



Helen's Court Co-op Handbook

Section 04. Co-op Housing Definitions

Accounts Payable

Money owed by the co-operative to some other party. Bills are accounts payable from the time they are incurred until the time they are paid.

Accounts Receivable

Money owed to the co-operative from any source.

Ad Hoc Committee

A committee appointed or installed for a specific purpose and disbanded when its goal is accomplished.

Annual General Meeting (AGM)

The annual meeting of the members of the co-op at which time the audited financial statements are approved, the auditor is appointed for the coming year and usually elections are held for the Board of Directors. All co-op members are required to attend the AGM.

Arrears

Refers to being behind in the payment of housing charges.

Articles of Incorporation

The legal documents filed at the time of incorporation. The Articles form the definition of the co-operative as a legal and business entity. Helen's Court Housing Co-op documents are filed at the BC Registrar of Companies.

Assets

Refers to things a person or co-operative owns that have exchange value or can be readily converted into money, such as equipment or property.

Audit

The financial report prepared annually by a certified public accountant. It summarizes the financial condition of the co-op and provides an outside check against fraud and deception. The annual audit is a requirement under the Co-op Association Act.

Bad Debts

Income which is not received from people who fail to pay their monthly housing charges or other fees and which is not receivable (i.e. "written off").

Board of Directors

Members of the co-operative corporation, elected by the general membership, who are responsible for overseeing the management of the co-op.

Budget

A financial plan prepared once a year for the co-op showing expected income and expenses for the coming year, based on previous experience and plans for the future. The approved budget is the basis for the calculation of the monthly housing charge for each unit.

Building Codes

Government rules and standards governing the construction and operation of buildings to protect resident's health and safety. BC co-ops are subject to the National Building Code, and the BC Building Code. The city of Vancouver is an exception as it has its own building codes.

Bylaws

The rules established by the members of the co-op to govern the affairs of the organization. The constitutional bylaws concentrate on the basic organizational structure of the co-op. Other bylaws concern themselves with other matters such as occupancy rules. All the bylaws, in order to be legally valid, must be acceptable under the Co-operative Association Act and any other relevant legislation. Bylaws can only be altered or introduced by a vote of members at a properly called general membership meeting.

CMHC

Canada Mortgage and Housing Corporation is owned by the Government of Canada. Its activities are regulated by the National Housing Act (NHA). It loans mortgage money in such a way as to implement government housing policies, as outlined in the NHA.

Contingency

Money collected as part of the housing charges and set aside in a contingency fund to cover shortfalls in income resulting from bad debts, vacancy loss and unforeseen budgetary increases.

Cash Flow

A financial report showing the source and application of funds and whether there will be a shortfall or surplus over a specific period of time.

Co-operative Association Act

The BC legislative act which governs the formation and operation of co-operatives. Copies are available from the Queen's Printer and various book stores in Vancouver. It can also be viewed online at http://www.bclaws.ca/civix/document/id/complete/statreg/99028_01

CHFBC

The Co-operative Housing Federation of British Columbia. This is the provincial organization of housing co-operatives. CHFBC acts as a lobby group to promote co-op housing. It also provides information, workshops and other resources to BC housing co-ops and individuals.

CHFC

The Co-operative Housing Federation of Canada. This is the national Canadian organization of housing co-operatives located in Ottawa. CHFC acts to promote co-op housing, share information and lobby for better programs.

Depreciation

Three common definitions apply to co-ops:

1. Loss in value of buildings or equipment due to ordinary wear and tear;
2. When a large item is purchased, all the money is spent at time of purchase. However, if the item will last more than one year, it is common to recognize part of the purchase as an expense during each year of its estimated useful life. This expense is known as depreciation;
3. The amount of principal of a mortgage paid off in any year is called depreciation, and the total paid off to date is called the accumulated depreciation.

Fiscal Year

The financial year of the co-operative as established in its bylaws or by resolution and not necessarily the same as the calendar year. Helen's Court fiscal year is from April 01 to March 31.

Foreclosure

A mandatory transfer of property ownership for failure to make mortgage payments.

Full Occupancy

Situation that exists when no units are vacant.

Housing Charge

The monthly amount paid to the co-op by each unit to cover the costs of operating the co-op. Regular housing charge refers to the amount set by the co-op membership each year as the maximum payable for each unit, before subsidy is applied.

Income Verification

Process of establishing each co-op household's total income through obtaining appropriate documents such as income tax notice of assessment, confirmation letter from employer, pay cheque stubs, UIC cheque stubs, etc. Income verifications are usually carried out on an annual basis and are required to meet the terms of the co-op's operating agreement with CMHC.

