Federation of Students’ Board Agenda  
*Special Meeting*  
SLC 1106, University of Waterloo  
*Chair:* CHAIRMAN PLANTE  
*Secretary:* SECRETARY EASTON

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**ATTENDANCE**

Please convey regrets to the Chair of the Board at chair@feds.ca.

**Expected Attendees:**
- President Beauchemin
- General Manager Burdett+
- Director De Sousa
- Secretary Easton
- Director Eyre
- Vice President Fitzpatrick
- Vice President Gerrits
- Director Hunte
- Director Parmar
- Chairman Plante
- Director Town
- Vice President Velling

+ Non-Voting Resource Member

**Expected Absences:**
- None

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**ORDER OF BUSINESS**

**Public Session**  
3

1.0 Preliminaries  
3  
1.1 Call to Order *(Attention)*  
3  
1.2 Approval of the Agenda *(Assumed)*  
3  
1.3 Territorial Acknowledgement *(Information)*  
3  
1.4 Oral Conflict of Interest Declaration *(Information)*  
3  
1.5 Remarks of the Chair *(Information)*  
3

**Confidential Session**  
3

2.0 General Orders  
3
2.1 Presentation of the 2018-19 Audited Financial Statements (Discussion) . . . 3
2.2 Presentation of General Fund Key Indicators (Discussion) . . . . . . . . . . 4

Regular Session

3.0 General Orders
3.1 2018-19 Audited Financial Statements (Decision) . . . . . . . . . . . . . . . . 4
3.2 Amendment to Bylaws Article 4 (Decision) . . . . . . . . . . . . . . . . . . . 4
3.3 Bylaw Amendments Previously Approved (Information) . . . . . . . . . . . 4
3.4 Amendment to Amendment of Bylaws Article 9 (Decision) . . . . . . . . . . 5
3.5 Adoption of the Agenda (Decision) . . . . . . . . . . . . . . . . . . . . . . . . . . 5
3.6 Appointment of the Auditor (Decision) . . . . . . . . . . . . . . . . . . . . . . . . 5
3.7 SLC Building Fee (Decision) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 5
3.8 Capital Fee Report (Decision) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 6
3.9 Recommendation of Items (Discussion) . . . . . . . . . . . . . . . . . . . . . . . . 6
3.10 Annual General Meeting Agenda (Decision) . . . . . . . . . . . . . . . . . . . . 6

4.0 Announcements (Information) 6

5.0 Adjournment (Decision) 6
Public Session

1.0 Preliminaries

1.1 Call to Order
The Chair calls the meeting to order at 5:30 PM.

1.2 Approval of the Agenda
The Chair assumes the Agenda.

1.3 Territorial Acknowledgement
Pursuant to Federation Policy 50, Indigenous Engagement and Inclusivity, the Federation of Students’ Board of Directors acknowledges:

"The University of Waterloo is on the traditional territory of the Neutral, Anishnaabeg, and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, land promised to the Six Nations, which includes six miles on each side of the Grand River."

1.4 Oral Conflict of Interest Declaration
In accordance with Procedure 2, §II(6), the Chair poses the following question:

"In relation to any of the items of business on the agenda for this meeting, does any Director have an actual, perceived, or potential conflict of interest?"

1.5 Remarks of the Chair

Confidential Session

2.0 General Orders

2.1 Presentation of the 2018-19 Audited Financial Statements
For information: Presentation of the 2018-19 Audited Financial Statements and the accompanying Management Letters from MNP, LLP and WUSA Accounting Manager Cheryl Pflug.
2.2 Presentation of General Fund Key Indicators

For information: Presentation of the General Fund Key Indicators.

Regular Session

3.0 General Orders

3.1 2018-19 Audited Financial Statements

Be it resolved that the Board approves the audited financial statements of the Corporation for the 2018-19 fiscal year;

Be it further resolved that the approved audited financial statements be added to the General Meeting Agenda for information.

Submitted By: Vice President Velling

Note: Please refer to the following attachments on Sharepoint:

- Federation of Students’ draft financial statements
- Engineering Society’s draft financial statements
- Science Society’s draft financial statements

3.2 Amendment to Bylaws Article 4

Be it resolved that the Board approves the amendments to Article 4, Section 1 of the Bylaws as presented, for General Meeting ratification.

Submitted By: Chairman Plante on behalf of the Students’ Council

Note: Please refer to the proposed Bylaw amendment attached.

3.3 Bylaw Amendments Previously Approved

For information: Bylaw amendments previously re-approved by the Board (see attached).

Submitted By: Chairman Plante

Note: Please refer to the previously approved Bylaw amendments attached.
3.4 Amendment to Amendment of Bylaws Article 9

Be it resolved that the Board adopts the amendments to the amendment of Article 9 of the Bylaws as presented, for General Meeting ratification.

Submitted By: Chairman Plante, President Beauchemin and Vice President Velling

Note: Please refer to the proposed amendment to the Bylaw amendment attached.

3.5 Adoption of the Agenda

Be it resolved that the Board approves the following text to be affixed as a footnote on the Annual General Meeting agenda in relation to the item entitled Adoption of the Agenda.

"By adopting the agenda, the Assembly accepts the course of business for the Annual General Meeting of the Corporation. Any items that are not addressed, unless otherwise dispensed with or referred by the Assembly elsewhere, including due to loss of quorum, shall be understood to be referred to the Students’ Council for rendering of a decision."

Submitted By: Vice President Velling and Chairman Plante

3.6 Appointment of the Auditor

Be it resolved that the Board authorizes the Auditor RFP Selection Committee, consisting of the VP Operations & Finance, General Manager, Accounting Manager, and Secretary of the Corporation, to recommend on behalf of the Board the auditor for appointment by the Annual General Meeting of the Corporation;

Be it further resolved that the VP Operations & Finance shall inform the Board of Directors as soon as a candidate is selected for recommendation;

Be it further resolved that the VP Operations & Finance, or a designate, shall present to the General Meeting the recommended candidate on behalf of the Board of Directors.

Submitted By: Vice President Velling

3.7 SLC Building Fee

Be it resolved that the Board accept the presentation of the Vice President, Operations & Finance to include a for information item in relation to the elimination of the SSAC SLC Fees and the increase of the SLC Facilities free in equivalent amount.

Submitted By: Vice President Velling
Note: Please see the SLC Fee proposal attached for relevant background information as well as minutes from the Student Services Advisory Committee meeting*.
*Confidential document

3.8 CAPITAL FEE REPORT

Be it resolved that the Board approves, for addition to the General Meeting agenda, the creation of a dedicated fee to support capital maintenance, improvement, and expansion for student spaces (e.g. Student Life Centre), including future compliance requirements under changes to accessibility legislation as may be required, in an amount not exceeding $20 dollars, contingent on the successful adoption of a capital program by the Students’ Council.

Submitted By: Vice President Velling

Note: Please refer to the Capital Improvement and Expansion Fund

3.9 RECOMMENDATION OF ITEMS

For Discussion: Board making a recommendation for or against adoption of items on the Annual General Meeting agenda.

Submitted By: Chairman Plante

3.10 ANNUAL GENERAL MEETING AGENDA

Be it resolved that the Board approves the agenda for the Fall 2019 Annual General Meeting of the Corporation, as amended, if amended;

Be it further resolved that the Board permits the Chair of the Board and the President to make editorial amendments to the agenda, as reasonably required.

Submitted By: President Beauchemin and Chairman Plante

4.0 ANNOUNCEMENTS

The next scheduled meeting of the Board will be Thursday October 10th at 5p. Agenda items are due this Friday October 4th at 5p.

5.0 ADJOURNMENT

Be it resolved that the Chair adjourns the meeting.
Resolution for Compliance with the MTCU’s Tuition Fee Framework and Ancillary Fee Guidelines Publicly-Assisted Universities

Background / Spirit:
The Ministry of Training, Colleges, and Universities’ (MTCU) Tuition Fee Framework and Ancillary Fee Guidelines Publicly-Assisted Universities requires that student fees determined not to be essential by the Student Association and the University in accordance with its guidelines must not be charged on a compulsory basis (i.e. must be optional). The policy, known as Student Choice Initiative (SCI) also requires that fees not be unreasonably bundled so that students know what they are paying for in a fee.

The Board has precedent of multiple interpretations of the bylaws in addition to resolutions that identify that Council is responsible for determining the apportionment of the Federation of Students’ Fee into such optional buckets that collectively represent the suite of fees formerly known as the Federation of Students’ Fee. In addition, Council — the governing body of the Federation of Students — has upheld that it apportion the fee in a manner consistent with provisions of the bylaws and procedure regarding budgeting. In accordance with those resolutions and precedents, the Budget & Appropriations Committee this Spring 2019 Term voted to approve the suite of fees, their classification as optional or compulsory, and the amount apportioned to each fee, on behalf of the Students’ Council.

However, albeit this apportionment decision was necessary to comply with the policy directive and have fees assessed, it may present concern of contravention of the Bylaws of the Corporation. Currently government directive and legislation, both of which the Corporation is bound to, conflict. This means currently the Board has accepted the risk of potential non-compliance with the bylaws in order to comply with the policy directive of the MTCU in order to ensure the Corporation was able to meet its obligations without significant risk.

