

PIRC Financial Health

***SleepEasy explanation:** PIRC operates an income prediction tool, or “SleepEasy”, that takes into account these timescales and the likelihood of receiving grants/consultancy. This gives a figure for likely income that has not yet been confirmed, but is in process. These figures are integrated into our cashflow spreadsheet.*

Financial Health

PIRC is in good financial health—and therefore not in *Contingency*—if the following is true:

We have 9 months confirmed cashflow and 12 months SleepEasy (predicted) cashflow.
Including 4% of turnover / min. £10,000 going into reserves per annum.

Contingency

We will carry out the following contingency measures if any of the following conditions are met:

Under 12 months predicted cashflow (SleepEasy, see section below):

Caution with spending, particularly if any increased spending can't be found from another budget.

Under 9 months confirmed cashflow:

Instigate simple cost savings with the team / move into measured spending / budget review.

Plan for measures below should income not come in as expected.

Under 6 months confirmed cashflow:

Financial Trustee Group / Board meeting to review.

Wider budget review including team hours / payrises etc.

Increased team focus on fundraising.

Identify existing funders who may be able to help.

Under 3 months confirmed cashflow:

Move to bare bones operations (including no / hours of team members)

Go to existing funders for help.

Resources Group will be responsible for ensuring all of the above is carried out.

Reserves

Sources for building reserves include:

- Net income from consultancy
- Dedicated reserve budget lines from grants
- Income from sales and donations

Achievable reserve targets should be set as part of a long term plan and built into fundraising going

forward. **A key indicator of financial health would be that a reserves plan is in place and working,** however modest the target.

Reserves target:

- 3 months running costs
- To be achieved by a simple **annual target such as £10,000/year or 4% of turnover.**

Progress is monitored as part of PIRC's financial reporting and reviewed as needed.