

Bylaw 3 – Financial Affairs

1. Financial Affairs

- 1.1 Unless explicitly stated in CFMU Bylaws or Operating Policy, or determined by the Board of Directors, the financial affairs of CFMU shall, be managed within the structure and personnel of the McMaster Students Union (MSU), as outlined in MSU Bylaws and Operating Policies. This shall include but not necessarily be limited to, employment and payroll matters, operating and capital budgets, banking and financial accounts and purchasing.

2. Operating and Capital Fee

- 2.1 The CFMU Operating and Capital Fee levied upon all full-time undergraduate students at McMaster shall be considered an MSU fee and a component of the total MSU Membership Fee as defined in MSU Bylaws.
- 2.2 The CFMU fee shall be governed by the same procedures for amendment or termination as other MSU fees, as outlined in MSU Bylaws and Operating Policies.

3. Accounting System

- 3.1 The fiscal year of CFMU shall be May 1 to April 30;
- 3.2 Signing authority shall require any two of the CFMU Board of Directors members, provided that each is concurrently a member of the MSU Board of Directors; in the case that less than two members of the CFMU Board of Directors hold concurrent membership on the MSU Board of Directors, the CFMU Board of Directors may, by special resolution, appoint members of the MSU Board of Directors members as signing authorities;
- 3.3 CFMU shall follow Generally Accepted Accounting Principles as they apply to this bylaw and to the operation of a non-profit corporation in the Province of Ontario;
- 3.4 CFMU funds shall be held in separate bank accounts from MSU funds;
- 3.5 Following acceptance by the Full Members of CFMU Radio Inc., audited statements shall be published each academic year in The Silhouette by November 30;
- 3.6 All accounts for CFMU shall be held by the MSU with its general ledger and accounts; the revenues derived from student fees, fundraising and paid sponsorships, and any interest from these monies shall be designated for the sole use of CFMU;
- 3.7 Any monies transferred from the MSU to CFMU, with the exception of those described in section 3.6 of this bylaw, will be owing to the MSU with interest.

4. CFMU Operating Fund

- 4.1 The CFMU Operating Fund shall be comprised of all funds designated for the operating of the CFMU;
- 4.2 Allocations from the CFMU Operating Fund shall be restricted to:
 - 4.2.1 Transfers to CFMU accounts as part of the budget process;
 - 4.2.2 Transfers to the CFMU Capital Growth Fund;
 - 4.2.3 Emergency transfers by the Full Members or Board of Directors, upon two-thirds affirmative vote at either body.

5. CFMU Capital Growth Fund

- 5.1 The CFMU Capital Growth Fund shall be a reserve of funds to be used for the improvement and replacement of CFMU assets and for leasehold improvements (capital);
- 5.2 For the purpose of allocations from the CFMU Capital Growth Fund, capital shall be defined as items or improvements that have value over \$1000 and a useful life of no less than three years; repairs to existing equipment/leasehold property that do not significantly improve upon the original function of the equipment/leasehold shall not be considered capital;
- 5.3 The Capital Growth Fund shall come from:
 - 5.3.1 A transfer from the CFMU Operating Fund equal to the annual depreciation expense of all assets;
 - 5.3.2 Funds accumulated from the disposal of CFMU assets;
 - 5.3.3 Any additional funds allocated by the Full Members from the CFMU Operating Fund;
 - 5.3.4 The Board of Directors may elect to transfer investment interest 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;
- 5.4 Capital items and leasehold improvements shall require one motion for both allocation and expenditure and shall require quotations from external suppliers;
- 5.5 The following shall govern the use of the CFMU Capital Growth Fund:
 - 5.5.1 Expenditures not exceeding \$1,500 may be approved by the Administrative Director;
 - 5.5.2 Allocations and/or expenditures not exceeding \$2,500 may be approved by the Board of Directors;
 - 5.5.3 Allocations and/or expenditures of more than \$2,500 but not exceeding \$10,000 shall required the majority vote of the Full Members;
 - 5.5.4 Allocations and/or expenditures which exceed \$10,000 shall require a two thirds affirmative vote of the Full Members;
 - 5.5.5 Total allocations and/or expenditures from the Capital Growth Fund for any given year which exceeds the total value of depreciation and amortization expense

anticipated for that year shall require a two thirds affirmative vote of the Full Members.

