

POLICY FOR GRAIL MAJOR MAINTENANCE PORTFOLIO

September 24, 2009

Background

For many years the National Grail has provided funds to our two major Centers, Grailville and Cornwall, to cover the costs of major capital investments. The funds for these subsidies have been taken from the Major Maintenance Portfolio that was established in 2000 with \$56,000 drawn from the General portfolios for the purpose of assisting the Centers to cover the costs of non-routine building maintenance projects.

Since its inception the Major Maintenance portfolio has received a portion [25% under the asset allocation policy] of all major gifts made to the National Grail that were not otherwise allocated by the donor. The definition of “major maintenance” has been left somewhat vague, but in practice the funds have generally been used for projects and acquisitions that meet the criteria for capital expenditures i.e. cost greater than \$500 and estimated life greater than 1 year.

Although the Centers have each required significant capital expenditures in recent years, the annual allocation, \$25,000 per center for the past several years, has provided a basis for planning for which both Centers have expressed appreciation.

Questions have arisen over proposed uses of funds for other than “major maintenance” expenditures, e.g. the purchase of replacement laundry equipment for Grailville. Such a purpose does meet the requirements for capital expenditure. However, Centers are encouraged to plan for preventive routine maintenance in their operating budgets so as to prioritize Major Maintenance funds for more costly capital improvements and asset acquisition.

Policy

- ❖ Major Maintenance funds are available to the Centers as budgeted each year. The budgeting assumption as of this policy is \$25,000 / Center / year, with the understanding that unforeseen emergencies arise that require MM funds and these situations cannot be predicted at the time of budgeting.
- ❖ The Finance Team will review the \$25,000 allocation figure every 2 years and notify the Centers if the allocation figure will be adjusted. This review will take place prior to the submission of budgets in odd-number calendar years.
- ❖ Proposals for a MM allocation in excess of \$25,000 may be submitted for Council consideration in the budgeting process.
- ❖ MM funds allocated but not used by a Center in any given year may be considered available to that Center for expenditures the following year that exceed the normal allocation amount (currently \$25,000). In addition, Council will take into consideration the amount of MM funds actually used by a given Center in recent years if/when a proposal from that Center is received that requests a greater allocation.
- ❖ Funds will be allocated only after the Center Leadership has submitted a proposal for expenditures for approval by the Treasurer.
- ❖ Funds may be used by the Centers as needed to fund capital expenditures, whether asset acquisition [such as equipment] or capital improvements [e.g. roof replacements or mold remediation]