

CHAPTER 13: ICC FINANCE (12/04)

13.1 DIVISION OF RESPONSIBILITY/POWERS

13.1.1 FINANCE COMMITTEE: The finance committee is charged with the care of ICC finances (see SR 2.8).

13.1.2 REPORTS: The ICC General Manager or other designated staff shall prepare and distribute by the 20th of each month a variance statement showing ICC's income, expenses and cash on hand as compared to the budget.

13.2 THE ICC BUDGET:

13.2.1 PROCESS:

- A. CONSULT WITH BOARD:** The Finance Committee will present a draft budget for the coming fiscal year to the ICC Board no later than the last board meeting in December. Board members will discuss the budget with their houses and supply the Committee with input and suggested changes.
- B. DEADLINES (37/09):** By January 31 of each year the ICC Treasurer shall submit to the Board a proposal for a budget for the coming fiscal year as recommended by the Finance Committee, together with a statement of the budget and actual expenses for the preceding year as a reference. The Board must approve a budget by February 28.
- C. ADMINISTRATION:** After approval of the Board of Directors, the budget becomes official. The staff shall administer the budget as finally adopted by the Board.
- D. IN LIEU OF BOARD APPROVED BUDGET:** If at the end of the fiscal year the ICC does not have a new budget, the ICC shall continue to operate under the old budget until a new budget is adopted. When adopted, the new budget shall be retroactive to the beginning of the fiscal year.
- E. PROVISION FOR ADJUSTMENT:** If the number of actual vacancies varies from the number of estimated vacancies in any term, the Board may vote to increase ICC charges or reduce the charges so that the total revenue will equal the budgeted revenue.
- F.** In October or November of each year, the Finance Committee may bring a proposal to the Board for revisions in the current year's budget, to increase its accuracy.

13.2.2 EXPENSES: The ICC expense budget for each fiscal year shall include the following items:

- A. HOUSE OPERATIONS:** including but not limited to, property taxes, debt service, note repayment, insurance and maintenance
- B. MAINTENANCE DESIGNATED CASH:** Shall be maintained through loans, grants, and an annual contribution by current members of at least 10% of the annual operating budget.

- C. Administrative payroll and benefits (for unemployment insurance see 13.472)
- D. Administrative services, including audit and legal fees, postage, staff bonding, telephone, supplies, printing and duplicating and office machine leases, service and/or purchases
- E. Committees and activities, include dues and subscriptions, recruitment, training and education, publications and social activities. The Scholarship Program shall be given a \$10,000 award each year. (102/97)
- F. **DEVELOPMENT DESIGNATED CASH:** A percentage of the overall operating budget may be allocated to the development fund for the purchase of new properties. (63/93) (3/98)(77/79*76/99)
- G. A safety factor of not less than 1.5% of the disbursement and reserve lines in the budget. (18/96) (27/96)
- H. **ALUMNI PROGRAM:** Funding for the Alumni Program shall be generated by:
 - 1. 10% of all ICC Membership Fees
 - 2. A designated line item in the operating budget
 - 3. Alumni Association membership fees and contributions (see 18.1.2.A)
 - 4. Contributions as needed from the Alumni Program Reserve (see 13.4.6) (42/07)
- I. **BAD DEBT:** A line item to account for potential bad debt in the ICC. (23/07) Money paid by former members on accounts which have already been expensed as bad debts shall go toward offsetting the bad debt line item of the current fiscal year. (17/08)

13.2.3 INCOME:

- 13.2.3.1 The income budget shall assess members, based on the estimated occupancy levels for each term of the Fiscal Year. The Finance Committee shall set estimated occupancy rates for each term.
- 13.2.3.2 Houses shall be assessed ICC Charges for the number of contracted members with exception of apartment co-ops, which will be assessed for the number of contracted apartments.
 - A. **FALL/WINTER:** Charges for Fall/Winter shall be assessed on a “per month” basis.
 - B. **SPRING/SUMMER:** Charges for Spring/Summer shall be assessed for each term but shall be due in two payments for each term.
 - C. If a person occupies a space in a house without a contract (see SR 4.5) and is not a guest (see SR 8.13) the house shall be assessed the ICC Charges for time that person lived in the house as if that person had a contract, plus any other applicable contract fees. If a house knowingly allows a person to live in the house without a contract, the house shall also be assessed a charge equal to 10% of the ICC Charges due under this Standing Rule as liquidated damages. (52/96)

13.2.3.3 ICC HOUSE DENSITY AND BUDGETING CAPACITIES:

- A. For the purposes of the ICC budget proration only, the official rooming capacity for each house is:

