



TITLE:	Capital Reserve Policy	POLICY #05-14
CATEGORY:	Finance	
AUTHORITY:	Board of Directors	
ADOPTED:	November 19, 2024	
EFFECTIVE:	November 19, 2024	

1. Purpose

This Policy applies with respect to transfers to the Capital Reserve, the uses of the Capital Reserve, and withdrawals from the Capital Reserve.

2. Definitions

Board: The UNA Board of Directors.

Capital Asset: A tangible or intangible property that has a useful life of more than one year.

Capital Expenditure: An expenditure for the acquisition of a Capital Asset or for the improvement, maintenance, or repair of a Capital Asset.

Capital Reserve: The capital reserve account in the UNA's financial accounts.

Finance Committee: The UNA Finance and Audit Committee.

UNA: University Neighbourhoods Association.

Unrestricted Fund: The unrestricted fund account in the UNA's financial accounts.

3. Transfers to the Capital Reserve

3.1 Board Direction. Amounts are to be transferred from the Unrestricted Fund to the Capital Reserve on the direction of the Board.

3.2 Committee Recommendation. After the end of each fiscal year, the Finance Committee shall recommend to the Board an amount to be transferred to the Capital Reserve.

3.3 Amount of Transfer. Unless the Finance Committee has reasons to recommend a different amount, the amount of the transfer it recommends after the end of a fiscal year is to approximately equal the amount of the amortization of capital assets in the UNA's financial accounts for the year minus the amount of the amortization of deferred capital contributions.

3.4 Board-Initiated Transfer. The Board may, at any time, direct the transfer of an amount from the Unrestricted Fund to the Capital Reserve without a recommendation from the Finance and Audit Committee.

3.5 Interest. At the end of each fiscal year, an amount is to be transferred from the Unrestricted Fund to the Capital Reserve equal to the estimated amount of investment



earnings during the year on UNA investments reasonably attributable to the Capital Reserve.

- 3.6 Limitation.** Notwithstanding sections 3.1 to 3.5, an amount transferred from the Unrestricted Fund to the Capital Reserve may not exceed the balance in the Unrestricted Fund immediately before the transfer.

4. Uses of the Capital Reserve

- 4.1 Permissible Uses.** Subject to sections 4.2 and 4.3, the Capital Reserve is to be used to fund Capital Expenditures made for the following purposes:

- (a) to acquire Capital Assets that replace Capital Assets;
- (b) having regard to the amounts projected to be required to acquire Capital Assets referred to in (a), to acquire Capital Assets other than Capital Assets referred to in (a);
- (c) to improve Capital Assets;
- (d) to make major repairs to, or to perform major maintenance on, Capital Assets;
- (e) to make minor emergency repairs to Capital Assets; and
- (f) other purposes relating to Capital Assets approved by the Board.

- 4.2 Limitation to UNA Assets.** Section 4.1 applies only with respect to Capital Assets that are owned by, or are to be acquired by, the UNA.

- 4.3 Other Funding Sources.** Except as otherwise determined by the Board, section 4.1 does not apply with respect to a Capital Expenditure to the extent that other sources of non-debt funding are available for the expenditure.

5. Withdrawals from the Capital Reserve

- 5.1 Capital Budget.** The amount of a Capital Expenditure may be withdrawn from the Capital Reserve if the expenditure is included in the UNA's approved capital budget for a fiscal year and the funding source for the expenditure is stated to be the Capital Reserve.

- 5.2 Board Authorization.** If section 5.1 does not apply with respect to a Capital Expenditure, the amount of the expenditure may be withdrawn from the Capital Reserve only if the Board authorizes the withdrawal in an open session of a Board meeting.

6. Revision of Policy

- 6.1 Finance Manager.** The Finance Manager will periodically consider whether revisions should be made to this Policy and will propose revisions in a report to the Finance Committee.



6.2 Finance Committee. The Finance Committee may direct the Finance Manager to consider whether revisions should be made to this Policy and to report back to the committee with proposed revisions, if any.

6.3 Recommendations for Revisions. The Finance Committee shall consider revisions to this Policy proposed by the Finance Manager and proposals for revisions from committee members. If the Finance Committee determines that revisions should be made, it shall recommend the revisions to the Board.

6.4 Board-Initiated Revisions. The Board may make revisions to this Policy that have not been recommended by the Finance Committee.

Policy History & Information

Original Policy Approval Date

January 16, 2024

Policy Amended Date

November 19, 2024

Review Date

November 19, 2027 (every three years)

Related Documents & Legislation

- N/A