

# THREE COLONIES HOMEOWNERS ASSOCIATION

## Financial Policies and Procedures

The Association Finance Committee will consist of a minimum of two board members, neither having signatory rights. The fiscal and budgetary year of the Association will be from January 1<sup>st</sup> through December 31<sup>st</sup>. The Finance Committee, Treasurer, and President will meet in October of each year to assess and propose a budget for the next fiscal year. It will be presented to the Board of Directors for possible revisions, approval and adoption. The following financial policies and procedures shall be applied to all financial business of the Association.

### **Accounts**

1. The Association shall maintain bank accounts and investments as consistent with Association's investment policy and as authorized by the Board of Directors as necessary.
2. The treasurer has authority to issue checks. All checks must have two authorized signatures, the treasurer and one of the following: President or Vice-President.
3. The Finance Committee will authorize the transfer of funds and such will be reported each month at the regular Board of Directors meeting.
4. All reserve and/or money market accounts shall be in such investments and in such amounts as are established by the Finance Committee and approved by the Board.
5. General Reserve accounts will be held for major expenses, capital improvements or budgeted long-term projects as required and noted in NC General Statutes. Court case decisions have held that a failure of an association's board of directors to provide adequate funding for replacement of capital assets constituted a breach of fiduciary duties.
6. Colony I account – funds are the difference between Colony I and Colony II & III homeowner dues, fines associated with Colony I and the property transfer fees from Colony I.
7. The General Fund will serve as the funding for the annual budget. Account funds will be derived from homeowners fees minus the difference between Colony I and Colony II & III.

### **Accounting Procedures:**

1. The association's treasurer and secretary will maintain all financial books and records. Back-up records will be done monthly. All records may be viewed at any time by any member of the association at a mutual time for the treasurer and the member.
2. All association dues/receipts for deposit shall be recorded with homeowners' identification.
3. All checks will be stamped with the Three Colonies "for deposit only" stamp. Deposits will be made within three days of receipt of funds.
4. The treasurer will provide a monthly report to the Finance Committee five days before the board of director's meetings. It will consist of the balance sheet and the Quickbooks year-to-date report.
5. The association debit cards will be limited to payment of legitimate expenses of the association. The debit card can never be used to get cash for any transaction. Any time the debit card is used as payment, the person using the card must submit the original receipt and sign the purchasing request. Personal items and authorized Three Colonies transactions must never be on the same receipt. This must be turned in to the treasurer within 24 hours. If these guidelines are not followed, then the purchaser is responsible for the repayment to the association. No credit cards will be issued to the Association. If the debit card is lost or stolen, it must be immediately reported to the Treasurer. The treasurer will contact the issuing bank.

6. Requests for reimbursements by association directors or members on purchases for the association shall be reimbursed after the "Purchasing Request" form has been completed and given to the treasurer.
7. There will be no checks made out to "cash" nor shall any blank checks be signed.
8. The treasurer will provide documentation for all transactions of the association that includes details of the account charged. Invoices and/or receipts will be part of this documentation.
9. The monthly treasurer's folder will include all transaction documentations for deposit and disbursements, bank statement, the Quickbooks reconciliation report and the balance sheet. At each board of directors meeting, the finance committee chairperson will reconcile the deposits and disbursements with the reports and will initial each transaction.
10. The treasurer and the president will decide on a mutual time for the signing of checks and other business.
11. The treasurer shall provide all financial records as necessary for an annual audit by a certified public accountant at the end of each fiscal year. The audit will be presented at the first monthly board meeting upon the audit conclusion.

### **Bids and Fees**

1. The association shall obtain at least two bids for all work between \$1000.00 and \$5000.00. Three bids will be obtained for any work over \$5000.00. Contracts will not necessarily be awarded to the lowest bidder. If an emergency occurs, the bid process may be waived by a vote of the board of directors. References, insurance and business license must be provided with the bid.
2. Keys: \$100.00 non-refundable for new/replacement pool keys, \$40.00 fee key to corral upon completion of corral agreement. Fees for the yearly storage of items in the corral is \$150.00 non-refundable.
3. A \$200.00 transfer fee will be imposed on the buyer of the sale/transfer of properties. \$150.00 of the transfer fee will be credited to the colony account where the property was sold. \$50.00 of the transfer fee will go to the association secretary as a payment for the time associated with the transfer. If the request is within 48 hours of closing, an expediting fee of \$100.00 will be added to the closing costs.
4. Any other fees as voted on by the board of directors will be added as necessary.

### **Legal Documents:**

The President, upon approval by vote of the board of directors, will sign all contracts, deeds, promissory notes and other written legal documents. The Vice-President will act in the place of the President upon approval by vote of the board of directors, if the President is unavailable or unable to sign such documents. All signed documents should be presented at the monthly board of directors meeting.

### **Conflict of Interest:**

As a standard and recommended board of directors practice, every board member and officer, treasurer and secretary of the Three Colonies Homeowners Association will be required to sign a "Conflict of Interest" Statement at the annual meeting of the Board of Directors each year.