CENTRAL CAMPUS

	Fall/Winter	Spring/Summer
Black Elk	22	13
Debs	23	15
Gregory	29	21
Lester	15	9
Linder	20	15
Luther	49	29
Michigan	19	11
Minnie's	24	13
Nakamura	29	18
Osterweil	12	8
Owen	23	13
Ruths'	12	10
Sojourner Truth	53	31
Vail	23	15
Zeno	11	11
King Apts.	10	10
TOTAL Central Campus:	374	242

NORTH CAMPUS AND BAKER

	Large	Small
O'Keeffe	36	48
Renaissance	30	36
Baker: 12 Regular, 13 Large, 3Xlarge, 2XXLarge		

TOTAL rooms North Campus and Baker: 180

OVERALL TOTAL: 554 422

These official rooming capacities may be changed by action of the Board.
(43/08)

CENTRAL CAMPUS	FALL/WINTER	SPRING/SUMMER
Baker	28	28
Black Elk	22	13
Debs	23	15
Gregory	29	21
Lester	15	9
Linder	20	15
Luther	49	29
Michigan	19	11

Minnie's	24	13		
Nakamura	29	18		
Osterweil	12	8		
Owen	23	13		
Ruths'	12	10		
Sojourner Truth	53	31		
Vail	23	15		
Zeno	11	11		
King Apts.	10	10		
TOTAL CENTRAL CAMPUS:	402	270		
NORTH CAMPUS	LARGE	SMALL	LARGE	SMALL
O'Keeffe	84	48	48	48
Renaissance	66	36	30	36
TOTAL NORTH CAMPUS:	150	150		
OVERALL TOTAL:	552	420		

B. For the purposes of density and building capacity as defined by city housing code as of 10/1/93, these are the capacities: (46/93)

HOUSE	CAPACITY
Baker	56
Black Elk	31
Debs	29
Gregory	30
Lester	15
Linder	20
Luther	50
Michigan	21
Minnie's	39
Nakamura	32
North Campus	216
Osterweil	15
Owen	27
Ruths'	12
Sojourner Truth	63
Vail	24

13.2.3.4 The amount of revenue North Campus residents supply, and the amount that Central Campus residents supply shall be adjusted each year based on the relative proximity of the cooperatives rates to market rates of comparable space in that area and on a comparison of the vacancy rates on Central and North Campuses. In addition, these adjustment mechanisms should be constantly examined for relative accuracy and relevance in judging the fairness of the ICC charges. (12/88*13/88)

13.3 ICC SPENDING POLICY (8/94)

13.3.1 No funds may be spent for other than their intended purpose without Board approval.

13.3.2 GENERAL: The Finance Committee shall supervise the administration of the ICC Budget; ensuring that no more than 10% over any budget line item less than \$5,000 and no more than 5% over any budget line items greater or equal to \$5,000 is spent without the board's approval. Individual line committee budgets shall be treated as one line item. A "budget line" shall consist of a medium level budget line. Examples are Debt Service, Maintenance, Property Taxes, Insurance, Property Expenses, Payroll, Office Expenses, Computer Expense, Professional Services, Advertising and Promotion

13.3.3 DEBT SERVICE, PROPERTY TAXES, INSURANCE & PROPERTY EXPENSES: The GM or Director of Financial Services as delegated by the GM shall be responsible for administering these budget lines.

13.3.3.1 PAYMENT OF MINOR MEDICAL INSURANCE DEDUCTIBLE AND OTHER COSTS RELATED TO HOUSE LABOR: The ICC shall pay the deductible amount for house labor related accidents, or up to \$1,000 for amounts that are too small for an insurance claim.

13.3.4 OFFICE EXPENSES: The staff shall be responsible for administering "Office Expenses" funds as they see fit.

13.3.5 PROFESSIONAL SERVICES: The GM shall be responsible for administering these funds.

13.3.6 ADVERTISING AND PROMOTION: Staff members, as delegated by the GM shall be responsible for administering these funds.

13.3.7 COMMITTEES: Committees shall be responsible for administering their budgets as they see fit, unless otherwise specifically directed by the Board of Directors.

13.3.8 UNBUDGETED DISCRETIONARY ITEMS: Staff shall be authorized to spend up to \$100 per item on discretionary items. The Finance Committee shall be authorized to spend up to \$500 per item on discretionary items. Larger discretionary items must be approved by the Board. (62/95)

13.3.9 DONATIONS/SPONSORSHIPS: Items which fall into the following two categories may be approved as noted. Other donations may not be approved. (87/96)

13.3.9.1 SPONSORSHIPS: Members who wish to be sponsored to participate in an activity may be approved by the Education Committee. The activity must be related to the ICC or to co-ops. Funds shall be taken from the Education Committee budget as approved by the Education Committee.

