

Spending Policy

The Board of Directors has the authority to spend money from the co-op's budget. The budget is approved each year by you – the members.

The **Spending Policy** outlines the rules the Board has to follow when spending your money.



Kawartha Village Co-operative Homes Inc.

Spending Policy

1. Operating Expenditures

The Board has the authority to spend the operating funds of the Co-op in each fiscal year as they are laid out in the operating budget approved by the members. Any surplus in one category of expense shown in the budget, may be allocated by a Board motion for expenses in any other categories, (excluding the contingency allowance) unless otherwise directed by the members. Where such re-allocation involves money from a committee budget, it will only take place after detailed consultation with the committee.

The Board also has the authority to spend the funds in the contingency allowance in the operating budget approved by the members where it is used to:

- offset a shortfall in revenue to cover budgeted expenses;

- 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;

- where the funds are used for any other unbudgeted expense item costing under \$500 which serves the best interest of the Co-op.

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

Should the Board wish to spend funds in the contingency allowance other than those set out above, it must obtain the approval of the membership at a members' meeting. In addition to any other notice of a members' meeting, the Board will have delivered to each member household an explanation of the nature and the extent of the proposed expenditure.

Individual members, committees, or staff of the Co-op may not authorize expenditures or otherwise make financial commitments on behalf of the Co-op unless the authority to do so has been explicitly delegated to them by the Board.

No person may 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 it becomes apparent to the Board that a change in the total budget and/or change in housing charges is necessary or appropriate, it shall call a special meeting of the members for the purpose of considering such a change.

2. Capital Expenditures

Approval of the capital portion of the annual budget, by the members, will authorize the Board, (subject to any required governmental approvals), to spend the funds for capital expenditures from the sources specified and in accordance with the budget.

The Board is authorized (subject to any government approval), to spend up to \$5,000 per year from the Co-op's reserves for necessary replacement or repair of unbudgeted capital items without the specific approval of the members.

In order to spend the Co-op funds for proposed non-emergency, non-budgeted capital projects which are either:

- for any capital improvements which are not strictly necessary, or

- for necessary replacement or repair of items costing in excess of \$5,000,

the Board must present a capital budget to the membership for approval. A copy of the proposed capital budget will include proposed capital expenditures, proposed method of financing and an assessment of the impact on the current and future operating budgets. (e.g., operating revenue, reserves, retained earnings).

3. Emergency Expenditures

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 (e.g., light, power, heat, water, hot water, food refrigeration and cooking equipment).

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 its authority under this article to Co-op staff and/or any other persons under such terms as are prescribed under the Co-op's spending Procedures.

All such emergency expenditures must be reported to the membership where they exceed \$5,000.

Changes proposed by the Policy Review team : May 30, 2016

Approved by the Board of Directors : August 16, 2016

Confirmed by the Members : October 5, 2016