

**FANSHAWE COLLEGE  
BOARD OF GOVERNORS' POLICY MANUAL**

*CATEGORY D - EXECUTIVE LIMITATIONS*

**TITLE:      FINANCIAL CONDITION**

POLICY NUMBER:       **D-10**

EFFECTIVE DATE:       2026 04 30

REFERENCE:             40204, 45204, 48407, 49104, 53405, 58701, 26501

**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, Universities, Research Excellence and Security (Ministry).
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 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.