

CHAPTER 14: HOUSE FINANCES (55/97, 6/06)

14.1 GENERAL:

The house financial systems will be structured to emphasize continuity of the cooperative over time, simplify understanding of the financial obligations by members and prospective members, and simplify procedures for calculating rebates and assessments (64/86)

14.1.1 BUDGETING FOR ICC CHARGES: There shall be an annual budgeting process, in January of each year, for the ICC Charges.

14.1.2 PERIODS FOR CLOSINGS: Books shall be closed at the end of Fall/Winter and Spring/Summer contract periods. Savings on all except non-rebatable charges shall be rebated and losses assessed. Upon completion of a house closing the ICC shall submit corrected copies of the income and expense statement of each house to the respective house for posting.

14.1.3 GHOSTBUSTERS: As approved to by the financial committee, the ICC shall pay for the gas, electricity, and fixed costs for all vacancies in a house beyond a 10% vacancy rate, rounded to the nearest whole person. Fixed costs may include phone, cable, house employees, subscriptions to periodicals and newspapers and repayment of house loans. In addition, if the finance committee after consulting with staff and houses undergoing major maintenance work, determines that all or part of the first 10% of the vacancies are caused directly or indirectly by the maintenance work, the ICC shall pay for the maintenance related vacancies. In such a case the maintenance fund may be used to cover the first 10% cost of this provision. To be covered the fixed cost must be part of the house's normal operations. (114/86)(32/99)

14.2 HOUSE ACCOUNTING:

14.2.1 HOUSE BOOKKEEPING STANDARDS: As stated in Bylaw 6.3, "The co-ops [houses] shall be responsible for ... 8) maintaining house books according to standard ICC operating procedures..." Therefore, the Finance Committee may adopt such procedures as they see necessary to ensure the accuracy and timeliness of House Finances. See Finance Committee Policies for Standard of Bookkeeping for House Treasurers. (55/97)

14.2.2 WATER EXPENSES: Water expenses for houses shall be included in house budgets (13/92) but the Director of Financial Services will make the actual payment.

14.2.3 REIMBURSEMENT OF OUT-OF-POCKET EXPENSES BY MEMBERS: Houses shall repay members for out-of-pocket expenses for which receipts are provided (e.g., urgent ingredients for a meal, eating utensils urgently needed by the house) by issuing checks. (31/87) (6/06)

14.2.4 HOUSE BANK ACCOUNT: The finance office will maintain a bank account for each house. The signatories to this account shall be the finance staff, the House President and the House Treasurer.

14.2.5 HOUSE BUDGET (06/2009-2010): The house Treasurer, with assistance from other house officers, shall be responsible for compiling a house budget for the upcoming contract period. The house budget must be approved by the house in accordance with house policies. Failure by the Treasurer to submit a budget to the ICC Finance office within 21 calendar days of the start of the contract period can result in a fine levied upon the house Treasurer. The initial amount of the fine is \$30 for missing the deadline and the total fine will increase by \$3 for each business day that the budget is delayed, with a total fine cap of \$99. If a Treasurer fails to provide a house approved budget by established deadlines, the ICC Treasurer will send email notification to the house's President and Board Representative regarding the house Treasurer's fine, the house will be given the previous year's budget plus 5%, and the staff may cease transfer of funds to house accounts.

14.2.6 TREASURER REPORTS (06/2009-2010): The house Treasurer is responsible for reporting expenses incurred by the house that are covered by the house budget. The house expense reports are to be submitted to the ICC Finance staff by the 15th of each month and on a monthly basis. Failure to submit expense reports to the ICC Finance staff can result in a fine levied upon the house Treasurer. The amount of the fine is \$5 for each business day that the report is delayed with a maximum cap of \$25. If a Treasurer fails to provide monthly treasurer reports by established deadlines, the ICC Treasurer will send email notification to the house's President and Board Representative regarding the house Treasurer's fine, and the staff may cease transfer of funds to house accounts.

14.3 MEMBER ACCOUNTS

14.3.1 DEPOSITS OF MEMBER PAYMENTS: All member payments will be deposited in a central account. (31/87)

14.3.2 DISTRIBUTION FROM CENTRAL ACCOUNT: (37/91)

14.3.2.1 At the end of each fiscal month, the house treasurer will prepare a report of amounts spent, including a reconciled checking account; the report will be supported by documentation for all checks.

