

Demonstrating financial resilience – income diversification and managing reserves

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CHARITY
COMMISSION



Case study – Best Beginnings

- Best Beginnings R1120054
- ICAEW Charity On-line Accounts awards winner
- Income grown from £0.4m (2009) to £1.1m (2014) – has 10 staff
- Main area of activity – improving early life years for babies and toddlers
- Main sources of income in 2014: Big Lottery Fund, donations, grants, fundraising and trading

Case study – income diversification

- Understand your sources of income
- Identify vulnerabilities
- Communication – telling your story
- Celebration – deepening donor relationships
- Resilience – contingency planning and making the case for sufficient reserves

Matters to consider

- Quality of your management information
- Effective communication through the trustees' annual report and accounts (only 2/3rd get the basics right – inference is smaller charities exhibit poorer reporting)
- Strategic planning (ICAEW study 2014)
- Embedded risk management – a matter of roles

Case study - reserves

- Identification
- Explanation
- Review
- Sufficiency and risk management
- Context – restricted funds

Matters to consider

- We do not/have not set a prescribed level
- A matter of judgment
- In-year monitoring of trends
- Going concern?

Sources of advice

- Big board talk – charity trustee meetings - 15 questions you should ask
- CC10 Hallmarks of an effective charity
- CC12 Managing financial difficulties and insolvency in charities
- CC15c Charity reporting and accounting – the essentials (March 2015)
- CC19 Charities and reserves
- CC25 Managing charity assets and resources
- CC26 Charities and risk management
- ICAEW study (2014): www.icaew.com/en/technical/charity-and-voluntary-sector/volunteering/charity-commission-and-icaew-strategic-review-project

Contact details & questions

- Best beginnings contact details:
- www.bestbeginnings.org.uk
- Charity Commission:
- www.gov.uk/government/organisations/charity-commission

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- Any questions/comments?