

PATHWAYS ABILITIES SOCIETY

POLICY: CAPITAL RESERVE

Applies to: Management

Original Approval Date: December 13, 2021

Date Board Approved: December 13, 2021

Replaces Policy Dated: Not Applicable

Board Member's Signature

POLICY

For each of its buildings the Society will fund, from rents, a capital fund reserve that will be used to purchase and replace major capital items and building components. The minimum annual contribution to the fund will be the amount outlined in the society's annual budget and approved by the funding agency if required.

Pathways Abilities Society establishes a budget plan for funding the capital fund reserve and board approval of the plan authorizes the society to set aside the required amount from each year's operating budget, including a monthly contribution amount.

The society reviews and if necessary, revises the plan every 3 years, based on an inspection of the items included in the plan. The society will review and update the building data by obtaining a building condition assessment every 5 years. The capital fund reserve plan will be cast out 20 years. Expenditures from the fund in accordance with the budget and this policy.

Items to be paid for from the capital fund reserve are those that:

- Cannot be paid for from the annual maintenance budget.
- Have a significant cost over \$5,000.00.
- Will require replacement throughout the entire building at least once during the term of the mortgage.
- Are likely to be accepted as capital fund/capital asset plan items by a funder.
- Whose condition makes a unit unmarketable.
- Whose repair cost will exceed 50% of its replacement cost.