

SECTION 4 - FINANCE COMMITTEE

Sub-section 01 – FINANCE COMMITTEE

Policy The Finance Committee shall oversee the supervision of all records, books of account and the direction of the financial matters of CCRA generally, in a prudent manner and shall advise and report to the Board concerning such matters. The Insurance Committee shall be a sub-committee of the Finance Committee.

Guidelines/Responsibilities

1. The Finance Committee is responsible for these guidelines.
2. The primary purpose of CCRA financial statements shall be to report the funds collected from CCRA Members and income from other sources, and to account for the utilization of these funds.
3. CCRA is a non-profit entity and all revenues and expenses shall be governed by the Fund Accounting System.
 - Capital Fund
 - Operating Fund
 - Operating Reserve Fund
 - Replacement Reserve Fund

Activity in any of the funds shall be reported separately and balances in all of the funds shall be carried over to the next fiscal period. A surplus in the Operating Fund shall be applied to the next fiscal year's operating budget. The Fund Balances Report shall be a consolidation of the status of all funds at the end of the fiscal year.

4. At the Annual Meeting the Finance Committee shall report the status of all existing funds, for the completed fiscal year, and the proposed budgets for all existing funds, for the next fiscal year. To assist CCRA Members, present or represented by their proxy agent, in the understanding of all line items of the proposed budgets, data for the previous year's budget as well as actual results shall be compared to the proposed budgets.
5. Notices of annual fees shall be issued annually to all CCRA Members once the Board approves the Budget. Annual fees shall be due upon receipt and collection of outstanding annual fees shall be the responsibility of the Finance Committee.
6. Standing Committees shall report, no later than February 1st, or as requested by the CCRA Treasurer, the status of their petty cash fund, including the revenues and expenses of the newsletter and all held events, to the Finance Committee. The Social Committee shall remit to the CCRA Treasurer at fiscal year-end, funds in excess of their petty cash allowance at fiscal year end.

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7. The Fund Balances Report and the Balance Sheet (unaudited) shall be posted in The Centre at quarterly intervals (as at June 30, September 30, December 31 and March 31) after presentation to the Board of Directors.
8. The Capital Fund was generated by a (one time only) \$500 fee from new Geranium Homeowners and previously \$300 collected from all Homeowners in three (3) equal annual installments paid during the first three years of the life of each Home. It shall also include revenue from fund raising events and surplus funds from the Social Committee or other sources as approved by the Board and shall be used for the purchase of additional capital assets.
9. The Operating Fund revenue shall include monies collected from CCRA Members in annual fees, the fixed amount annually of \$18,000 from the Pro-Shop Lease Settlement, (detailed in Item #12 below) as well as 50% of monies generated by CCRA private rental functions, interest generated from investment of surplus Operating funds, surplus funds from the Communications Committee and other areas as noted in the financial statements.
10. The Operating Reserve Fund revenue was generated by a one-time only charge to all Homeowners. The Fund was established to ensure that operating funds are available in the event of a revenue shortfall between the end of the fiscal year March 31 and before the budget for the new fiscal year is presented at the AM, which must be held within 180 days from the fiscal year end, and is usually held in early June.
11. The Replacement Reserve Fund was set up in the fiscal year 2001 – 2002 to provide funds to replace capital items when they have reached the end of their normal life expectancy or serviceability. An independent professional study of the Replacement Reserve Fund was commissioned by the CCRA Board of Directors. The study report was received and reviewed by the Board in December 2009. The Board accepted the funding model proposed by the independent appraiser and it became an outsourced function of the Finance Committee. The Finance Committee will seek Board approval before initiating the review. A review will be done every three (3) years or earlier, at the discretion of the Board. A portion of the annual fees shall be allocated to this Fund and it shall include one half of the income from fees for private rental functions at The Centre and 100% of the interest from the investments in the Replacement Reserve Fund. The definition of "Replacement Cost" for the purpose of the Replacement Reserve Fund shall mean materials of like kind or quality or articles of similar kind, quality and usefulness. For the purpose of clarity, replacement of capital assets with a less expensive option that does not adversely impact the quality, ongoing maintenance costs, health and safety or enjoyment of the Community Centre by its Residents can be paid for from the Replacement Reserve Fund
12. The Pro-Shop Lease Settlement funds were received in July 2017 as the result of a negotiated settlement of the Pro-Shop Lease with Geranium Corporation, the purchasers of the Canterbury Golf Course property. The Settlement amount was \$255,000. The

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funds, which are recorded as Deferred Revenue, were invested in GICs in accordance with current CCRA investment policy and will be used exclusively to offset the loss of the annual rental income of \$18,000 that was being received under the terms of the terminated lease with GolfNorth Properties. The \$18,000 amount will be transferred annually to the Operating Fund which is used for the care and upkeep of The Centre and Integrated Parklands.