Initial Funding

The financing needed to start a co-op. Helen's Court, like most co-ops in Canada, is financed by CMHC, the federal government's mortgage company.

Interest

The price of borrowed money. Interest is expressed as a percentage and it is paid over and above the actual loan.

Land Lease

Simply the name for a lease related to land. Many co-ops are built on land leased from another party, usually the government. Helen's Court leases land from the City of Vancouver.

Member

Any person who has officially been accepted as a member of a co-operative, thereby gaining one vote and all the privileges and obligations reserved for members under the Co-op Association Act and the bylaws of their own co-operative. It is the members - on a one member, one vote basis - who collectively own and control the co-op.

Helen's Court has Principal Members and Associate Members. Both are full members of the co-op. The Principal Member purchases the capital shares ("share purchase") required to occupy a unit and signs the occupancy agreement. Associate members reside with and are responsible to the Principal Member of their unit.

Mortgage

Most co-ops borrow money from CMHC. As a 56.1 co-op (also known as a Section 95 co-op), Helen's Court has an insured mortgage which is renewed every 5 years.

Motion

A formal proposal at a meeting which is usually discussed and then decided democratically by a vote.

Non-Profit

When applied to incorporated organizations such as co-operatives the term non-profit means two specific things:

1. The organization is carried on without the purpose of gain for its members and any profits accumulated must be used in promoting its objects;
2. If and when the organization dissolves, the remaining assets after all debts are paid must go to similar non-profit or charitable organizations.

However non-profit housing co-operatives do and should try to generate modest surpluses each budget year. The restriction is that this surplus must be spent on meeting housing expenses in the next year or put into reserves or both.

Occupancy Agreement

This is a contract between a co-op member and the co-op as a whole. It outlines both rights and obligations of the members. It protects members from mistakes by the co-op and provides the co-op with a basis for action against members who do not pay their housing charges or meet their other obligations.

Operating Agreement

The contract a co-op must sign with CMHC at the time the co-op receives its mortgage setting out the terms and conditions by which the co-op is to operate.

Operating Costs

The expenses involved in operating a housing project such as heat, hydro, taxes, administration and mortgage payments.

Parliamentary Procedure

Standard rules governing discussion and decision-making in groups which are widely accepted as a method of procedure for making decisions in a fair and democratic manner. Co-ops may use a recognized authority such as Robert's Rules of Order (American) or Bourinot's Parliamentary Procedure and Practice (Canadian) or adopt their own simplified rules of order.

Policy

A course of action or way of proceeding which has been voted on and accepted by the membership. Policies provide a basis for consistent and fair decisions.

Quorum

The minimum number of members (or directors) of a co-operative who must, according to organization's bylaws, be present for the legal transaction of business at a meeting.

Primary Residence

This is a legal term used mainly for Property Tax and Income Tax purposes. The unit where a Helen's Court Co-op member resides must be their Primary (or main) Residence. Each year, Helen's Court applies for a Municipal Property Tax grant and each member must sign a document stating that Helen's Court is their primary residence. If a co-op member owns recreational property, it is considered to be their Secondary Residence (generally, secondary residences are not eligible for property tax grants and are subject to Capital Gains Tax when sold).

Reserves

REPLACEMENT RESERVE is money set aside during each budget year to be used at a later date for replacement of worn out capital items: equipment, appliances, heating, plumbing, etc. CMHC specifies in its operating agreement with the co-op the amount of reserves to be set aside each year until a specific funding level is reached.

MAINTENANCE RESERVE is money set aside to cover normal maintenance expenses if they are both large and occur at regular intervals longer than a year. For example, a co-op might do exterior painting completely every fifth year, rather than 20% each year. In each non-painting year, 20% of the estimated cost should be put into a reserve fund to avoid a large housing charge increase in the painting year.

Share Purchase

A member moving into a unit is required to purchase Capital Shares in the Co-op. At Helen's Court, there can be

only one Shareholding Member per unit. When two or more members are moving together into a unit, they must designate one among themselves as the Shareholding Member, and the others as Associate Members.

Signing Officer

A person (usually an officer of the co-op or a staff person) who is authorized by the bylaws of a co-op to sign cheques or other documents on behalf of the co-op.

Standing Committee

A permanent committee established to deal with an ongoing concern of a co-op.

Subsidy

An amount of money paid on behalf of a member to the co-op to cover some of the member's monthly housing charges.

Third Sector

Refers to non-profit and co-operative housing. Private and public housing make up the other sectors.

Vacancy Loss

The financial loss to a co-op caused by unoccupied (vacant) units for which no housing charge is being received.

Work Order

A notification by a member to the appropriate staff or committee of a maintenance item which requires attention.