

FANSHAWE COLLEGE
BOARD OF GOVERNORS' POLICY MANUAL

CATEGORY D - EXECUTIVE LIMITATIONS

TITLE: FINANCIAL PLANNING

POLICY NUMBER: D-05
EFFECTIVE DATE: 2015 02 26
REFERENCE: 40203, 42406, 45203, 50204, 53406

BACKGROUND:

The scope of this policy is limited to the operating plans of the College. For policies regarding capital plans of the College, refer to Board Policy D-12 (Capital Planning).

THE POLICY:

1. The President shall not fail to provide a financial plan that:
 - 1.1 describes in a narrative form how financial resource allocations are aligned with the Board's Ends policies
 - 1.2 explains significant assumptions and risks
 - 1.3 projects the effect on the accumulated balance of *Unrestricted and Internally Restricted Net Assets*
 - 1.4 spans five consecutive fiscal years consisting of two past fiscal years, the current fiscal year, and two future fiscal years
 - 1.5 presents an accumulated break-even position over the five year span unless otherwise approved by the Board. Any annual surplus or deficit would need an explanation to understand how it will be mediated.
 - 1.6 presents best estimates in an unbiased way
 - 1.7 has expenditures contributing to the learning process (*Instructional Service, Instructional Support Service, Student Service*) of at least 70% of the College's total expenditures excluding *Ancillary Service*
 - 1.8 has *Ancillary Revenue* greater than expenditures related to *Ancillary Service* operations
 - 1.9 is more than 30 days past the beginning of the fiscal year
2. The President shall not permit *significant changes* to be made to financial plans without the prior approval of the Board of Governors.

MONITORING:

In addition to the financial plan provided every April, the President shall provide monitoring reports demonstrating compliance with this policy and highlighting significant changes if any, once in September or October, and once again in January or February.

DEFINITIONS:

Ancillary Revenue – ancillary revenues are defined as those revenues that result directly from *Ancillary Service* operations.

Internally Restricted Net Assets – represent funds set aside for future expenditures.

Significant Change – a significant change is one that would result in a variance to the projected *Unrestricted Net Assets* balance of at least one-half of one per cent (0.5%) of operating revenues.

Unrestricted Net Assets – cash or other assets that are not needed to pay liabilities and are not designated for a specific purpose, as presented annually on the audited Consolidated Statement of Financial Position.

Expenditure Classifications:

Ancillary Service – Activity that primarily provides a user-pay service at competitive rates as a convenience to students and in some cases the college. Examples include but are not limited to retail services, the student residences, and parking.

College Service – Activity that primarily serves the needs of the college as a corporation. Examples include but are not limited to the Board of Governors, human resources, and financial services.

Facility Service – Activity primarily associated with providing a physical working environment conducive to education and training that is both safe and secure and is in compliance with all applicable codes and regulations. Examples include but are not limited to facilities planning, maintenance, utilities, custodial services, and security.

Instructional Service – Activity directly involved with the learning process where there is an expectation of a financial contribution. Examples include but are not limited to academic programs funded by government or contract training funded by business and industry.

Instructional Support Service – Activity that primarily supports *Instructional Service* and contributes to the learning process, which may or may not attract additional revenue. Examples include but are not limited to the library, research, or international projects.

Student Service – Activity that primarily supports the needs of students either with the learning process or with student life. Examples include but are not limited to the registrar's office, counseling, and athletics.