



**CONSUMERS
FEDERATION
OF AUSTRALIA**

Developing and promoting
the consumer interest

Reserves policy

CFA's resources exist to help the organisation achieve its mission of promoting the interests of consumers and consumer organisations. CFA is an unfunded organisation and relies on limited resources, primarily made up of membership income, grants, and project income. Despite limited income, we seek to maintain a level of reserves to ensure long-term financial stability.

What are reserves?

Reserves are funds that are freely available for operating purposes and not subject to other commitments or restrictions. CFA's reserves are those funds labelled as retained earnings in its balance sheet.

What is our reserves objective?

CFA considers that it requires reserves of at least 6 months' 'core' annual budgeted expenditure. 'Core' is considered to include membership fees and grant/program income. This is because:

- While not high, CFA can be relatively confident of ongoing membership and grant/program income;
- Should income reduce significantly, six months would enable sufficient time to re-organise the organisation's resources and liabilities

Retained earnings above six months' 'core' budgeted annual expenditure will therefore generally be available to draw down upon for use for particular initiatives as approved by the CFA executive.

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