

Budgeting

Purpose of the policy

To establish a process for producing annual operating and capital budgets.

Definitions

Operating budget: sets out the income and expenses the co-op expects for its operation in the coming year.

Capital budget: sets out the cost of purchases or renovations which:

- involve items with a useful life of more than one year, and
- are not paid for entirely from the income of one operating year.

Replacement Reserve Fund: a fund restricted to Capital replacements or Capital repairs

Subsidy: housing charge assistance received from external sources

Housing Charge Assistance: long term or permanent housing charge assistance generated by the co-op

Emergency Housing Charge Assistance: temporary housing charge assistance generated by the co-op and intended for short term assistance to members not otherwise eligible for subsidy or long term housing charge assistance

Policy

1. There are procedures to implement this policy.
2. The co-op will update the Long Term Plan every 3 years. The operating budget will include an amount when required to cover this expense.
3. Management staff in consultation with the committees will prepare a draft annual Capital budget for spending from replacement reserves for approval by the board at least three months prior to the fiscal year end.
4. The Capital budget will include all annual planned spending as per the approved Long Term Plan.

2 – FINANCIAL - BUDGETING

5. Management staff in consultation with the committees will prepare a draft annual Operating budget for approval by the board at least three months prior to the fiscal year end.
6. The Operating budget will include all annual planned spending as per the approved Long Term Plan.
7. The Operating budget will include any proposed housing charges for the upcoming year.
8. As of October 2017 (end of the operating agreement), the Operating budget will not include an amount more than 5% of annual revenue to cover co-op generated long term or permanent Housing Charge Assistance.
9. The Operating budget will include an annual contribution to the Replacement Reserve Fund to cover the proposed annual Capital budget, and will include contingency funds for emergency Capital replacements and repairs, and funding to cover Capital replacements and repairs included in the co-op's approved Long Term Plan.
10. The Operating budget will include an annual contribution to the Emergency Housing Charge Assistance Fund to maintain this fund at a maximum of \$15,000. This amount may be drawn from the accumulated interest generated from the share purchase account.
11. The draft Operating budget will be presented to the members at an information meeting at least two months prior to the fiscal year end to allow for member input and adjustment prior to final budget approval. The Board will approve the final Operating Budget.
12. The members will approve the proposed housing charges at a general meeting at least one month prior to the fiscal year end.
13. The approved Operating budget will be distributed to members within 30 days of approval.
14. The board will report to the members as needed on actual costs compared to the budget.
15. Members may request a printed or electronic copy of the current monthly financial statement from the office coordinator on a once a month basis if desired.

Replaces all Budgeting, Reporting, Spending and/or Financial and any other related Policies and Procedures previously adopted by the Kinross Creek membership or Board of Directors.

Policy approved by general meeting dated: 2014-September-16

Name of Director:_____

Signature of Director:_____

Procedures needed to carry out this policy

1. Annual finance calendar.
 - Administrator performs income verification in **[May? June?]**
 - Budget worksheets distributed to committees and other contracted consultants in May
 - Budget worksheets to be returned completed to the administrator in June
 - Information session with members for input and adjustment to budget to be scheduled in July
 - Board meeting to approve final budget to be scheduled in August just prior to general meeting
 - General Meeting to be scheduled in August for Housing Charge approval by membership - must be scheduled to allow for a clear 30 days notice by the administrator to members of housing charge increases/decreases
 - New budget comes into effect October 1
2. Budget worksheets.
3. Current long term plan and current replacement reserve budget