



SUBJECT: Internally Restricted and Unrestricted Net Assets	CATEGORY: Governance – High Risk Decisions	NO. G-4.6
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PREAMBLE

The accumulation of internally restricted and unrestricted net assets in a public sector organization is not a desirable goal in and of itself. The general expectation is that SIAS will use its funds to provide programs and services that will benefit society.

POLICY

- Unrestricted net assets of one-half (0.5) percent of total revenues shall be accumulated to offset any future excesses of expenditures over revenues.
- Restricted net assets may be accumulated to deal with major future requirements.
- If net asset balances exceed the level required, a plan shall be developed to reduce the balances to the appropriate level.
- When the financial results for the fiscal year are known, recommendations on the appropriate level of unrestricted and internally restricted net assets and the utilization of any excess amounts shall be presented to the SIAS board of directors for approval.
- The transfer of funds to and from restricted net assets shall require resolution by the SIAS board of directors.

PROCEDURE

- The internally restricted and unrestricted net assets shall be determined in accordance with the Canadian Generally Accepted Accounting Principles.
- In determining the appropriate amount of internally restricted and unrestricted net assets, SIAS shall consider the amount of revenue derived from sources other than grants from government. Approximately 30% of SIAS's annual revenue is derived from sources other

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than government grants and these revenue sources are subject to significant variations depending upon market fluctuations, competition and other external factors beyond SIAST's control.

- SIAST shall identify the major future requirements for new program initiatives, program renewal and the purchase or replacement of infrastructure and the costs associated with these activities.
- Restricted net assets may be established for projects that require more than one year to complete.

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