

 DALHOUSIE UNIVERSITY University Reserve Policy	<i>Policy Sponsor:</i> Vice President of Finance & Administration	<i>Approval Date:</i> June 2026
	<i>Responsible Unit:</i> Financial Services	<i>Amendments:</i>

A. Purpose:

The purpose of this policy is to support the long-term financial sustainability of the university by effectively managing its financial resources and to establish a consistent and transparent framework for establishing and managing reserves. This includes maintaining sufficient reserves to manage risks, addressing economic uncertainties, planning for infrastructure projects and making other investments in support of Dalhousie's academic and research mission.

B. Scope

This policy applies to reserves established for specified purposes at the institutional and unit levels (academic, administrative, and ancillary). It excludes the administration and oversight of the carryforward of unspent annual operating budget allocations governed by the University Carryforward Policy.

C. Definitions:

Any definitions listed in this document apply to this document only, with no implied or intended institution-wide use. In this policy:

- a. **University funds** are all resources available for spending through the University, including Operating, Endowment, Capital, and Ancillary, Research or Special Purpose accounts.
- b. **Reserves** represent the accumulated fund balances of a specific fund or group of funds at a point in time.
- c. **Executive Leadership** consists of the President and Chancellor, the Vice-President Finance and Administration and the Provost and Vice-President Academic.
- d. **Unit Authority** is the individual assigned or delegated responsibility for the budget and activities of a Faculty, or Major Service or Support Unit or Research, Special Purpose or Capital account as outlined in the Spending Authority for University Funds Policy.

D. Principles:

This policy provides guidance consistent with the following principles:

- a. **Stewardship:** As a publicly funded institution, the university has a responsibility to ensure resources are used for their intended purposes. They should be reasonable and proportional to the risk or the size of the infrastructure project.
- b. **Long-term Planning:** Reserves should be aligned with multiyear operating and capital plans. They should be tied to identified priorities and long-term infrastructure obligations.
- c. **Risk Management:** This policy supports the institution in addressing financial risks arising from aging infrastructure, volatility in funding sources, and economic risks. They are intended to provide financial capacity to absorb shocks and address unforeseen requirements without destabilizing operating budgets or relying on short-term borrowing.
- d. **Transparency:** The policy and related procedures promote the use of consistent terminology and reporting by all units, thereby improving understanding of the nature of reserves and designated funds across the organization and of their alignment with and support for strategic priorities and risk mitigation.

E. Policy:

a. Establishing a Reserve:

The request to establish a reserve is typically made during the annual integrated planning and budget processes. The request to establish a reserve shall:

- Identify a clear and specific purpose
- Identify the type of reserve based on the university fund type
- identify the source of funds
- identify the start and expected end date
- identify the minimum and maximum balance, as appropriate
- identify the risk of and consequences of not establishing the reserve

b. Types of Reserves:

Reserves may be established to enable:

- Acquisition of capital infrastructure, including construction of new facilities, major equipment acquisitions, investments in technology infrastructure, or deferred maintenance projects, which will extend the useful life of a capital asset
- Strategic investments that support the academic and research mission of the institution
- One-time donor matching contributions for endowment, capital or research initiatives
- Mitigation of unexpected changes in financial conditions, such as declining enrolment, changes in government funding, and volatility in economic conditions
- Mitigation of existing or future liabilities such as pension plan deficits, self-insured claims, legal settlements, and other unexpected events

- Restricted reserves established based on designated restrictions imposed by external parties such as donors or funders.

c. Administration of Reserves:

- All reserves will be held centrally under the oversight of Executive leadership
- Reserve balances will be reviewed annually as part of the annual integrated planning and budget cycle.
- A report on the status of all reserve balances shall be provided annually to the Finance, Audit, Investment and Risk Committee as part of the budget approval process
- Unless a reserve balance is specifically invested in a separate investment vehicle or alongside the endowment fund, the reserve will earn interest based on the rate earned on the highest bearing interest rate account.
- Reserves shall not maintain a negative balance unless the negative balance is approved and supported by a long-term plan to repay.

d. Amendments to a Reserve

The policy should allow sufficient flexibility to respond to emerging risks or opportunities.

- Requests to make temporary changes to reserve contributions during a period of financial constraint or when an opportunity for additional contributions arises must be approved by the respective Vice President, with details submitted to Financial Services for purposes of annual reporting and monitoring
- Requests to make permanent changes to reserves, such as purpose, funding source, dates or min/max balance, must be submitted in writing by the Unit authority. Requests must be supported by the respective Vice President and approved by Executive leadership
- Any re-allocations of unused reserve balances must be approved by Executive leadership

F. Governance Structure:

a. Authority:

This Policy falls under the authority of the Vice President, Finance and Administration.

b. Roles & Responsibilities:

- VP Finance and Administration: Reserve approval, oversight, policy enforcement.
- Finance Services: Administration, tracking, reporting and compliance monitoring.
- Vice Presidents: Review and support proposals to be submitted by the Unit Authority
- Unit Authority: Proposal development, unit-level annual reporting, and stewardship of approved unit-specific reserves.