6. Loans

- 6.1 The MSU Operating Fund may make loans to any CFMU funds subject to repayment which shall normally be within three years; the Board of Directors of CFMU and MSU must approve the repayment timeline;
- 6.2 A fund shall be considered a deficit position if the fund balance is less than \$0 as of April 30 according to the CFMU Audited Financial Statements; failure to eliminate the deficit within a timeline approved by the Full Members shall result in a fee increase referendum during the next fiscal year; failure of the fee increase referendum shall result in the dissolution of the fund, and closure of CFMU;
- 6.3 Approval of loans between funds, and the payback schedule shall require 10 business days notice of motion and two thirds vote of the Full Members; interest shall be charged on all loans at the rate equal to the average annual investment return on the operating fund monies; where the Full Members are unable to meet, a unanimous vote of the Board of Directors may authorize a transfer;
- 6.4 Exceptions to this subsection shall be limited to pay advances or payroll deductions, which must be approved by the Board of Directors;
- 6.5 All loans not addressed by this subsection must be approved in advance by the Board of Directors.

7. Budgets

- 7.1 The annual budgetary period shall correspond with the fiscal year;
- 7.2 The annual budgets shall include a preliminary budget, annual budget, and budget review;
- 7.3 A budget for the Operating and Capital budgets shall be prepared by the Administrative Director and presented to the Budget Committee for approval;
- 7.4 The Administrative Director, as Chair of the Budget Committee, shall then present the approved budgets to the Board of Directors through the MSU Treasurer;
- 7.5 In the absence of a timely submission from the Budget Committee, budgets shall be prepared by the MSU Treasurer in consultation with the MSU Business Manager and the Administrative Director;
- 7.6 The MSU Treasurer, in consultation with the MSU Business Manager and Administrative Director, shall prepare recommendations, including comprehensive budget notes and submit them to the Board of Directors at least three business days prior to the meeting at which the budgets are to be considered;
- 7.7 The Board of Directors shall review the budget in such time as to have its recommendations, including the budgets, notes and minutes of that portion of the Board'

meeting, circulated to the Full Members at least ten (10) business days prior to the meeting at which the budgets are to be considered;

- 7.8 A majority vote of the Full Members shall be required to approve the budgets;
- 7.9 In the event that quorum is not obtained or is lost at the budget meeting of the Full Members, the Board of Directors shall meet and ratify its recommendations, which shall stand until the Full Members ratify the budget at its next meeting;
- 7.10 The Preliminary Budget schedule shall be as follows:
 - 7.10.1 The Full Members shall hold their Preliminary Budget meeting no later than April 30 of each year;
 - 7.10.2 The Budget Committee shall submit a preliminary request to the Board of Directors through the MSU Treasurer before May 5;
- 7.11 The Preliminary Budget shall consist of actual expenses and revenues for the current fiscal year; projected estimate of expenses and revenues for the end of the current fiscal year; and budgeted expenses and revenues for the upcoming fiscal year; as well, audited statements and actuals from the previous year shall be made available;
- 7.12 The Annual Budget schedule will be as follows:
 - 7.12.1 The Full Members shall hold their Annual Budget meeting no later than August 31;
 - 7.12.2 The Budget Committee shall submit a preliminary request to the Board of Directors through the MSU Treasurer before May 5;
- 7.13 The Annual Budget shall consist of actual and budgeted revenues and expenses from the previous fiscal year; and requests for the current fiscal year;
- 7.14 The Budget Review schedule will be as follows:
 - 7.14.1 The Full Members shall review the Annual Budget before January 15 of each year;
 - 7.14.2 The MSU Treasurer shall submit the latest estimate of fee revenue; year to date revenue and expenditures to the Board of Directors, which will, then forward recommended changes to the annual budget to the Full Members.

8. Administration

- 8.1 CFMU shall:
 - 8.1.1 Use the accounting and banking facilities of the MSU;
 - 8.1.2 Have an administrative signing authority, normally the Administrative Director, who shall be responsible to follow the current purchase order and cheque requisition procedures of the MSU, and to follow the MSU Accounting Procedures Manual;
 - 8.1.3 Be assessed and charged an annual fee for the administration and financial services provided by the MSU.

- 8.2 To re-allocate funds within their budgets, the Administrative Director must make requests in writing as follows:
 - 8.2.1 To the Board of Directors if the amount is under \$2,500;
 - 8.2.2 To the Full Members if the amount is over \$2,500.
- 8.3 The MSU Treasurer shall submit to the Full Members, monthly financial statements showing revenues and expenses.

Passed by the Board of Directors of CFMU Incorporated on the 2nd day of December 1999.

President

Secretary-Treasurer

The foregoing Bylaw No. 3 of the Corporation was confirmed by the Full Members at a meeting held on the 5th day of December 1999.

President

Secretary-Treasurer