



Corporate Bylaw 3 – Finances

1. Purpose

- 1.1. To verify and legitimize the financial transactions of affairs conducted by McMaster Students Union Incorporated (MSU Inc.), be it enacted as a Corporate Bylaw of MSU Inc.

2. Membership Fee

- 2.1. An amount agreed upon by the Full Members, following consultations between the University and the Board of Directors, shall be paid to McMaster University for collection of Corporation membership fees;
- 2.2. All changes to the Corporation Membership fee over the Consumer Price Index (CPI) increase must be done through:
 - 2.2.1. A quorate referendum of the Associate Members; or
 - 2.2.2. A quorate General Assembly.
- 2.3. Amendments to the organizational fee, which do not fall under the terms of **Corporate Bylaw 3 – Finances, Section 2.2–2.3** may be approved with a two-thirds affirmative vote by the Full Members of the Corporation.

3. Corporate Health Plan Fund

- 3.1. The Corporate Health Plan Fund shall consist of the collection of a premium (includes all applicable taxes) from all Associate Members, less opt outs;
 - 3.1.1. All funds shall be designated for the sole purpose of underwriting a portion of the costs of some prescription drugs and accidental injuries borne by participating Associate Members;
 - 3.1.2. The Corporate Health Plan is not intended to be a profit generating service.
- 3.2. The Corporate Health Plan will provide twelve- (12) month coverage beginning September 1;
- 3.3. All Associate Members will have the right to opt out of the Corporate Health Plan within at least the month of September if evidence of comparable coverage is provided;
- 3.4. The premium shall be set annually before February 1 by the Full Members;

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3.4.1. The Chief Financial Officer and Executive Director of the MSU shall calculate the rate using the:

3.4.1.1. Previous years' change in claims per student;

3.4.1.2. Previous years' change in cost per claim; and

3.4.1.3. Projected impact of changes in:

3.4.1.3.1. Drug costs;

3.4.1.3.2. Benefits; and

3.4.1.3.3. Coverage.

3.5. A minimum balance of \$50,000 dollars to a maximum of \$75,000 shall be maintained in the Corporate Health Plan Fund.

3.5.1. If the minimum is not met, the organization will budget for an annual surplus sufficient to achieve the goal within two (2) years;

3.5.2. If an accumulated surplus exceeds the maximum, the organization will evaluate reducing the premium and/or enhancing benefits provided.

4. Corporate Dental Plan Fund

4.1.1. The Corporate Dental Plan Fund shall consist of the collection of a premium (including all applicable taxes) from all Associate Members, less opt outs;

4.1.2. All funds shall be designated for the sole purpose of underwriting a portion of the costs associated with preventative dental care and, to a lesser extent, minor restorative and oral surgery, for participating Associate Members;

4.1.3. The Corporate Dental Plan is not intended to be a profit generating service.

4.2. The Corporate Dental Plan will provide 12-month coverage beginning September 1;

4.3. All Associate Members will have the right to opt out of the Corporate Dental Plan at least within the month of September if evidence of comparable coverage is provided;

4.4. The premium shall be set annually before February 1 by the Full Members;

4.4.1. The Chief Financial Officer and Executive Director of the MSU shall calculate the rate using the:

4.4.1.1. Previous years' change in claims per student;

4.4.1.2. Previous years' change in cost per claim; and

4.4.1.3. Projected impact of changes in:

4.4.1.3.1. Dental costs;

4.4.1.3.2. Benefits; and

4.4.1.3.3. Coverage.

- 4.5. A minimum balance of \$50,000 dollars to a maximum of \$75,000 shall be maintained in the Corporate Dental Plan Fund.
 - 4.5.1. If the minimum is not met, the organization will budget for an annual surplus sufficient to achieve the goal within two (2) years;
 - 4.5.2. If an accumulated surplus exceeds the maximum, the organization will evaluate reducing the premium and/or enhancing benefits provided.

