

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

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

Accounting Integrity

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

Assets and Depreciation

- a. The co-operative's only fixed asset is the land owned by the co-operative.
- b. There is no benefit in calculating depreciation cost on assets to reduce taxable income as the co-operative is exempt from income tax.
- c. 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

- a. The Treasurer must be advised of the General Meeting date at which ratification occurs to determine the Joining Fee to be invoiced.
- b. Before payment of share capital and joining fees, the Treasurer must have the following details to create a co-operative member account to record payments:
 - i. Full name of each new shareholder.
 - ii. Current postal and emailing addresses for billing purposes.
 - a. Note: Invoices, statements and receipts are sent to the email address.
 - iii. Phone number.
 - iv. Share number being purchased.
 - v. Name of current shareholder(s) who is/are selling.

Member Account Details

- a. Members must advise the Treasurer of changes to their email or postal address.
- b. Invoices, statements, receipts, and overdue notices are sent to the last known email or postal address.

Joint Membership

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

Share Capital contribution and refunds

- a. The co-operative's share capital contribution is \$7000 per share.
- b. Share Capital contribution is refunded to;
 - i. exiting members after ratification and the share transfer (less any unpaid levies).
 - ii. unsuccessful membership applications
 - iii. exiting members or applicants must provide written advice of preferred method of payment, either bank transfer (provide account details) or cheque (provide mailing address).

Joining Fee (rule 19b)

- a. 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.
- b. It is refundable if a membership application is unsuccessful, but once membership is ratified it is not refundable.

Death of a Member (rule 29)

- a. A Death Certificate must be provided before the share can be sold or transferred to a beneficiary.
- b. A joining fee is not required by the co-operative when the share goes to a beneficiary.
- c. 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)

- a. Levies apply to individual shares.
- b. The Annual Membership and Infrastructure levies have 30-day payment terms.
 - e.g. Invoice date 1/04/2021 + 30-day payment term = 30/4/21 due date.** Member would become inactive from 1/05/2021 if full payment not received).
- i. The \$625 **Annual Levy** is invoiced at \$156.25 quarterly, with 30 days to pay, and can be paid by community-approved work claims.
- ii. The \$180 **Work Levy** (18 hours @ \$10p/h) is billed annually on 1 July with 12 months to pay.
- iii. The **Infrastructure Levy** is determined by a general meeting resolution and invoiced quarterly, with 30 days to pay, and cannot be paid by work claims.

Incidental charges

Incidental charges are invoiced as they arise with 30 days to pay e.g. slashing a member's share, fines.

Overdue Levies

Failure to pay the Membership Invoice by the due date will result in;

- a. an interest charge of 1.5% per month, and
- b. inactive membership (rule 10b), and
- c. loss of voting rights at General Meetings (rule 41a), and
- d. referral to a debt collection agency when accounts become more than one year overdue, with all collection and legal fees payable by the member, and
- e. eventual cancellation of membership and forfeiture of share if active membership is not re-established (Rules 25 and 26).

Billing Cycle

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

Payments

- a. Payments are recorded as they appear in the co-operative's bank statements.
- b. Members must clearly identify themselves when making payments on-line or at a bank branch (use the payment reference on your invoice).
- c. Finance charges from overdue invoices will be deducted from the payment upon receipt.
- d. Payment is applied to invoices with the earliest due dates i.e. most overdue.
- e. It is recommended to send payment details to the Treasurer by email or SMS.
- f. Unidentified payments can be claimed by providing the precise date and amount of the payment.
- g. Receipts are sent normally within 48 hours of appearing in the co-operative bank account.
- h. 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 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.

Unidentified Receipts

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

Work Claims

- a. Work claims must be submitted for community approval on the Work Claim Form and received by the Treasurer 10 days prior to a meeting.
- b. 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

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

Purchase Orders

- a. Community purchases over \$1000 require a purchase order number (issued by the Treasurer) to ensure funds are available.
- b. Without a purchase order number, payment remains the personal responsibility of the member making the purchase.

Guests (refer to Guest Policy)

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