

**FORESTWOOD CO-OPERATIVE HOMES INC.
BY-LAW NUMBER VII
SPENDING BY-LAW**

RECORD OF ENACTMENT BY THE CO-OPERATIVE

This By-Law was confirmed and passed by the Board of Directors of FORESTWOOD COOPERATIVE HOMES INC. on the 12 day of June 2002 and forwarded to the General Membership for final approval.

This By-Law was confirmed and passed by at least two-thirds of the votes cast by the General Members of FOREST WOOD CO-OPERATIVE HOMES INC. at a meeting called for that purpose on the 16th day of October, 2002.

This By-law was discussed and amended by the By-Law Review Committee of FOREST WOOD COOPERATIVE HOMES INC. on the 21st day of February 2006, and then forwarded to the Board of Directors on February 28th, 2006 for consideration.

This By-Law was confirmed and passed by the Board of Directors of FOREST WOOD COOPERATIVE HOMES INC. on the 28th day of February 2006 and forwarded to the General Membership for final approval.

This By-Law was confirmed and passed by at least two-thirds of the votes cast by the General Members of FOREST WOOD CO-OPERATIVE HOMES INC. at a meeting called for that purpose on the 3id day of May, 2006.

Georgina Adams

Authorized Signing Officer

Jacquie Jones

Authorized Signing Officer

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Article 1: Operating Expenses

- 1.1 The Occupancy By-Law says that each year the Members will approve an operating budget for the next fiscal year. *The* Board has the authority to spend the operating funds of the Co-operative in each fiscal year up to the amount of the complete operating budget.

Unless the Members decide otherwise at the time of budget approval, the Board can use a surplus in one category of expense to offset a deficit in another category within the budget.

- 1.2 Individual Members and Committees of the Co-operative may not authorize expenditures or otherwise make financial commitments on behalf of the Co-operative unless the Board has given them explicit authority to do so.
- 1.3 The Board may delegate authority to spend funds to the staff of the co-operative within the limits set out in Appendix I. The Board may also delegate spending authority to committees for a specific expense or type of expense within set limits.
- 1.4 No person may initiate or approve any expense or purchase where that person has any conflict of interest in the matter.
- 1.5 The Board may feel that there should be a change in the total operating expenses and/or housing charges during a fiscal year. If so, the Board must call a special meeting of the Members to consider the change. Procedures are set out in the Occupancy By-Law.

Article 2: Budget Control

- 2.1 The Finance Committee will review all budget reports and give its comments to the Board.
- 2.2 The Board will receive a monthly budget control report from the Finance Co-ordinator. The report will compare budgeted income and expenses to actual income and expenses.
- 2.3 The Board will receive a written budget review, from the Finance Co-ordinator, at least every three (3) months. This report will:
- (a) compare budgeted income and expenses to actual income and expenses
 - (b) show the projected income and expenses for each category in the budget for the rest of the fiscal year.
 - (c) provide a written explanation of any projected actual surplus or deficit.

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Article 3: Reserve Fund Expenditures

- 3.1 The Board must prepare a Reserve Fund Budget if it is planning any Capital Expenses. The budget will be presented to a meeting of the Members for approval. The Reserve Fund Budget must show:
- (a) the proposed capital expense(s)
 - (b) the proposed amount of the Reserve Fund to be used
 - (c) the impact of the proposed expenses on the co-operatives current and future operating budgets, if any.

The Board must follow the procedures set out in the Occupancy By-Law.

- 3.2 The Board must directly approve contracts and other documents that commit the co-operative to spend significant amounts of Reserve Fund monies.
- 3.3 No person may initiate or approve any Reserve Fund expense or purchase where that person has any conflict of interest in the matter.

Article 4: Emergency Expenses

- 4.1 Emergency expenses are those expenses the co-operative must make immediately because a delay will:
- (a) risk property damage, or
 - (b) endanger the safety of persons or property, or
 - (c) disrupt essential services to Members. (For example, but not limited to, light and power, heat, hot water, refrigeration, cooking.)
- 4.2 The Board can authorize any unbudgeted emergency expenses on the co-operative's behalf without farther authority from the Members. The Board may delegate authority for emergency expenditures to co-operative staff or to any other person.
- 4.3 All unbudgeted emergency expenses must be reported to the Board. All unbudgeted emergency expenses must be reported by the Board to the Members in a timely manner. (For example, at a General Members Meeting, through a special notice, or in the Newsletter.)

Article 5: Fair, Open & Objective Business Practices

- 5.1 The co-operative will follow fair, open and objective business practices in all its purchasing and contracting. Its spending practices and awarding of contracts must be consistent with the co-operatives Conflict of Interest By-Law.

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5.2 The following rules apply to all spending except for routine or non-discretionary expenses such as property taxes, mortgage payments, utilities and existing salaries (once a staff position and salary have been approved).

(a) **Expenses under \$2,000.00**

The Board is not required to get written quotes for expenses under \$2,000.00 but must take a prudent approach to spending at every level.

Expenses between \$2,000.00 and \$9,999.00

The Board will get at least three (3) written quotes before approving a discretionary expense between \$2,000.00 and \$9,999.00.

The Board may waive this requirement in cases where:

- the co-operative has used a particular supplier or contractor regularly, or participates in a bulk-buying program, and
- has found that their prices are competitive.

(b) The co-operative must review the prices of regular supplier and contractors at least every second (2nd) year to see if their prices remain competitive. Where the co-operative has a contract, the co-operative must review prices at the end of the contract.

There will be no automatic renewal of any contract or agreement.

(c) **Contracts of \$10,000.00 or more**

The Board must get at least three (3) written quotes for contracts and agreements of \$ 10,000.00 or more. Contracts or agreements costing \$ 10,000.00 or more must contain a clause allowing the co-operative to terminate the contract or agreements without penalty where there has been a breach of the co-operatives Conflict of Interest By-Law.

There will be no automatic renewal of any contract or agreement.

5.3 Choosing a quote

When choosing a quote the Board must:

- consider the quality of goods and services to be provided, and
- base its decision on written documents outlining resources, timing, cost and fees.

The Board does not have to choose the lowest quote. It may choose another quote for reasons such as quality, experience and timing. If it does not choose the lowest quote, it must clearly document the reasons for its choice in the minutes.

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Appendix 1

The Manager is expected to issue purchase orders to authorize contractors to complete necessary repairs and maintenance to the three (3) buildings; 1180, 1186 and 1190 Forestwood Drive and the grounds that belong to the co-operative.

The Manager is authorized to purchase a single transaction up to a value of *\$500.00* in goods and services necessary to carry on the routine daily operations. The Manager can delegate this authority to other co-operative staff as required. All source documents created as a result of an expenditure must be forwarded to the Finance Co-ordinator.

The Board of Directors has mandated a Petty Cash Float. The amount of the float shall be *\$500.00*. The General Manager can delegate the approval of Petty Cash expenditures to the Finance Coordinator or the Assistant to the Finance Co-ordinator. Only one staff person can be responsible for Petty Cash expenditures at any given time.

All expenditures authorized by the General Manager must not exceed the amount set by the approved Operating Budget.