5. Accounting System

- 5.1. The fiscal year of the Corporation shall be May 1 to April 30;
- 5.2. Signing authority shall be any two (2) of the following:
 - 5.2.1. Chief Executive Officer;
 - 5.2.2. Chief Administrative Officer;
 - 5.2.3. Chief Financial Officer;
 - 5.2.4. Vice-President (Education) of the MSU as an appointed Officer of the Corporation; and
 - 5.2.5. Executive Director.
- 5.3. The Accounting Procedures Manual shall be the documentation of financial procedures used by the Corporation;
 - 5.3.1. The Accounting Procedures Manual will be updated annually by the Director of Finance.
- 5.4. The Corporation shall follow Generally Accepted Accounting Principles as they apply to this Corporate Bylaw and to the operation of a non-profit Corporation in the Province of Ontario;
- 5.5. All business units or services which exceed \$100,000 in operating revenue may be assessed an Administrative Charge, which shall represent an estimate of the Services' usage of:
 - 5.5.1. The Main Office;
 - 5.5.2. The Accounting Group; and
 - 5.5.3. Other Central Support Services, with the Administrative Charge to be reviewed yearly by the Chief Financial Officer as part of the annual budgeting process.

6. Operating Fund

- 6.1. The Operating Fund shall be comprised of all funds designated for the operation of the Corporation;
- 6.2. The MSU will aim to maintain an operating reserve between 100% and 150% of its annual MSU Operating Fund fee revenue;
- 6.3. The balance shall be maintained by the organization to meet unforeseen operational issues and/or manage cash flow before annual fees are received;

6.4. If the minimum balance is not met, MSU Inc. will budget for an annual surplus sufficient to achieve the goal within two (2) years.

6.4.1. If accumulated surpluses exceed the mandated amount at the end of the fiscal year, the organization will evaluate the changing of the MSU Operating Fund fee.

7. Capital Growth Fund

7.1. The Capital Growth Fund shall be a reserve fund to be used for the improvement and replacement of the Corporation's assets and for leasehold improvements (capital);

7.2. For the purpose of allocations from the Capital Growth Fund, Capital shall be defined as items or improvements that have value over \$1,000 and a life span greater than three (3) years;

7.2.1. Repairs to existing equipment/leasehold property that do not significantly improve upon the original function of the equipment/leasehold shall not be considered Capital.

7.3. The Capital Growth Fund shall come from:

7.3.1. A transfer from the Operating Fund equal to the annual depreciation expense of all departments;

7.3.2. Funds accumulated from the disposal of the Corporation's assets;

7.3.3. Any additional funds allocated by the Full Members from the Operating Fund;

7.3.4. The Board of Directors may elect to transfer investment earned on the amounts owing from the Operating Fund, provided that such a transfer will not result in a net operating loss in the Operating Fund;

7.4. A minimum balance of \$1,000,000 dollars shall be maintained in the portion of the Capital Growth Fund that is due from the Operating Fund;

7.4.1. This reserve balance may only be used to cover expenses incurred from the Annual Capital Budget and to provide money to meet major non-recurring expenditures that cannot be financed through changes in the regular budget lines;

7.4.2. Such expenditures must be authorized by the Full Members of MSU Inc.

7.5. Capital items and leasehold improvements shall require two (2) separate motions;

7.5.1. One (1) for allocations; and

7.5.2. One (1) for expenditures.

7.5.2.1. Expenditure motions require quotations from external suppliers.

8. **Fund Accounting** Fund Accounting refers to those departments whose membership fee is a designated component of the MSU membership fee;
 - 8.2. All accounts for 93.3 CFMU-FM shall be held by the Corporation with its general ledger and accounts;
 - 8.2.1. The revenues derived from:
 - 8.2.1.1. Student fees;
 - 8.2.1.2. Fundraising;
 - 8.2.1.3. Paid sponsorships; and
 - 8.2.1.4. Any interest from these funds shall be designated for the sole use of 93.3 CFMU-FM.
 - 8.3. All accounts for the Corporate Dental Plan shall be held by the Corporation with its general ledger and accounts;
 - 8.3.1. The revenues derived from:
 - 8.3.1.1. Student fees; and
 - 8.3.1.2. Any interest from these funds shall be designated for the sole use of the Corporate Dental Plan.
 - 8.4. All accounts for the Corporate Health Plan shall be held by the Corporation with its general ledger and accounts;
 - 8.4.1. The revenues derived from:
 - 8.4.1.1. Student fees; and
 - 8.4.1.2. Any interest from these funds shall be designated for the sole use of the Corporate Health Plan.
 - 8.5. The timelines and approval processes for budgeting and fund allocations shall be the same as those for the Corporation;
 - 8.6. Any funds transferred from the Operating Fund into the accounts noted in **Corporate Bylaw – Finances, Sections 8.2–8.4** shall be owed to the Operating Fund with interest.
9. **Loans** The MSU Operating Fund can only make loans for other funds, as described in this Corporate Bylaw;
 - 9.1.1. All loans shall be repaid to the Operating Fund in less than three (3) years;
 - 9.1.2. A fund shall be considered in a deficit position if the fund balance is less than \$0 as of April 30, according to the Corporation’s Audited Financial Statements.
 - 9.1.2.1. Failure to eliminate the deficit as approved by the Full Members shall result in a fee increase referendum during the next fiscal year;

9.1.2.2. Failure of the fee increase referendum shall result in the dissolution of the fund, and closure of the Department.

