



POLICY AND PROCEDURE MANUAL

SECTION: Financial

POLICY: FI 10

DATE: August 2018
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ACCOUNTING FOR CONTRIBUTIONS

PURPOSE

Contact Brant receives funding (“contributions”) primarily from provincial Ministries for operating purposes and occasionally from non-Ministry sources for specific programs. The purpose of this policy is to outline the method of accounting for contributions received by the corporation.

DEFINITIONS

Restricted contribution: A contribution subject to externally imposed stipulations as specified by the contributor.

Unrestricted contribution: A contribution that has no externally imposed conditions and Contact Brant is free to use the funds in any manner it chooses.

POLICY

The Chief Executive Officer will be accountable to the Contact Brant Board for funding received and as identified through contractual agreements. Contact Brant will follow the deferral method of accounting for contributions, in accordance with Canadian accounting standards for not-for-profit organizations.

PROCEDURES

1. Contact Brant follows the deferral method of accounting for contributions, in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).
2. In accordance with ASPNO, a determination will be made as to whether funding received by the corporation represents restricted contributions or unrestricted contributions.
3. The use of unrestricted contributions may be internally restricted, as outlined in Policy FI 09 “Internally Restricted Net Assets”.

Externally Restricted Funds

4. In general, Contact Brant receives the following externally restricted funds:

- a. Ministry funding is externally restricted for operating purposes, outlined in contractual agreements. Funds are expected to be expensed within the year that revenue is received.
 - b. Non-Ministry funding is usually externally restricted for specific projects and is not available for Contact Brant's general operations.
5. For accounting purposes, externally restricted contributions for future expenditures are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions that have not been expended in a year are recorded as deferred revenue on the statement of financial position.
6. For accounting purposes, externally restricted contributions used to purchase depreciable capital property are deferred and amortized over the life of the related capital asset.

Unrestricted Funds

7. Non-Ministry funding may sometimes have no external restrictions and is available for the corporation's general operating purposes.
8. For accounting purposes, unrestricted funds are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Internally Restricted Funds

9. Unrestricted funding can be set aside as internally restricted net assets to fund specific activities in the future as recommended by the CEO and approved by the Board of Directors (Refer to Policy FI 09, *Internally Restricted Net Assets*).
10. Internally restricted net assets approved by the Board are not available for the corporation's general operations.
11. Ledger accounts will be established for each internally restricted net asset fund. Internally restricted net assets will be disclosed in the financial statements in accordance with ASNPO.
12. Ledger accounts will be established for internally restricted cash. Internally restricted cash will be disclosed in the financial statements in accordance with ASNPO.
13. When related internally-restricted fund expenses are incurred, these expenses are charged to operations, and the balance of the internally restricted net assets is reduced accordingly. If applicable, the internally restricted cash balance is also reduced.
14. The CEO will account to the Board for the expenses of each of the internally restricted net assets accounts in conjunction with the presentation of the financial statements.