

FANSHAWE COLLEGE
BOARD OF GOVERNORS' POLICY MANUAL

CATEGORY D - EXECUTIVE LIMITATIONS

TITLE: FINANCIAL CONDITION

POLICY NUMBER: D-10
EFFECTIVE DATE: 2015 02 26
REFERENCE: 40204, 45204, 48407, 49104, 53405

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, and 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 Training, Colleges and Universities except as follows:
 - 1.3.1 There is an MTCU 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 MTCU 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, normally in June, the President shall not fail to provide:
 - 3.1 Audited Consolidated Financial Statements with expenditures defined in accordance with the Board's Financial Planning Policy (Board Policy D-05).
 - 3.2 a report of *unadjusted amounts*, if any.

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.

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.

Unadjusted Amount – is an adjustment that has not been made to the audited financial statements because it involves an immaterial amount. Each *unadjusted amount* greater than a value of one-tenth of one percent (0.1%) of *operating revenue* shall be disclosed to the Board of Governors when audited financial statements are presented. Where *unadjusted amounts* in aggregate exceed one half of one percent (0.5%) of *operating revenue*, then every *unadjusted amount* shall be disclosed to the Board of Governors when audited financial statements are presented.