

**TITLE: RESERVES**

**POLICY STATEMENT:**

Red Deer College (RDC) may create Reserves from Net Assets to finance specific expenditures.

**PURPOSE:**

This document defines and describes how RDC Reserves are created, amended, administered, reviewed and closed.

**SCOPE:**

This Policy and associated procedures apply to all officers and employees of the College and to all funds with potential for appropriation and allocation to a Reserve.

**PRINCIPLES:**

RDC is committed to a balanced approach to the planning and use of Reserves, guided by the principles that ensure prudent asset management and financial planning.

**DEFINITIONS:**

**Capital Reserve:** funds reserved to contribute to funding of a specific long-term capital project.

**Net Assets:** non-profit organizations' equity account.

**Reserve:** *internally* restricted Net Assets that are sourced and used for stated purposes.

**Unrestricted Net Assets:** Net Assets available for general use.

**GUIDELINES:**

1. RDC may consider appropriation and allocation of funds to a Reserve to finance a future capital expenditure, provided that:
  - 1.1. Reserves are created infrequently and are not used as a holding account for discretionary unallocated operating and capital funds, and
  - 1.2. Appropriation to internally restricted net assets does not create a deficit in unrestricted net assets.
2. Reserves are created or increased only by appropriation.
3. Reserves are operated under circumstances and controls defined by the President.

**PROCEDURE:**

1. Request for creation of a Reserve is submitted to Financial Services. The request must include the
  - 1.1. purpose,
  - 1.2. appropriation amount,

- 1.3. funding source(s) and
- 1.4. approval process for disbursements of funds.
2. Requests are reviewed by Financial Services and submitted to the President with a recommendation for approval.
3. The President approves the creation, amendment or closing of all reserves.
4. Financial Services manages a Reserve in accordance with the Reserve's purpose and conditions.
5. Expenditure of any Reserve is instigated through the annual budget process or directly through Financial Services for any in-year requests outside of the annual budget process.

**OFFICER RESPONSIBLE:** VP College Services

**RECOMMENDING AUTHORITY:** Service Council

**CONSULTATION FOR REVIEW:** Service Council

**POLICY REVIEW DATE:** October 2019

**EFFECTIVE DATE:** July 1, 2016

**REVISION HISTORY:** February 1, 2001  
July 1, 2016 (renamed Reserves Policy; Standard Practice rescinded/incorporated)

**RELATED POLICIES:**

**CONNECTION TO BOARD POLICIES:**

All RDC policies support relevant Board of Governors policies.