The League of Friends of Minehead and West Somerset Hospital & The Community

Based on "Internal financial controls for charities" document from the Charity Commission website

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Restricted Funds Policy

1. Introduction

The Charity Commission requires charities such as the League of Friends to have a policy in place to ensure that any "Restricted Funds" are managed in accordance with the donor's wishes. The Charity Commission defines Restricted Funds as "*may be restricted income funds, which can be spent at the discretion of the trustees in furtherance of some particular aspect(s) of the objects of the charity. Or they may be endowment funds, where the assets are required to be invested, or retained for actual use, rather than expended*".

2. Specific Projects

Where the League of Friends (LoF) requires funds for a specific project, all donations and other fund-raising for that project will be identified within the accounting system and will be used for that project.

If the amount raised exceeds that required to complete the project, on completion of the project, including any on-going costs, the excess income will be moved to the general fund account and used for other projects as determined by the Trustees.

3. Specific Donations

Where the League of Friends receives a donation which is given for a specific project not already approved by the Trustees, every effort will be made to seek a formal application for funding for the project. If no application can be obtained, the Trustees will seek the agreement of the donor to retain the donation for such other projects as may, from time to time, be approved OR refund the donation to the donor.

4. Authorisation of Payments from Specific Donations

Where there has been a donation given for a specific project not already approved by the Trustees, any expenditure of that donation will be authorised only by an ordinary meeting of the Trustees.

5. Endowment Funds

Where the League of Friends receive a permanent endowment where there is no power to spend the capital or an expendable endowment where trustees have the power to convert endowment funds into expendable income any expenditure of the endowment income or authorisation to convert the endowment funds into expendable income may only be authorised by an ordinary meeting of the Trustees.

NOTE: *Holding permanent endowment does not however necessarily mean that the investments held in the fund cannot be sold. However, it does mean that the amounts so realised, including gains, must be reinvested and held within the fund. Controls will be put in place to ensure that the proceeds of investment sales are reinvested and that income from investments is applied in line with the terms of the endowment. Payments relating to the maintenance of endowment, such as investment management fees relating to the endowment fund must also be met from the endowed fund. Charities may also apply to spend permanent endowment*

6. Recording and Reporting Restricted Funds

All donations for specific projects will be recorded in the accounts as such and will be reported as such in the Annual Accounts presented to the AGM of the League of Friends.

7. Review

This Policy will be reviewed on an annual basis.