In order to rectify this matter, it is recommended that the following bylaw amendments be adopted, which in accordance with standing orders and precedent would empower the Students’ Council to otherwise determine how the Federation of Students Fee might be apportioned as a suite of fees and whether those parts may be made compulsory or optional. The proposal includes a requirement that while conducting such actions, Council comply with the agreement the Corporation has bound itself to with the University as to the collection and remittance of the collected fees, which is taken to include what is defined by the government as the Fee Protocol.

Resolution:

WHEREAS the Students’ Council is responsible for the apportionment of member dues, budgeting, and expenditure of member dues;
WHEREAS the Student Choice Initiative policy directive of the Provincial Government requires the bylaws to be amended to allow for distribution of the Federation of Students’ Fee into buckets and that fees must be made optional, voluntary, refundable, or compulsory based on definitions set out by the policy directive,

WHEREAS the Corporation, acting reasonably to ensure its best interests and uphold its obligations to its members, has a duty to comply and must therefore amend its bylaws,

WHEREAS it is the responsibility of the Board of Directors to negotiate and approve contracts and agreements of the Corporation, including those with the University of Waterloo,

AND WHEREAS if the policy directive is ever modified or amended, the proposed bylaw amendments would enable accountable, student-led adaptation to the changing policy environment,

BIRT in accordance with Article 14: Amendments, the Assembly ratifies the following approved amendments to the Bylaws of the Corporation:

1. Article Four: Dues, Section 1: Collection —
   (1) The Corporation shall enter into agreement with the University of Waterloo, in order that a Federation of Students’ fee may be collected by the University from each undergraduate student, at the time of registration each academic term, and that these fees may be awarded to the Corporation on a fee-per-student basis at the beginning of each academic term.
   (2) The fee assessed to part-time students shall be 30% of that assessed to full-time students.
   (3) Unless otherwise determined by the Students’ Council, payment of the Federation of Students fee is compulsory for all undergraduate students of the University of Waterloo, and may not be refunded. Further, nothing shall prohibit the Students’ Council from determining the apportionment the Federation of Students fee into a suite of distinct fees, subject to the aforementioned agreement with the University of Waterloo.

BIFRT the Assembly directs the Students’ Council, or a committee thereof charged with matters pertaining to policies and procedures, to develop a comprehensive ancillary fees policy governing the fees assessed to undergraduate students.
Resolution to Expand General Meeting Representation

Background / Spirit:
The Task Force for GM Engagement and Council Reforms was ordered by the Fall 2017 General Meeting to consider multiple proxies for Councillors as an avenue for increased representation and attendance at General Meetings. To comply with that request and after considerable discussion of the role of multiple proxies at the Fall 2018 AGM, the amendments below outline what a reasonable number of proxies to be managed by Councillors may be.

Note that the number of Councillor proxies (5 per Councillor) will always be less than the quorum requirement for a GM (200 people), meaning students-at-large must still attend to ensure the meeting can occur and make binding decisions. The Board has already established procedures, pending the outcome of this motion, that would regulate proxies in an impartial manner.

Resolution:
WHEREAS Councillors holding additional proxies presents an opportunity for more members to have their votes represented at General Meetings,

WHEREAS students have a right to participate in General Meetings despite being unable to attend in person, and

WHEREAS the Board of Directors has established procedures regarding the impartial selection and execution of proxies based on a first-come first-serve basis to be awarded to attending Councillors indiscriminately,

BIRT, in accordance with Section 129 of the Ontario Corporations Act, R.S.O. 1990 c C.38, the Assembly ratifies the following Board-approved amendments to the Bylaws of the Corporation, to come into effect on May 1st, 2019:

1. Article Five: General Meetings, Section 5: Voting of Members —
   (1) Each voting member of the Corporation shall at all meetings be entitled to one (1) vote.
   (2) A voting member may appoint any individual to vote by proxy on their behalf, in accordance with Section 84 of the Act, subject to the following conditions:
      a) Proxies shall be executed in writing, and shall contain the signatures and the student’s identification number, if applicable, of the proxy holder, as well as any restrictions placed upon the proxy holder;
b) No individual, with the exception of Councillors, may hold more than one (1) proxy;

c) Councillors may hold a maximum of five (5) proxies, from individuals of the same constituency;

d) Proxies to be used at a General Meeting may be deposited at the Head Office of the Corporation no fewer than twenty-four (24) hours prior to the start of the meeting, or at the end of the last business day prior to the day on which the meeting is to take place, whichever is first;

e) The validity of each proxy shall be verified by the President, or a suitable designate; and,
f) All verified proxies shall be available for examination by any member of the Corporation.

(3) Voting on Directors shall be conducted by secret ballot, unless all nominees can be acclaimed to the available positions.
Resolution on Improved Counting of Ranked Ballots

Background / Spirit:
Current elections rules state that if a candidate withdraws or is disqualified from election after the election has taken place (before the election results have been ratified) then those candidates votes are counted as abstentions. This is inconsistent with a ranked-voting system used for by the Federation of Students (Instant-Runoff Voting and Single Transferable Voting). This means that if two or more candidates are running for a position (eg. Councillor or Executive) the votes under the current system do not transfer to the voter’s subsequent preferences (ie. 2nd choice) and instead get discounted. This means election outcomes might not reflect the will of the voters and could bias outcomes.

The below changes ensure that in circumstances where a candidate withdraws or is disqualified after the fact, those candidate’s votes get transferred to each voter’s subsequent preferential choices.

In addition, small changes were made to grammar and spelling to address proper nouns “Instant-Runoff Voting” and “BC Single Transferable Vote”.

Resolution:
WHEREAS the Federation of Students uses ranked voting systems which allow for preferential ranking of candidates to ensure the will of voters is best represented in the outcome of elections.

WHEREAS candidates can be disqualified or may withdraw from election after results are issued but before the election is ratified by Students’ Council or a General Meeting,

WHEREAS is candidates withdraw votes should transfer to subsequent preferences as would occur normally so as to prevent biasing outcomes,

WHEREAS counting withdrawn/disqualified candidates votes as abstentions is undemocratic and can potentially privilege specific outcomes,

WHEREAS proper nouns should be used grammatically correctly and with the properly spelling,

BIRT, in accordance with Section 130 of the Ontario Corporations Act, RSO 1990 c C.38, the Assembly ratifies the following board-approved amendment to the bylaws of the Corporation:

1. Article Eleven: Election and Referendum, Section 4: Voting Method —
   (1) In all elections, a ranked voting system shall be applied for the counting of ballots:
Signatories: Jason Small, Seneca Velling, and Jacob Siemons

a) Electors may rank as many candidates as they wish according to their preference;
b) Electors may choose to not rank a candidate;
c) Votes shall only be cast for eligible candidates;
d) Votes shall be tallied using Instant-Run-Off Instant-runoff Voting (IRV) for single seat elections, and BC Single Transferable Transferable Vote (BC-STV) for multi-seat elections;
e) If a candidate is disqualified or chooses to withdraw after polling has taken place, any votes cast for that candidate shall be counted toward the voter’s subsequent preferential choices or otherwise counted as an abstention. If the disqualification or withdrawal of a candidate results in a single remaining candidate for the seat, any votes cast for the disqualified or withdrawn candidate shall be counted toward the voter’s subsequent preferential choices or otherwise counted as opposition to the acclamation of the remaining candidate.

(2) In all referenda, votes shall be counted in a manner determined by Council to render an accurate representation of student opinion with respect to the question being asked, and to not privilege a particular outcome.
Resolution to Better Align Bylaws, Procedures, and Practices

Background / Spirit:
Board Procedures and standing practices require that the Chair of the Board support Directors by ensuring familiarity with governing documents of the corporation. The Chair is also responsible for ensuring compliance with the governing documents. Board procedures also charge the Chair with responsibility for the administration of disciplinary action for Directors and Officers, subject to rules the Board makes. These changes aim to better align Board procedures and bylaws and to better codify the responsibilities of the Chair of the Board.

Changes to the responsibilities of the Secretary, who is typically responsible for management and maintenance of records and legal documents of the corporation better align roles as well and reduce redundancy.

The addition of “Executive Committee” for bodies that must record minutes is to comply with Section 299 of the Corporations Act which specifies that records of Executive Committee must be maintained.

Resolution:
WHEREAS the Board has charged the Chair with responsibility for ensuring familiarity and compliance the governing documents of the Corporation and the discipline of Directors and Officers, subject to procedures of the Board,

WHEREAS the Secretary of the Corporation is responsible for management and maintenance of records of the Corporation,

WHEREAS Section 299 of the Ontario Corporations Act requires records of minutes of Executive Committee be taken,

WHEREAS the Secretary of the Corporation is not required to be a Director, and so while Directors must uphold policy, the Secretary is under no such obligation should they not be a Director,

WHEREAS the Secretary of the Corporation should be subject to policy compliance requirements in the execution of their duties,

BIRT, in accordance with Section 129 of the Ontario Corporations Act, RSO 1990 c C.38, the Assembly ratifies the following Board-approved amendment to the Bylaws of the Corporation:

1. Article Nine: Officers, Section 8: Chair of the Board —
(1) The Chair of the Board shall be elected by the Board of Directors at its first meeting each year to serve for that year or until their successor is elected. The Chair of the Board must be a Director.

