

Applicant Reserves Policy

Introduction

Rātā recognises the need for community organisations to hold appropriate cash reserves. The following principles are applied when taking account of any reserves a community organisation holds when assessing applications for funding.

Definition of reserves

Free reserves are considered to be those reserves not tagged or designated for specific purpose and may include cash or investments.

Principles

- Free reserves are considered to be those reserves not tagged or designated for specific purpose and may include cash or investments.
- Organisations are expected to hold reserves at a level to ensure the organisation is financially sustainable and may have a reserves policy which sets an appropriate level.
- Rātā Foundation wishes to ensure its funding is being actively utilised to deliver positive outcomes in the community.
- Where an organisation holds more than 12 months reserves, funding is more likely to be approved for a specific project rather than operating costs.
 - For organisations with annual operating payments under \$125,000, 24 months reserves is viewed as an appropriate level.
- For organisations with total assets over \$50 million, we will consider the likely impact of the grant on a case by case basis. In these cases general operating costs are unlikely to be supported.
- Where a Foundation or Trust has been established solely or significantly to benefit an applicant organisation, the reserves of that Foundation or Trust will be treated as part of the applicant organisation's reserves.
- Treaty Settlements are considered to have been awarded for redress and are not considered as part of free reserves.

What we will look at

- What is the level of your organisation's of free reserves?
- If your organisation holds more than 12 months in free reserves (24 months for organisations with annual operating payments under \$125,000), what does your reserves policy say about the need to exceed that?