13. Standing Committees which have budgets shall submit proposed annual budgets to the CCRA Treasurer by the end of February, or the date specified by the Treasurer.

Sub-section 02 - ANNUAL FEE PROCESS

Policy Annual fees shall be based on the Capital Fund, the Operating Fund and the Replacement Reserve Fund budgets.

Guidelines/Responsibilities

1. The Finance Committee shall be responsible for these guidelines.
2. All CCRA Members shall share equally in the funding of CCRA.
3. In addition to the Capital Fund and the Operating Fund budgets, annual fees shall include the Replacement Reserve Fund.
4. The Replacement Reserve Fund annual fee shall consider the most recent independent study report completed by the CCRA appointed appraiser. The updated analysis shall be conducted every three (3) years or earlier at the discretion of the Board.
5. Any surplus in the Operating Fund at fiscal year end March 31 shall be carried over to the new fiscal year.
6. The CCRA Treasurer's financial report shall include the following.
 - Capital and Operating Income and Expenses Statements
 - Proposed Budgets for Capital and Operating Income and Expenses
 - Capital Fund Annual fee
 - Operating Fund Annual fee
 - Replacement Reserve Fund Annual fee
 - Total of the Annual fee
7. Annual fees shall be due on receipt of Notices to CCRA Members. The total shall be paid in full. Interest of 2% per month shall be payable after thirty days.
8. Collection of past due accounts may include legal action if necessary.

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9. Further information on annual fees may be found in the CCRA By-Law No. 1.

Sub-section 03 - BUDGETING PROCESS

Policy Annual budgets for all Funds shall be developed by the Standing Committees, and submitted to the Finance Committee for review, consolidation, and submission to the Board of Directors for approval.

Guidelines/Responsibilities

1. The Finance Committee shall be responsible for these guidelines.
2. In collaboration with other Standing Committees, the Finance Committee shall prepare the annual Budget for the next fiscal year, as well as review the Replacement Reserve Fund which shall include the current year's capital purchases.
3. Standing Committees which have budgets shall be provided with last year's budgets and actual expenses year-to-date to assist in estimating next year's budget. Standing Committees shall explain significant variances in expense planning and justify capital expenditure requests.
4. The Board shall receive the Finance Committee's recommendations, revise if necessary and shall approve the final annual budgets, no later than May 15th for the purpose of determining the annual fee for the coming year.
5. The budgets shall be provided to all Voting Members in advance of the annual Fees notification with supporting notes for line items with significant variances.
6. It shall be the policy of the Board not to exceed the approved Budgets.

Sub-section 04 - PURCHASING PROCESS

Policy Purchases of products and services for CCRA shall be controlled to ensure CCRA Members receive value for their annual fees.

Guidelines/Responsibilities

1. The Finance Committee shall be responsible for these guidelines.
2. Miscellaneous purchases of \$100.00 or less shall be drawn against a Standing Committee's petty cash allowance. Purchases greater than \$100.00 and less than \$20,000.00 shall be prepared within Guidelines 3 and 4 below.

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3. Purchases over \$100.00 up to \$2,000.00 (including taxes), which are within budget and use Preferred Suppliers, shall be approved by the Standing Committee Chairperson.

Purchases over \$100.00 up to \$500.00 (including taxes), which are within budget but do not use Preferred Suppliers, shall be approved by the Standing Committee Chairperson.

A Preferred Supplier is one appearing on a list of Preferred Suppliers, having been recommended by the Board of Directors or a Standing Committee as being reputable, reliable and capable of supplying quality work, products and/or services at reasonable and competitive prices. Where applicable, suppliers must have in force liability insurance that meets CCRA insurance requirements. Standing Committees shall maintain a listing of Preferred Suppliers and file a copy of the listing with the Board Secretary.

4. Purchases of \$20,000.00 or less (including taxes) which are not covered in Guideline 3 above, require a minimum of one written quote from a Preferred Supplier and more than one if there are no Preferred Suppliers along with the submission of a Purchase Approval Request Form, co-signed by the Standing Committee Chairperson and the Liaison Director, to the Board for approval. The Board of Directors may request additional quotes.
5. Capital Fund expense items greater than \$20,000.00 shall require approval by two-thirds majority of CCRA Members present, or their proxy agents, at the AM or at a Special General Meeting called for that purpose. All projects that include several trades with individual payments or a single trade, representing a total cost greater than \$20,000.00 including taxes, shall require three written quotes from all suppliers of goods and / or services. Projects shall not be segmented to avoid the \$20,000.00 threshold.
6. Where possible fixed price contracts shall be requested and two to three estimates provided prior to any contract being awarded.
7. Except in the case of emergency situations covered in paragraph 9 below, Operating Fund expenses greater than \$20,000.00 which are within budget shall be approved by the Board of Directors. However, Operating Fund expenses greater than \$20,000.00 which are not within budget, require approval by two-thirds majority of CCRA Members, or their proxy agents, present at the Annual Meeting or at a Special Meeting called for that purpose.
8. Payments for goods and services provided under contracts approved by the Board (such as but not limited to janitorial services, lawn care, snow removal, security services, etc.) shall be made without further Board approval, upon receipt of invoices approved by the Chairperson or Treasurer of the responsible committee.
9. In emergency situations requiring immediate action, two individuals - either the Chairperson of the responsible committee and one Board Director, or any two Board Directors - have authority to arrange for the necessary work to be done without any other approvals and without quotations. The work shall be performed by Preferred Suppliers unless circumstances dictate otherwise. Payments for emergency work shall be approved

