

# **Penicuik Community Arts Association (PCAA) Reserves Policy**

## **April 2022**

### **Why the PCAA needs a Reserve of Funds**

The PCAA is a Registered charity, and is expected to retain sufficient funds in reserve to cover the monthly running costs and to undertake any necessary repairs and upkeep of the Arts Centre building, to ensure it remains in a safe and reasonable decorative order. Repairs can be unexpected, so we must have funds set aside for these unpredictable but certain eventualities.

General running costs are approximately £750 per month. To support these costs, we are dependent on regular contributions from the Café cooperative (housed within the building) and regular exhibition sales, room rentals and event income. Our income is anticipated but never guaranteed.

Part of the PCAA's remit is to put on concerts. We obtain partial financial support from Chamber Music Scotland, and we charge what we hope are reasonable prices for tickets, estimating expected audience numbers against the fee the PCAA must pay the musicians. We often aim to engage musicians at the start of their career, whose fees are not yet beyond us. Occasionally we want to provide music from mature established musicians whose fees are higher. Should we run concerts at a loss, we are required to release some funding from Reserves to cover these shortfalls.

We estimate that a reserve of 6 months of monthly bills, plus £1000 for unexpected bills is required.

This gives a rounded up total of £5500

### **How and when the PCAA's Reserves can be spent**

The reserves can be drawn on if:

- (1) A necessary and unexpected building repair is needed to maintain the fabric of the building and to ensure the safety of the building's users.
- (2) Income fails to meet the level of expenditure on monthly bills for running costs.
- (3) A concert or other event runs at a loss. We aim to minimise the risk of this happening by publicity and promotion of events as much as our volunteer labour can offer, by setting ticket prices at a sensible level which is still affordable, and by securing financial support from funding bodies.

When more than £1000 of the Reserve Fund is drawn, the PCAA committee shall review the situation on a monthly basis at a special meeting, to determine (i) how fast the reserves are being drained and for how long it might continue, (ii) if further sources of income can be found and (iii) to decide if the financial situation is sustainable or not, and if steps need to be taken to vacate the building and seek alternative options to operate as an Arts Organisation.

### **The Reserves Policy will be reviewed every 6 months**

**Next review: 30th September 2022**