

# Net Assets Policy

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

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| <b>Functional category</b>  | Finance  |
| <b>Approval date</b>        | September 18, 2022   |
| <b>Effective date</b>       | September 18, 2022   |
| <b>Policy owner</b>         | Vice President, Administration and Chief Financial Officer |
| <b>Policy administrator</b> | Director, Financial Services and Controller                |

## Objective

NorQuest College (college) will manage its resources in the development and delivery of educational programs, student support services, research, and scholarship.

The Net Assets Policy provides direction on the administration of college net assets.

Authority to establish this policy is derived from the [NorQuest College Board of Governors' Policy No. 5](#), which delegates authority to the President and CEO to establish policies and procedures for the college's management and operation.

## Policy

Net Assets, and changes thereto, shall be reported in the annual audited financial statements. All net assets will be presented and disclosed in accordance with Canadian Public Sector Accounting Standards.

The Board of Governors approves appropriation from Accumulated Surplus

from Operations to Internally Restricted Surplus. The President and CEO may allocate funds within Internally Restricted Surplus for specific operating, capital, or debt repayment purposes. Such purposes will be defined as to the nature and financial requirements at the time established. The Vice President Administration & Chief Financial Officer can approve the reallocation of funds within Internally Restricted Surplus up to the limits identified for operating and capital transactions as indicated in the [Signing Authority Policy](#).

The minimum balance of the Accumulated Surplus from Operations will normally be \$10 million.

Investments in Tangible Capital Assets will be managed in accordance with Canadian Public Sector Accounting Standards and with the college's [Tangible Capital Asset Management Policy](#).

Endowments will be managed in accordance with the [Donation Policy](#).

## Definitions

**Accumulated Surplus:** consists of:

- Accumulated surplus from operations
- Investment in tangible capital assets
- Internally restricted surplus
- Endowments

**Accumulated Surplus from Operations:** the accumulation of annual surplus / (deficit) from operations.

**Endowment:** A restricted donation made to the college where the capital value is invested, and the annual investment income (residual) is used for a specified educational purpose (e.g. scholarship, research, learning enhancements, etc.). All cash or property gifted to the college for the purposes of an endowment fund becomes the property of the college. The principal of the endowed fund is retained, administered, and managed by the college in accordance with its investment policy. Endowed funds generally are meant to exist in perpetuity; therefore, the specified educational purpose

must be funded from the annual residual that is generated from the principal investment.

**Internally Restricted Surplus:** appropriations of accumulated surplus from operations to reflect a policy purpose, to assist with fiscal management, to demonstrate compliance with legislation or funds that have been set aside for specific purposes by the college.

**Investment in Tangible Capital Assets:** those net assets that represent the net book value of capital assets acquired with NorQuest College funds (excludes the net-book value of capital assets acquired either by funds contributed by third parties or through debt).

**Net Assets:** consists of the following:

- Accumulated surplus
- Accumulated remeasurement gains (losses)

## Related information

### NorQuest College

- [Donation Policy](#)
- [Signing Authority Policy](#)
- [Tangible Capital Asset Management Policy](#)

### External

- [Canadian Public Sector Accounting Standards \(Contact Financial Services for details\)](#)
- [Financial Administration Act](#)
- [Post-Secondary Learning Act](#)

## Next review date

April 2025

## Revision history

| Date           | Version Number         | Action  |
|----------------|------------------------|---|
| September 2013 | V1                     | New (replaces Standard Practice 6.13: College Reserves – Management and Accountability). Effective date aligns with adoption and application of Canadian Public Sector Accounting Standards.  |
| May 2018       | V2                     | Reviewed as per Policy and Procedure Framework Procedure. Revisions include addition of related legislation and Board practice information; and adjustment to definition of Accumulated Surplus from Operations.  |
| August 2019    | V3 (published as V2-C) | Compliance Office template & reorganization update.   |
| February 2022  | V4 (published as V3)   | Reviewed as per Policy and Procedure Framework Procedure. Revisions include updating the title of the Policy Administrator, the addition of powers for the Vice President Administration & Chief Financial Officer re: reallocation of funds, and the addition of various hyperlinks. |
| September 2022 | V5 (published as V4)   | Update the minimum balance.   |
| February 2024  | V6                     | Information, Risk & Compliance template & reorganization update.  |