(2) The Chair of the Board shall:
   (a) Preside over all meetings of the Board;
   (b) Serve as a resource to the other members of the Board;
   (c) Act as a liaison between the Board and Students’ Council; Assist the Secretary President in managing the governing documents of the Corporation; and
   (d) Ensure all Directors are properly trained transitioned to execute their duties;
   (e) Be responsible for the administration of discipline of Directors and Officers subject to those Procedures established by the Board of Directors; and
   (f) Perform all other duties as determined by the Board.

(3) The Chair of the Board will be responsible for ensuring that each Director and/or Officer is familiarized and complies with the Policies and Bylaws of the Corporation, Board Procedures, and applicable statute.

2. Article Nine: Officers, Section 9: Secretary of the Corporation —

   (1) The Secretary of the Corporation shall be the Vice President, Student Life unless otherwise designated by the Board of Directors.

   (2) The duties of the position may be delegated to multiple individuals, and each governing body of the Corporation may appoint their own Recording Secretary to assist the Secretary of the Corporation.

   (3) The Secretary of the Corporation shall:
       (a) Organize and manage the minutes and other legal documents of the Corporation;
       (b) Assist the Executive, Councillors, and Directors in exercising their duties;
       (c) Ensure a Recording Secretary has been appointed to act as secretary of:
           (i) The Board of Directors;
           (ii) The Students’ Council;
           (iii) The Executive Committee;
           (iv) A General Meeting of the members; and,
           (v) Any other governing body or meeting of the Corporation as determined by the Board.

   (4) The Secretary of the Corporation shall, to the fullest possible extent, respect and uphold the Policies of the Corporation in the execution of the above duties.
Resolution to Better Align Bylaws, Procedures, and Practices

**Background / Spirit:** Board Procedures and standing practices require that the Chair of the Board support Directors by ensuring familiarity with governing documents of the corporation. The Chair is also responsible for ensuring compliance with the governing documents. Board procedures also charge the Chair with responsibility for the administration of disciplinary action for Directors and Officers, subject to rules the Board makes. These changes aim to better align Board procedures and bylaws and to better codify the responsibilities of the Chair of the Board.

Changes to the responsibilities of the Secretary, who is typically responsible for management and maintenance of records and legal documents of the corporation better align roles as well and reduce redundancy.

The addition of “Executive Committee” for bodies that must record minutes is to comply with Section 299 of the Corporations Act which specifies that records of Executive Committee must be maintained.

**Resolution:** WHEREAS the Board has charged the Chair with responsibility for ensuring familiarity and compliance the governing documents of the Corporation and the discipline of Directors and Officers, subject to procedures of the Board,

WHEREAS the Secretary of the Corporation is responsible for management and maintenance of records of the Corporation,

WHEREAS Section 299 of the Ontario Corporations Act requires records of minutes of Executive Committee be taken,

WHEREAS the Secretary of the Corporation is not required to be a Director, and so while Directors must uphold policy, the Secretary is under no such obligation should they not be a Director,

WHEREAS the Secretary of the Corporation should be subject to policy compliance requirements in the execution of their duties,

BIRT, in accordance with Section 129 of the Ontario Corporations Act, RSO 1990 c C.38, the

Signatories: Tomson Tran, Seneca Velling
Assembly ratifies the following Board-approved amendment to the Bylaws of the Corporation:

1. Article Nine: Officers, Section 8: Chair of the Board —
   (1) The Chair of the Board shall be elected by the Board of Directors at its first meeting each year to serve for that year or until their successor is elected. The Chair of the Board must be a Director.
   (2) The Chair of the Board shall:
       (a) Preside over all meetings of the Board;
       (b) Serve as a resource to the other members of the Board;
       (c) Act as a liaison between the Board and Students’ Council;
       (d) Assist the President in managing the governing documents of the Corporation; and
       (e) Ensure all Directors are properly trained to execute their duties; and
       (f) Perform all other duties as determined by the Board.
   (3) The Chair of the Board will be responsible for ensuring that each Director and/or Officer is familiarized and complies with the Policies and Bylaws of the Corporation, Board Procedures, and applicable statutes.
   (4) The Chair of the Board shall, to the fullest possible extent, respect and uphold the Policies of the Corporation in the execution of the above duties.

2. Article Nine: Officers, Section 9: Secretary of the Corporation —
   (1) The Secretary of the Corporation shall be the Vice President, Student Life unless otherwise designated by the Board of Directors.
   (2) The duties of the position may be delegated to multiple individuals, and each governing body of the Corporation may appoint their own Recording Secretary to assist the Secretary of the Corporation.
   (3) The Secretary of the Corporation shall:
       (a) Organize and manage the minutes and other legal documents of the Corporation;
       (b) Assist the Executive, Councillors, and Directors in exercising their duties;
       (c) Ensure a Recording Secretary has been appointed to act as Secretary of:
(i) The Board of Directors;
(ii) The Students’ Council;
(iii) The Executive Committee;
(iv) A General Meeting of the members; and,
(v) Any other governing body or meeting of the Corporation as determined by the Board.

(4) The Secretary of the Corporation shall, to the fullest possible extent, respect and uphold the Policies of the Corporation in the execution of the above duties.
SLC Fee Proposal

For Information: Student Life Centre (SLC) Fee Transparency Proposal

Background – Due to recent changes in provincial regulation, various University and Student Government fees have been broken up into buckets to describe their functions. As a result, decentralized funding models for some departments on campus now show multiple fees. With a growing fees statement, and a desire on the part of many stakeholders to keep fee statements concise, but remain transparent, there is a need for some consolidation of seemingly duplicated changes on fee statements. Once such example is the SLC costs, which will be partially funded by the University centrally, will be partially funded by the Student Services Fee, and are partially funded WUSA through the SLC Facilities Fee. In March of 2018, the Student Services Committee voted to fund centralized SCL Facilities/Space costings for undergraduates and SLC Staffing costs (including PT staff and 2 FTE staff) for both graduates and undergraduates through the Student Services Fee, which is set by the Student Services Advisory Committee (SSAC). These fees, totaling $8.47 and $6.25, indexed for inflation, are assessed on a cost recovery basis. This means students would be charged the fees to recover costs from the prior fiscal period in the current fiscal period. However, given the new government policies on ancillary fees, this would now mean there will be an “Student Services Fee – SLC Staffing”, “Student Services Fee – SLC Space”, and a “SLC Facilities Fee” charged and regulated by the University and WUSA, respectively, which not only increases the length of the fee statement but can be difficult to explain and lead to a deficit in accountability to students directly. As all these fees relate to the facilities, operations, and space costs of the SLC, it is acceptable to consolidate the fee into a single SLC Facilities Fee.

Proposal – Consolidating these fees under a single SLC fee, which is accountably determined by students, rather than by division of funding origin and costing mechanism, will increase student control over fees. The proposed course of action would be to eliminate the SSAC Fees for the SLC for undergraduate students and in turn raise the SLC Facilities Fee. The Executive will endeavor to reduce the SSAC fee, if not completely for all students then at least for undergraduates, for space costs and staffing costs in an amount equivalent to that which the SLC Facilities Fee is increased by. The SLC Facilities Fee, and any increases made to it, is assessed and determined by WUSA’s Board of Directors and ratified by a General Meeting or referendum, meaning students ultimately control this fee. Whereas with the SSAC fees, the University ultimately controls this fee, despite student input/oversight through the advisory committee.

Impacts – (1) no net change to student fee bill bottom-line; (2) Increased student control and decision-making over a critical student levy for the Student Life Centre.

Other notes – Once such a change is approved by both the WUSA Board of Directors and the University of Waterloo’s Student Services Advisory Committee, the decision will be ratified by the Students’ Council. The University Treasurer will be notified of the change to approve modification to the fee schedule.
Research Report: WUSA’s Capital Improvement & Expansion Fund
Requested by Seneca Velling, VP Operations & Finance
Prepared by Aisha Shibli, Research & Policy Officer
Reviewed & Edited by Seneca Velling, VP Operations & Finance

Definitions

Capital Fee: A charge incurred by students annually or on a per term basis for the purpose of supporting capital improvements, expansion, maintenance, or similar.

Capital Budget: Used to evaluate potential investments or expenditures for specific projects or purposes. The capital budget outlines a list of approved projects that further the overall capital plan, in turn appropriating funding for those projects. When a capital budget is being drafted, the business must determine whether it makes financial sense to acquire a specific asset or to pursue a new project. The capital budget determines the allocation of money for the attainment or maintenance of fixed assets or capital items for the upcoming year’s spending plan.

Capital Expense/Expenditure: An investment in the business. It is an expense incurred when a business spends money, uses collateral or takes on debt to either buy a new asset or add to the value of an existing asset with the expectation of receiving benefits for longer than a single tax year. Capital expenses are recorded as assets on a company’s balance sheet rather than as expenses on the income statement. Typically, it is defined to be an item in excess for $5000 which lasts upwards of 3-5 years, however for the constituency societies capital expenses constitute items worth at minimum $1000 lasting at least three years.

Capital Program/Plan: A plan for capital expenditures that normally extends five years and informs the capital budget.

