

PELICAN POINT GOLF COMMUNITY HOMEOWNERS ASSOCIATION,  
INC.

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## Financial Policies & Procedures Handbook

The policy and procedural guidelines contained in this handbook are designed to:

1. Protect the assets of the 'Pelican Point Golf Community Homeowners Association, Inc.', which will be referred to in this document as the "PPHOA";
2. Ensure the maintenance of accurate records of the PPHOA financial activities;
3. Adhere to the prescribed PPHOA Restrictions and Bylaws;
4. Provide a framework of financial operating standards and behavioral expectations; and,
5. Ensure compliance with federal, state, and local legal and reporting requirements.

The President of the PPHOA has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. Exceptions to written policies may only be made with the prior approval of the PPHOA Board of Directors. Changes or amendments to these policies may be approved by the Board of Directors at any time. A complete review of the policies shall be conducted every two years by the Finance Committee.

Every Director and member of the Finance Committee is expected to be familiar with and operate within the parameters of these policies and guidelines.

ADOPTED BY 'PELICAN POINT GOLF COMMUNITY HOMEOWNERS ASSOCIATION, INC.' BOARD  
OF DIRECTORS

March 2017

## **FINANCIAL POWERS AND DUTIES**

### **Board of Directors**

The Board of Directors has the authority to execute any policies it deems to be in the best interest of the organization within the parameters of the organization's articles of incorporation, restrictions, bylaws, or federal, state, and local law.

The Board has the authority to increase or decrease dues by a majority vote of the Board of Directors and assess late fees and levy special assessments pursuant to the by-laws.

Designated members of the Board of Directors have the authority to sign all checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the PPHOA.

### **President**

The President shall have all of the powers and duties which are usually vested in the office of president of a corporation. Some specific financial duties include seeing that orders and resolutions of the Board are carried out and signing all leases, mortgages, deeds and other written instruments.

### **Treasurer**

The Treasurer shall arrange for the receipt and deposit in appropriate bank accounts all monies of the PPHOA and shall disburse such funds as directed by resolution of the Board of Directors; shall ascertain that proper books of account are maintained; shall cause a PPHOA Financial Policies & Procedures compliance review by a public accountant not less than biennially; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and provide a copy of each to the members.

### **The Finance Committee**

PURPOSE: The Finance Committee is commissioned by and reports to the Board of Directors. The committee is responsible for advising the board and other PPHOA committees on financial matters that pertain to the organization and operation of the PPHOA.

RESPONSIBILITIES: The committee will advise the board as to preparing an annual budget and statement of income and expenditures, keeping financial records, investing HOA funds, collecting assessments and delinquencies, reserving funds for future needs, arranging for filing of income tax returns, and the need for an audit of the books.

## **Committee Chairmen**

The Committee Chairmen have the authority to approve expenditures within the budget guidelines up to \$500 or anyone expense. Any other expenditures require board approval.

- Committee Chairmen shall provide receipts for all expenditures and account for any and all income collected for their respective committee to the bookkeeper on a monthly basis. Any net proceeds shall be remitted to the bookkeeper at this time and a committee report of expenditures and net proceeds will be forwarded to Board members.
- In order to expedite purchases, committee chairpersons may request that the PPHOA Board establish a business account with a specific vendor. These accounts will name an individual, preferably the committee chairman, who may charge items to the PPHOA as long as the expenditure is within committee budget limits.
- All receipts must be attached to a PPHOA Expense Form, be signed by the committee chairman, and have the designated line item name indicated on the form. The Expense Form and receipts must be submitted to the bookkeeper for reimbursement.

## **INDEMNITY POLICY**

- The PPHOA shall purchase and maintain insurance on behalf of any person who is or was serving at the request of the PPHOA, as a Director, Officer, Employee, Agent, Staff Volunteer or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such.
- No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their negligence or misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by the PPHOA acting on the advice of counsel.

## **INVESTMENT POLICY**

- The investment objectives of the PPHOA, in order of importance, shall be the safety of principal, liquidity, and a competitive rate of return.
- General Investment Guidelines  
The PPHOA Board of Directors shall have primary responsibility for the development and administration of the investment policy and for establishing any specific guidelines as to the mix and quality and time horizon of the investment account(s). The board may be guided by the recommendations from the Finance Committee and banking and investment professionals.

