

**SUNSET BAY HOMEOWNERS ASSOCIATION, INC.**

**“DRAFT” FINANCIAL SYSTEMS AND CONTROLS**

**Board Resolution Adopting  
Board Policy No. Financial - 02  
As Adopted on March 7, 2009**

WHEREAS, the Board of Directors is responsible for the overall operations of the Association;  
and

WHEREAS, the Directors are fiduciaries of the Association and as fiduciaries are responsible for the Associations finances; must act with care in fulfilling their responsibilities; and remain loyal to the Association and its members; and

WHEREAS, the Directors should guard against any conflicts of interest involving the assets or operations of the Association between any Director and the Association; and

WHEREAS, the fiscal health of the association has a direct impact on every member of the community, proper management of financial operations is an important element of building a better community;

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors hereby accepts the responsibility to administer this policy as written, and

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT the Board of Directors hereby adopts the following Financial Systems and Controls.

**Section I - Financial Records**

1. All financial books and records shall be kept in accordance with generally accepted principals (GAAP). The accrual method of accounting shall be used.
2. Financial statements shall be based on the fund method, e.g. operating fund and reserve fund.
3. The Secretary/Treasurer shall keep both a hard copy and an electronic copy of all financial records and reports.

**Section II - Financial Statements**

1. The Secretary/Treasurer shall provide the following financial statements to the Board of Directors annually for the period ending June 30<sup>th</sup> and for the period ending December 31<sup>st</sup>.
  - a. Balance Sheet
  - b. Profit & Loss
  - c. Statement of Cash Flows
  - d. General ledger
  - e. Bank Reconciliation
  - f. List of Delinquent Accounts and liens filed

- g. Income & Expenses Actual & Budget YTD Comparisons

**Section III – Financial Institution Accounts**

1. No Association funds shall be deposited or invested except in investments as authorized by resolution of the Board of Directors.
2. The Board of Directors shall approve all withdrawals and payments from the Reserve Fund.
3. The Secretary/Treasurer shall update bank signature cards immediately after Board officers are replaced.

**Section IV – Expenses and Invoices**

1. The Secretary/Treasurer may pay routine invoices, e.g. electricity, maintenance, insurances if the amounts are similar to previous invoices.
2. All Committee Chairs, or his/her designee, shall approve all invoices prior to processing for payment by the Secretary/Treasurer.
3. Documents pertaining to all payments shall be retained with the financial records of the Association files as maintained by the Secretary/Treasurer.

**Section V – Budget**

1. The Board shall review and approve the annual operating, maintenance and capital budget for the following year at its General Board of Directors meeting to be held just prior to the Annual Membership Meeting.

**Section VI – Contracts**

2. Each Committee has the responsibility for obtaining bids for services and equipment that it is responsible for. After reviewing bids, Committee Chairs shall make a recommendation to the Board of Directors for contracts for services and equipment.

**Section VII – Accounts Receivable and Cash Disbursements**

1. Only the Board of Directors can approve any bad debt write-off.
2. Reimbursements to any Director for an authorized expense must be approved by the Board of Directors prior to reimbursement.
3. Secretary/Treasurer has the authority to sign checks for Association expenses without Board approval if the expenses are pre-approved by the Board of Directors.
4. In the absence of the Secretary/Treasurer, the President is authorized to sign checks for Association expenses without Board approval if the expenses are pre-approved by the Board of Directors.
5. In no event, shall the Secretary/Treasurer or the President write and sign a check for cash or to themselves.

**Section VIII – Audits and Financial Reviews**

1. The Board of Directors shall hire a CPA to perform the following functions:
  - a. Annually audit the financial books and records of the Association.

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- b. Prepare and file annual Federal and State Income tax filings.
- c. Prepare and file necessary Federal, State or local required filings.