9.2. Approval of loans between funds and the payback schedule shall require:

9.2.1. Ten (10) business days notice of motion; and

9.2.2. A two-thirds majority vote of the Full Members, excluding vacancies.

9.3. Interest shall be charged on all loans at a rate equal to the average annual investment return on the Operating Fund monies;

9.3.1. Where the Full Members are unable to meet, a two-thirds majority vote of the Executive Board may authorize a transfer.

9.4. Exceptions to **Corporate Bylaw 3, Section 9** shall be limited to pay advances or payroll deductions;

9.4.1. Such exceptions must be approved by:

9.4.1.1. The Executive Board; or

9.4.1.2. The Board of Directors, as appropriate.

9.5. All loans not addressed by **Corporate Bylaw 3 – Finances, Section 9** must be approved in advance by the Executive Board.

10. Budgets

10.1. The annual budgetary period shall correspond with the fiscal year;

10.2. A budget shall be prepared by all:

10.2.1. Corporation staff; and

10.2.2. Managers whose departments are making a request of the MSU Operating Fund.

10.3. In the absence of a submission by the appropriate department head, budgets shall be prepared by the Chief Financial Officer in consultation with:

10.3.1. The Executive Director; and

10.3.2. The Director of Finance.

10.4. The Chief Financial Officer, in consultation with:

10.4.1. The Executive Director; and

10.4.2. The Director of Finance, shall compile the budget requests into an Annual Budget and:

10.4.2.1. Prepare recommendations; and

10.4.2.2. Submit them to the Executive Board:

- 10.4.2.2.1. At least five (5) business days prior to the meeting at which the budgets are to be considered; and
- 10.4.2.2.2. No later than March 31.

10.5. The Executive Board shall review the budget in such time as to have:

- 10.5.1. Its recommendations; and
- 10.5.2. The budgets circulated to the Full Members at least ten (10) business days prior to the Corporate Budget meeting.

10.6. Approval of the budget shall require a majority affirmative vote of the Full Members, excluding vacancies;

10.6.1. The Executive Board shall meet and ratify its recommendations, which shall stand until the Full Members ratify the budget at the next meeting if:

- 10.6.1.1. Quorum is not met at a Corporate Budget meeting; or
- 10.6.1.2. Quorum is lost at a Corporate Budget meeting; or
- 10.6.1.3. The budget fails to pass.

10.7. The Corporate Meeting at which the Annual Budget is approved must occur prior to April 30 of each year;

10.8. Upon approval at the Corporate Meeting, Budget Managers shall review their department budget and implement changes as required;

10.9. The Chief Financial Officer shall circulate monthly statements to the Full Members along with an explanatory memo highlighting any points of interest or concerns.

10.9.1. The statements shall include:

- 10.9.1.1. Year-to-date spending;
- 10.9.1.2. Monthly budgeted amounts; and
- 10.9.1.3. A comparison to the previous fiscal year.

11. Administration

11.1. All Departments shall:

- 11.1.1. Use the Accounting and banking facilities of the Corporation;
- 11.1.2. Have a signing authority who shall be responsible to follow the current purchase order and cheque requisition procedures of the Corporation, to ensure that their organization fulfills their specified program, and to follow the Accounting Procedures Manual;

11.2. The Director of Finance shall make monthly financial statements available for all departments and services, showing revenues and expenses.

