

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.

Policy

1. Management staff will prepare a draft annual operating budget for approval by the board.
2. The operating budget will include any proposed housing charge changes.
3. The members will approve the operating budget at a general meeting one months prior to the fiscal year end.
4. Management staff will prepare a draft annual capital budget for spending from reserves for approval by the board.
5. The draft capital budget approved by the board will be presented to the members along with the operating budget for approval.
6. The board may report mid year to the general meeting on actual costs compared to the budget.

Policy approved by general meeting:

Replaces policy dated:

Procedures needed to carry out this policy

1. Annual finance calendar.
2. Budget worksheets.
3. Current replacement reserve plan and budget.

Options

Option: Point #1

Change “management staff” to “management staff in consultation with the committees”, “finance committee in consultation with the other committees and management staff” or “finance committee in consultation with the other committees”.

Option: Point #3

If you do not want to require an information meeting for members, delete Point #3 and re-number.

Option: Point #4

Change “two months” to another time period. Two months is standard.

If you want directors to have the authority to set the budget and housing charges, delete Point #4 and re-number. Be sure that this is consistent with Section 4.03 of your Occupancy Agreement.

Option: Point #5

Change “management staff” to “management staff in consultation with the finance and maintenance committees” or “finance committee in consultation with the maintenance committee”.

Note: If the capital budget includes items to be funded from the replacement reserve fund, your co-op must make sure that these items are covered in the operating agreement or the revised replacement reserve plan approved by [CMHC] [BC Housing], and within a three-year period of that plan.

Option: Point #6

If you want directors to have the authority to set the capital budget, delete Point #6 and re-number.

Options: Point #7

Change “30” to another number of days.

If you do not require distribution of the approved budget to members, delete Point #7.

Option: Point #8

Change “quarterly” to “mid-year” or another interval for board reporting to the general meeting.

Other options

For the Homes BC program or any other agreement that requires approval of the budget

New Point #3

Insert a new Point #3:

3. The co-op sets its annual operating budget and submits it to **[BC Housing]** for review and approval every **[year]**.

Change “year” to “five years” if your Homes BC operating agreement has a five-year review cycle.

Change “BC Housing” to “CMHC” or the “Co-operative Housing Stabilization Fund” where appropriate. Co-ops funded under CMHC programs are not required to get budget approval, unless they have signed an additional agreement often called a “work-out”, with either CMHC or the Stabilization Fund.”

Re-number the points that follow accordingly.

New Point #4

Insert a new Point #4:

4. Once the **[board]** has approved a draft budget, it will authorize the treasurer or other designated member or management staff to send the budget to **[BC Housing]** for discussion, negotiation and approval, if required.

Change “BC Housing” to “CMHC” or the “Co-operative Housing Stabilization Fund” where appropriate.

If your co-op wants the members to approve the draft budget before sending it to **[BC Housing]** **[CMHC]**, change “board” to general meeting”. Insert the new Point #4 after the existing Point #4. In other words, the members will approve the budget and then authorize a co-op representative(s) to send it to BC Housing or other.

Re-number the points that follow accordingly.