Capital Improvement Program: Composed of two parts, which includes the capital budget and capital program.

Operating Expense: Expenses incurred during the course of regular business, such as general and administrative expenses; operating expenses are part of the day-to-day operation of a business. All operating expenses are recorded on a company’s income statement as expenses in the period when they were incurred.

Purpose of a Capital Improvement Plan

A capital improvement plan (CIP) is a multi-year project or scheduling of public improvements and replacements of physical assets. It is a working document that requires an annual review to reflect the changing needs and priorities of the organization. Capital improvements generally refer to physical expenditures such as buildings, equipment, or public infrastructure. The CIP includes the description of the proposed capital improvement project by priority, a year-by-year schedule of the expected funding of the project, and an estimate of the costs of the project.
In most student associations, the annual budget and the capital budget for the following year are developed and adopted simultaneously. Where an operating budget reflects an organization’s financial activities for the following year (such as how much revenue it may expect from what sources and how much it expects to spend on its operations), the capital budget focuses on an organization’s financial position, such as its assets, liabilities, targets and goals for the following years. The capital budget specifies projects and appropriates funding for those areas, however, it is important to note that funding sources for the subsequent years are not approved until the annual budget is developed and legally adopted for those years.

CIPs are developed for a variety of reasons, however, the three main categories of CIPs include: attainment of land for a public purpose (e.g. park), the purchase of equipment (e.g. computers), or the construction or renovation of facilities (e.g. building). Capital improvement plans are tangible and visible statements of where an organization is now, what it should look like in the future and what is required to get there, and if appropriately prepared, CIPs can shape an organization’s credibility, value, and legitimacy.

Below are reasons why organizations reject CIPs:
- May commit them to a future or unforeseeable debt
- May lock an organization into projects
- May not be flexible as years pass by
- May cause higher or unforeseeable rates to support future replacement

Below are reasons why organizations may develop CIPs:
- CIP creates an orderly and systematic planning for the financing of capital improvements
- Allows for a more in-depth consideration of hidden costs which affects the operating budget, an in turn can reduce year-over-year operating expenses when improvements may be realized
- By identifying future needs, CIP may save an organization money
- May promote financial and fee rate stability in the long-term
- May provide an organization security and stability, and cuts expenses
- May provide stable payments and tax rates in the long-term
- May allow organizations to spend money wisely, rather than paying top dollar during a potential crisis-decision process
- May eliminate unforeseen or poorly planned capital expenditures

The Structure of a Capital Improvement Plan

CIP informs the public about the future of the improvements and directs how the organization plans to move forward in the years ahead. The following steps are generally involved in preparing a capital improvement plan for businesses and/or organizations:

1. Governance Structure
One of the first steps in preparing a capital improvement plan requires appointing a committee to oversee the process, development, and implementation of the plan. The committee must not only clearly distinguish between the organization’s operating expenses/budget and the capital
budget/expenses (CIP), it must also determine for how long to plan the capital fees into the future.

2. Identify, Evaluate, and Prioritize
In this step, the designated committee must identify the needs and must review, prioritize, evaluate, and select their capital project based on a number of criteria, such as: project demand, the conditions of the facility or equipment, an estimated cost to replace all physical items, determining the expected life span of all items, the return on cost investment, cost savings, social impacts, legal concerns, etc.

Once determined, the committee must not only identify the projects, but also rank the projects in priority. Anticipating repairs, improvements, and adjustments, and determining the cost required and the approximate timing of the expenditure is essential for establishing a CIP. A classification and explanation for the capital project expenditures is determined in this step.

3. Financial Planning and Analysis
Once the project is identified and prioritized, the designated committee creates a spreadsheet containing the organization’s planned asset purchases and the proposed list of improvements, including those of its affiliated or subsidiary divisions. From this list, the committee projects the next five to ten years, or more, calculating when the organization will incur costs. Due to increasing costs, it is recommended that the committee include an inflation percentage on the spreadsheet to ensure costs are covered in the future. It is important to note that when analyzing the financial capacity of the organization, the revenue required to cover expenses must be calculated as well as an assessment of the impact on student fee rates. Budgeting higher for the capital projects for the future is critical for the future planning and budgeting of an organization. Additionally, organizations often budget for or maintain an emergency capital reserve fund for unforeseen repairs.

4. Project Preparation and Analysis
The CIP draft typically includes a list of projects by funding year, project and scheduling details, and financing sources including total expenses. If required, detailed maps, photos, graphs, timelines and other illustrations may accompany the plan. In this section, the committee justifies their capital project.

5. Review and Adoption
Following public and internal review and revisions, the governing body adopts the CIP and capital budget.

6. Measuring, Monitoring and Reporting
To measure the success of CIP, the committee compares the budgeted CIP to the actual work completed and ensures that the projects are being completed on schedule. The designate committee or financial officer regularly monitors the projects’ financial and project activity and provides a report on the project status and activities externally for the public and internally each year. Providing the status of the project keeps the public informed and allows the organization to scrutinize the capital expenditures and make future changes if necessary. Information such as the progress on key project milestones, funding commitments, the percentage of the project completed and the percentage of the budget used is provided in the report. Publicizing the report
allows future financial officers to not only provide a new perspective but to ensure the organizations fiscal responsibility is met.
Environmental Scan of Student Associations’ Capital Budgets

The following questions were asked to the student union’s Vice-President, Operations and Finance, or equivalent:

1. How was your capital budget developed? What does this process look like? (E.g. environmental scan, student consultations).
2. How does your organization structure or plan the capital fee once the fees have been collected?
3. What is this fee going towards? (E.g. Improvements or renovations to physical assets, or accessibility projects).
4. Given the MTCU’s Ancillary Fee Guidelines/Student Choice Initiative, are there any portions of your current fee that would need to be optional and/or compulsory?
5. What did your capital process look like before the MTCU/SCI announcement?
6. Who oversees the capital fee/fund in the governance structure of your organization? (E.g. Board of Directors? A finance committee?)

Western University Students’ Council
Declan Hodgins, Secretary Treasurer (Board of Director)

Governance Structure

According to the WUSC’s FAQ sheet, the student union “never had a formal capital plan nor has it had any form of informal plan or process pertaining to the purchase of new capital or the maintenance of existing capital” until Students’ Council required the organization to develop a capital plan in 2016. This required all departmental managers of the organization to assess their “needs” and “wants” for the next ten years (view Appendix A for a detailed background on the organizations capital plan).

According to the WUSC’s Operating and Capital Budget Approval Policy and Procedure, the President and General Manager, and their delegates, develop a three-year operating budget and a ten-year capital budget, however, Declan Hodgins, Secretary Treasurer of WUSC, says that in reality, a Board budget committee consisting of the President, the Secretary Treasure, and the Senior Manager develop the capital budget for the following years. The committee aligns the capital budget with the organizations Long-Term Plan and ensures the capital plan’s priorities are developed in conjunction with the annual/operating budget.

The members consult with other student members to develop the budget. Declan mentioned that the budget is on a cash basis, and that while the members follow the internal procedures when developing the budget, it looks different publically. Once the budgets have been reviewed by Council, Council then determines if the capital plan’s project priorities are adhering to the organizations strategic plan. While Council approves the entire budget set forth (corporate and capital budget) once Board has reviewed it, the Board must have final approval, given its
fiduciary responsibility to the organization. Once the capital plan has been approved, it is up to
the Executive Committee to approve the projects in principle.

When asked how WUSC’s capital budget was developed and if there was a particular process
that needed to be followed, Declan responded: “With the SCI, our capital process has changed
somewhat. While we previously charged a general capital fee, we now integrate capital fees into
our fee buckets. That is the principal source of capital for our organization. As part of our annual
budgeting process, we build the year's capital budget, which allocates capital budgets to
departments. We also include big ticket items, like renovations, directly on the capital budget.”
Both budgets are reviewed and updated on an annual basis.

**Mandatory v. Optional Fee**

During our telephone conversation, Declan explained WUSC’s capital/facility fees in further
detail. He said that WUSC has a mandatory student building fee that costs students $124.53
/year, costing nearly $1.7 million for the lease they pay to Western University. And of this cost, students are charged $60 each. Declan further mentioned that $770,000 that comes from their
operating costs for their department; this cost covers items such as corporate administration and
insurance costs, amongst other costs. When discussing WUSC’s capital budget, it was noted that
a $35.78 capital fee is charged to students for the 2019/2020 year. Declan said this is how
WUSC funds their capital budget.

**Capital Projects**

Declan stated that the WUSC’s capital budget is composed of two key components: the first
consists of a large part of the capital budget that goes towards business areas (for example, managers are given autonomy within their department. If a manager received $75,000 towards
office equipment, they may use that money towards whatever equipment is needed); the second
consists of specific strategic initiatives that need to be funded (for example, WUSC renovated
their ‘Mustang Lounge’ and to date, they are currently paying $400,000 a year in loan payment
because this particular renovation was a multimillion-dollar project. WUSC decided that the
lounge was a strategic initiative, and their next project is focused on renovating their club space).

