



Finance

Rationale

A policy on finances and investments provides a list of all funds that SAMU holds and jointly oversees or manages. This policy provides proper guidelines on how finances and investments work, what they look like, and how they can be monitored at the governance level.

Definitions

A **short-term cash flow shortage** occurs with the SAMU operating account due to the timing of when the transfer of fees from MacEwan University are received when the operating account is low in funds. As a result, the operating account will require top-off funds to continue with its day-to-day operations from other SAMU funds until the transfer of fees is received.

Expectations

General

- 1 SAMU's fiscal year begins on July 1st of each year and ends on June 30th of the following calendar year.
- 2 The annual operating budget reflects the strategic plan and current priorities of SAMU.
- 3 Expenditures may not exceed the amounts approved in SAMU budget.
- 4 Professional bookkeeping exists for SAMU's finances.
- 5 An independent auditing firm annually audits financial statements.
- 6 Alterations to this policy require a recommendation from the Budget and Finance Committee and a Special Resolution of Students' Council.

Maintenance Fund (Internally Restricted)

- 7 The Maintenance Fund is dedicated to Furniture, Fixtures, and Equipment (FF&E), leasehold improvements, and building renovations.
- 8 Expenditures from the Maintenance Fund require formal approval by Executive Committee and will be reported to Students' Council at their next regularly scheduled meeting.

SAMU/MacEwan Major Expenditures Fund (Jointly Restricted)

- 9 The SAMU/MacEwan Major Expenditures Fund is dedicated for major building expenditures.



9.1 This fund is created per the requirement of the Lease Agreement with MacEwan section 5.1(f) section ii to iii for the SAMU Building.

9.2 This fund is overseen by MacEwan and SAMU through the SAMU Building Operations Committee as per the Lease Agreement and the Operations and Maintenance Agreement.

Contingency Reserve Fund (Internally Restricted)

10 Five percent of the revenue from the SAMU membership fee is allocated to the Contingency Reserve Fund until the maximum amount has been reached.

10.1 When the Contingency Reserve Fund contains 25% or more of the prior year's operating budget, excluding amortization expense, additional funds are not transferred into it.

10.2 If the maximum amount is reached, any excess of the revenue allocated to the Contingency Reserve Fund is allocated to that year's Operating Budget. This continues until 2025 after which the allocation is re-evaluated.

11 The Contingency Reserve Fund may be used for operational deficits.

11.1 Expenditures regarding operational deficits may only occur with both unanimous approval of the Executive Committee and simple majority approval of Students' Council.

12 The Contingency Reserve Fund may be used for short-term cash flow shortages.

12.1 Once the transfer of funds from MacEwan University is received the money taken out from the fund will be returned to this fund in a timely fashion.

12.2 Expenditures regarding short-term cash flow shortages may only occur with unanimous approval of the Executive Committee and will be reported to the Budget and Finance Committee and Students' Council at the earliest scheduled meeting.

Health and Dental Reserve Funds

13 The Health and Dental Reserve Funds should be sufficient to provide for student health needs in the case of a health emergency.

13.1 If the Health and Dental Reserve Funds reach 50% or more of SAMU's estimated yearly premiums, the Executive Committee may, on the recommendation of the Health and Dental Sub-Committee, gradually increase coverage or decrease student fees.

13.2 Any changes to the assessed Health and Dental fees will be reported to Students' Council at the earliest scheduled Council meeting.

14 As the Health and Dental plan is under an Administrative Services Only (ASO) model, 15% of the previous years claims will sit in a reserve fund with the insurer.



15 The Health and Dental Reserve Funds may only be used to cover the costs of the health plan or dental plan.

Student Groups Fund

16 The Student Groups Fund is the account that SAMU uses to hold the money Student Groups collect and is available for Groups to withdraw from.

16.1 Expenditures from the Student Groups Fund adhere to approval practices established in procedure.

USD Fund

17 The USD Fund is used for U.S. Dollar transactions to avoid foreign exchange rate differences and fees.

Transit Fund

18 The Transit Fund is a low-risk account that is used to facilitate electronic fund transfers and auto deposits from customers.

