

2.18 - Net Asset Reserve Utilization - Policy

Section: Finance
Subject: Net Asset Reserve Utilization
Policy: 2.18
Approved: April 23, 2002
Reviewed: July 8, 2015
Revised: November 1, 2015

The Board of Directors may maintain an **operating unrestricted reserve** of up to three (3) percent of total budgeted operating revenues to meet unplanned and/or unforeseen circumstances in the current year.

The Board may accumulate **internally restricted reserves** with a clear statement of purpose, a specific level of funding and a projected time frame for the accumulation and draw down of the net asset reserve.

Transfers to and from internally restricted net assets shall be approved by the Board through resolution.

2.18 - Net Asset Reserve Utilization - Procedure

Section: Finance
Subject: Net Asset Reserve Utilization
Procedure: 2.18
Approved: April 23, 2002
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It is generally expected that public funds provided to regional colleges will be used to provide programs and services that will benefit local communities and the accumulation of internally restricted and unrestricted net assets is not a goal in and of itself.

Regional college boards should strive to accumulate the necessary restricted net assets required for specific and planned purposes and to maintain an appropriate level of unrestricted net assets to ensure stability for the delivery of programs and services in the event of unforeseen circumstances.

This Policy will assist boards to ensure that College plans for net asset utilization are transparent and clearly aligned with college strategic/business plans.

The internally restricted and unrestricted net asset reserves shall be maintained in accordance with the Regional College Accounting and Reporting Manual and with Canadian Generally Accepted Accounting Principles.

If the unrestricted net asset balance exceeds the threshold, a net asset utilization plan will be developed and approved by the Board to reduce the balance to the appropriate level.

A detailed schedule of net asset reserves shall be included in the annual business plan for approval by the Minister.