



SMOKLER TRUESDELL HOMEOWNERS' ASSOCIATION FINANCIAL REPORTING POLICY

Section 1. Purpose. The homeowners' association board values the trust placed in the board by its members regarding the handling and reporting of association finances. This policy is intended to establish sufficient safe guards for handling revenues and expenses. It also establishes an approved format for monthly and annual financial reporting along with providing for an annual financial review.

Section 2. Revenue and Expense Safe Guards. To safe guard the proper handling and reporting of association revenues and expenses the board has established procedures where multiple individuals review the receipt of revenues and dispersing of funds. The Treasurer, Corresponding Secretary and Financial Secretary are involved in this process. The Corresponding and Financial Secretaries do **not** have association banking authority.

Section 3. Equipment Requirements. The association board assumes that 1) a computer, 2) computer software, 3) scanner, 4) printer, 5) USB port hub and 6) USB flash memories will be required for Financial Reporting. The board assumes that the Treasurer, Financial Secretary and Corresponding Secretary can use his/her existing equipment with the exception of USB flash memories and USB hubs. USB flash memories and USB hubs shall be provided and considered an association asset in accordance with the *Smokler Truesdell Homeowners' Association Record of Assets Policy*. In the event the Treasurer, Financial Secretary and Corresponding Secretary cannot provide any of the items 1 thru 5 the association board shall approve their purchase solely for use in association financial reporting. The purchased item(s) shall be considered an association asset in accordance with the *Smokler Truesdell Homeowners' Association Record of Assets Policy*.

Section 4. Storage and Back-Up of Financial Records. The Treasurer, Financial Secretary and Corresponding Secretary shall take all reasonable means to ensure the backup of all working files and archives. And each shall notify the other two regarding the backup location.

Section 5. Notifying the Financial Secretary of Banking Transactions. The Treasurer and Corresponding Secretary shall notify the Financial Secretary of all funds received or expenditures as described in the *Smokler Truesdell Homeowners' Association Banking Policy*.

Section 6. Recording of Revenues and Expenses. All revenues and expenses shall be recorded by the Financial Secretary in an electronic format in agreement with the Treasurer. The information shall include 1) an entry number, 2) the date, 3) budget category, 4) a description or comment and 5) amount. Records shall include both checking and savings accounts. Calculations will provide necessary reporting summaries.

Section 7. Recording of Bills and Receipts. All expense receipts and bills shall be scanned. Scanned images shall be saved in pdf format. All scanned receipts shall be stored in a computer folder by the Financial Secretary. The filename shall be in the following format, [year-month-date] [Budget Category Description]. Example of receipt filename: 2014-01-23 Snow Plowing.pdf. Multiple receipts may be scanned into a single file if all the receipts pertain to the same calendared expense and budget category. All scanned images shall be kept for a minimum of five (5) years. Images shall be kept longer where practical.

Section 8. Recording of Bank Statements. The Treasurer shall be responsible for obtaining the monthly bank statements. All bank statements shall be stored in a computer folder appropriately named. Files shall be stored in pdf format. The filename shall be appropriately named. Example of a bank statement filename: "2014-01-31 Bank Statement-Checking.pdf". Statements shall be emailed each month by the Treasurer to board members and officers in pdf format.

All pdf images shall be kept by the Financial Secretary for a minimum of five (5) years. Images shall be kept longer where practical.

Section 9. Board Financial Reports. Financial reports shall be prepared monthly by the Financial Secretary. Financial reports prepared for the association board shall include the following key elements: 1) beginning and ending dates of report, 2) checking and savings balances at the beginning and ending of the reporting period, 3) a projection of fiscal year end cash on hand, 4) actual revenues and expenses incurred during the reporting period, 5) year-to-date totals for each budgeted item, and 6) projected spending for the remainder of the year for each budgeted item. A sample report is shown in Appendix 1.

Reports shall include an area where the Financial Secretary can indicate verification status of ledger entries. The Financial Secretary shall inform the board when he/she feels a ledger entry has not been properly documented.

Copies of the board reports shall be stored by the Financial Secretary in a folder named "Board Reports". Board reports shall be stored with equations but **not** links. Board reports shall not contact any functions that automatically change values and therefore could automatically change the content of the report (example: =now()). The filename shall indicate the end of the reporting period. The format for filenames shall be "year-month-date Board Financial Report.xls". Example of a board report filename: "2014-01-31 Board Financial Report.xls".

Board reports shall be emailed by the Financial Secretary to board members and officers as soon as reasonably possible each month after verifying entries against the monthly bank statement. This will include months that the board does not meet. The emailing to board members shall be in Excel format. The reports will be posted by the association webmaster on the association website in pdf format.

