

Highlights from the May 16th SBAC Meeting:

Background & Mandate:

At the May 14th, 2013 Board of Governor's meeting the Board, based on a recommendation from the President, decided to delay the decision on the Budget until the June 11th meeting. The budget was sent back to the Senate Budget & Advisory Committee (SBAC) to allow for further consultation with the University Community. The original motion that was put forward by the Board was amended to request the Senate attempt to balance the 2013-14 budget without cuts to programs and sections in order to allow the next year for consultation. The SBAC is fully committed to reviewing all information in the budget process to ensure the recommendation brought forward to Senate at the June 4th Senate meeting serves the best interests of faculty, staff and students.

The committee would like to thank all faculty, staff and students who have taken the time to speak with or contact the members of the committee thus far.

Process:

In this initial May 16th meeting, the committee determined what information it had available and what information it needed to gather. It was determined there were a number of questions that had been raised by the University Community and it was agreed that as we were able to obtain the answers to these questions we would provide them to the University community.

Data Gathered/Questions Answer:

1. A breakdown of all impacts to the budget to take us from the \$3.5M shortfall down to a balanced budget. The breakdown is in two parts. The items in the budget that are non-program related which reduced the shortfall from \$3.5M to ~\$1.2M and the items in the budget that are program related that further reduce the shortfall to \$0. A copy of this [Breakdown](#) is available for your review on the Senate Budget site.
2. A question was raised about the need for an independent audit of our financial statements. Capilano is a Public University which means it is by law required to have an independent audit performed each year. The Office of the Auditor General participated in our audits for the years ended 09-11 and will again participate in the years ending 14-16. We have had clean audit reports every year. Our auditor of record is KPMG. In addition, Capilano welcomed a review by the Ministry in 2012/2013 as part of our efforts to increase the current operating grant.
3. It has been suggested that the current use of accounting policies as they pertain to amortization are not in the best interests of the University and should they be adjusted they could have a significantly positive effect on the financial position. Our auditors have confirmed that all accounting policies are fully in accordance with proper accounting standards and the suggested changes are neither allowable nor applicable for Capilano.
4. Results from the Fiscal Year Ending 2013. Questions have been raised about the recurring annual surplus that has been achieved. It has been suggested that perhaps if we have normally seen a surplus of approximately \$2M then could we not simply be less conservative for the coming year? First, it should be noted that we are required under

the University Act to achieve a balanced budget and failure to do so initiates an audit by the ministry and puts us at risk of government involvement in our financial planning. This unfortunately has already occurred in Fiscal 2013. Though we have not received final audited statements, the year-end numbers are showing an approximate loss of \$200,000.

5. There have been many questions about the use of the reserves as an option for the Board to balance the budget. To be clear, the Board must, under the [University Act](#), balance the budget. If the Board wanted to run a deficit, an application must be made in writing to receive approval by the Ministry and Minister of Finance. If approved, the amount would then be taken from the reserve funds. Reserve funds can only be used for “one-time” items such as renovations or equipment purchases. These funds may not be used for recurring costs such as salaries. Currently Capilano University has approximately \$8.8M in reserves, which represents approximately 10% of our total budget. Capilano’s Board and executive work with the Ministry and Minister to explore this option. Verbal approval cannot be granted and a formal written decision from the Ministry and the Minister could not be expected before late fall. As such, the Board would be expected to balance the budget to be compliant with the University Act by its Quarter 1 deadline for submission to the Ministry. The Board of Governors is still looking at the possible option of making an application for the use of reserve funds for some of the one-time items that were removed from the budget to close the \$3.5M shortfall.

Next Steps:

- The committee is looking to gather additional data to better understand the costs and revenues associated with all proposed program cuts as well students enrolled in each of these programs.
- Hopefully our new Minister will be announced soon and we will be looking to see if some direction can be obtained from this individual.
- The committee will be looking for additional information from the Deans of each Faculty.
- The SBAC will continue to provide updates on all our activities. We will continue to attend as many meetings and forums as we are able and invited to attend. All feedback and communication is welcomed.

Future meetings:

Tuesday May 21st

Thursday May 23rd

Sincerely,

Senate Budget & Advisory Committee

Leighan Crowe (Chair), Grace McNab, Don Bentley, Tammy Towill, Reini Klein, David Clarkson, Jennifer Moore, Kris Bulcoft and Cindy Turner (resource)