

RESERVES

This document is the parent policy for any College procedures. Questions regarding this policy are to be directed to the identified Policy Owner.

Category:	F. Finance
Policy Number:	F20
Approval Date:	September 19, 2016
Effective Date:	September 19, 2016
Policy Owner:	Chief Financial Officer

Objective:	It is prudent financial management to set aside a minimum level of unrestricted net assets (accumulated surplus) (UNA) to be retained on an ongoing basis to offset any future excesses of expenditures over revenues. This is an active risk management strategy to shield the college operations from unforeseen circumstances.
Policy:	<p>Unrestricted net assets shall be accumulated to a minimum of three percent (3%) of the annual operating budget.</p> <p>Once the minimum unrestricted net asset balance has been achieved, the College may develop plans to utilize the UNA balance in excess of the minimum threshold.</p> <p>Unrestricted net assets in excess of the minimum level may be used as follows:</p> <ul style="list-style-type: none"> ● To address one-time budget allocations as part of the annual budget process ● To address an annual operating budget deficit ● To address other one-time expenditures that are deemed necessary ● To establish internally restricted net assets for future requirements. The overall purpose of restricting net assets is to provide for longer term future needs of the college <p>Further to above utilization strategies, unrestricted net assets in excess of the minimum amount may be accumulated and internally restricted for major future initiatives and requirements</p> <p>The Board of Governors approval shall be required for any expenditure of unrestricted net assets or for the establishment of internally restricted net assets. The Board of Governors is to ensure that the spending of internally restricted net assets support the purposes for which the net assets were restricted unless the funds are repurposed by a board resolution.</p>
Definitions:	

Related Information:

F16 Operations Budgets Policy

Related Procedures:

Review Period:

3 years

Revision History:

New: September 2016