**MTCU’s Ancillary Fee Guidelines/Student Choice Initiative**

This year, WUSC, like many other student unions, are in a state of ambiguity. WUSC has
budgeted their capital/facility fees for the next three years, however, their five-year budget plan
was developed in 2016. WUSC does not have a capital budget finalized for this year due to the
Student Choice Initiative (SCI). During the 2017/2018 budget period, WUSC total
capital/facility revenue was $980,453.66 (view Appendix B for WUSC’s full capital budget),
which consisted of only 4.4% of the USC fees.

Given the Ministry of Training, Colleges and Universities’ (MTCU) Tuition Fee Framework and
Ancillary Fee Guidelines, WUSC has decided that their capital/facility fee is compulsory. This
means that students are unable to opt-out of the capital fee. Declan states that WUSC’s student
building fee is a mixed fee of lease payments, capital fees, and operating costs of the buildings,
which includes building services, security, insurance, amongst others, thus the capital fee is non-
optional. Declan confirms that there are no real changes to the capital fee after the announcement
of the Student Choice Initiative.

Brock Student Union
Robert Hilson, General Manager (Staff)

Governance Structure

BUSU has a particular process that is followed when approving and adopting the upcoming
year’s capital budget. Their capital fund is developed in conjunction with their Memorandum of
Understanding and is collected annually from students.

During a telephone conversation with Robert Hilson, the General Manager at BUSU, he stated
that the organization proposes a three-year capital budget, however, the in-year capital budget is
drafted and approved every year by the Board of Directors. He mentioned that approving capital
plans is a three-step process when any capital request comes through to the Board:

The first step in the process is that a call for capital requests is announced by the General
Manager and the Vice-President Finance and Administration (VPFA). A capital request can be
submitted by a staff member, an executive, a board member(s), or a council member(s). This
typically takes anywhere between four to six weeks to allow members to consider what they
would like to see included in the capital fee for the upcoming year only (a three-year request is
not required, just a general budget is). The General Manager and the VPFA place all requests in
an excel document and provide their own professional input. Once completed, both the VPFA
and the General Manager present the document to the Board’s Finance, Planning and
Sustainability Committee, which is composed of the VPFA, four BUSAC councilors, two
student-at-large representatives, the General Manager (ex-officio), and the Chair of Board (ex-
officio). The committee provides first approval of the draft budget prior to being sent to the
Board of Directors. The committee reviews the organization’s quarterly financial reports
including a running total of capital expenditures prepared by the General Manager and the
VPFA. Occasionally, the General Manager invites an accountant or a financial expert as to the
committee meeting as a resource member to provide financial insight. Once the committee has
finalized their review, the capital request goes through a first reading at a Board meeting. During
the first reading, Board members have the chance to review, analyze, and question the request
brought forward. Members of the Board are also able to provide recommendations and minor
changes prior to the second reading.

The second step of this process is the second reading, where Board members once again discuss
any changes made. When discussions have been exhausted, the third step is the approval and
adoption of the capital plan. Robert mentioned that the capital plan is very student lead and that
he, as the General Manager, simply manages the process.

Mandatory v. Optional Fee
All fees are mandatory and are based on a per credit basis. This means that based on the number of credits a student has registered for the term, BUSU will charge them for the number of credits they are taking (which translates to a specific fee). If a student registers for both terms with a full course load, they will be charged based on this criterion.

**Capital Projects**

The capital fund is used to support smaller capital projects, existing space renovations, equipment repairs, and necessary facility updates, which include but is not limited to the following (view Appendix C for the full list of restricted and unrestricted portions of the capital fund):

- a) Capital Expenditures and various loans or debts associated with Capital Expenditures.
- b) Repayment of internal BUSU loans and debts.
- c) Joint ventures and other collaboration and partnership projects with Brock University.
- d) Equipment expenditures, including but not limited to; the BUSU Office, Isaac’s Bar and Grill, Skybar Lounge, General Brock, Union Station, The Collaboratorium, The Student Alumni Centre, The Hamilton Campus Student Lounge.
- e) Projects and expenditures around the expansion, revitalization or reutilization of the Student-Alumni Centre.
- f) Projects and expenditures around the planning, creation and development of the New BUSU Building.
- g) Any and all provisions outlined within the Deferred Maintenance Memorandum of Understanding (2014).
- h) Any other usage that the approving body deems to be in the spirit of the fee collection.

BUSU not only has a capital fee, they have a deferred maintenance fee which costs students $1.50/term. The deferred maintenance fee is strictly reserved for renovating the Student-Alumni Centre building in which BUSU operates. This includes the roof, floors, windows, and the painting, to name a few. The deferred maintenance fee is separate from the capital fee.

Robert stated that when developing the capital budget, the Board asks what is considered ‘capital’ under the accounting principles under the Not for Profit Corporations Act for non-shared capital corporations. Tables, chairs, small renovations, and the hiring of consultants or architects (something that can be capitalized) are considered. He says that if something can be capitalized, BUSU, like other not for profit organizations who have capital budgets, will adhere to it. Currently, BUSU is collecting capital on a number of projects including: the renovation of a Subway franchise that BUSU owns, purchase of a freezer for a Booster Juice that BUSU owns, and furniture for the BUSU reception area for accessibility purposes to name a few. Robert said the organization spends roughly $175,000.00 every year on capital.

Both the General Manager and the Vice-President, Finance & Administration is responsible for reporting the usage of the capital fund. The report includes:

- Summary of scope of work or project;
- Amount approved (including any increases to original funding);
- Amount spent; and
- Confirmation that appropriate filings have been completed with the accounting department or relevant departments within BUSU, University or municipality.

**MTCU’s Ancillary Fee Guidelines/Student Choice Initiative**

Given the MTCU’s Ancillary Fee Guidelines, Robert explained that there are no optional fees. He mentioned that they cannot un-capitalize their fee, as it is tied to their Memorandum of Understanding. BUSU’s auditor is required to ensure none of the restricted fees are used for anything else, and it is only used for restricted fees (for example, the organization cannot use it towards a student club, which is not considered capital). When asked what the organization’s capital process looked like prior to the announcement of the SCI, Robert said they have always adhered to their status quo and will continue to do so.

**University of Toronto Students’ Union**

Arjun Kaul, Vice President, Operations

*(have not spoken to Arjun – the information below is directly from the UTSU website)*

**Governance Structure**

For the first time in UTSU history, the organization recently developed, approved, and begun implementation of a capital budget for the 2018-2019 fiscal year. Like other student unions, UTSU uses accrual-based budgeting and recording methods. This means that the organization’s budget can largely be based on the expenditures incurred the previous fiscal year.¹

The governing body of the organization, the Board of Directors, oversees the UTSU’s budgetary planning and control processes. At the beginning of every fiscal year, annual preliminary and operating budgets are implemented subject to approval from the Board. The preliminary, operating, and revised budgets are prepared by the Finance Committee, a Board committee, that consists of the President, the Vice-President Operations, one Director from Division I, one Director from Division II, and four additional Directors from the Board, to Board for approval on the advice and recommendation of the Vice-President Operations and the mandate developed by the Planning and Budget Framework. The Finance Committee has oversight of the planning and budget activities, including the short-term and long-term financial planning of the organization. Once the Operating Budget is passed, the Board of Directors receives reports on how much has been spent each month during their regular meetings.

¹ “Accrual based budgeting is an approach to budget preparation where the organization recognizes the financial impact of an event as it occurs. That is, a transaction is recorded in the time period when the activity causing the transaction takes place. The alternative, cash-based budgeting, is an approach where the organization would recognize transactions when the cash is received or paid out, which is often different than when the event actually happens. Using an accruals-based approach allows the organization to confidently rely on the previous year’s actuals when developing the next budget.” *University of Toronto Students’ Union, 2019*
For recording purposes, the Finance Committee creates a publicly accessible list of all primary and secondary accounts appearing in the Operating Budget. The list includes a brief descriptions of the categories of expense charged to each account.

**Mandatory v. Optional Fee**

The capital fee is compulsory for all undergraduate students. For the 2018-2019 year, UTSU charged students a non-refundable fee of $1.00 per term under the Accessibility Resources Fund (Capital Levy). This fee is only used to fund capital improvement projects that make the UTSU building and student spaces on campus more accessible. Further, $10.24 was charged to undergraduate students in the Fall term, while $14.25 was charged in the Winter term under the Students Commons Fee (Capital Levy) (view Appendix D for the UTSU’s 2018-2019 capital budget). Both fees are non-refundable.

**Capital Projects**

In April 2018, the UTSU contributed $250,000, via the Accessibility Resources Fund, to the construction of accessible building features on Front Campus inside the University of Toronto’s Landmark Project.

The Students Commons fee is used to pay for the Student Commons’ initial renovation, ongoing maintenance costs, future renovations, and license fee. This fee has been collected since 2008 and is due to expire after 25 years. The Student Commons recently opened in January 2019 and is the first ever student-run centre opened on the U of T St. George Campus. It is planned to be a hub for all things student life — a gathering place for student societies and clubs, a haven to decompress away from the buzz of the classroom, and crucially a space that students can make their own. The Students Commons fee heavily relies on financial forecasts models based on similar operations in the sector. According to the UTSU website, “the ongoing and on-time expenses associated with the launch of the building have been anticipated by UTSU administrations over the past several years. Where possible, unnecessary and inefficient expenses have been (or are being) reduced and new sources of revenue have (and are) being developed. However, the full realization of these new revenue streams will take several years. As a result, the UTSU has planned for a series of deficits over the next several years. Also considered are inflationary increases, organizational priorities, and the UTSU’s ongoing contractual obligations. This allows us to budget for cost increases at stores and with vendors, as well as to budget for increases, such as staffing costs, that increase well beyond the rate of inflation.”

