CORPORATE BYLAW 3 – FINANCES

BE IT ENACTED by the Directors of McMaster Students Union Incorporated as a Bylaw of the said Corporation as follows:

1. MEMBERSHIP FEE

1.1 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;

1.2 All increases to the Corporation Membership fee, over the CPI increase, must be done through a quorate referendum or a quorate General Assembly.

1.3 All decreases to the Corporation Membership fee, greater than an equivalent CPI increase, must be done through a quorate referendum or a quorate General Assembly

1.4 Amendments to the organizational fee, which do not fall under the terms of sections 1.2 and 1.3, may be approved with a two-thirds affirmative vote by the Full Members of the Corporation.

2. HEALTH PLAN FUND

2.1 The Corporation Health Plan Fund shall consist of the collection of a premium (includes all applicable taxes) from all Associate Members less opt outs; 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. The MSU Health Plan is not intended to be a profit generating service;

2.2 The MSU Health Plan will provide 12 months coverage beginning September 1;

2.3 All Associate Members will have the right to opt out of the Health Plan within at least the month of September, if they can show evidence of comparable coverage;

2.4 The premium shall be set annually by the Full Members, before February 1. The Vice-President (Finance) and General Manager shall calculate the rate using the previous years’ increase/decrease in claims per student, previous years’ increase/decrease in cost per claim, and projected impact of changes in drug costs, benefits, and coverage.

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

Approved 01 (Aug 19/01)
Revised 09B, 10B, 12D, 12L, 12M, 13K, 14P
3. **DENTAL PLAN FUND**

3.1 The Corporation Dental Plan Fund shall consist of the collection of a premium (includes all applicable taxes) from all Associate Members less opt outs; 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 by participating Associate Members. The MSU Dental Plan is not intended to be a profit generating service;

3.2 The MSU Dental Plan will provide 12 months coverage beginning September 1;

3.3 All Associate Members will have the right to opt out of the Dental Plan within at least the month of September if they can show evidence of comparable coverage;

3.4 The premium shall be set annually by the Full Members before February 1. The Vice-President (Finance) and General Manager shall calculate the rate using the previous years' increase/decrease in claims per student, previous years' increase/decrease in cost per claim, and projected impact of changes in drug costs, benefits, and coverage.

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

4. **ACCOUNTING SYSTEM**

4.1 The fiscal year of the Corporation shall be May 1 to April 30;

4.2 Signing authority shall be any two of the President, Vice-President (Administration), Vice-President (Education), General Manager, and Vice-President (Finance);

4.3 The Accounting Procedures Manual shall be the documentation of financial procedures used by the Corporation and will be updated annually by the Vice-President (Finance);

4.4 The Corporation 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;

4.5 All business units or services, which exceed $100,000 in operating revenue, may be assessed as Administrative Charge, which shall represent an estimate of the Services' usage of the Main Office, Accounting Group and other Central Support Services. The amount charged shall be reviewed yearly by the Vice-President (Finance) as part of the annual budgeting process;

4.6 Following acceptance by the Full Members, audited statements shall be published each academic year in The Silhouette by November 30.

5. **OPERATING FUND**

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

5.3 If the minimum balance is not met, MSU Inc. will budget for an annual surplus sufficient to achieve the goal within two (2) years. If accumulated surpluses exceed the mandated amount at fiscal year end, the organization will evaluate reducing the MSU Operating Fund fee and/or enhancing the benefits provided by the MSU Operating Fund fee.

6. **CAPITAL GROWTH FUND**

6.1 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);

6.2 For the purpose of allocations from the Capital Growth Fund, Capital shall be defined as items or improvements that have value over $1000 and a useful life greater than three (3) 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;

6.3 The Capital Growth Fund shall come from:

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

6.3.2 Funds accumulated from the disposal of the Corporation’s assets;

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

6.3.4 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;

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

6.5 Capital items and leasehold improvements shall require two separate motions; one for allocations and one for expenditures;

6.6 Expenditure motions require quotations from external suppliers.

7. **FUND ACCOUNTING**

7.1 Fund Accounting refers to those departments whose membership fee is a designated component of the MSU membership fee;

7.2 All accounts for 93.3 CFMU-FM shall be held by the Corporation with its general ledger and accounts; the revenues derived from the student fees, fundraising and paid sponsorships, and any interest from these moneys shall be designated for the sole use of 93.3 CFMU-FM;
7.3 All accounts for the Health Plan shall be held by the Corporation with its general ledger and accounts; the revenues derived from student fees and any interest from these moneys shall be designated for the sole use of the Health Plan;

7.4 All accounts for Marmor shall be held by the Corporation with its general ledger and accounts; the revenues derived from student fees, external grants, advertising revenue, and interest from these moneys shall be designated for the sole use of Marmor;

7.5 The timelines and approval processes for budgeting and fund allocations shall be the same as those for the Corporation;

7.6 Any moneys transferred from the Operating Fund into the funds noted in Sections 6.2, 6.3, and 6.4 will be owed to the Operating Fund with interest.