12. Allocations & Expenditures

12.1. Capital Allocations

- 12.1.1. Allocations from the MSU Capital Growth Fund will be governed by the following procedures:
 - 12.1.1.1. Allocations less than \$2 000 may be approved by the Chief Financial Officer;
 - 12.1.1.2. Allocations less than \$5 000 may be approved by the Executive Board;
 - 12.1.1.3. Allocations between \$5 000 and \$15 000 shall require:
 - 12.1.1.3.1. Four (4) business days notice of motion; and
 - 12.1.1.3.2. A two-thirds majority vote of the Full Members, excluding vacancies.
 - 12.1.1.4. Allocations which exceed \$15 000 shall require:
 - 12.1.1.4.1. Seven (7) business days notice of motion; and
 - 12.1.1.4.2. A two-thirds majority vote of the Full Members, excluding vacancies.
 - 12.1.1.5. Each item in the Capital Budget shall be considered a separate allocation.

12.2. Capital Expenditures

- 12.2.1. Once an allocation has been made, the following shall govern the expenditures of the Capital Growth Fund:
 - 12.2.1.1. Amounts not exceeding \$2 000 may be expended by Full-Time Department Managers;
 - 12.2.1.2. Amounts not exceeding \$2 000 may be expended by Part-Time Managers, with approval from the Chief Financial Officer;
 - 12.2.1.3. Amounts exceeding \$2 000 but not greater than \$10 000 may be approved by the Executive Board;
 - 12.2.1.4. Amounts between \$10 000 and \$15 000 shall require:
 - 12.2.1.4.1. Four (4) business days notice of motion; and
 - 12.2.1.4.2. A majority vote of the Full Members, excluding vacancies.
 - 12.2.1.5. Amounts which exceed \$15 000 shall require:
 - 12.2.1.5.1. Seven (7) business days notice of motion; and
 - 12.2.1.5.2. A two-thirds majority vote of the Full Members, excluding vacancies.
- 12.2.2. The following shall govern all procurement arising from capital expenditure, unless otherwise impractical;

12.2.2.1. All expenditures under \$10 000 shall require a minimum of one (1):

12.2.2.1.1. Written quote;

12.2.2.1.2. Invoice or

12.2.2.1.3. Other documentation supporting the amount.

12.2.2.2. All expenditures between \$10 000 and \$50 000 shall require a minimum of two (2):

12.2.2.2.1. Written quotes;

12.2.2.2.2. Invoices; or

12.2.2.2.3. Other documentation supporting the amount, preferably from the **MSU Preferred Vendor List**.

12.2.2.3. All expenditures between \$50,000 and \$100,000 shall require a minimum of three (3):

12.2.2.3.1. written quotes;

12.2.2.3.2. Invoices; or

12.2.2.3.3. Other documentation supporting the amount, preferably from the **MSU Preferred Vendor List**.

12.2.2.4. All expenditures over \$100,000 shall require an open tender bid.

12.3. Operating Allocations

12.3.1. Allocations from the MSU Operating Fund will be governed by the following procedures:

12.3.1.1. Allocations made as part of the Annual Budget or Budget review shall be considered effective from when the budget is approved;

12.3.1.1.1. Budget approval requires a majority vote of the Full Members, excluding vacancies.

12.3.1.2. To increase funds available within their budget, each Department must make requests in writing as follows:

12.3.1.2.1. Increases of under \$2,000 may be approved by the Chief Financial Officer;

12.3.1.2.2. Increases of under \$4,000 may be approved by the Executive Board;

12.3.1.2.3. Increases of between \$4 000 and \$10,000 shall require:

12.3.1.2.3.1. Four (4) business days notice of motion;
and

12.3.1.2.3.2. A majority vote of the Full Members, excluding vacancies.

12.3.1.2.4. Allocations or re-allocations exceeding \$10,000 shall require:

12.3.1.2.4.1. Seven (7) business days notice of motion; and

12.3.1.2.4.2. A two-thirds majority vote of the Full Members, excluding vacancies.

12.3.1.3. To re-allocate funds within their budget, each department must make requests in writing as follows:

12.3.1.3.1. Re-allocations of under 20% of the department's budget may be approved by the Chief Financial Officer;

12.3.1.3.2. Re-allocations of between 20% and 40% department's budget may be approved by Executive Board;

12.3.1.3.3. Re-allocations exceeding 40% of the departments' budget shall require:

12.3.1.3.3.1. Seven (7) business days notice of motion; and

12.3.1.3.3.2. A two-thirds majority vote of the Full Members, excluding vacancies.

13. Interpretation

13.1. All reference to currencies within this document shall refer to such values of the Canadian Dollar (CAD) in the year within which any relevant transactions or agreements have been bound by or to the Corporation.