

Village of Fountainview Condo Association

POLICY for FINANCE

1.1 Purpose

Finance and Fiduciary Responsibility are the major components of management for the Association's Council, every home owner, resident, manager and vendor dealing with the community. All financial records should follow Generally Accepted Accounting Principles (GAAP) in all financial statements and reports. GAAP methods provide assurance that, when properly followed, make income statements and balance sheets more accurate.

This policy is designed to direct the Association and Managers with proper guidelines to provide all properties with the correct information that is needed to ensure fiduciary responsibility within the Association.

1.2 Roles and Duties

The Condo Association

- Establish separate checking and reserve accounts in the community's name to which the council should have direct access to these accounts. All accounts should be managed using conservative investment policies. Note that FDIC only insures deposits up to \$250,000 in each financial institution. Reinvest as necessary to be sure all funds are protected. Sound risk management policies should always be in place.
- Negotiate insurance coverage to include all real property, personal property, general liability, directors' and officers' liability, fidelity coverage and umbrella liability.
- Collect all assessments when due with a sound procedure for collecting delinquent accounts. The manager, if one is hired will assist in this process.
- Use informed decision-making principles in selecting vendors and managers.

The Condo Association

- Provide due diligence to protect against waste, fraud and corruption.
- Attend to all maintenance issues immediately to make the community attractive and protect real estate values.
- Update reserve studies at least every five years to be more accurate in projecting future maintenance expenses.
- Provide homeowners with annual detailed summaries of budget and reserve information.

The Treasurer

- Provide each owner with an annual financial (compilation, review or an audit) statement.
- Establish and maintain a policy regarding archiving the association's permanent financial records.
- Review monthly financial statements and reconcile bank accounts.

- Prepare the annual budget. Budget items should be assigned to the month during which the expenses are expected to be incurred rather than dividing total yearly expenses by 12 (for each month of the year). Compare the income statement with the budget on a monthly basis.
- Pay all federal, state and local taxes before their deadline.
- Keep a file of each unit with records of fees and maintenance work done for that particular unit.

The Manager or Management Company

- Keep financial records according to GAAP Principles.
- Provide monthly income statements and balance sheets to the Association including bank statements, sub ledgers of Accounts Receivable and Accounts Payable, and the bank statement with attached reconciliation.
- Collect all dues and fees
- Assist the Association council in other matters as needed.

The Owners and/or Residents:

- Pay all dues and assessments in a timely manner.
- Obey the rules and regulations of the association.
- Pay fees immediately when charged.

1.3 References

Wiley, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
 Declaration of Covenants and Restrictions
 By-Laws

Definitions and Acronyms

None

1.4 Attachments

None

1.5 Inquiries

Questions regarding this procedure should be directed to the Condo Association.