8. LOANS

8.1 The MSU Operating Fund can only make loans for other Funds, as described in this Bylaw; all loans to be repaid to the Operating Fund in not more than three (3) years;

8.1.1 A fund other than the Marmor shall be considered in deficit position if the fund balance is less than $0 as of April 30 according to the Corporation’s Audited Financial Statements; failure to eliminate the deficit as 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 the department;

8.1.2 The Marmor 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 Statements; failure to eliminate the deficit as 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 matter being referred to the Executive Board;

8.2 Approval of loans between funds and the payback schedule shall require ten (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 moneys; where the Full Members are unable to meet, a two-thirds majority vote of the Executive Board may authorize a transfer;

8.3 Exceptions to the subsection shall be limited to pay advances or payroll deductions, which must be approved by the Executive Board or Board of Directors as appropriate;

8.4 All loans not addressed by this subsection must be approved in advance by the Executive Board.

9. BUDGETS

9.1 The annual budgetary period shall correspond with the fiscal year;

9.2 A budget shall be prepared by all Corporation staff, Managers, and Committee Chairs whose departments are making a request of the MSU Operating Fund;

9.3 In the absence of a submission by the appropriate department head, budgets shall be prepared by the Vice-President (Finance) in consultation with the General Manager and Comptroller;
9.4 The Vice-President (Finance), in consultation with the General Manager and the Comptroller, shall compile the budget requests into an Annual Budget and prepare recommendations, submitting them to the Executive Board at least five (5) business days prior to the meeting at which the budgets are to be considered and no later than March 31;

9.5 The Executive Board shall review the budget in such time as to have its recommendations and the budgets circulated to the Full Members at least ten (10) business days prior to the Corporate Budget meeting;

9.6 A majority affirmative vote of the entire membership of the Full Members, excluding vacancies, shall be required to approve the budget;

9.7 In the event that quorum is not obtained or is lost at a Corporate Budget meeting or if the budget fails to pass, the Executive Board shall meet and ratify its recommendations, which shall stand until the Full Members ratify the budget at the next meeting;

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

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

9.10 The Vice-President (Finance) shall circulate monthly statements to the Full Members along with an explanatory memo highlighting any points of interest or concerns. The statements shall include year-to-date spending, monthly budgeted amounts, and a comparison to the previous fiscal year.

10. ADMINISTRATION

10.1 All Departments shall:

10.1.1 Use the Accounting and banking facilities of the Corporation;
10.1.2 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;

10.2 The Vice-President (Finance) shall make available monthly financial statements for all departments and services, showing revenues and expenses.

11. ALLOCATIONS AND EXPENDITURES

11.1 Capital Allocations

11.1.1 Allocations from the MSU Capital Growth Fund will be governed by the following procedures:

11.1.1.1 Allocations not exceeding $2,000 may be approved by the Vice-President (Finance).
11.1.1.2 Allocations not exceeding $5,000 may be approved by the Executive Board;
11.1.1.3 Allocations of more than $5,000 but not exceeding $15,000 shall require four (4) business days notice of motion and a two-thirds majority vote of all the Full Members;

11.1.1.4 Allocations which exceed $15,000 shall require seven (7) business days notice of motion and a two-thirds majority vote of all the Full Members;

11.1.2 Each item in the Capital Budget will be considered a separate allocation.

11.2 Capital Expenditures

11.2.1 Once an allocation has been made, the following shall govern the expenditures of the Capital Growth Fund:

11.2.1.1 Amounts not exceeding $2,000 may be expended by full-time department managers;

11.2.1.2 Amounts not exceeding $2,000 may be expended by part-time managers, with approval from the Vice-President (Finance);

11.2.1.3 Amounts exceeding $2,000 but not greater than $10,000 may be approved by the Executive Board;

11.2.1.4 Amounts exceeding $10,000 but not greater than $15,000 shall require four (4) business days notice of motion and a majority vote of all the Full Members;

11.2.1.5 Amounts, which exceed $15,000, shall require seven (7) business days notice of motion and a two-thirds affirmative vote of all the Full Members.

11.2.2 The following shall govern all procurement arising from capital expenditure, unless otherwise impractical:

11.2.2.1 All expenditures under $10,000 shall require one written quote, invoice or other documentation supporting the amount;

11.2.2.2 All expenditures over $10,000 but under $50,000 shall require a minimum of two written quotes, invoices or other documentation supporting the amount, preferably from the MSU preferred vendor list;

11.2.2.3 All expenditures over $50,000 but under $100,000 shall require a minimum of three written quotes, invoices or other documentation supporting the amount, a minimum of one which shall be from the MSU preferred vendor list;

11.2.2.4 All expenditures over $100,000 shall require an open tender bid process.

11.3 Operating Allocations

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

11.3.1.1 Allocations made as part of the Annual Budget or Budget review shall be considered effective when the budget is approved. Budget approval requires a majority vote of all the Full Members;

11.3.1.2 To increase the level of funds available within their budget, each Department must make requests in writing as follows:

11.3.1.2.1 Increases of under $2,000 may be approved by the Vice-President (Finance);
11.3.1.2.2 Increases under $4,000 or increases of more than $2,000 but not exceeding $4,000 may be approved by the Executive Board;

11.3.1.2.3 Increases of more than $4,000 but not exceeding $10,000 shall require four (4) business days notice of motion and a majority vote of all the Full Members;

11.3.1.2.4 Allocations or re-allocations exceeding $10,000 shall require seven (7) business days notice of motion and a two-thirds majority vote of all the Full Members.

11.3.1.3 To re-allocate funds within their budget, each department must make requests in writing as follows;

11.3.1.3.1 Re-allocations of under 20% of the department's budget may be approved by the Vice-President (Finance);

11.3.1.3.2 Re-allocations of under 40% of the department's budget, but over 20%, may be approved by Executive Board. Re-allocations exceeding 40% of the departments operating budget shall require seven (7) business days notice of motion and a majority vote of all the Full Members.

PASSES by the Board of Directors and sealed with the Corporate Seal this 30th day of July, A.D. 2001.

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President     Secretary

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President     Secretary