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by the individuals who made the arrangements. Reports shall be made to the Board of Directors by those individuals as soon as practicable as to the emergency situation, the actions taken and payments made.

10. Social Committee requests for purchases which are non-recoverable expenses shall be made to the Administration Committee.
11. The Purchase Approval Request form may be found in the Finance Committee records.
12. If the replacement cost of an item does not qualify in whole or in part for payment from the Replacement Reserve Fund, then the portion that does not qualify shall be paid for as a Capital Cost item.
13. It is not our practice to make downpayments for products or services. Where a downpayment is required, the Treasurer can approve downpayments up to 25% of the contract price to a maximum of \$10,000. Above this requires Board approval based on a Finance Committee recommendation.

Sub-section 05 - PETTY CASH

Policy Petty Cash shall be available to Standing Committees upon request.

Guidelines/Responsibilities

1. The Finance Committee shall be responsible for these guidelines.
2. Standing Committees shall receive a petty cash allowance of \$100.00 if requested, with the exception of the Finance Committee at \$500.00, House & Property at \$750.00, Social Committee at \$750.00, Communications at \$250 and Administration at \$750.00.
3. At all times receipts for purchases and cash on hand shall total the value of the allowance.
4. The CCRA Treasurer shall reimburse the float as needed upon receipt of adequate documentation.
5. Committee members may claim a mileage allowance in accordance with the current guidelines of the Canada Revenue Agency, when his or her personal vehicle is used for CCRA business. Only claims for driving from Canterbury Common to the place of business, outside of the Township of Scugog and return, qualify as valid expenses. A voucher for the expense shall be filed in the Petty Cash records.

Sub-section 06 - DONATIONS

Policy CCRA is a non-profit entity and shall not make charitable or non-charitable donations of CCRA funds with the exception of funds given in memory of a deceased Canterbury Common Resident.

Guidelines/Responsibilities

1. The Board of Directors and the Finance Committee shall be responsible for these guidelines.
2. CCRA Members have not given the Board authority to make donations of CCRA funds with the exception that CCRA shall donate \$50.00 in memory of a deceased Canterbury Common Resident to an organization chosen by the family of the deceased.
3. CCRA Members shall note that donations can be made with funds raised for specific charities (refer to the Board of Directors Section on Fund Raising).
4. Donations cannot be made with surplus funds from CCRA functions. Surplus funds from the CCRA functions shall be remitted to the CCRA Treasurer, at the end of the year.
5. CCRA Members are encouraged to make personal donations at their discretion, and these donations shall not be channelled through CCRA.

Sub-section 07 - INSURANCE

Policy CCRA's insurance coverage shall ensure that all assets are properly insured, with adequate policy limits and include Broad Form (All Risks) Property Insurance, Directors' and Officers' Liability Insurance, Crime coverage for fraud and misappropriation losses as well as Comprehensive Liability insurance covering the operations of CCRA to prevent catastrophic loss.

Guidelines/Responsibilities

1. The Finance Committee shall be responsible for these guidelines through the Insurance Committee, a sub-committee of the Finance Committee.
2. In keeping with CCRA's philosophy of supporting local businesses, wherever possible, the services of a local insurance broker shall be used to handle and obtain insurance coverage in accordance with CCRA needs and requirements.
3. CCRA's insurance programme shall only be placed with insurance companies that are reliable, have a good business reputation and are financially sound.

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4. If at any time it is determined that prior to the renewal of the current CCRA insurance programme other proposals should be sought from alternative brokers and insurance companies such "Request for Proposals" (RFPs) shall provide insurance brokers and insurance company underwriters with adequate information about the risks and exposures associated with CCRA as a non-profit organization, securing adequate policy limits, obtaining broad insurance coverage and extended policy definitions to cover known and potential risks and exposures. The CCRA Insurance correspondence file located in The Centre office includes copies of previous RFPs prepared and submitted to the insurance market for responses and provides a good reference source.

