

<b>SECTION:</b>	Finance		
<b>TOPIC:</b>	Restricted Capital Equity Account		
<b>EFFECTIVE DATE:</b>	September 21, 1995	<b>REPLACES:</b>	
<b>RECONFIRMED DATE:</b>			
<b>REVISION DATE:</b>		<b>ARCHIVED:</b>	
Original signed by President + CEO			

- A. Purpose of Account  
The restricted Capital Account (the “Account”) is a management tool established in order to secure and track funds to meet institutional capital needs. The Account is established in consideration of the Province of Alberta, Advanced Education and Career Development Accounting/Financial Policies of May 31, 1995, and specifically in consideration of the provincial Capital Assets Policy Statement.
- B. Definition of Capital  
For the purpose of this procedure, capital assets purchase and betterment is defined by the generally accepted accounting principles, and includes all capital purchases with a cost of \$1,000.00 or greater.
- C. Definition of Surplus  
For the purpose of this Account, the long term liabilities related to pension and the non-cash liabilities related to vacation pay are excluded in the determination of operating surplus.
- D. Establishment of the Account  
The Account is initially established through designation of surplus funds existing at June 30, 1994, including:
- |    |                          |                  |
|----|--------------------------|------------------|
| 1. | Capital Fund Balance     | 5,859            |
| 2. | Operating Fund Balance   | 252,097          |
| 3. | Capital Renewal Reserves | 130,159          |
| 4. | Special Project Reserves | <u>14,975</u>    |
|    |                          | <u>\$403,090</u> |
- and through the designation of 1994/95 Provincial Operations Grant funds:
- |    |                     |                  |
|----|---------------------|------------------|
| 5. | Capital Designation | <u>325,000</u>   |
|    |                     | <u>\$728,090</u> |
- E. Growth of the Account  
The Account may be developed on an annual basis through the following mechanisms:
1. Allocation of a current year’s excess of revenue over expenditure, subsequent to the conclusion of annual audit and,
  2. Designation of private sector donations which may be solicited for the express purpose of capital renewal from time to time; and
  3. Designation of investment income earned on unexpected Restricted Capital



- F. Allocation and Disbursement of the Account  
Annual allocation of capital funds will be based upon capital needs as identified and prioritized by the President, and will be subject to the approval of the Board of Governors as a component of annual institutional budget approval, normally concluded in June of each year. Disbursement of approved capital funds will be undertaken in consideration of annual cash flow patterns, and such disbursement will not place the institution in an overall negative cash position at any time during the course of the year.
- G. Re-assignment of Restricted Capital  
In extraordinary circumstances, the Board of Governors may approve re-allocation of resources from the Account to meet operating needs of the College. Capital funds secured through donations or grants specifically designated by the donor or granting agency for capital purchases may not, under any circumstances, be allocated for purposes other than those intended by the donor or granting agency.