Section 10. Annual Board Financial Report. The annual financial report shall be in the same format as board financial reports except that the reporting period shall be January 1 thru December 31. It shall be presented to the board at the January board meeting immediately following the annual reporting period.

Section 11. Copies of Reports. All financial reports shall be available on the association website. Copies may be obtained from the Treasurer. A nominal fee of \$0.10 per page plus postage and handling shall be assessed.

Section 12. Record Retention. Copies of this policy shall be maintained as described in *Creation, Approval and Amendment of Board Policies*.

Section 13. Publication and Notification. Notification and availability of this board policy shall be done in accordance with *Creation, Approval and Amendment of Board Policies*

Appendix 1. Sample Financial Report

Parkwood Estates Homeowners Association Finance Report							
		for the period					
		January 1, 2014	to		January 25, 2014		
Beginning Period	Checking	\$5,005.47					Note:
	Savings	\$5,095.94					
Ending Period	Checking	\$22,592.97	CALCULATED VALUES				
	Savings	\$5,096.24					
	Total Checking and Savings	\$27,689.21					
Revenues minus Expenses Now Thru Year End		(\$4,453.16)					
Projected Year End Balance		\$23,236.05					

Projected Revenues and Expenses versus Budget						
Description/Comments		Budgeted	YTD Ledger Totals	Projected Revenues and Expenses Thru Year End	Projected End of Year	
Revenues	2014 Dues	\$24,248.00	\$26,974.50	\$0.00	\$26,974.50	
	Past Year Dues	\$1,000.00	\$399.12	\$0.00	\$399.12	
Expenses	Berm Maintenance	\$500.00	\$0.00	\$0.00	\$0.00	
	Christmas Lighting Contest	\$100.00	\$100.00	\$0.00	\$100.00	
	Curb Appeal Contest	\$105.00	\$210.00	\$0.00	\$210.00	
	Easter Egg Hunt	\$500.00	\$138.77	\$0.00	\$138.77	
	Grass Cutting	\$6,000.00	\$10,500.00	\$0.00	\$10,500.00	
	Insurance	\$864.00	\$824.00	\$40.00	\$864.00	
	Lawn Fertilizer	\$2,400.00	\$0.00	\$0.00	\$0.00	
	Lawn Mower Purchase	\$0.00	\$0.00	\$0.00	\$0.00	
	Lien Filing Fees	\$1,020.00	\$15.00	\$100.00	\$115.00	
	Mailings	\$400.00	\$226.32	\$173.68	\$400.00	
	Misc Income	\$100.00	\$6,981.36	\$0.00	\$6,981.36	
	Newsletters	\$700.00	\$690.33	\$139.48	\$829.81	
	Picnic	\$1,200.00	\$0.00	\$0.00	\$0.00	
	Snow Plowing	\$3,000.00	\$3,000.00	\$3,000.00	\$6,000.00	
Undesignated Expenses	\$3,000.00	\$275.50	\$1,000.00	\$1,275.50		
Total Revenues		\$25,248.00	\$27,373.62	\$0.00	\$27,373.62	
Total Expenses		\$19,889.00	\$22,961.28	\$4,453.16	\$27,414.44	
Projected Over / (Under) Budget					\$40.82	

Entry #	Date	Budget Category	Details and Comments	Checking Revenue (Expense)	Savings Revenue (Expense)	Verification		Account Balances		
						Bill or Receipt(s) in Archive	Board Approved Without Receipt	Bank Statement in Archive	Checking	Savings
1		Beginning Balances							\$5,005.47	\$5,095.94
2	1/4/2014	Undesignated Expenses	PO Box	(\$166.20)		X			\$4,839.27	\$5,095.94
3	1/11/2014	2014 Dues		\$13,340.00		X			\$18,179.27	\$5,095.94
4	1/13/2014	Undesignated Expenses	PO Box Key	(\$18.00)		X			\$18,161.27	\$5,095.94
5	1/13/2014	2014 Dues		\$5.52		X			\$18,166.79	\$5,095.94
6	1/14/2014	2014 Dues		\$3,681.52		X			\$21,848.31	\$5,095.94
7	1/14/2014	2014 Dues		\$373.52		X			\$22,221.83	\$5,095.94
8	1/15/2014	Snow Plowing	Dec Jan	(\$1,500.00)		X			\$20,721.83	\$5,095.94
9	1/21/2014	2014 Dues		\$1,656.00		X			\$22,377.83	\$5,095.94
10	1/22/2014	2014 Dues		\$215.14					\$22,592.97	\$5,095.94
11	1/25/2014	Misc Income	Interest Income		\$0.40				\$22,592.97	\$5,096.34
12	1/25/2014	Misc Income	Interest Income fed withholding		(\$0.10)				\$22,592.97	\$5,096.24