

POLICY TITLE – CAPITAL EXPENDITURES
POLICY SECTION – FINANCIAL
POLICY NUMBER – O1
DATE OF ORIGIN – JANUARY 2009
APPROVED BY – HMCI BOARD OF DIRECTORS – January 21,2009
REVIEW /REVISION DATE

POLICY STATEMENT - Capital Expenditures are budgeted in the Capital Reserve Fund and managed on an annual basis by the Holiday Manor Co-op Incorporated (HMCI) Board of Directors (BOD) following appropriate consultation with staff and shareholders.

PURPOSE – The purpose of the policy is to identify the spending authority limits of the Board and other approval processes required to maintain or enhance the capital needs of the Co-op.

DEFINITIONS

Capital Expenditure (CE) – any new item, construction cost or equipment replacement need that has an associated cost of \$5,000 or more that is planned and budgeted

Emergency Capital Expenditure (ECE) – an identified emergency purchase/spending as identified above that is necessary to avoid risk, is required immediately by law or is a result of a catastrophic event

Capital Project (CP) – any project that involves a combination of equipment, property alteration and labour that costs \$5,000 or more that is planned and budgeted

PRINCIPLES

1. The Annual Budget of HMCI will include a designated Capital reserve fund.
2. Capital Expenditures will be planned on an annual basis based on established priorities established at the Annual Finance Meeting in consultation with staff and shareholders.
3. The HMCI Board of Directors may authorize a non-budgeted ECE in the amount of \$6,000 or 10% of the capital reserve fund, whichever is the lesser amount. The rationale for such purposes will be provided to the Shareholders as soon as possible.
4. All current capital assets and new expenditures will be documented and maintained as a record in the HMCI office by the Finance Committee of the Board.
5. Long term planning of CE's and CP's will be incorporated into the Board's strategic planning process to ensure adequate reserve funds are budgeted annually.