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## Net Assets (Liabilities) Policy

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<b>Policy Sponsor:</b>	Vice-President, Finance and Administration
<b>Policy Contact:</b>	Vice-President, Finance and Administration
<b>Policy Number:</b>	N/A
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<b>Approval Group:</b>	The Governors of Athabasca University
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<b>Procedure Title:</b>	<a href="#">Net Assets (Liabilities) Procedures</a>

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### Purpose

The Net Assets (Liabilities) Policy provides direction on the creation and administration of the net assets of Athabasca University (the University).

### Definitions

**Accumulated Remeasurement Gains (Losses)** – unrealized changes in fair value of financial instruments and unrealized foreign exchange gains and losses. Remeasurement gains and losses on unrestricted funds are accumulated in the statement of remeasurement gains and losses until the associated financial instrument is sold. The realized gains (losses) are then recognized in the statement of operations.

**Accumulated Surplus (Deficit)** consists of:

- Accumulated Surplus (Deficit) from Operations
- Investment in Tangible Capital Assets
- Internally Restricted Surplus
- Endowments



**Accumulated Surplus (Deficit) from Operations** consists of:

- Internally Restricted Funds
- Unrestricted Surplus (Deficit) from Operations

**Annual Operating Surplus (Deficit)** – excess (shortfall) of revenues over expenses for the fiscal year as reported on the Statement of Operations.

**Endowments** – externally restricted donations received by the University that are required to be maintained intact in perpetuity. Typically, investment income earned on endowments must be used in accordance with the various purposes established by the donors.

**Future Student Awards** – An internally restricted fund established to fund future student awards.

**Internally Restricted Funds** – consist of:

- Pension Plan Liability
- Strategic Investment Fund
- Future Student Awards

Internally Restricted Funds represent designations of accumulated annual surpluses/deficits to reflect policy purposes, to assist with fiscal management, to demonstrate compliance with legislation, or funds that have been set aside for specific purposes by the Board of Governors of Athabasca University (the Board).

**Internally Restricted Surplus** - designations of accumulated annual operating surpluses to reflect policy purposes, to assist with fiscal management, to demonstrate compliance with legislation, or funds that have been set aside for specific purposes by the Board.

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

**Net Assets (Liabilities)** – the total of Accumulated Surplus (Deficit), and Accumulated Remeasurement Gains (Losses).

**Pension Plan Liability** – An internally restricted fund established to segregate unfunded pension liability from other Internally Restricted Funds.

**Strategic Investment Fund** – An internally restricted fund established for the purpose of leveraging or matching grants and contributions from external parties, to absorb the financial impact of unanticipated and inordinate business situations and events, and to provide funding for specific operating, capital or debt repayment purposes.



**Tangible Capital Assets** – Long-term resources that provide future economic benefit and have a physical presence or form. Examples include property, plant, equipment and information systems.

**Unrestricted Surplus (Deficit) from Operations** – balance of accumulated annual surpluses/deficits that have not been set aside for specific purposes by the Board.

### **Policy Statements**

As determined within its mandate, the University will manage its resources in the development and delivery of educational programs, student support services, research and scholarship.

The Board will approve all policy and recommendations for the creation of, allocation to, and disposition from, Internally Restricted Funds.

All Net Assets (Liabilities) will be managed and disclosed in accordance with Public Sector Accounting Standards.

Endowments will be managed in accordance with the University's [Endowment Management Policy](#), and the [Athabasca University Donation Acceptance Policy](#).

Investments in Tangible Capital Assets will be managed in accordance with Public Sector Accounting Standards.

Net Assets (Liabilities) and changes thereto, shall be reported in the annual audited Financial Statements.

***Internally Restricted Surplus will not be applicable when there is an Accumulated Deficit from Operations.***

Within Internally Restricted Funds, the University will maintain a fund for Pension Plan Liability as well as a Strategic Investment Fund. An Internally Restricted Fund will also be maintained for Future Student Awards unless repurposed at the discretion of the Board.

Any additions or reductions to the Strategic Investment Fund require Board approval.

Excluding any amounts representing Pension Plan Liabilities, the minimum balance of the Accumulated Surplus from Operations will normally be \$3.5 million. Should the Accumulated Surplus from Operations excluding any amounts representing Pension Plan Liabilities fall below \$3.5 million, the minimum balance as recommended in the [Net Assets \(Liabilities\) Policy](#), a restorative plan will be completed and reviewed by the Executive Group and submitted to the Board for approval through the Finance and Property Committee.



## Applicable Legislation and Regulations

[Financial Administration Act](#)  
[Post-Secondary Learning Act](#)  
[Public Sector Accounting Standards](#)

## Related References, Policies, Procedures and Forms

[Athabasca University Donation Acceptance Policy](#)  
[Capitalization and Amortization of Assets Policy](#)  
[Endowment Management Policy](#)  
[Investment Policy](#)  
[Net Assets \(Liabilities\) Procedures](#)

## History

The Governors of Athabasca University, May 27, 2016, Motion # 210-02 (approved)

