

Research4Life Reserves Policy

Research4Life's financial practice is to maintain its activities with a sufficient reserve to enable the initiative to remain solvent and active on a year-to-year basis, as well as to carry out a five-yearly programme review.

To this end any annual surpluses are re-invested into the reserves to allow smooth financial functioning. In July 2020 the Research4Life Finance Oversight Subcommittee will recommend to the General Partners' Meeting that the hitherto informal understanding of retaining reserves be formalized. The recommended policy is to retain financial reserves sufficient to allow one year of normal operation in the absence of any income from Group B fees, while also building up sufficient funds to carry out the five-yearly programme review. This sum will be calculated as the rolling three-year average expenditure on regular activities plus a cumulative 20% per annum of the cost of the most recent reviews and will be agreed annually at the GPM alongside the annual operating budget. As an illustration, if the average annual expenditure over a three year period is \$200k and the cost of the most recent programme review was \$150k, the minimum reserve should be \$200k plus \$30k in year one of a five-year cycle, \$200k plus \$60k in year two, \$200k plus \$90k in year three and so on. At the end of the fifth year, the reserve should therefore total at least \$350k.

This policy will be reviewed at least every five years and is believed to be prudent in the light of the financial challenges experienced by many of Research4Life's Group B fee-paying institutions and the sometimes-irregular receipt of annual subscription fees. It also addresses the natural fluctuations in expenditure from year to year, depending on the timing of major technology investments or project evaluations.

The Finance Oversight Subcommittee further recommends that any exceptional expenditure which would cause the reserves to dip below the threshold set will require the formal approval of the Executive Council of Research4Life. Such approval may be given via virtual means if necessary.

Andrea Powell
Chair, Research4Life Finance Oversight Subcommittee
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