This action would normally only be considered if the CCRA account is not being serviced properly and /or the premiums being charged are significantly increased and judged to be out of line with insurance market pricing. Since CCRA's insurance programme has been created by the Insurance Committee as a "tailor-made" programme, many brokers and insurance companies are not willing to do the work involved in providing quotations for such programmes unless the combined premiums are in the \$25,000 plus range.

5. If, and when, a Request for Proposals is sought, all information shall be presented in a professional manner enabling the broker to secure, on behalf of CCRA, competitive proposals and premiums from reliable, reputable and financially sound insurance companies.
6. The insurance broker recommended by the Insurance Committee and approved by the Board shall be retained for a minimum of three years. This is a fairly standard practice in the insurance industry.
7. Insurance Committee reports and a description of insurance coverage requirements considered necessary and appropriate to meet the needs of CCRA assessed risks and loss exposures can be found in the CCRA Insurance Correspondence file located in The Centre office. Also, such requirements are reflected in the current in force insurance policies located with the correspondence file.
8. The annual insurance renewal terms and premiums quoted shall be approved by both the President and Treasurer, otherwise by the Board. The Insurance Committee Chairperson shall provide a written report and recommendations to assist the process.

Sub-section 08 - LIABILITY INSURANCE

Policy All trades, contractors, service providers and suppliers to CCRA shall be required to produce evidence of in force liability insurance to protect CCRA from potential claims for injury or damage caused by the work, operations or activities of others. This requirement is intended to protect CCRA from the financial consequences of such claims, assist CCRA in maintaining a good claims experience and keep premium levels for the CCRA insurance programme at a reasonable level.

Guidelines/Responsibilities

1. The Finance Committee shall be responsible for these guidelines through the Insurance Committee, a sub-committee of the Finance Committee.
2. Most individuals, businesses and trades, and their insurance brokers / companies, are familiar with and routinely respond to requests from customers for proof of in force liability insurance for limits of not less than \$2 million. Proof is provided in the form of a Certificate of Insurance (Certificate). CCRA shall obtain the Certificate prior to the work or service commencing. The Certificate shall show Canterbury Common Residents' Association and the full mailing address in the "Issued to" or "Certificate Holder" section of the Certificate. In addition, a description of the operations or activity (electrical contractor, snow removal, catering, etc.) shall appear in the space provided on the Certificate. The House and Property Committee Secretary shall be responsible for contacting those trades, contractors, service providers or suppliers handled by House and Property Committee to obtain Certificates of Insurance.
3. In the case of trades, contractors, service providers or suppliers hired or engaged by CCRA to perform work or services for CCRA on a regular basis a request shall also be made to have CCRA added as "an additional insured" to the liability policy of the trade, contractor, service provider or supplier. This shall be reflected on the Certificate in the space provided and read as follows:

"It is also understood and agreed that Canterbury Common Residents' Association is added as an additional insured with respect to liabilities arising out of the operations of the named insured."

Note: Some insurance brokers / companies might use slightly different language to show that this extension of coverage has been added, or simply show Canterbury Common Residents Association and their address on the Certificate in the space titled "Additional Insured". Care shall be taken to make sure that the language used clearly shows that CCRA has been added as an additional insured to the policy. This is a routine request that is frequently made by customers who engage trades, contractors, service providers or suppliers to perform work or provide services on a regular basis. Insurance brokers / companies are familiar with such requests and an additional premium is not normally charged to have the policy endorsed showing the customer as "an additional insured".

4. In the case of trades, contractors, service providers or suppliers hired or engaged by CCRA to perform work or services on a one time only or infrequent basis there is no requirement for having CCRA added as an "additional insured" to the liability policy of the trade, contractor, service provider or supplier.
5. Social Committee/Application and Agreement for Use of The Centre – Resident and CCRA Committee Form shall include the purpose and timing of the event, number of attendees

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and use of catering, entertainment and/or bartender services. The Social Committee or Event Insurance Coordinator shall contact suppliers on behalf of the Social Committee or Event Convenor to request a Certificate of Insurance.

6. CCRA Resident Applications for Exclusive Use of The Centre shall include the purpose and timing of the event, number of attendees, and use of catering, entertainment and/or bartender services. The sponsoring Canterbury Common Resident or host, shall confirm having in force insurance coverage with a personal liability insurance limit of not less than \$2 million and provide the requested insurance policy information.

* A minimum personal liability insurance limit of \$1 million is acceptable for funeral receptions.

7. It is the responsibility of the CCRA Members to verify and obtain proof, for their own protection, that all service providers for their event have in force liability insurance covering their activities.
8. Failure to provide confirmation and details of liability insurance shall result in cancellation of the event. The Board of Directors at their discretion may waive the requirement for liability insurance in some circumstances.

March 19, 2024

Effective Date

Jim Cushnie
Treasurer

Lou Rocha
President, Board of Directors