



RESERVES POLICY

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RESERVES POLICY

1. Purpose

This policy sets out SeeBeyondBorders' policy regarding reserves to be maintained in order to ensure the long-term sustainability of our programs that provide access to quality teaching and learning in schools in Cambodia. The Directors are mindful that the organisation's responsibility is to apply donor funding as soon as possible toward the purposes for which the funds were provided. At the same time, the Directors also have a responsibility to ensure the long-term sustainability of the organisation to ensure the continuity of education in its target schools.

The organisation faces risks that could result in short- or long-term declines in revenue and/or increases in operating costs. To maintain services during difficult periods, Directors believe it prudent to retain some funds in reserve.

This document articulates why reserves are necessary, the different types of reserves, how the levels of reserves will be determined, how frequently the level of reserves is to be reviewed, and what action will be taken when the level of reserves exceeds or falls short of the agreed targets.

This is a dynamic document that will be updated and developed according to experience.

1.1. Policy

SeeBeyondBorders' reserves enable the organisation to make long-term commitments to its programs, protect the work being carried out from financial fluctuations, and provide a degree of security from unanticipated events.

Each year the directors/trustees consider the financial risks associated with income, expenditure, and balance sheet items; determine the level of reserves sufficient to protect ongoing programs (much of which is long-term in nature); and determine the financial requirements of restructuring in the event of a major downturn. The directors/trustees of each entity will review their respective entity's reserves in light of organisation-wide reserves, since MOUs facilitate support across entities.

The policy is to not hold more reserves across the organisation than needed for these purposes in order to maximise the amount available to spend on vulnerable children.

The amount of unrestricted reserves to be held will be determined each year based on assessing the risks of a sudden and significant fall in revenue or an unexpected increase in expenses. Any unrestricted reserves in excess of what the directors determine to be appropriate will be allocated towards a specific purpose or location and transferred to restricted reserves. Any shortfall in unrestricted reserves will be made up for over time via operating surpluses.

While the assessment of the amount of reserves will be made based on the information available at the time of the annual review, the general guidance is that the level of unrestricted reserves should cover between six to twelve months of general operating costs, including program expenses not yet funded.

2. Definitions

2.1. Restricted reserves

These reserves are tied to particular purposes or locations, as specified by the donor or as identified at the time of a public appeal. They are not available for use in other SeeBeyondBorders work. The organisation has limited control over the level of restricted reserves because the donors of such funds determine the time period such funds are to be spent.

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2.2. Unrestricted reserves

Unrestricted funds are not restricted or designated for use on a particular purpose or location and may be allocated according to the discretion of the directors.

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 are recommended within three years from the anniversary date of approval by the Board. Recommendations for minor changes can be approved by the CEO before the Board review every 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	March 2018	Item 10			N/A	N/A
RSP/02/2021/2.0	Policy Update	Board 16 Feb 2021	Item 4	11 Aug 2021	Item 5		