14.3.2.2 The ICC will reimburse the house for the total amount reported spent for the previous fiscal month.

14.3.2.3 The ICC finance office will send a monthly report on member charges charged and paid to the house treasurer, house president and Finance Committee. (6/06)

14.3.2.4 The house treasurer can access a comparison of house expenses to budget at any time. The finance office will email this comparison to house presidents and treasurers in November, February and July. (6/06)

14.3.2.5 A house may choose to pass on certain incidental charges to individual members (for example, air conditioning). (6/06)

14.3.3 PAYMENTS BY MEMBERS BOARDING AT HOUSES OTHER THAN THEIR ROOMING HOUSE: Members at all non boarding houses shall pay both their room and board charges at their rooming house. Distribution of boarding charges to the appropriate house shall be handled by the office; boarding charges shall be deducted from the amounts deposited by each house in the central account after money due to the ICC is deducted. Boarding houses affected by this shall receive monthly statements detailing which members had their boarding charges paid for by this method. (17/91) (55/97)

14.4 HOUSE DEBTS AT THE END OF A PERIOD:

The ICC implements the following bad debt system: (35/89)

14.4.1 ROOM AND BOARD COLLECTION POLICY: Any Debt over the share amount left by a departing member will be divided equally among all ICC members. (55/97) (35/89) (23/07)

14.4.2 FINANCIAL PERIODS FOR EXPENSING DEBTS: Fall/Winter and Spring/Summer are two separate periods. Each period is protected from the past periods' bad debt, as each period is expensed for its entire debt. (35/89)

14.4.3 ASSESSMENTS IN EXCESS OF THE SHARE DEPOSIT: If a house receives an assessment in excess of the share deposit for a financial period, the uncollectible amount of the assessment shall be considered a loan from the ICC. (The uncollectible amount of the assessment is the total debt owed to the house less the amount owed by current ICC members less the amount collectable from share deposits.) Until this loan is paid in full, the ICC shall receive as payments on this loan: (77/96)

- A. Any SBA rebates for the house in question
- B. Any debt collections from former members of the house in the time period in question
- C. \$1 per member per month from future members of the house

14.5 NO SHOWS:

If someone fails to claim his/her contracted housing assignment at the beginning of any contract period, or lives in the ICC for 2 weeks or less while having a contract, the person is liable for all house and ICC charges until replaced. However, in the event of nonpayment, the house will not be responsible for the ICC charges. The ICC Staff will be responsible for collecting these charges. (50/03) (6/06)

14.6 HOUSE AMENITIES FUNDS

14.6.1 Money collected by the ICC from the houses for amenities funds shall be held in trust by the ICC for the house as the House's Amenities Funds. Money shall accrue to the funds from: (40/89)

- A. Budgeted house amounts and other house revenue as determined by the house. (6/06)
- B. SBA rebates, provided that non-boarding houses paired with boarding houses would receive a proportional share of any rebate based on capacity.
- C. For King, money paid by former members on accounts which have already been expensed as bad debts. (13/92)

14.2.7 SPENDING GUIDELINES: A house may spend their amenities funds on any physical assets for the house. Physical assets are non-consumable items such as entertainment equipment, interior decorating and additional physical assets to the house. (36/90) (41/92)

14.7 LANDSCAPING:

Houses are eligible for landscaping funds as determined by Maintenance policy. (6/06)

14.8 MEMBERS WITH DEBTS (40/93)(23/06)

14.8.1 LATE FEES: On the 5th of the month, any member who owes \$200 or more will be assessed a \$15 late fee. The Finance Committee may waive this fee at their discretion. Also, the fine would be waived if the member is placed on a finance committee -approved payment plan by the 15th of that month, or is already on a finance committee -approved payment plan. All money resulting from these fines shall be recorded as ICC late fine income and shall be used to offset the cost of operating the ICC. (65/97)(67/98)(73/99)(81/03)(31/04) (23/06) (23/07)

14.8.2 THE INITIAL POWER OF DECISION ON DEBT ACTION IS GIVEN SOLELY TO THE FINANCE COMMITTEE. By the 15th of every month a member must have his/her balance under \$200 or have a payment plan approved by the finance committee. (23/07)

