

Noons Creek CO-OP Policies	Date Issued	<b>2000-June-28</b>
Spending, Budgets and Contracts	Date Reviewed	<b>2018-AUG-17</b>
	Policy #	<b>4</b>

**Purpose**

The purpose of a spending policy is to provide guidelines to control spending.

Ultimate control of spending in the Co-op rests with the membership. The spending program that members wish to implement is established in the budget that is approved annually. The day-to-day administration and execution of the budget is delegated by the members to the elected Board of Directors, and is implemented through the committees.

**Definitions**

- *Annual Budget:* The fiscal year is 01 September to 31 August and is approved by the General Membership. The budget outlines the Co-op's financial requirements, determines housing charges and authorizes Board and committee expenditures for the day-to-day operations of the Co-op.
- *Non-Discretionary Expenditures:* Non-discretionary expenditures are expenses that the co-op will incur automatically, i.e. Municipal taxes, utilities, insurance, and mortgage payments.
- *Discretionary Expenditures:* Discretionary expenses are those where the Co-op has an option as to when (or if) to incur them. They include such things as equipment purchases, maintenance supplies, office supplies, professional services, education, changes in insurance coverage and signing new contracts for any goods or services.
- *Emergency expenditures:* are unbudgeted purchases of work or materials that must be made immediately because a delay can:
  - result in property damage
  - endanger the safety of people or property, or
  - disrupt essential services to members.
- *Preferred Contractor:* is a tradesperson, vendor or service that has been vetted annually or as required. Preferred Contractors must have and maintain Worker Compensation coverage, Liability Insurance, business license and have provided quality service or products to the Co-op. Property & Landscaping Committees will provide the Board with recommendations for establishing or replacing a list of preferred contractors.

**Spending Approval**

All new discretionary expense not categorized in the approved annual budget and over \$2500 must be approved by the General Membership. Any revision to budget categories or limits must be approved by the General Membership.

**Board of Directors**

All discretionary expense may be authorized by Board of Directors as follows:

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- a) Where the expense is within the budget approved for that category, no further approval is required
- b) When the expense will put a budget category over budget, or was not anticipated by the budget, it must be approved by the General Membership
- c) When the expense was not anticipated in the budget categories, and is over \$2500, it must be approved at the General Membership meeting.

Before approving a discretionary expense of more than \$2500, the Co-op normally will obtain three bids or quotes. In cases where the Co-op has used a preferred contractor this requirement may be waived at the discretion of the Board.

### Budget Revisions

The board may revise the budget as necessary during the fiscal year. Revisions must be reported to the next general meeting as follows:

- any difference in one budget category over 10%
- any overall change of more than \$2500 in total expenses, and
- for a discretionary expense, any overall change to the budget of more than \$4000 must be approved by the general meeting before the purchase is made.

### Treasurer

The Treasurer is authorized to approve budget expenditures under \$500 and these must be disclosed to the Board of Directors at the next BOD meeting.

### Committees

Committee chairs with assigned budgets are permitted to authorize expenditures within their limits and with consensus of their respective committees. Two Directors may approve spending above the prescribed committee chair limits but must be less than \$1500. Over \$1500 must be approved by a majority vote by the Board of Directors.

### Table of Spending Limits

	Spending limits	With 2 Director Approval	Notes
<i>Board of Directors</i>	\$2500 *	n/a	+\$2500 requires vote at General Meeting.
<i>Replacement Reserves</i>	\$5000	n/a	Must report expenditure at General Meeting
<i>Treasurer - Director</i>	\$500	n/a	Must report expenditure at BOD meeting
<i>Property &amp; Landscape Committees - Chairs</i>	\$500	\$1500	Must have committee consensus. Beyond spending limits must have Board approval
<i>Social Committee - Chair</i>	\$500	n/a	
<i>Other Committees (with Budget lines) - Chair</i>	\$200	n/a	
* See Emergency Expenditures			

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The spending limits specified in this policy shall be reviewed annually.

**Contract or Service Agreements**

All contracts must be signed and approved by the Board of Directors according as detailed in this policy. Contracts over \$5000 must be approved by General Membership

**Replacement Reserves**

Replacement reserves plan (10-year plan) is subject to receive approval by the Agency for Co-operative Housing.

**Emergency Expenditure**

An emergency expenditure may be approved by two Board members and must be reported at the next General Meeting. The Board may choose a “Preferred” contractor to undertake the emergency work. If a preferred contractor is not available, two Directors can approve the work to be carried out by another qualified contractor. These emergency expenditures will be reported and included in the minutes at the next General Meeting.

**Purchases**

Authorized purchases for the co-op must be made using a:

- purchase order
- written co-op authorization to a selected supplier or contractor, or
- Tendering process for major items.

**Payment of Invoices**

No invoice will be paid unless supported by an authorized Purchase Order or signed by the committee chair or a Director. Invoices for service will be payed 30 days from substantial completion of work or as otherwise negotiated in the contract.

If a member causes the co-op to incur an expense without prior authorization, or the expenditure is not supported by an approved purchase order or signing office approval, the member may be held responsible for that expenditure.

**Signing Officers**

All cheques drawn on a co-op account must be signed by two of the Executive members of the Board, ie. President, Vice-President, Treasurer, or Secretary. No Director may sign a cheque if the cheque is issued to them or a member of their unit.