



Income Receipts and Expense Disbursements Procedure

WHEREAS, Article VI of the Bylaws of the Quail Hollow-East Homeowners Association grants power to the Board of Directors to conduct Association business, Section 17 of the Covenants, Conditions and Restrictions grants the authority to make rules governing the Home Association.

LET IT BE RESOLVED THAT these procedures shall be followed:

1. Definitions

- a. The *Association Accounts Manager* (aka Bookkeeper) - the party who maintains the Association records of members' and vendors' accounts using software approved by the Board of Directors.
- b. *Disbursements* - payments in the form of checks or electronic transfers made from the Association bank account to vendors for services rendered in compliance with contractual agreements, utilities provided or for reimbursement of expenditures on behalf of the Association.
- c. *Reimbursement Requests and Receipts* - written documents showing the amount expended, to whom paid and the purpose of the expenditure.
- d. *Processing of Monetary Receipts* - the entry of the amount received to the proper account in the approved software, stamping the endorsement on any checks received, and preparation of the Association deposit.

2. Responsibilities of the *Accounts Manager* to be defined in the contract between the *Accounts Manager* and the Association will include the following:

- a. Maintain the records of the Association using software approved by the Board of Directors
- b. Maintain the source documentation of the Association records for the period prescribed by Federal and/or State law whichever is longer.
- c. Provide information to the Treasurer sufficient to allow the Treasurer to prepare the Treasurer Report for all meetings.
- d. Prepare a monthly balance sheet, income/expense statement and comparison of income/expense to budget statement.
 - i. The balance sheet will be prepared on accrual basis
 - ii. The income/expense and comparison of income/expense to budget statement will be prepared both on accrual and cash basis
- e. Prepare cash flow report to be used in preparation of the monthly newsletter.
- f. Provide a complete backup of all Association records to the Treasurer on a monthly basis.
- g. Reconcile bank accounts upon receipt of the monthly bank statement
 - i. A copy of the bank statement will be made for the Treasurer
 - ii. The current month records backup will be submitted to the Treasurer
 - iii. The Treasurer will review the reconciliation for any errors
- h. Prepare an annual estimated budget report for the following year before the current year last meeting of the Board of Directors to be held in November
 - i. Contained within the estimated budget report are the following:
 - (1) Current year estimated income/expense compared to budget statement
 - (2) Current year cash flow statement

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- (3) Proposed budget for the next year including the recommended reserve account funding
 - (4) Proposed dues assessment for the following year
 - ii. The intent of this meeting to review the current year status of the Association and comply with the Bylaws requirement regarding 30 day notice of any change in the dues assessment.
 - iii. Notice of any change in the dues assessment to be placed in the December Newsletter with the first month of any changed amount due January 1 of the following year.
 - i. Prepare an annual balance sheet, income/expense statement and comparison of income/expense to budget statement at the close of the year.
 - i. These statements must be posted on the Association website no later than January 31 of the following year.
 - ii. The balance sheet will be prepared on accrual basis
 - iii. The income/expense and comparison of income/expense to budget will be prepared on both the accrual and cash basis
 - iv. Prepare other reports as required by the Board of Directors to be posted on the website as required by the Board of Directors in the format prescribed by the Board of Directors
 - j. Prepare the Association tax returns, applicable Form 1099 Misc & Form 1096 federal report by the tax filing deadline each year
 - k. Perform other duties as required by the Association Board of Directors
3. Procedure for handling Monetary Receipts of the Association
 - a. *Process* in the Association records as defined above all dues assessments received at least once per month.
 - b. The *Accounts Manager* will note any postmark between the 25th and the end of the month and make adjustments to any applied interest or late fee.
 - c. Prepare monthly billing statements for members as required
 - i. All member billing statements will contain all account activity from the last billing statement thru the 25th of each month.
 - ii. Any interest or late fee will be shown on the billing statement as well as any other charges such as backflow device testing or collection charges or credits such as reversal of interest/late fee due to postmark date or waiver by the Board of Directors.
 - iii. Stuff, stamp and mail or email statements as required.
4. Procedure for handling Disbursements of the Association
 - a. The *Accounts Manager* and anyone related to or in the household of the *Accounts Manager* will not be a signer on the Association bank accounts.
 - b. Electronic transfer will be made only as follows:
 - i. To pay the Association City of Tigard Water billing
 - ii. To transfer funds from the Association Operating bank account to either the Association Money Market or the Association Reserves bank account
 - c. Checks will be issued:
 - i. Only by the *Accounts Manager*;
 - ii. And only with supporting documentation such as *Reimbursement Request Receipt* as defined above, request for documents from a government agency, a billing invoice or contractual agreement;
 - d. All checks must be signed by two members of the Board of Directors properly designated on the bank account records
 - i. Supporting documentation of payments other than contractual requirements must be provided to the Board of Directors for review when signing the check.
 - ii. Contractual requirements will be available to the Board of Directors upon request.

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- iii. A cash flow report of Operating activities will be included on the monthly newsletter.
 - iv. The report period will be the 26th of the prior month thru the 25th of the current month (i.e. March 1st Newsletter period - 26th of January thru 25th of February) and will include:
 - (1) The beginning balance of the Operating account.
 - (2) The income received during the month.
 - (3) Itemized expenses paid during the month with any remaining balance due.
 - (4) Transfers from the Operating account to either the Reserves account or Money Market account with resulting balances included.
 - (5) The ending balance of the Operating account.
 - (6) The amount of prepaid assessments.
 - v. Balances of all Association accounts will be the balance maintained in the Association accounting software as of the 25th of each month.
5. Association Reports
- a. The Association Reports will be available on the Association website.
 - b. The Annual Balance Sheet Report will be formatted on Accrual Basis.
 - c. The Annual Income/Expense Report will be formatted to show both the accrual and cash basis
 - d. The Annual Comparison of Income/Expense to Budget will be formatted to show both the accrual and cash basis
 - e. The Monthly Cash Flow Report will show the cash flow for the Operating Account activity
 - f. The Annual Cash Flow Report will show activity for all Association Accounts.

Recorded in the Book of Minutes:

April 22, 2013

Date: _____

President, Board of Directors
Quail Hollow-East Homeowners Association