Given the opening of the Student Commons, “it has become increasingly important for the organizations budgeting and reporting to be continued in departments, reflective of the organizations structure. Whereas previous budgets reported revenues and expense by natural classification, this budget presents revenues and expenses by their function to the organization.”

For the future, it is hoped that the capital fees contribute towards the installment of automatic light sensor technology, such as the Robarts retrofit, and the vermicomposter/electric composter, which is used to facilitate an organic waste program. The UTSU has a particular interest in potentially commissioning these projects in the UTSU building in the near future.
MTCU’s Ancillary Fee Guidelines/Student Choice Initiative

*Unable to obtain a response

Laurentian University Students’ General Association
Josh Bailey, Director of Finance (Staff)

Governance Structure

Several years ago, SGA’s capital fee was enacted via a referendum with the sole purpose of the proposed fee going towards the building loan in which SGA operates. Prior to the referendum, SGA worked with the KMPG, a management consulting group to discuss the options for enacting a capital fee after they signed into a contract with a financial institution to loan the building.

SGA’s “capital fee is overseen by the association”, says Joshua Bailey, Director of Finance for SGA, however, the organization’s reserve accounts are overseen by their Board of Directors, as per their policies. After the referendum, it came down to the Board’s decision regarding what this fee would look like.

Mandatory v. Optional Fee

The capital fee is compulsory for all undergraduate students registered with the SGA. To date, full-time undergraduate students are charged $114/term while part-time and online students are charged $10 per credit course. This amount has remained the same since the adoption of the referendum and will continue to remain the same until the building loan is paid off. Once the loan has been paid off, Joshua says that SGA is unsure what the cost charged per term will look like.

Capital Projects

To date, the capital fee goes towards SGA’s newly constructed student centre, and “is applied directly to the loan.” Joshua further mentioned that SGA “went through a bidding process for our loan and chose the best option for the association.” He also specified that the organization does not “have any fees at the moment that coincide with purchasing furniture or anything of that sort. We use our tenants rent for such items. That being said, since this is the start of our building we

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2 As of May 1 2019, the Laurentian Association of Mature and Part-Time Students (LAMPS) dissolved. All students who were registered with LAMPS have been transferred to the Students General Association (SGA) or Association des étudiants francophones (AEF). Due to this change, the SGA implemented a fee on part-time and full-time distance education students.
will be adding additional capital fees that would be tied into our administrative. For reserves, such as saving for the time when we will need to buy furniture, this would come from multiple sources. Portion would be new opt-in fees, another from the main capital fee.” While SGA does not have contingencies in place for the building, they will be looking into this in the near future. In summary, the capital fee does not go towards any furniture, but only to the building loan.

**MTCU’s Ancillary Fee Guidelines/Student Choice Initiative**

Prior to the MTCU’s Ancillary Fee Guidelines and the SCI, Joshua said SGA “had the main capital fee that our students were contributing to, but we were going to be creating an additional fee for the sole purpose of capital improvements and the “just in case” reserve contingency accounts. Now with the changes we can no longer do this as effectively.” With the announcement, Joshua notes that with everything coming up, the SGA must wait until next year to determine if the fee would be considered optional or compulsory into the future, as SGA’s focus is currently on the sustainability of the organization and being able to operate this coming year, however for now the fee is assessed on a compulsory basis as it classifies as a building and property fee under the MTCU’s directive.

**McMaster Students Union**

Alexandrea Johnston, Vice President Finance (Executive)

*Telephone conversation scheduled for end September (TBD)*

**Governance Structure**

Generally, the MSU Executive Board is responsible for preparing the MSU’s general budgets for final recommendations to the Student Representative Assembly (SRA) and expend and re-allocate funds within any MSU budget category, whereas the SRA is responsible for approving such fiscal requests throughout the budget period. Within the SRA, the Standing Committee on Finance works closely with the Vice-President Finance to review the MSU finances, and the Executive Board and the SRA work closely together to review and adopt the organization’s finances.

Alexandrea Johnston, Vice President Finance of the MSU said: “Our process for capital budgeting is for fixed assets and leasehold improvements. Funding is from our own resources and there is an approval process for all capital purchases. Departments are asked to review their current fixed assets at the annual budget time in January to see if anything needs to be replaced/added/improved. Following this, they then submit their requests for the upcoming fiscal year, along with the quotes for the cost of the items. Our student government (SRA) approved the requests and purchases made throughout the fiscal period. There are certain thresholds for approvals that require X amount of quotes and it dictates which body can approve what.”

When asked if the MSU collects any fees for the faculty societies or student groups on campus (e.g. collecting fees for student spaces for societies), Joshua Marando, President, said: “We do not collect fees for faculty societies, that is done through the university. Capital improvements to
student building are covered in our essential student building fee” and Alexandrea said: “The MSU administers a club’s department which is through our levy fee, however, all faculty societies have a separate levy fee and are separate from MSU.”

**Mandatory v. Optional Fee**

When asked if there was anything that qualified as mandatory vs compulsory for their capital fees, Alexandrea said: “We also do have an essential $13 fee as a building fee which is for capital enhancements to MSU owned space as we jointly own the student center on campus.”

**Capital Projects**

To date, MSU’s capital fees goes towards the replacement of physical assets such updates to the building in which MSU operates in and furniture, desks, computers, etc.

**MTCU’s Ancillary Fee Guidelines/Student Choice Initiative**

*To be discussed via telephone conversation, end of September.

Shannon Leest, Vice President Finance and Administration (Executive) of WLSU said: “Our Students’ Union has restructured our SAC fee into four mandatory fees (Campus Safety, Health and Wellness, Academic Support, and Recreation) and three optional fees (Campus Clubs, Social Programming, and Provincial Advocacy), two of which students are able to opt-out of semesterly. Our required fees build the framework for our programming and services to run and then the optional fees are pretty much dictate what we will do our programming with for the year.

We had to adapt our budgeting process in light of SCI as there is a lot of unknown so we did a summer budget and fall/winter budget for each of our committees so we could propose accurate numbers to our Board of Directors in terms of revenue and be able to project a balanced budget for the year. The Vice Presidents of our organization oversee our funds and the Presidents’ management of the budget is held accountable by the Board.”
Recommended WUSA Governance Structure

Governance Structure

Given the environmental scan of student unions and considering the Board of Directors and Students’ Council bicameral approval of budgets and student fees, it is recommended that the general oversight of a capital budget lie under WUSA’s Board of Directors and/or the Budget & Appropriations Committee.

WUSA’s Board of Directors make operational management decisions relating to the financial high level organizational strategy and planning of the organization, including but not limited to:

- Approve the annual budgets of the Corporation;
- Review the finances of the Corporation, including the annual audit;
- Oversee the strategic direction of the Corporation.

Capital budgeting involves very large expenditures, and it is recommended that the Budget and Appropriations Committee oversee the planning and development of the capital budget, and make the evaluation as to whether the investment in assets is worth its costs when implemented. The Committee should ask the following questions:

- What are the benefits of the proposed capital project?
- What is the total cost for both the capital and operating expenses? Is there year-over-year savings in excess of the upfront capital costs, and if so over what time period?
- Is this capital project acceptable to the students?
- Are there legal requirements that need to be met?
- Are there any implications on the furtherance or completion of the Board’s capital improvement plan?
- How will the capital project be monitored if funding in the capital budget is approved?

The committee must also determine the projects or initiatives to be funded based on a Board-approved capital improvement plan, including but not limited to the following:

- Review the terms of reference and project governance;
- Alignment with the capital improvement plan and with WUSA’s Long Range Plan;
- Strategic importance of the project to meet the organization’s desired outcomes;
- Consideration of Management’s prepared timetable or schedule for completing the project;
- Consideration of the project’s engagement of stakeholders and conduct of consultations, including plant operations, WUSA departments, Societies, and SLC Management
Committee in assisting in the development of recommendations to the Board regarding capital expenditures for the next 5 to 10 years and preparing an inventory of existing facilities;

f) Establishment of funding based on project priority, as outlined in a Capital Improvement Plan;

g) Determination of the status of previously approved projects, if any;

h) Assess the current financial capacity and preparation of financial analysis;

i) Recognition of appropriate legal constraints;

j) Ensuring reliability and stability of identified funding sources;

k) Project risks, including execution risk, which may impact the desired level of financial commitment;

l) Scope of project and appropriate level of planning commensurate with the funds sought in the budget;

m) Reviewing and monitoring the financials of all capital expenses or expansions, subject to general review execution of the capital projects outlined in the capital improvement plan;

and

n) Issuing of financial recommendations to the Board or the appropriate committee thereof charged with development, monitoring, and amendment of the capital improvement program.

