

Peterborough Co-operative Homes Inc.

Finance Committee

Policies

Index

Section 1. Operational Guidelines Policy

- (a) Source of Authority**
- (b) Composition**
- (c) Terms of Office**
- (d) Meetings**
- (e) Minutes**
- (f) Reporting**
- (g) Training & Handbooks**

Section 2. Spending Policy

- (a) Operating Expenditures**
- (b) Capital Expenditures**
- (c) Emergency Expenditures**

Section 3. Investments Policy

- (a) Principles**
- (b) Objectives**
- (c) Committee Responsibility**
- (d) Guidelines**

Section 1 - Operational Guidelines Policy

- A. Source of Authority: Board of Directors
- B. Composition: no less than three (3) members
- The committee will consist of resident members who have volunteered to sit on the committee and have been approved by the Board of Directors. As far as possible, the make up of the committee will reflect the diverse membership of the co-operative.
 - The committee will aim to ensure that there is a good balance of new and experienced members on the committee at all times.
- C. Terms of Office: 1 year minimum
no maximum - as long as the member remains in good standing
- D. Meetings:
- Quorum shall be 50% + 1.
 - Meetings shall be held once per month - or - as required.
 - An agenda shall be prepared for each meeting.
 - Committee members should receive a minimum of five days notice of committee meetings, except in cases of emergency.
 - Members who are unable to attend the committee meeting should notify the Chairperson as far as possible in advance of the meeting.
- E. Minutes:
- Minutes are to be recorded at all committee meetings.
 - Committee minutes shall be available to the Board of Directors and on file in the co-op office.
- F. Reporting:
- A written report on the committee's activities will be made on a regular basis to the Board of Directors and to the general members at their meetings or through the co-op's "Notes".
- G. Training and Handbooks:

- The Finance Committee will provide appropriate information to new members joining the committee.
- Each committee member shall be provided with a committee handbook. Handbooks must be kept up to date, and returned to upon leaving the committee.

Recommended by the Committee to the Board: April 8, 1998
Approved by the Board of Directors: April 21, 1998
Confirmed by the General Members: May 20, 1998

Reviewed by the Board - no changes made : December 13, 2010

Recommended by the Committee to the Board : January 4, 2012 (from 5 members to 3)
Approved by the Board : January 9, 2012
Approved by the Members : February 7, 2012

Section 2 - Spending Policy

Individual members of the co-op, or committees of the co-op, or staff of the co-op may not authorize expenditures or otherwise make financial commitments on behalf of the co-op unless authority to do so has been explicitly delegated to them by the Board of Directors through its approval of the "Co-op Spending Procedures", or through amendments made to such procedures.

No person may initiate or approve any expenditure or purchase that substantially benefits that person or any person to whom they are related or with whom they have a close personal relationship (whether or not they reside in the co-op). Nor may any person initiate or approve any expenditure or purchase in any situation where that person has or could have a conflict of interest with regard to that expenditure.

If, during a budgetary year, it becomes apparent to the Board that a change in the total budget and/or changes in housing charges is necessary or appropriate, it shall call a special general member's meeting for the purpose of considering that change. All matters relating to the conduct of such a meeting, and approval of the change, shall be in accordance with the Occupancy By-Law provisions dealing with such changes.

1. Operating Expenditures:

(a) The Board has the authority to spend the operating funds of the co-op in each fiscal year to a maximum amount equal to the total of the expenses, less the contingency allowance as they are laid out in the operating budget as approved by the general members in accordance with the Occupancy By-Law. Any surplus in one category of expense shown in the budget, may, by resolution of the Board be allocated by a Board motion for expenses in any other category of expense (excluding the contingency allowance) unless otherwise specifically instructed by the members. Where such re-allocation involves money from a committee budget, it will only take place after a detailed consultation between the committee to be affected and the Board has taken place.

(b) The Board has the authority to spend the funds in the contingency allowance set out in the operating budget approved by the general members where it will be used to:

(i) offset a shortfall in revenue to cover budgeted expenses;

(ii) cover an unbudgeted expense or an expense over-run in a budget category where the co-op had no choice in incurring the added expense;

(iii) cover any other unbudgeted expense items costing under \$2,000.00 where such expense would serve the best interest of the co-op.

(c) Any use of contingency funds must be detailed in notes accompanying regular financial statements supplied to the members.

(d) Should the Board wish to spend contingency funds under circumstances other than those set out above, it must obtain approval of the general members at a meeting duly called for that purpose. In addition to any other notice which will be delivered to the members regarding the meeting, an explanation of the nature and the extent of the proposed expenditure must be sent at least ten

days prior to the meeting at which the expenditure is to be reviewed for approval.

