

Building Reserves: A Small Charity Action Plan

Small Charities Week 2026 Resource

This practical action plan is designed to help small charities move from talking about reserves to building them. Use it with your board, leadership team, or finance committee.

Step 1: Your Current Position

Current unrestricted reserves: _____

Current monthly operating costs: _____

Current months of cover: _____

Step 2: Your Target Position

Target reserves amount: _____

Target months of cover: _____

Step 3: Potential Sources of Reserves

- Annual unrestricted surpluses
- Full-cost recovery on grants and contracts
- Unrestricted fundraising income
- Event surpluses
- Legacy income
- Unexpected unrestricted donations
- Asset sales or one-off opportunities
- Other

Step 4: Board Commitment

What percentage or amount will be intentionally set aside for reserves each year?

Annual commitment: _____

Step 5: Your First Action Within 90 Days

What is one practical action your charity will take in the next 90 days?

Discussion Prompts

- What is currently preventing us from building reserves?
- Are we budgeting for full-cost recovery wherever possible?
- Do we have enough unrestricted income?
- How would we explain our reserves approach to funders and supporters?
- What would happen if a major source of income stopped tomorrow?

Final Thought

Reserves are not money being withheld from your mission. They are money protecting your ability to continue delivering your mission.

Disclaimer

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