

FANSHAWE COLLEGE
BOARD OF GOVERNORS' POLICY MANUAL

CATEGORY D - EXECUTIVE LIMITATIONS

TITLE: FINANCIAL CONDITION

POLICY NUMBER: D-10

EFFECTIVE DATE: 2021 09 23

REFERENCE: 40204, 45204, 48407, 49104, 53405, 58701

THE POLICY:

1. During the fiscal year, the President shall not permit:
 - 1.1 *long-term indebtedness* greater than one-half of one percent (0.5%) of *operating revenue* without the prior approval of the Board of Governors.
 - 1.2 the use of *restricted funds* that fail to comply with their stated purpose, applicable statutes and regulatory requirements.
 - 1.3 financial practices that fail to comply with government legislation and regulations, and directives issued by the Ministry of Colleges and Universities (Ministry) except as follows:
 - 1.3.1 There is a Ministry Operating Procedure regarding Audited Financial Statements that requires the College's audited financial statements to be e-mailed to the Ministry by June 15 of each year. The College provides detailed financial information to the Ministry in mid-May; audited financial statements are reviewed by the Audit Committee before the end of May to meet Ministry requirements; and the approved audited financial statements are e-mailed to the Ministry the day after the Board approves the statements which is typically the end of June.
2. At the end of each fiscal year, the President shall not fail to provide a detailed schedule of *Internally Restricted Net Assets* with a plan indicating their use.
3. At the end of each fiscal year, the President shall not fail to provide audited Consolidated Financial Statements, with expenditures defined in accordance with the Board's Financial Planning Policy (Board Policy D-05), and the accompanying External Auditor's Report.

MONITORING:

The President shall annually provide a monitoring report that demonstrates compliance with this policy.

The President shall keep the Board informed regarding Financial Health Indicators as measured by Colleges Ontario and the Ministry.

DEFINITIONS:

Internally Restricted Net Assets – represent funds set aside for future expenditures as presented annually on the audited Consolidated Statement of Financial Position.

Long-term Indebtedness – borrowing that extends beyond the next fiscal year.

Operating Revenue - total revenue as presented on the audited Consolidated Statement of Operations for the year.

Restricted Funds – monies received for specific purposes. Some restricted funds are in the form of endowments from which only the income earned is expendable; other restricted funds are fully expendable for stated purposes.