



FOREIGN EXCHANGE POLICY

Change begins with Education

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FOREIGN EXCHANGE POLICY

1. Purpose

This document sets out SeeBeyondBorders policy regarding the management of foreign exchange risk and the management and accounting for gains and losses arising from the movement of funds from donation currency to the operating currency.

The purpose of this policy therefore is to,

- Clearly articulate the foreign exchange risk management strategy;
- Maximize funding certainty for operations each fiscal year
- Clearly explain and document the accounting for foreign exchange variances, both realised and unrealised in a manner that is easily understood.
- Clarify holding currency of reserves

This is a 'living' document and will be constantly reviewed and updated as experience grows.

2. Policy

2.1. Risk management

SeeBeyondBorders does not have expertise to engage in complex foreign exchange risk management strategies. Therefore, we will not engage in any foreign currency hedging strategies or any other foreign exchange risk management strategies.

2.2. Exchange rate to be used for organisation or project budgeting

In order to ensure a high degree of funding certainty, a conservative exchange rate, approx. 5% below the rate prevailing at the time budget is finalised, will be used.

The gain or loss is only between budget rate and rate at the time of donation is not a real gain/loss. If a USD gain arises these funds will be allocated to the project. If a loss occurs unrestricted funds will be used to ensure the project is funded.

2.3. Translation of restricted donor funds to operating currency.

Restricted funds will be recorded in the SBB grant management system at the rate offered by the bank on the date of receipt.

Individual restricted donations above the listed amounts should be transferred to USD as soon as practicable upon receipt. Monthly reviews of smaller restricted receipts should activate a transfer if these limits are reached.

The realised loss or gain between the rate when the donation is received and the rate at date of transfer will be recognised as a realised gain or loss in the books of fundraising entity.

2.4. Guidelines for transfer of unrestricted funds

Unrestricted funds could be used to fund the fundraising entity operations either within the fiscal year or to build reserves to support growth. Unrestricted funds should be held in local currency to support a maximum of one year of local expenditure. Amounts surplus to requirements should be transferred to operating country currency.

2.5. Accounting for exchange gains and losses

- The realised loss or gain between the donation receipt date rate and the rate on transfer to USD account will be recognised as a realised gain or loss in the books of donor entity.

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- USD bank accounts held in fundraising entities will give rise to an unrealised loss or gain. These will be recognised in accordance with accounting standards.
- Quarterly Financial reporting to the Board will be in USD at budget rate
- Exchange gains or losses arising from the translation of currency of overseas entities on consolidation will be calculated and reported in line with accounting standards.

3. Policy Management

This Policy has been approved by the Australian Board and the Trustees of SeeBeyondBorders' other entities as noted below.

Amendments and or developments will be recommended to the Board from time to time as deemed appropriate by senior management. Formal reviews will take place before the expiry of three years from the anniversary date of approval by the Board. Recommendations for minor changes can be approved by the CEO before the expiry of three years, and recommendations for changes to the background or policy in practice can be approved by the relevant Sub-Committee.

Doc ref	Doc type	Approved by Australian Board Date	Minute ref.	Approved by UK Trustees Date	Minute ref	Approved by Irish Board Date	Minute ref
	Policy Original	Board March 2018		10 Aug 2018		N/A	N/A
FEP/06/2020/1.0	Policy Review	Board June 29 2020	Agenda item 8	21 July 2020	Agenda item 5		

Appendix

Donation transfer requirements by country

Individual restricted donations above the listed amounts should be transferred to USD as soon as practicable upon receipt. Monthly reviews of smaller restricted receipts should activate a transfer if these limits are reached.

Australia	15,000 AUD
UK	10,000 GBP
Ireland	10,000 Euro
Other Currencies	Equivalent of 10,000 USD

Accounting Standards Applied

UK and Ireland

FRS 102 Section 30 sets out the requirements that apply to foreign currency transactions, foreign operations and translation of financial statements into a presentation currency.

Australia

Accounting Standard AASB 121 The Effects of Changes in Foreign Exchange Rates under section 334 of the Corporations Act 2001.