13.3.9.2 DONATIONS TO OTHER CO-OPS: The ICC may make one-time donations to other co-ops. The Coordinating Committee may, depending on the size and/or nature of the request, either send a proposal

to the Board of Directors or refer the request to the appropriate ICC Committee.

13.4 DESIGNATED CASH AND FUNDS:

13.4.1 OPERATING RESERVE: (84/97)

13.4.4.1 Any cash earnings over actual expenses shall accrue to the Operative Reserve. Earnings over expenses deposited in the fund shall not include revenue reserved for development, maintenance or other “funds”(see SR 13.4) (2/1/85) (51/96) (84/97)

13.4.4.2 The Operating Reserve shall be used to cover deficits. Money may also be used to cover items which might not normally be included in the yearly ICC budget, such as purchase of a new truck or new computer equipment as approved by the Board. (84/97)

13.4.4.3 The amount of money in the Operating Reserve shall not drop below 5% of the total size of the ICC budget. If for any reason the balance is below this limit, the Finance Committee shall include in the operating budget a contribution to the Operating Reserve. This contribution shall bring the balance up to 5% within 4 years. (84/97)

13.4.4.4 If the amount of money in the Operating Reserve is above 6% of the total size of the ICC Budget., this money can be reallocated. If by February 1st, the Finance Committee determines that a surplus will be generated and such a surplus would cause the balance in Operating Reserves to rise above 6%, the Finance Committee shall recommend to the Board how to use this surplus. If after the close of a fiscal year, a surplus causes the balance to rise over 6% then the excess can be allocated as determined by the Board. (84/97)

13.4.2 DEVELOPMENT DESIGNATED CASH: The development DC may grow through an annual budget appropriation (see SR 13.2.2.F). For more information see SR 17.3

1.1.1 MAINTENANCE DESIGNATED CASH: The maintenance DC shall receive a yearly allocation from the operating fund, to be used to pay for all maintenance expenses of the organization.

13.4.4 ICC SCHOLARSHIP ENDOWMENT FUND: (102/97)

13.4.4.1 For information on source and administration of the ICC Scholarship Endowment Fund see section 10.6.

13.4.4.2 Interest and investment returns from the ICC scholarship fund shall accrue to the fund.(4/97) (102/97) Only the interest may be spent.

13.4.4.3 (deleted 17/08)

13.4.4.4 Donations directed toward scholarships shall be placed in the Scholarship Endowment Fund.

13.4.5 Shares not redeemed 5 years after the share return check was written shall be placed in the Scholarship Endowment Fund. (Before this time they are held in escrow.)

13.4.6 ALUMNI PROGRAM RESERVE: Any unused funds designated for the Alumni Program at the end of each fiscal year shall be deposited in the Alumni Program Reserve.

13.4.6.1 The administration and usage of these funds shall be the responsibility of APrCoT.

13.4.6.2 These funds may be used to pay for special projects and programs requiring more than a year for completion and to cover temporary shortfalls in revenue for the alumni program.

13.4.6.3 APrCoT must create a 5-year program budget reviewed by the Finance Committee before diverting any funds away from this reserve. (42/07)

13.4.7 UNEMPLOYMENT FUND (80/95)

13.4.7.1 Any unemployment insurance expense due shall be paid from the fund.

13.4.7.2 The fund shall grow from a yearly budget appropriation equal to the total payroll multiplied by the unemployment rate (UR). The UR shall be the benefits paid over the past 36 months divided by the total payroll over the past 36 months. The UR shall not be less than 0.5% unless the amount of money in the fund exceeds 5% of the total payroll.

13.4.8 ADDITIONAL HELP DESIGNATED CASH (DC) (31/04)

13.4.8.1 Use of Money: Additional Help DC moneys may be used only to pay for additional help to work on specific projects for specific amounts of time. Money may only be disbursed from this account with the approval of the General Manager. Individual projects over \$2,000.00 must be approved by the Finance Committee.

13.4.8.2 Sources of Funding:

- A.** An amount from the operating budget.
- B.** If a member is fined for creating a problem which results in increased staff work, those fines may be applied to the Additional Help Designated Cash, in order to offset staff costs.

13.5 AUDIT

13.5.1 Each year the ICC shall have its records audited by a Certified Public Accountant. The Auditor shall be chosen by the Board on recommendation of the Finance Committee. S/he shall be contracted in January of each year to arrange for the performance of the audit in May.

13.5.2 The audit shall be completed as soon as possible after April 30 but no later than October 31 of each year.

13.5.3 The auditor shall be required to report to the Board. Sufficient copies of the Audit shall be reproduced to supply a copy to each director during the coming year.

