

Finance Policy



The co-operative's rules and by-laws take precedence over this policy. Financial management procedures are regularly reviewed and updated.

Statutory Requirements

- As a 'small cooperative' there is no statutory requirement to have accounts audited.
- A non-distributing co-operative is exempt from income tax assessment.
- With annual turnover below \$150,000 the co-operative is exempt from GST obligations and BAS reporting.

Accounting Integrity

Co-operative bank accounts are reconciled monthly to ensure payments and receipts are correctly recorded. A Treasurer's Report is submitted to each monthly meeting. Accounts are checked and reviewed monthly by an external Finance Officer.

Assets and Depreciation

The co-operative's only fixed asset is the land owned by the co-operative.

There is no benefit in calculating depreciation cost on assets to reduce taxable income as the co-operative is exempt from income tax. Major investments such as roads, buildings, equipment etc. are taken up as immediate expenses, and if sold they will realise the current market value.

Accounts for New Members

Before payment of share capital and joining fees by prospective new members, the Treasurer must have their details so that a co-operative member account can be created to record the payments.

New account information should include:

- Full name of each new shareholder.
- Current postal and emailing addresses for billing purposes.
- Invoices, statements and receipts are normally sent by email if an email address is provided.
- Contact phone number.
- Share number being purchased.
- Name of current shareholder(s) who is/are selling.

The Treasurer must also be advised of the date of the general meeting at which membership is ratified so that the appropriate joining fee can be invoiced.

Member Account Details

Members must advise the Treasurer of changes to their email or postal address. Invoices, statements, receipts & overdue notices will be sent to the last known email or postal address.

Joint Membership

In the case of joint membership, both shareholders accept responsibility for payment of all levies. If a joint membership is dissolved, the co-operative will not undertake apportionment of levies or refunds between joint shareholders.

Share Capital Contribution

The Co-operative's share capital contribution is \$7000 per share. It is refundable if a membership application is unsuccessful, and if a share is sold (less any unpaid levies).

Joining Fee (rule 19b)

A joining fee is calculated based on the total amount of member levies since inception of the co-operative in 2000, up to and including the quarter in which new membership is ratified. It is refundable if a membership application is unsuccessful, but once membership is ratified it is not refundable.

Refunds

Refunds of share capital to exiting members are paid after ratification of a share transfer or following instruction from Directors in the case of unsuccessful applicants. Written advice from the shareholder(s) or applicant(s) is required regarding:

1. Preferred payment method - bank transfer or cheque (cash refunds are not available).
2. Current mailing address, if cheque.
3. Current bank account details, if bank transfer.

Death of a Member (rule 29)

A death certificate must be provided before the share can be sold or transferred to a beneficiary. A joining fee is not required by the co-operative when the share goes to a beneficiary.

If a share is sold following the death of a member any refund cheque will be made out to 'the estate of <name of deceased shareholder>' and mailed to the last known mailing address.

Levies (rule 19)

Levies apply to individual shares. The annual and road levies have 30 day payment terms e.g. invoice date 1/04/2021 – the due date is 30/04/2021. A member would become inactive from 1/05/2021 if full payment not received. Therefore, **Due Date = invoice date + 30 day payment term.**

- The \$625 **annual levy** is invoiced at \$156.25 quarterly, with 30 days to pay. It can be paid by community-approved work claims.
- The \$180 **work levy** (18 hours at \$10) is billed annually on 1 July with 12 months to pay.
- The **road levy** is determined by a general meeting resolution and invoiced quarterly, with 30 days to pay. The road levy cannot be paid by work claims.

Guests (refer to Guest Policy)

A member with an **approved guest** staying at the co-operative for longer than 2 months is invoiced at \$20 per week. A member may apply for an exemption from the \$20 per week for two guests only.

A member with an **unapproved guest** staying at the co-operative for longer than 2 months is invoiced at \$20 per day.

Incidental charges, e.g. slashing of an absent member share, fines, tractor use, are invoiced as they arise, with 30 days to pay.

Overdue Levies

Pay Before is shown on each invoice. Failure to pay the full amount by the due date can lead to:

- A finance charge (1.5% per month) calculated on overdue amounts and deducted from payments as they are received.
- Inactive membership (rule 10b) and ineligibility to vote at meetings (rule 41a).
- Referral to a debt collection agency with all collection and legal fees added to the member's account.
- Forfeiture of the share (rule 26).

Payments

- Payments are recorded as they appear in the co-operative's bank statements.
- Members must clearly identify themselves when making payments on-line or at a bank branch (use the payment reference on your invoice).
- Finance charges from overdue invoices will be deducted from the payment upon receipt.
- Payment is applied to invoices with the earliest due dates (i.e. most overdue).
- It is recommended to send payment details to the Treasurer by email or SMS.
- Unidentified payments can be claimed by providing the precise date and amount of the payment.
- Receipts are sent normally within 48 hours of appearing in the co-operative bank account.
- Membership account payments are not accepted at meetings in any form. It is the responsibility of individual members to ensure that payments appear and are cleared in the Goolawah Co-operative bank account before 5pm on the business day before the General Meeting. This applies whether payments are made on-line or by depositing cash or cheques at a bank branch.

Work Claims

Work claims must be submitted for community approval on the Work Claim Form and received by the Treasurer 10 days prior to a meeting. Only work listed on the Approved Community Job List is eligible

and should be submitted within 3 months. A receipt is issued to confirm the claim has been processed. It is acceptable to photograph the completed form and submit by email.

Member Expense Reimbursements

- Members are reimbursed for expenses incurred on behalf of the co-operative e.g. postage, stationery, fuel, spare parts, building materials.
- Expense claims must be accompanied by receipts where possible. It is acceptable to photograph the receipts and submit by email.
- Claims must be submitted within 3 months of the date of expense.
- Reimbursements of amounts under \$100 may be accumulated and paid in a single transaction.
- Claims must include an itemised list with the following:
 - Who to reimburse.
 - Date of purchase.
 - Name of supplier
 - Description of item.
 - Approved budget (if any).
 - Cost of item (including GST).
 - If no receipt available, a comment indicating 'no receipt'.
 - Whether the reimbursement is to be paid by cheque, EFT, or applied to levies.
 - Postal address for cheque or bank account details for EFT.
 - Expense reimbursements may be claimed by email (with scanned copies of receipts attached), or on paper to Treasurer or Secretary.
 - Total amount being claimed.

Unidentified Receipts

The co-operative retains liability for unidentified receipts only for the current and previous financial year. Older claims for a refund will not be accepted.

Purchase Orders

Community purchases over \$1000 require a purchase order number (issued by the Treasurer) to ensure funds are available. Until the purchase order number is issued, payment remains the personal responsibility of the member making the purchase.

Billing Cycle

- Quarterly invoices for levies will be sent to members prior to 1 July, 1 October, 1 January, 1 April.
- Invoices for other charges will be sent as they arise.
- Statements showing current account balance and unpaid invoices are sent by July 31, October 31, January 31 & 30 April.
- Monthly statements are sent to members with overdue accounts showing unpaid and part-paid invoices, finance charges to date and total amount due.
- Members may request a more detailed statement showing all activity on their account over a specified date range.
- Account queries will only be considered if they relate to the current or previous financial year.