



Finance Committee

TERMS OF REFERENCE

Approved by the Board of Governors on June 19, 2018

Revised on November 26, 2024

1. PURPOSE

The purpose of the Finance Committee is to assist the Board in fulfilling its oversight responsibilities over the financial affairs and property of the University, to ensure the establishment of sound financial practices that lead to the long-term financial sustainability of the University, and to fulfil obligations and oversight related to the integrity of the University's financial reporting. The Finance Committee considers matters relating to the financial affairs of the University other than those matters that are within the mandate of the Audit and Risk Committee.

The Finance Committee also provides oversight, advice and recommendations on investment matters to:

- a) The Board of Governors of Capilano University ("Board of Governors") on the University investment portfolio; and
- b) The Board of Directors of the Capilano University Foundation ("Foundation Board") on the Foundation investment portfolio.

2. COMPOSITION AND QUORUM

The Board Chair will appoint at least four members to the Committee (one of whom is a student). Where there is no student available to serve the Committee, the Board of Governors Chair will appoint an additional Committee member.

A Director of the Capilano University Foundation appointed by the Foundation Board will join the investment sections of the meeting as a guest with no voting privileges. All Committee members shall be "financially literate"¹. At least one member shall have "accounting or related financial management expertise"². Preferably one member will hold a financial designation (Canadian CPA).

The terms of membership will be two-year renewable terms commencing in August of each year. Where possible the terms of membership will be staggered.

¹ "Financial literacy" means the ability to read and understand a balance sheet, income statement and a cash flow statement in accordance with current accepted professional accounting standards.

² Where there is a requirement for a director to have accounting or financial expertise, this means the director shall have the ability to analyze and understand a full set of financial statements, including the notes attached thereto in accordance with current accepted professional accounting standards.

Annually, a chair and a vice-chair of the Committee will be appointed by the Board Chair.

Committee quorum will be a majority of the Committee members.³

3. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

3.1 Terms of Reference

- a) annually review the Committee’s Terms of Reference and orients new Committee members;
- b) receive at the end of the year, a year in review report from management to confirm work set out in the committees’ duties and responsibilities was completed.

3.2 Policies

- a) oversee the review of Board policies on accounting and financial matters and makes recommendations for developing, updating, or rescinding such policies to the Board for approval;
- b) annually review and recommend to the Board of Governors and the Foundation Board of Directors changes to their respective investment policies (B.201 Capilano University Investment Policy and F.216 Capilano University Foundation Investment policy) which includes a review of performance benchmarks; and
- c) receive at the first meeting of the year, the Committee’s policy list and workplan of expected activities for the year, and receives at the end of the year, a summary report on what was actually completed against the plan.

3.3 Financial Statements and Other Financial Reporting

- a) review and recommend for approval to the Board, financial information that will be forwarded to the Government or made publicly available including:
 - i. actual to budget reports and quarterly forecast reports submitted to Ministry;
 - ii. final fiscal year actual to budget financial results;
 - iii. five-year capital plan;
 - iv. student enrollment FTE reports;
 - v. executive compensation and disclosure; and
 - vi. statement of financial information

³ Capilano University Board Governance Manual (“Board Manual”), section 35(e).

- b) ensure that the Board receives timely, meaningful reports that keep it properly informed of the University's financial situation and that provide the information needed for decision-making.

3.4 Financial Planning and Budget Development

- a) review the budget development process including appropriateness and validity of material assumptions and estimates used to establish operating and capital budgets;
- b) review and recommend the annual operating and capital budgets to the Board for approval; and
- c) review the setting, determining and collecting of fees as per the *University Act*.

3.5 University Property and Capital Planning

- a) review and make recommendations to the Board on matters relating to the acquisition, disposition, development, and management of the real property of the University;
- b) Receive and review quarterly updates on capital projects.

3.6 Investment Matters

- a) Receive semi-annual reports and presentations from the investment consultant on the performance of the investment portfolio's relative to the performance benchmarks and ensure compliance with the investment policies for the University and the Foundation;
- b) Participate in the selection of the University's investment manager(s) and conduct an in-depth review as required if performance results are unacceptable or if there is a material change to the investment manager, and identify options for consideration;
- c) Perform asset mix study every four years;
- d) Review university portfolio's capital requirements and new contributions;
- e) Annually recommend a disbursement rate from the Foundation investment portfolio to the Foundation Board for approval and provide to Board of Governors for information, and
- f) Provide for information Foundation portfolio disbursements, new contributions and stabilization fund.

4. ACCOUNTABILITY

The Committee is accountable to the Board.

The Committee has no power to make decisions on behalf of the Board, except as specifically directed by the Board or authorized by the Board through the Committee's Terms of Reference.⁴

The Committee will review its Terms of Reference annually and propose any changes to the Governance and Planning Committee for review and recommendation to the full Board.⁵

⁴ Board Manual, section 35.

⁵ Board Manual, section 35(d); Governance and Planning Committee Terms of Reference.

The Committee will carry out the work assigned in the committee terms of reference as well as any additional mandates as approved from time to time by the Board. Standing committees will report to the Board on work completed and recommendations for Board's approval.⁶

The Committee is accountable to remain informed about emerging best practices in corporate governance relevant to the work of the Committee.

5. MEETINGS

The Committee will meet at least four (4) times each year, or more frequently as deemed necessary by the Committee.

