason: This fund has been allocated some money to support cash flow in advance of revenue being received for the project. These monies should be repaid to this fund once sufficient revenue has been generated by the project.

Spending restrictions: Money from this fund should be spent on items like venue deposits.

New and Expanded Projects

Amount: £2,000

Reasons: The trustee board is continually exploring potential other one-off projects to expand the scope and impact of the Foundation. The charity should retain an amount of reserves in order to facilitate these new projects. Projects utilising these funds should aim to be, at a minimum, cost neutral, allowing income received from the project to restore reserves to this fund. Should a project become a recurring event, it should be accounted for in a separate section in a subsequent policy review.

Spending restrictions: These funds should only be used to expand the activities of the charity, and should not be used for ongoing activity.

5. Policy review

Frequency of review

As part of the charity's usual planning processes, focussed reviews of this policy will be carried out on an annual basis. In depth reviews will take place once every two or three years, or as the charity trustees feel necessary, in response to changing charitable or financial conditions and needs. Any trustee may call for a review where they reasonably believe conditions necessitate it. The guidelines established as part of this policy should form the basis of the review, alongside current and projected funding streams.

The level of reserves held will be monitored throughout the year as part of normal budget management.

Conducting the review

Trustees will initiate the review by determining what funds the charity holds, how they are allocated, and any restrictions placed on the use of those funds.

Analysis will be made of current projects and activities organised by the charity, and those planned for the future. A consideration will be made on future forms of funding, in light of this and the prevailing financial environment at the time of the review.

Any committed expenditure will be reviewed, including the timing of this and its impact on cash flows. Where possible this should be matched with income; otherwise reserves will be required.

An investigation of any perceived risks to which the charity is exposed, and the reliability of its income, will be undertaken.