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<tr>
<th>Board or Committee thereof</th>
<th>Define the Scope of the CIP</th>
<th>Identify and Evaluate</th>
<th>Prioritize CIP Projects</th>
<th>Develop the Budget</th>
<th>Create a Budget Schedule</th>
<th>Adoption of the CIP/Fees</th>
<th>Measure and Monitor</th>
<th>Report Yearly Findings</th>
<th>Both</th>
<th>Update CIP Yearly</th>
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The Budget & Appropriations Committee should plan for and prepare a schedule of fee adjustments for internally restricted capital fund fees based on the multi-year capital improvement plan and annual updated. The committee should regularly plan for inflationary adjustment between 1-5% in consideration of such actions. Recommendations for the period of the Capital Improvement Program should be included in the approved capital budget.

For the appropriation of funds either through the capital budget process or as an extraordinary expense approved by the Budget & Appropriations Committee, the following steps are recommended to assist the Board and the Committee in developing a plan and budget:

a) The Board/committee should conduct an assessment of desired or necessary projects that are likely in the next ten years; management will be solicited for items that require acquisition, improvement, or replacement;

b) Estimate the total cost of such items over 5-10 years; and

c) Build a fee using that number, spread over the 5-10 year scale, building in an extra 25-40% for additional discretionary spending as time progresses, and an additional amount to contribute to an “capital emergency” fund.
The projects from step a) become the first capital improvement program for the next 5-10 years, depending on what is sought, with a review being conducted every 2-3 years (5 year model) or 4-5 years (10 year model).

Further, a policy and/or procedure on the capital budget process outlining detailed practices and requirements for the capital fee, capital improvement program and planning, expenditure approves, and similar must be adopted. The policy may outline the appropriate definitions, what the fund will be used for, the preparation of the plan and budget, access to the capital fund (restricted and/or unrestricted portions of the fund), and reporting fund usage.

Given changes to ancillary fee structures, the recommendation of the auditors that compliance on budgets be done by the Budget & Appropriations Committee on behalf of the Students’ Council, and expansion of requirements for the Committee, it is recommended that:

- Council Procedure 5, Budget and Appropriations, be reviewed by the committee and reformatted into a policy that binds the entire corporation and sets a uniform standard for budget processes and mechanisms.
- That the Budget & Appropriations Committee be re-constituted formally as a joint committee of the Students’ Council and Board of Directors, given the changes in government policy and the directive from the Board on the preparation and review of budgets, including restricted budgets.
- That Board procedures, including Procedure 6, Budget, be reviewed and amended to better reflect changes to the above.

As such, the following governing documents may require a review:

**Board Procedure**
- a) Authorization of Capital Expenditures, #8
- b) Fee Increases, #13
- c) Budget, #6

**Council Procedure**
- a) Budget and Appropriations, #5

Further, it is recommended that the SLC Management Advisory Committee (SLCMAC) be restructured into a committee responsible for planning, student spaces and buildings, and works and formally constituted in the procedures of the Board of Directors.

**Mandatory v. Optional Fee**

Based on the student association environmental scan, it is recommended that WUSA’s capital fee is compulsory, regardless of the number of credits students enroll in. At the discretion of the Board, the fee may potentially merit prorating for part-time students.

**Capital Projects**
As leaseholders of the Student Life Centre (SLC), the Student Life Centre Operation Agreement states that the organization is responsible for maintaining, replacing, and disposing of the Chattels (tables, chairs, desks, and shelves), as necessary, from time to time, however, such activities are at the expense of the organization without the necessity of obtaining consent from the University of Waterloo. Repairs, replacements, adaptations and renovations to the building, such as the roof, electrical and HVAC systems, building systems, building components, site components and infrastructure is borne by the University of Waterloo. Further, televisions, security equipment, Plant Operations equipment, IST equipment and fixtures owned by the University but located in the SLC are under the control and management of the University, and thus must be excluded from the capital project list, unless permissions are sought from and granted by the University.

The Authorization of Capital Expenditures Board Procedure defines capital expenditures as the ‘cost spent by the Corporation on equipment, equipment assets, or to add, expand, or renovate property, and as a series of expenditures that are related to a single outcome will be considered as a single total expenditure.’ This can include, but is not limited to, renovating or updating the building in which WUSA operates and the equipment used by both staff in office, such as computer software, desks, computer screens, chairs, etc., or for students in the building, such as couches, tables, etc. This could also permit investment in student spaces around campus that are student operated, managed, or owned as well as capital expansion both on and off campus.

The SLC Operating Agreement outlines that WUSA is responsible for the acquisition, maintenance and replacement of any furniture and equipment used in the managed space. It further states that WUSA must obtain prior written approval from Plant Operations for the installation, delivery, relocation or removal of any major furniture or equipment, however, WUSA will be responsible for all expenses related to installation, delivery, relocation and removal of furniture or equipment, including but without limitation, damages caused to the space. Further information on the improvements to the SLC can be found in the SLC Operating Agreement.

Society Fees

When asked if society fees for capital or space costs were collected by their respected student associations, the answers from the scanned associations was predominantly not; societies typically apportion their budgets for a capital improvement fund as a proportion of their termly fee budget as remitted by their respective association or the University. If WUSA is to implement a capital improvement program, despite other institutions failing to support their constituency societies, it is recommended that society support be included. That being said, no additional “society specific” capital fees should be levied by the Federation, rather the capital improvement plan should include support for society spaces where those societies capital funds

3 SLC Operating Agreement 2013, page 10: “The Federation shall notify the University of any required maintenance, including damage to the premises or of the contents of the premises that are owned by the University, save and except normal wear and tear. If the notice concerns Capital Maintenance, the University will determine in its own discretion whether Capital Maintenance is required and how and when to undertake such Capital Maintenance. All other maintenance services will be provided by the University in a manner and time period commensurate with maintenance for the University’s other buildings and land.”
are insufficient. It is of note that, the Engineering and Math Society have their own capital improvement fund\(^4\) and the Science Society is in the process of development of the same.

\(^4\) The Engineering Society capital improvement fund is used to support their student space and services. The Engineering Society charges students 15\% in the Fall term and 5\% in the Spring term.
<table>
<thead>
<tr>
<th>Student Union</th>
<th>Compulsory v. Optional</th>
<th>Fee</th>
<th>Collected Annually or Per Term</th>
</tr>
</thead>
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<tr>
<td>Western University Students’ Council</td>
<td>Compulsory</td>
<td>$35.78</td>
<td>Per term</td>
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<tr>
<td>McMaster Students’ Council</td>
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<td>N/A</td>
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<tr>
<td></td>
<td></td>
<td>$10: Part-time students</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$10: Online students</td>
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<tr>
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<td>Annually</td>
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<tr>
<td></td>
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<td>$1.50: Deferred Maintenance Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$5.50: Strategic Expansion Fund</td>
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<td>Per term</td>
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<tr>
<td></td>
<td></td>
<td>$10.24: Students Commons Fee</td>
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<td>$14.25: Students Commons Fee</td>
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<td>Wilfrid Laurier Wilfrid Laurier University Students’ Union</td>
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<td>$37.44: Full-time students</td>
<td>Per term</td>
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<tr>
<td></td>
<td></td>
<td>$9.36: Part-time students</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>*Waterloo students only</td>
<td></td>
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<tr>
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<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>*No response from Jessica Dahanayake, VP Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trent University Trent Durham Student Association</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>*No response from Lynch Alcala-Hao, Director of Finance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Many student unions’ capital budget is developed in conjunction with their operating budget,
<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Capital Investment</th>
<th>Primary Sources of Funding</th>
<th>Capital Projects</th>
<th>Governance Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterloo</td>
<td>$105.3 million for 2020-2028</td>
<td>- 34% Development charges reserve funds (includes development charges, tax-base and enterprise debt) - 27% Tax based reserves - 16% Enterprise reserves - 13% Other (includes developer contributions, industrial land accounts and the city) - 6% Grants - 4% Debentures</td>
<td>- 55% Infrastructure renewal - 29% Strong community - 10% Economic development - 3% Corporate excellence - 2% Multi-modal transportation - 1% Environmental leadership</td>
<td>- Capital budget guided by the city’s strategic plan and community engagement - City Council considers draft budget proposed by staff - Council approves capital and operating budget together</td>
</tr>
<tr>
<td></td>
<td>*2.2% property tax increase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchener</td>
<td>$105 million for 2020-2030</td>
<td>- 58% City Enterprises - 15% Capital Pools (property taxes, issuing debt, and dividends) - 13% Development Charges - 7% Capital Reserves - 6% Fed Gas Tax - 1% Other (grants and fundraising)</td>
<td>- Road safety and cycling (e.g. clearing snow in bike lanes) -Environmental sustainability - Improving customer services - Maintaining and Investing Infrastructure (e.g. rehabilitating City Hall outdoor spaces)</td>
<td>- Develop budget direction (March to June) - Budget preparation (July to August) - Senior staff review budget (Sept to Oct) - Capital budget presented to Council (Nov to Dec) - Public input sessions - Budget approved by Council (January)</td>
</tr>
<tr>
<td></td>
<td>*2.25% property tax increase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambridge</td>
<td>$61.8 million</td>
<td>- 41% Development charges</td>
<td>- 34.4m Economic development and tourism</td>
<td>- Reviewed by an internal Capital Budget Working Group</td>
</tr>
<tr>
<td></td>
<td>*2.38% property tax increase</td>
<td>- 25% Water and sewer rates</td>
<td>- 10% Property tax</td>
<td>- 9% Gas tax 9%</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------------</td>
<td>-----------------------------</td>
<td>--------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Guelph</td>
<td>- $87.3 million for 2020-2028</td>
<td>- 40% Rate Funding</td>
<td>- 26% Tax Funding</td>
<td>- 20% Development Charges</td>
</tr>
</tbody>
</table>

