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A Guide to Restricted Assets

Unrestricted funds are just that, unrestricted. There is no limitation on how the League board can spend the money. Restricted funds, on the other hand, have limits on what they can be used for. Those limits are placed on the funds by an external funder or are decided on by the League board itself. For example, casino funds are externally restricted because AGLC restricts what the funds can be used for and by when. Likewise, CLIP and other building grants are externally restricted.

League boards should have some unrestricted reserves available as contingency or emergency funds. **If the board is going to designate funds to a certain project they need to pass a motion restricting those funds. This means that those funds can only be spent on that project and cannot be used for anything else.** If a League is saving for renovations, a playground or other projects those funds would qualify as restricted, either externally by the granting agency or by internally by a motion of the board.

League statements of financial position need to clearly identify all the liquid (cash) assets of the League as unrestricted, externally restricted, or internally restricted and that there is a note explaining how they are restricted. It is important to present an accurate statement of the League's financial position, including what funds are available for spending and what funds are unavailable. Also in 2025, the City grants office informed Leagues and EFCL that Leagues with unrestricted assets equaling more than two times their eligible operating expenses would not be eligible to receive the funding this year.

Please see the City's bulletin, Community League Operating Grant (CLOG) Unrestricted Reserve Information for more information and here is a sample Reserve Policy, a Sample Motion to restrict assets and a sample financial statement section showing restricted assets.

Edmonton Federation of Community Leagues
12122 68 Street NW | Edmonton, AB | T5B 1R1 | 780.437.2913 | info@efcl.org