

Capital Fund Policy

Adopted by the Board of Directors on June 29, 2023

1.0 Overview

This policy establishes the framework for a Capital Fund to enable LiRN Inc. (LiRN) to designate and restrict a portion of its funds for the purpose of capital expenses or upgrades for the benefit of LiRN or the network of law association libraries (“the Network”).

LiRN’s Managing Director administers the Capital Fund, as set out in this policy, in consultation with the Treasurer and LiRN’s Audit and Finance Committee. Any changes to this policy must be approved by LiRN’s Board.

2.0 Purpose and Scope

- 2.1 The purpose of this policy is to define the elements of a restricted Capital Fund that acts as a reserve to cover:
 - a) investments in capital or intangible assets that are better managed through a capital budget rather than LiRN’s operating budget,
 - b) unforeseen significant expenditures to repair or replace capital assets or similar that could not be planned for during the budget process.
- 2.2 The Capital Fund will be reserved for the following capital expenses in support of LiRN or any library within the Network:
 - a) computers and peripheral devices such as printers/scanners and routers,
 - b) information technology infrastructure or software, including specialized services required to implement the technology,
 - c) movable fixtures essential to the operation of LiRN or a library within the Network, or
 - d) other capital or intangible asset requirements as approved by the Board.

In addition, the capital expenses must:

- e) directly benefit one or more of the law association libraries, the Network as a whole, or LiRN and
- f) align with LiRN’s Board-approved strategic priorities.

3.0 Administration

3.1 Funding of the Capital Fund may come from the following sources:

- a) available General Fund balance in excess of any other balances restricted within the General Fund,
- b) amounts recovered from associations within the Network under LiRN's Grant Administration Policy,
- c) funding from the Law Society of Ontario, if the amount had been included in the budget for the operation of LiRN for the fiscal period required under s.5.3 of the Unanimous Shareholder Agreement¹ ("USA").

3.2 The minimum fund balance of the Capital Fund will be set at \$50,000. The adequacy of the minimum fund balance should be reviewed by the Board at least every three years.

3.3 The maximum fund balance of the Capital Fund will be set on an annual basis, during LiRN's budget planning cycle.

In establishing the maximum fund balance of the Capital Fund, LiRN's Board must satisfy itself that the projected sum of all fund balances held in the General Fund, Reserve Fund or any other restricted fund will comply with section 18 of the **Grant Administration Policy**. Should the sum of all fund balances at the end of any fiscal year exceed that allowed under the Grant Administration Policy, appropriate steps should be taken as soon as practicable, but no later than the end of the following fiscal year, to bring LiRN in compliance with the policy.

3.4 LiRN management shall:

- a) develop guidelines and procedures for the submission of requests by libraries within the Network for funding of capital expenses from the Capital Fund,

¹ Unanimous Share Holder Agreement, Dec. 2019, s. 5.3 Funding the Corporation: "...At least ninety (90) days prior to the commencement of each Fiscal Year of the Corporation, the Board shall oversee the preparation of and approve a detailed operating plan and budget for the operation of the Corporation for the upcoming Fiscal Year (the "Budget"). The Budget shall include the request from the Corporation in respect of the Legal Information and Library Services Levy for the next ensuing Fiscal Year. Once approved, the Budget shall be forthwith presented to LSO for its approval."

- b) review requests for advances or reimbursement from the Capital Fund and refer those to the Audit and Finance Committee for consideration and approval,
- c) report on the activity of the Capital Fund to LiRN's Board and,
- d) where required, make recommendations to the Audit & Finance Committee and/or to the Board to approve
 - i. other disbursements from the Capital Fund,
 - ii. the amount of the minimum and maximum fund balance
 - iii. any change in this Policy.