Guelph - $87.3 million for 2020-2028 - 2020-2028 capital forecast is $1.6 billion

*2.7% property tax increase
<table>
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<tr>
<th>Location</th>
<th>Budget Amount</th>
<th>Property Tax Increase</th>
<th>Revenue Sources</th>
<th>Budget Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ottawa</td>
<td>$757 million</td>
<td>3%</td>
<td>Reserve, Debentures, Development Charge, cash/debit, Revenue, Property tax, grants, subsidies, user fees</td>
<td>Develop budget guidelines/priorities, Set budget timeline (including public consultations), Develop draft budget, Present draft budget to city council, Review and approval of final budget by City Council</td>
</tr>
<tr>
<td>Kingston</td>
<td>$51.8 million</td>
<td>2.5%</td>
<td>General Municipal Reserve Funds, Working Fund Reserve, Government Grants, Contributions from others</td>
<td>Budget developed based on city council’s directions, guidelines and forecasts approved from prior year, Asset management and program services serve as an information source for budget planning, Residents provide budget input, Council, sitting as Committee of the Whole, review budget proposals from city departments and agencies, Approval</td>
</tr>
</tbody>
</table>
Appendix A

(copied and pasted directly from WUSC)

Background

The USC has never had a formal Capital Plan nor has it had any form of informal plan or process pertaining to the purchase of new capital or the maintenance of existing capital. In the past, the USC would do call outs for capital during the budget process. Those requests would be reviewed as part of the budget process and would randomly be selected based on what the budget could “afford” in capital. Each year those requests changed and there were rarely carry over of items from one year to the next despite the fact that not all capital requests were granted in any given year due to budget constraints. This process allowed for departmental and organizational wants to be met however it did not necessarily allow for departmental and organizational needs to be met. This process also enabled the USC to go forward with a budget that allowed for zero capital dollars to be built into it. This not only resulted in the USC being forced to forgo certain capital needs altogether but also prevented the USC from having funds to repair and replace broken or missing capital items that had been previously purchased. As a result, the USC developed a very large liability called Capital. And up until a few years ago, didn’t have a fee that was dedicated to fund that large liability either. This resulted in the USC having an unfunded liability.

When Council determined that we were to come up with a Capital Plan, the USC had all departmental managers compile their lists of needs and wants going out 10 years. They were instructed to make such requests assuming status quo for their department.

Once this information came back it was compiled into the official capital plan. The other piece that was added was the maintenance piece. In year 1, there is no maintenance piece identified in the capital plan given the volume of renovations that are to be conducted.

How the Capital Plan Works

In any given year, the capital plan priorities will come forward in conjunction with the annual budget. At that point, Council can determine whether the priorities identified are in line with the strategic plan and the general objectives of the organization. If they are not, Council can set a directive to the Executive Council to reprioritize such that capital purchases for the year are in line with the strategic plan and direction of the organization. Once that has been determined and the funding for the plan has been approved (student fee), the Executive Council has the ability to alter the priorities such that they meet the objectives of the EC for that year, provided that any changes made do not go against the strategic plan or direction of the organization as set by Council. If priorities are brought into the current year, the EC must determine what will be moved into future years in order to remain within the funding as determined by Council. If priorities are pushed off to future years, the EC must provide a clear rationale for doing so and Council must be informed of the decision as well as the rationale. This flexibility enables an EC to shift priorities if need be in order to achieve all goals and objectives for a given year. However, pieces that are shifted into other years, cannot be done so indefinitely – the projects must get done over time otherwise the integrity of the capital plan is lost.
The maintenance piece of the capital plan is one piece that cannot be altered or shifted – this piece must be done every year.

Approval Process

The importance of the Capital Plan is that it allows the USC to plan for capital and it ensures that we will have capital purchases on an ongoing basis. Each year, Council will set overarching directives for the Capital Plan and the Executive Council will be responsible for determining scope etc. for the approved priorities.

Once Council has approved the funding for the priorities, it is up to the EC to approve projects in principle. Once management gets the approval in principle, it allows them to proceed to facilities management to obtain quotes for the work as well as determine potential timing for the project to proceed. Once management determines what projects can be done and when by facilities management, USC management will then come back to EC for determination and approval of scope and budget for the approved projects. Best practice indicates that at this point the EC would appoint a “point person or persons” (likely the VP Finance) to work on a project team to get the project completed in a timely manner. Information would be brought back to the EC by this point person and feedback would be sought in that manner as well. The only time a project would come back to EC in a formal manner by USC management would be if scope changed or if there were budget issues.
Appendix B

WUSC 2017-2018 Capital Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tr>
<td>$980,453.66 Capital Fee Revenues</td>
<td>$697,314.62</td>
<td>-$283,139.04</td>
<td>$912,569.96</td>
<td>$920,082.64</td>
<td>$943,660.94</td>
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<tr>
<td>$990,453.66 Total Revenues</td>
<td>$697,314.62</td>
<td>-$293,139.04</td>
<td>$912,569.96</td>
<td>$920,082.64</td>
<td>$943,660.94</td>
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<tr>
<td>$120,000.00 Lounge Loan Payment</td>
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</table>

-967,745.34 Total Capital Plan | $98,62 | $677,835.98 | -$3,431.04 | -$2,817.36 | -$6,139.94 |
Appendix C

Brock University Students' Union, Bylaw 105
“Capital Fund Bylaw”

(Copied and pasted directly from BTSU bylaw)

Access to Capital Fund (unrestricted portion):

1. BUSAC or its designate may approve expenditures for up to 75% of the money that is collected annually for the Capital Fund account during their one (1) year term.
   a. Approvals of expenditures will require a 50% + 1 vote by the designated approving body in two (2) consecutive meetings where quorum has been achieved.
   b. In the event that the second reading meeting of BUSAC does not reach or loses quorum prior to the vote on the expenditure, the BUSU Board of Directors shall be allowed to serve as the body that approves the second reading.

2. BUSU Board of Directors shall be the approval body during times when BUSAC is not in session (i.e. Summer Months), in the event BUSAC membership has fallen below legislated quorum or when BUSAC has designated its authority.

Access to Capital Fund (restricted portion):

1. The 25% (restricted) fund amount shall be held in reserve and cannot be spent through the above approval process in the year it is collected. The purpose for the 25% (restricted) fund amount is to create a reserve fund in the spirit of Section 22.6 (BUSU Fiscal Management Policy) like larger non-reoccurring, non-operational projects, renovations, acquisitions of space, properties, to cover the short falls in any unrestricted division of BUSU or repayments of internal loans. If funds from the 25% (restricted) fund account are used to cover the short falls in any unrestricted division of BUSU or repayments of internal loans, the approval process will be a 2/3rd majority vote of the BUSU Board of Directors. For all other uses of the fund account, the approval process will be as follows in order of occurrences:
   a. A presentation to BUSAC shall be made by the BUSU General Manager, VPFA and any other Executive member that is needed which outlines the current fund account balance, purpose of the request to access, plan for the expenditure, oversight mechanism of the expenditure and any other relevant materials or supporting documents required to provide a clear understanding of the request for BUSAC.
   b. Following the presentation, BUSAC must then vote 50% + 1 in favour of the access request.
   c. Following BUSAC approval, the request must gain a 2/3rd majority vote of the BUSU Board of Directors.
   d. Following the approvals, if during the execution of the project additional expenditures need to be requested for unforeseen construction, labour, material, permit or similar issues, the additional funds must be approved by the BUSU
Board of Directors by a 2/3rd majority vote. This information should be reported to BUSAC in a timely manner by either the General Manager or the Chair of the Board.

c. Following the completion of the expenditure, the General Manager, VPFA and any other relevant parties must present the final and completed project budget vs. actuals to BUSAC

Reporting

1. Reporting of the usage of the Capital Fund shall be the responsibility of the General Manager and the Vice-President, Finance & Administration. Reports should include: Summary of scope of work or project, Amount approved (including any increases to original funding) Amount spent and Confirmation that appropriate filings have been completed with the accounting department or relevant departments within BUSU, University or municipality
Appendix D

## Capital Budget

**2018-2019**

**June 5, 2018**

<table>
<thead>
<tr>
<th>Business Ventures</th>
<th>Operations</th>
<th>REVENUE</th>
<th>EXPENSES</th>
<th>NET INCOME</th>
</tr>
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<tbody>
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<td></td>
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<td>$46,002.80</td>
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<table>
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<tr>
<th>Capital Projects</th>
<th>Operations/Finance</th>
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<th>EXPENSES</th>
<th>NET INCOME</th>
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<td></td>
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<td>$100,818.00</td>
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<td><strong>TOTAL REVENUE</strong></td>
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230 College St. Toronto, ON, M5T 1R2

atius.ca
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Multi-Year Capital Planning https://www.gfoa.org/multi-year-capital-planning


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