



Capital Policy

Purpose

Capital is one of a number of factors to be considered when assessing the safety and soundness of National Service Dogs' (NSD) long term sustainability. Adequate capital acts as a safety net for the variety of risks that the shelter is exposed to in the conduct of its business. It is available as a cushion to adsorb unexpected expenditures and provides a basis for confidence in the organization by current and future clients, employees, volunteers, partners, sponsors, donors, regulators and the community at large.

The purpose of the Capital Policy is to:

- Protect and evaluate the allocation of capital as a scarce and strategic resource
- Maximize the return on invested capital
- Plan ahead for future capital needs

1.1 Definitions

For the purposes of this policy, sources of capital are defined to mean:

Fund balances plus deferred revenue and operating and capital funds from service dog deployment, donations, fundraising, programs and services, grants, planning giving bequests and investment income earned.

RESPONSIBILITY

The Treasurer will be responsible for the implementation of, and ongoing adherence to, this policy.

ROLE OF MANAGEMENT

It is sound business and financial practice to ensure National Service Dogs has an ongoing effective capital management process for:

- (a) identifying the capital needed to support the current and planned operations;
- (b) developing and submitting to the board of directors for its consideration and approval appropriate and prudent capital management policies, including policies on the quantity

and quality of capital needed to support the current and planned operations that reflect both the risks to which National Service Dogs is exposed and its capital requirements;

- (c) regularly measuring and monitoring capital requirements and capital position;
- (d) establishing appropriate and effective procedures and controls for managing the capital, monitoring adherence to those procedures and controls, and reviewing them on a regular basis to ensure that they remain effective;
- (e) providing the board of directors with appropriate reports on the capital position and on the procedures and controls for managing the capital; and providing the board of directors with appropriate reports that will enable it to assess whether the shelter has an ongoing effective capital management process.

4.0 OBJECTIVE

The objective of the Capital Policy is to manage its capital structure and make adjustments to it, based on the funds available to NSD, in order to support its ongoing programs and operations.

MANAGEMENT OF CAPITAL

All capital expenditures on new projects or infrastructure must receive approval from the board of directors.

Surplus cash should be prudently invested in short-term financial instruments to earn additional income without risking the loss of the principal amount and restricting access to the surplus cash.

Funding received for designated purposes must be used for the purposes outlined by the funding party.

Use of, and transfer into and out of internally-restricted funds, must be approved by the board of directors.

Periodically, and at least on an annual basis, review the (internally-restricted) capital reserve fund to ensure adequate funds are set aside for major repair of building infrastructure and building equipment capital assets and to set aside additional funds given the availability of funds.