

EXTERNALLY RESTRICTED CONTRIBUTIONS

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

Category:	F. Finance
Policy Number:	F10
Approval Date:	April 18, 2024
Effective Date:	April 18, 2024
Policy Owner:	Chief Financial Officer

Objective:	To outline principles and guidelines relating to the identification, evaluation and reporting on externally restricted contributions. This policy must align with, but is not intended to replace, the Public Sector Accounting Standards (section 4210).
Policy:	<p>Externally restricted contributions are contributions where the contributor has outlined that the funds received are to be used for a specific purpose or spent in a specified period. Olds College of Agriculture & Technology (the "College") will be bound by the stipulations within all funding agreements with respect to the dates and allowable expenses.</p> <p>Expenditures can commence on an externally funded project once the criteria and specified period, as documented in the funding agreement, have been met. Restricted funds reports outlining how the funds are spent are provided upon request.</p> <p>Externally restricted contributions that will not be used in the manner stipulated are returned, unless the contributor gives permission for another use.</p> <p>Externally restricted contributions fall under one of the following two categories:</p> <ol style="list-style-type: none"> 1. Deferred Revenue Revenue recognition for externally restricted contributions follows the deferred method of accounting. Using this method, contributions for which externally imposed restrictions remain unfulfilled are identified as deferred revenue on the statement of financial position until the stipulations have been met. The deferred revenue balances reported on the statement of financial position will represent the amount of externally restricted contributions that are related to expenses of future periods or the purchase of capital assets that will be amortized. When these contributions are recognized as revenue, they will be matched in the same period as the expenses that they were intended to fund. 2. Net Assets

	<p>Net assets include the following externally restricted contributions, which are a direct increase in net assets:</p> <ul style="list-style-type: none"> • The principal portion of Endowments • Externally restricted contributions for non-depreciable assets (e.g. land)
<p>Definitions:</p>	<p>Endowments: Gifts to the College of which the principle, plus any reinvestment made to preserve economic value, cannot be encroached. Endowments can include cash, investments or land. Land is assumed to preserve economic value by virtue of market value changes. Only revenue in excess of what is required to maintain economic value can be distributed in the manner expressed by the donor.</p> <p>External Restrictions: Stipulations outlined within a funding agreement with an external party that specify the purpose(s) for which resources are to be used.</p> <p>Externally Restricted Contributions: Contributions received that have externally imposed stipulations that specify how or when the funds received are to be used. These restrictions are imposed by organizations or individuals outside of the College. These restrictions bind the College to use the resources contributed for the purpose(s) or in the time period specified in the signed agreement.</p> <p>Deferred Revenue: A means to account for externally restricted contributions whereby restricted contributions are deferred to future periods if there are still restrictions. This ensures that revenue is recognized in the same period that the operating and/or amortization expenses were incurred.</p> <p>Funding Agreement: An agreement including, but not limited to, a grant, funding contract and an endowment, donation, scholarship, bursary or sponsorship agreement signed by all designated parties.</p>
<p>Related Information:</p>	<p>B03 Fraud & Irregularities Policy D06 Gift Acceptance Policy F21 Signing Authority for Contractual Obligations Policy</p>
<p>Related Procedures:</p>	<p>F10 Deferred Revenue Procedure</p>
<p>Review Period:</p>	<p>3 years</p>
<p>Revision History:</p>	<p>New: April 2021 Revised: April 2024</p>