



**AMNESTY INTERNATIONAL AUSTRALIA
SECTION POLICY**

SEC POL #	BP14 (previously 10.5.5)
CATEGORY	Finance
TITLE	FINANCIAL RESERVES
PRINCIPLES	<p>As a worldwide movement charged with the protection of human rights, Amnesty International must ensure that it conducts its own affairs with diligence and with integrity. Diligent stewardship of Amnesty International’s financial resources is the shared responsibility of all the movement’s structures.</p> <p>Amnesty International Global Reserves Guidelines of 2012 sets out an overarching framework for sections to set upper and lower limits for the holding of Reserves.</p> <p>Amnesty International Australia recognises and supports the need to designate and maintain Reserves to adequately support its operations. The National Board will consider the need to balance financial prudence against the imperative to achieve human rights outcomes in establishing Designated Reserves.</p> <p>The IS have recommended that AI Australia use a risk based approach to determine the appropriate level of reserves and this approach has been incorporated into the reserves policy and calculations.</p>
DEFINITIONS	<ol style="list-style-type: none"> I. “Reserves” represent accumulated surpluses or deficits for Amnesty International Australia. As such, reserves represent the net of assets less liabilities. II. “Restricted Reserves” are Reserves which may only legally be applied for a particular purpose as set out by the donor. III. “Designated Reserves” are Reserves which the National Executive Committee has decided to apply to a particular purpose. IV. “Unrestricted Reserves” are the remainder of the Reserves held by Amnesty International Australia. V. “Cash” comprises cash on hand and demand deposits. VI. “Cash equivalents” are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. VII. “Free Reserves” are unrestricted reserves which are capable of being released to fund unexpected obligations or strategic investment. Amnesty International Australia will calculate Free



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	<p>Reserves as follows:</p> <p><i>Cash + Cash Equivalents + Current receivables – Current liabilities (excluding leave provisions) – Restricted Reserves</i></p>
<p>PROCEDURE</p>	<p>The National Board will establish and dissolve Designated Reserves as it sees fit.</p> <p>The National Board shall set an upper and lower target limit for Free Reserve on a risk approach that will be reviewed and set annually in line with the annual budget process.</p> <p>In setting the upper and lower limits for Free Reserves the National Board will consider the advice of the Audit and Risk Committee and:</p> <ul style="list-style-type: none"> ● the level of Cash necessary to provide reasonably unfettered operations; ● the Cash necessary to insulate against risks of downturns in Amnesty International Australia’s financial position; ● the amount of Cash that would be required to seize opportunities to advance human rights and/or to seize opportunities to financially grow; <p>against</p> <ul style="list-style-type: none"> ● the opportunity cost, in terms of foregone human rights impact, of holding Cash. <p>The minimum level of reserves shall be 2 months of total budgeted expenditure with an upper limit of 5 months total budgeted expenditure.</p> <p>Amnesty International Australia shall notify Amnesty International of the upper and lower limits.</p>
<p>MONITORING OF FREE RESERVES</p>	<p>Free Reserves will be reported as part of the management accounts.</p>
<p>INTERACTION WITH RISK REGISTER</p>	<p>A Risk Register is maintained by Amnesty International Australia. The purpose of the Risk Register is to identify risks, make an assessment of their likelihood and consequence and provide treatments—both proactive to reduce the likelihood and reactive to mitigate their consequences. The purpose of the Risk Register is not to establish a Designated Reserve which seeks to ‘insure’ against the crystallisation of such identified risks.</p>



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APPROVED BY	The National Board
INTRODUCED	April 1999
REVISIONS	November 2019, November 2020, November 2022 Approved with no changes in October 2023
NEXT REVIEW	November 2024