Capital Expenditures:

- (a) Approval of the capital portion of the annual budget or any subsequent capital budget by the members, will authorize the Board (subject to any required governmental approvals) to spend the funds of the co-op for capital expenditures from the sources specified and in accordance with the budget.
- (b) The Board is authorized (subject to any governmental approvals) to spend up to \$ 6,000.00 per year from the co-op's reserves for necessary replacement or repair of unbudgeted capital items without the specific prior approval of the general members; however, the Finance Committee must be notified prior to the capital expenditure being made.
- (c) In order to spend the co-op funds for proposed non-emergency, non-budgeted capital projects which are either:
 - (i) for any capital improvements which are not strictly necessary; or
 - (ii) for necessary replacement or repair of items costing in excess of \$6,000.00

the Board must present a capital budget at a meeting of the members duly called for that purpose. In addition to any other notice which will be delivered to the members regarding the meeting, a copy of the proposed capital budget showing the proposed expenditures, the proposed method of financing the expenditures, and an assessment of the impact on the current and future operating budgets of the co-op (eg: operating revenue, reserves, retained earnings, etc....) must be circulated to all member households at least ten days prior to the meeting where the expenditure is to be reviewed for approval.

Emergency Expenditures:

- (a) Emergency expenditures are expenditures that must be incurred immediately because a delay will risk property damage or endanger the safety of persons or property or disrupt essential services to members (eg: light and power, heat, water, etc...).
- (b) Notwithstanding the provisions of this policy, the Board may authorize any emergency expenditures on the co-op's behalf without further authority from the members. The Board may delegate it's authority under this Policy to co-op staff and/or other persons under such terms as are prescribed under the "Co-op's Spending Procedures".
- (c) All such emergency expenditures must be reported to the membership where the expenditure exceeds \$2000.00 .

Recommended to the Board:
Approved by the Board:
Confirmed by the Members:

April 8 1998
April 21 1998
May 20, 1998

Changes approved by the Board
Changes confirmed by the Members

December 13, 2010
January 31, 2011

Reviewed by the Committee (no changes made)

March 8, 2012

Section 3 - Investment Policy

The purpose of this Policy is to set forth the conditions under which the funds of the co-operative will be invested.

1. Principles:

- (a) Funds shall be invested in a manner that does not jeopardize the financial stability or interfere with the normal operations of the co-operative.
- (b) Interest earned on investments must be used to benefit the co-operative as a whole. No individual may benefit from co-op investments in a way that is not generally available to all co-op members.
- (c) Funds shall be invested in the co-operative movement wherever possible.

2. Objectives:

- (a) To achieve as good a rate of return as possible from investments, consistent with the above principles.
- (b) To ensure that the necessary amount of money available for carrying out the capital projects of the co-operative which are required from time to time.
- (c) To offset the effects of inflation on reserves and operating costs.
- (d) To maximize the amount of working capital available.
- (e) To provide the co-op with security of principal and the appropriate degree of liquidity of assets.
- (f) To minimize idle cash holdings.

3. Committee Responsibility:

The Finance Committee has the responsibility of assisting and advising the Board in the management of the co-op's investments. Specifically, the committee will periodically monitor and review the co-op's investment portfolio and make recommendations to the Board of Directors on the investment fund.

4. Guidelines:

- (a) Investments may be made in the following investment vehicles:
 - (i) Securities of, or guaranteed by, the Government of Canada;
 - (ii) Securities of, or guaranteed by, the Province of Ontario;
 - (iii) Term deposits;
 - (iv) Guaranteed Investment Certificates.
- (b) The investment funds will be governed by:
 - (i) The co-op's cash flow requirements;
 - (ii) The forecast for interest rates;
 - (iii) The rate of return on investment;

- (iv) The liquidity of the investment.

- (c) The following funds are eligible for investment:
 - (i) 90% of the Replacement Reserve Fund
 - (ii) 50% of the Internal Subsidy Reserve Fund
 - (iii) 100% of the Maintenance Guarantee
 - (iv) 90% of Retained Earnings
 - (v) All monies considered by the Board to be additional to what is needed to cover the co-op's immediate cash flow requirements. (This money shall not be invested for a term of more than one year)

- (d) Investment of the co-op's funds shall be approved by the Board and shall be in accordance with the co-op's Operating Agreement with Canada Mortgage and Housing Corporation.

Recommended by the Committee to the Board:	<u>April 8 1998</u>
Approved by the Board:	<u>April 21 1998</u>
Confirmed by the Members:	<u>May 20, 1998</u>

Changes approved by the Board :	<u>December 13, 2010</u>
Changes Approved by the Members :	<u>January 31, 2011</u>

Recommended by the Committee to the Board :	March 8, 2012 (50% of Subsidy Reserve)
Approved by the Board :	March 12, 2012
Approved by the Members :	March 27, 2012