14.8.3 IN THE CASE WHERE THE FINANCE COMMITTEE DOES NOT APPROVE A PAYMENT PLAN, A HOUSE MAY APPROVE ITS OWN PAYMENT PLAN AT A HOUSE MEETING. In that case, all individuals at the house are responsible for the potential bad debt. The payment plan approved by the house must include the potential per person charge for the bad debt. The finance department will fill out all payment plan forms with current debt and will list all the names of members and their potential individual liability. Meeting minutes, signed by the in-house president and treasurer, must be submitted with the payment plan form. (23/07)

14.8.4 PAYMENT PLAN RESTRICTION: Plans must reduce debts by 50% within four weeks and reduce a member's debt to \$0 within eight weeks, including all intervening charges during that period. These rules may be modified with the approval of the finance committee.

14.8.5 THE ICC ACTS FOR MEMBERS IN PROTECTING THEM FROM ACCUMULATION OF EXCESSIVE DEBT. If the member does not pay by the 15th and the house does not file a payment plan, the ICC shall begin eviction procedures. If the eviction has proceeded to legal action, any costs shall be assessed to the member. The house member can stop this procedure by having a

payment plan approved by the house or finance committee or by providing proof that the house will discuss the payment plan before the end of the month. (23/06)
(23/07)

14.8.6 MISSED PAYMENTS: If a member misses a payment by more than three business days they shall be fined \$20 and the ICC shall begin eviction procedures. (23/06)

14.8.7 The ICC Treasurer will be responsible for follow up on payment plans

14.9 HOUSE REFERRAL STATUS FOR FINANCE:

This proposal is an interpretation of Bylaw 6.2 which states “The government and administration of the several co-ops shall be left to the members of the respective co-ops insofar as their actions do not jeopardize the interests of the membership as a whole or the interests of other co-ops.” House Referral Status establishes guidelines which dictate when the Finance Committee/ICC Treasurer shall be empowered to take over a house’s finances. In other words, these are guidelines under which the Finance Committee believes that steps must be taken in the interest of the ICC as a whole. (82/95)

14.9.1 CONDITIONS WHEN HOUSE REFERRAL STATUS MAY BE

ENACTED: (any of the following) a warning letter will be sent to each member of the house when member debt reaches half the amount necessary to cause the finance committee to consider House Referral Status or within 24 hours after the Coordinating Committee approves a proposal to put a house on House Referral Status.

- A. through a board passed proposal
- B. If total member debt exceeds 50% of the total shares held by current house members and the members of the Finance Committee consent to take action, or (6/06)
- C. The following situations, considered financial emergencies, with ICC Treasurer approval (these are considered time critical problems):

14.2.7.1.1 Embezzlement of house funds, or

14.2.7.1.2 Direct-depositing of member charges to house bank accounts

14.9.2 EFFECTS WHEN HOUSE REFERRAL STATUS IS ENACTED:

14.9.2.1 The Director of Financial Services and the ICC Treasurer, through delegating responsibility to the Finance Committee and the house president, are responsible for all aspects of the house’s financial operations. They will replace the house treasurer. Their responsibility includes, but is not limited to:

- A. Check signing/payment of house bills
- B. Collection of house charges, fines and phone bills
- C. Good and complete accounting
- D. Notification of the house of the situation
- E. The checkbook may be seized and the house signer may be taken off the account.
- F. Approval of members’ debts under the 16.9 Members with Debt Policy. (86/96)

- 14.9.2.2** The house is still responsible for the house's financial problems. Assessments or refunds still continue as normal.
- 14.9.2.3** The Finance Committee may require the selection of a new house treasurer, who will be trained by the Finance Committee to take responsibility of house finances after House Referral Status is removed.
- 14.9.2.4** During House Referral Status, the Board of Directors must be notified at every Board meeting of the house's financial situation, and
- 14.9.2.5** The Finance Committee has the authority to place members of House Referral Status houses on referral for non-payment of more than one and one-half month's fees

14.9.3 CONDITIONS WHEN HOUSE REFERRAL STATUS IS REMOVED

- A.** Through a board passed proposal, or
- B.** By consensus of the Finance Committee that a long term solution to the problem has been established which the House shall be able to implement effectively.