13.6 CASH ASSETS:

All payments shall be reviewed and authorized by the General Manager. Payments over \$3,000 shall be authorized by the ICC President or ICC Treasurer, unless they have been pre-approved by the board or one of the committees on the board. Authorization is not required for payments to ICC houses or transfers between ICC accounts. (42/93)

13.7 BORROWING AND INVESTMENT POLICIES

13.7.1 ICC BORROWING: The ICC shall pay 2% above prime rate interest on money loaned to it by friends or former members. Interest will be paid only at the time of repayment of the loan.

13.7.2 ICC INVESTMENT POLICY (18/90)(36/99)

13.7.2.1 Investment management of the ICC's funds shall ensure preservation of principal, high profitability, and optimum liquidity, and social responsibility.

13.7.2.2 The Finance Committee shall prepare proposals that (1) set policy related to investment choices. (2) Establish limits on investment types, and (3) recommend specific types of investments. The Board shall make final decision on all investment recommendations.

13.7.2.3 The General Manager will have full responsibility for the implementation of the investment policy dictated by the Board.

13.7.2.4 The only acceptable portfolio investments, to be approved by the Finance Committee are:

- A.** United States Treasury bills, notes and bonds.
- B.** Loans, notes, and securities directly guaranteed by the U.S.
- C.** Demand, NOW and time deposits insured by the FDIC, FSLIC and other comparable federal agency.
- D.** Insured Certificates of Deposit
- E.** Money market mutual funds, provided a prospectus of the fund has been examined and approved by the ICC Treasurer and the General Manager with special attention to the following: Assets should preferably consist of U.S. Treasury bills or at least be concentrated in CD's or other high grade investment: the fund should be managed and owned by a prominent and sound organization; and the fund should be purposely oriented toward "socially responsible" (a copy of the fund's "socially responsible" policy should be supplied to the Board for informational purposes, but investment is not predicated on Board approval of the fund's policy)
- F.** Obligations of cooperatives that are approved by the board.
- G.** For the Scholarship Endowment only, stock mutual funds and bond mutual funds provided a prospectus of the fund has been examined and approved by the Finance Committee. In such investments, there shall be a strong preference for "socially responsible" funds. After consulting a professional financial advisor, the Finance

Committee shall submit the general investment strategy for this fund, and amount of income to disburse, for evaluation by the Board each year with the budget.

13.7.2.5 Investment in any one company or institution, except direct obligations of the U.S., is limited to the following amounts:

Federally insured CD's	\$150,000 (per institution)
Other commercial paper	\$150,000 (per institution)
Money market funds	\$50,000 (each)

The Finance Committee may alter the maximums above with approval of the Board.

13.7.2.6 The Board shall be informed of all investment made

13.7.2.7 When approached for a loan for a student housing cooperative, the ICC shall consider investing through the Kagawa Fund first.

13.7.2.8 COMMITMENT TO SOCIAL RESPONSIBILITY: The ICC understands that its financial actions have repercussions on local, national, and transnational institutions. A concerted effort will be made to support those institutions that: 1. aid the local economy by providing local residents with competitive wages and benefits; 2. support the local community through direct giving or other activities; 3. engage in activities that have minimal impact on the environment; 4. treat their worker in a fair manner; and 5. are governed in a cooperative manner

13.7.3 LOANS TO HOUSES: The Board of Directors may make a loan to member houses for special purposes. No interest shall be charged upon such loans. No loan may extend for a period of more than three years and a schedule of prompt and full repayment must be agreed to by the house before any loan monies are disbursed. The total amount of outstanding loans to houses (including all other loans to houses) may not exceed 1% of the ICC Budget. For Maintenance Loans see 17.32 (16/89) (44/93) (84/97)

13.8 INSURANCE COVERAGE AND BONDING:

13.8.1 INSURANCE AND BOND COVERAGE: The ICC is not responsible for damage or theft of personal property or personal injury on ICC property or injuries suffered by members during activities connected with the ICC arising out of the member's own negligence. The ICC has no liability for member's cars parked on ICC property.

13.8.2 FIRE AND EXTENDED COVERAGE INSURANCE: The board must approve any changes of the insurance carrier and furthermore we endorse the "rent insurance" concept which would return rental income to the ICC for a year in case of fire. The ICC shall insure each house to at least its assessed value.

13.8.3 PERSONAL EFFECTS COVERAGE: It is ICC policy to carry an average of \$500 fire and extended coverage insurance for each rooming member on his/her personal effects.

13.8.4 PUBLIC LIABILITY INSURANCE: Public liability insurance in amounts of \$5,000,000 total and \$1,000,000 per occurrence will be carried on all ICC property. (47/97)

13.8.5 PERSONS BONDED: All house treasurers shall be bonded. The ICC President, Treasurer, Director of Financial Services, General Manager and any other full-time administrative employees shall also be bonded.