The Committee Chair, in consultation with the senior administrator(s) assigned to support the Committee or designate, schedules the meetings and develops the agenda for each Committee meeting.

Committee members may participate in a Committee meeting by means of online platforms or other communication facilities by which all participants in the meeting can understand and communicate with each other.⁷

Committee meetings may be held by electronic means when in person meetings are not practical. When synchronous meetings are held by electronic means the same rules as for in-person meetings will apply.⁸ Asynchronous meetings may be held over email when synchronous meetings are not practical in accordance with the rules set out in section 32(a) of the Board Governance Manual.

In accordance with section 35(c) of the Board Governance Manual, Committee meetings are not public and shall be attended only by members of the Committee, with any guests invited by the Committee chair, and with University administrators assigned to serve as resource persons or who are requested to attend by the Committee chair.

The Committee shall maintain minutes of its meetings.

6. EXTERNAL ADVISORS

The Committee may engage independent advisors at the expense of Capilano University when it deems necessary, subject to the approval of the Board Chair.

7. COMMITTEE CALENDAR

The chart below summarizes the Committee's meetings for the academic year and the duties and responsibilities of the Committee as per section 3 of the terms of reference. The Committee Chair may amend the chart without Board approval if necessary to accomplish the work of the Committee.

⁶ Board Manual, section 35(d)

⁷ Board Manual, section 32(a)

⁸ Board Manual, section 32(a)

| | Activity | Information/ Approval | Meetings | | | | | |
|---------------|---|--------------------------|---|----------------|----------------|----------------|----------------------------|-------------------|
| | | | #1 September | #2 November | #3 December | #4 February | #5 April (if needed) | #6 June |
| 3.1 | Terms of Reference | | | | | | | |
| a) | Review Terms of Reference and orient new committee members | Approval | X | | | | | |
| b) | Receives year in review report to confirm work set out in the committees' duties and responsibilities was completed | Information | | | | | | X |
| 3.2 | Policies | | | | | | | |
| a) | Review Board policies and make recommendations to Board | Approval | As required | | | | | |
| b) | Review and recommend changes to the University's and Foundation investment policies which includes a review of performance benchmarks | Approval | | | | | | X |
| c) | Receives Committees' policy list and workplan of expected activities for the year. | Information | X | | | | | |
| | Receives summary report on policies work completed during the year against the workplan. | Information | | | | | | X |
| 3.3 | Financial Statements and Reporting | | | | | | | |
| a) i a) ii | Review actual to budget reports and quarterly forecasts submitted to Ministry <i>*Chair of Finance Committee signs forecast report confirmation page</i> | Information | Q1 Forecast Prel Q2 | Q2 Forecast | Q3 Forecast | Jan Forecast | | Year-end final |
| a) iii | Review 5-year capital plan submission to the Ministry and make recommendation to Board to approve | Approval | | | | | | X |
| a) iv | Review student enrollment FTE reports submitted to Ministry | Information | | Interim FTE | | | | Final FTE |
| a) v | Review Executive Compensation Report | Approval | | | | | | X |
| a) vi | Review Statement of Financial Information | Approval | X | | | | | |
| b) | Ensure Board receives timely meaningful reports to keep informed of university's financial situation | | Reports are shared as part of consent agenda; reports that require board approval are shared under separate cover | | | | | |
| 3.4 | Financial Planning | | | | | | | |
| a) | Review the process of developing the operating and capital budget and appropriateness and validity of material assumptions | Information | X | X | X | | | |
| b) | Review and recommend to the Board to approve the operating and capital budget | Approval | | | | X | | |
| c) | Review the setting, determining and collecting of fees as per the University Act | Approval | As required; annual fee increase to be approved with budget | | | | | |
| 3.5 | University Property and Capital Planning | | | | | | | |
| a) | Review and make recommendations to the Board relating to the acquisition, disposition, development, and management of the real property of the University | Approval | As required | | | | | |

| | Activity | Information/ Approval | Meetings | | | | | |
|------------|---|--------------------------|---------------------------------|----------------|----------------|-------------------------------|----------------------------|------------|
| | | | #1 September | #2 November | #3 December | #4 February | #5 April (if needed) | #6 June |
| b) | Receive and quarterly updates on capital projects (real estate dashboard) | Information | X | | X | X | | X |
| 3.6 | Investment Matters | | | | | | | |
| a) | Receive semi-annual reports and presentations from the investment consultant on the performance of the investment portfolio's relative to the performance benchmarks and ensure compliance with the investment policies for the University and the Foundation | Information | X Jan to June (Q1& Q2) | | | X July to Dec (Q3 & Q4) | | |
| | Participate in the selection of the investment manager(s) | Approval | As required | | | | | |
| b) | In depth review of investment manager(s) as required | Information | As required | | | | | |
| c) | Perform asset mix study every four years | Approval | every four years or as required | | | | | |
| d) | Review University portfolio capital requirements and new contributions | Information | As required | | | | | |
| e) | Recommend to the Foundation Board of Directors a Distribution Rate from the Foundation portfolio and provide to Board of Governors for information | Approval | | | | X | | |
| f) | Receive for information Foundation portfolio disbursements, new contributions, and stabilization fund (Endowment Fund Summary) | Information | | | | | | X |