SAMU Cares Endowment Fund

19 The SAMU Cares Endowment Fund holds a principal amount of \$1,000,000 that accrues interest which is used to provide financial relief to students in need through the SAMU Cares Bursary.

20 This endowment is held by MacEwan's Alumni and Development Office, due to Canadian Charity regulations that SAMU does not have the ability to hold.

20.1 Distribution of funds is managed by SAMU.

Operating Fund

21 The Operating Fund provides for the day-to-day budgeted expenditures of SAMU.

22 The Operating Fund holds two months' worth of operating expenses at one time, with any surplus funds transferred to the Operating Savings Fund.

23 Expenditures from the Operating Fund adhere to approval practices established in procedure.

Operating Savings Fund

24 The Operating Savings Fund is used to minimize the risk of keeping large cash deposits in our Operating Fund.

25 The Operating Savings Fund is used to protect SAMU's funds from fraud as it is a non-chequing account that no outside parties have access to its account information.



Operating Surplus

26 Any operating surplus (excluding amortization expense and building levy revenue) at the end of the fiscal year will be allocated as follows:

- 70% to the Maintenance Fund
- 30% to the SAMU/MacEwan Major Expenditures Fund

26.1 If the SAMU Cares Endowment Fund drops below the principal amount of \$1,000,000, up to 10% of the operating surplus allocated to the Maintenance Fund will be allocated to the SAMU Cares Endowment Fund.



Fact Sheet

Approvals:

First Approval – August 21, 2013

Last Approval – March 22, 2023

Date of Last Review: March 22, 2023

Related Documents and Forms:

Source and Updates:

August 21, 2013: *Finances and Investments* approved by Students' Council motion 2013-08-21-6.5. Source material drawn from *Policy 16 - Finance, Policy 27 – Building Fund, Policy 37 – Contingency Reserve Fund, and Policy 45 – Health and Dental Reserve.*

February 19, 2014: *Finances and Investments* approved by Students' Council motion 2014-02-19-6.1. Policy update based on recommendations from our auditors.

October 1, 2014: *Finances and Investments* approved by Students' Council motion 2014-10-01-6.1 upon the recommendation of the Budget and Finance Committee.

March 15, 2017: *Finances and Investments* approved by Students' Council motion 2017-03-15-7.3 on the recommendation of the Budget & Finance Committee.

March 21, 2018: *Finances and Investments* approved by Students' Council motion 2018-03-21-7.7 on the recommendation of the Budget and Finance Committee. Building Fund updated to reflect current needs and preparation for opening and operation of the SAMU building.

June 19, 2019: *Finance* (renamed from *Finances & Investments*) approved by Students Council motion 2019-06-19-7.3 on the recommendation of the Budget and Finance Committee. Policy updated to move away from saving for a building to ensuring the SAMU building opening in Fall 2019 has a Maintenance Fund and a Major Expenditures Fund as well as defining where operating surpluses are allocated.

April 1, 2020: *Finance* approved by Students' Council motion 2020-04-01-4.1 on the recommendation of the Budget and Finance Committee. Contingency Reserve Fund section updated so that once maximum is reached any excess funds will be allocated to the operating budget instead of the SAMU Cares Fund.

June 16, 2021: *Finance* approved by Students' Council motion 2021-06-16-7.1 on the recommendation of the Budget and Finance Committee. Identified that any amortization expense incurred would be excluded when calculating the operating surplus at the end of the fiscal year.

June 15, 2022: *Finance* approved by Students' Council motion 2022-06-15-7.1 on the recommendation of the Budget and Finance Committee. Substantial updates include: removal of Building Fund due to completion of SAMU building, identifying that the



Contingency Fund can be used for short-term cash flow shortages, addition of the Student Groups, USD, and Transit Funds, identifying the principal amount of \$1,000,000 for the SAMU Cares Endowment Fund, addition of the Operating Savings Fund, and updates to how an operating surplus is allocated.

March 22, 2023: *Finance* approved by Students' Council motion 2023-03-22-7.1 on the recommendation of of the Budget and Finance Committee. Changes include: noting that the 25% requirement within Contingency Reserve Fund excludes amortization expense, requiring the Operating Fund to hold 2 months worth of operating expenses instead of 4, and excluding building levy revenue from the calculation of an operating surplus.