## **ACCOUNTING SYSTEM OVERVIEW**

- The PPHOA Board of Directors is primarily responsible for designing and maintaining the accounting system. They will work in conjunction with PPHOA employees, computer system experts, and other persons who are knowledgeable about such systems. Bookkeeping support may be provided by other staff as designated.

- The PPHOA will operate on a cash basis accounting system.
- The fiscal period for the organization shall be June 1 to May 31.

## OPERATIONS

### POLICIES ON DISBURSEMENTS AND ACCOUNTS PAYABLE

#### Procedure for Signing Checks

- All checks are written by the PPHOA/GHOA Main Street office bookkeeper every other Monday. Authorized PPHOA check signers are normally notified by the bookkeeper, by eMail, when there are checks to sign. Special "emergency" checks (such as for maintenance) can be requested by the Board at any time and signed ASAP, but, this practice is discouraged.
- All disbursements are made by check and are accompanied by substantiating documentation.
  - Bills such as utility invoices (Entergy, etc.) do not require a committee chairperson's signature prior to payment nor authorized PPHOA signatures for checks.
  - Invoices for contracted services (cleaning, lawn care, etc.) do not themselves require a signature, but, the checks for the invoices require two authorized PPHOA signatures. Any extra expenses to the contracted spending require two signatures on the invoice.
  - Checks are written to reimburse residents for expenses incurred during approved activities (Social, Maintenance, etc.). Receipts must be submitted along with a 'PPHOA Expense Form' ("Expense Report") with two signatures. The signatures on the Expense Report require two of the three following: 1) Requestor, 2) Committee Chair, and/or 3) PPHOA President. The check for the "Expense Report" must have two different signatures from the two on the Expense Report. The Expense Report can be found @ [www.pelicanpointgchoa.org](http://www.pelicanpointgchoa.org).
- The bookkeeper stamps all invoices with the date received, the date the check is paid, and the check number.
- No checks may be written to "cash" or "bearer".
- Blank checks may never be signed in advance.
- All voided checks must be defaced and retained either on the check stub or with canceled checks.
- The Social Committee is required to submit an Expense Report for all purchases on these accounts, before checks can be written to cover these accounts. The same Expense Report/check signing rules apply as above.
- A best practice is for all three or more of the PPHOA authorized check signers to communicate lack of availability for check signing (vacations, etc.) to the remaining authorized check Signers.
- All invoices from unfamiliar or unusual vendors must be reviewed by the President for approval.

## **POLICIES ON RECEIPTS**

- No checks will be accepted that are made out to a board member. All checks should be payable to the PPHOA.
- The bookkeeper will be responsible for preparing a deposit slip before making daily deposits.
- The use of cash is discouraged whenever possible. If cash must be received by the bookkeeper, a receipt is issued to the person submitting the money.
- All checks and cash receipts received through the mail are restrictively endorsed immediately by the bookkeeper and recorded in the cash receipts register, listing the date received, payer, check number, and amount received.

## **BANK RECONCILIATIONS**

- On a monthly basis, the bookkeeper will reconcile the bank statement(s) and the Treasurer will review the bank statement(s) and notify the President of any discrepancies.
- The President will resolve any discrepancies with the assistance of the bookkeeper, and bank personnel if necessary. The President will report the resolution of the discrepancies to the Treasurer.

## **BILLINGS AND RECEIVABLES**

- All rates for dues and special assessments are established and approved by the Board of Directors.
- All billings for dues and special assessments are approved in advance by the Board President.
- **Procedure for Dues and Assessment Collection:**
  - Dues are due yearly, prior to June 1st, paid in full unless prorated for new residents. No discount will be given for paying dues other than yearly.
  - The bookkeeper prepares all billings and invoices on a timely basis. Dues notices are mailed in May, and at least two weeks prior to the due date, from PPHOA office. Assessment notices will state the amount due.
  - If dues/assessments are not received within fifteen (15) days of the due date, dues/assessments are considered to be delinquent. The member is notified, reminded of the delinquency, asked to make payment arrangements, and informed that a late fee of twenty five (\$25) dollars per month will be charged if not paid within thirty (30) days of the due date.
  - If the dues/assessments are not received within thirty (30) days of the due date, the PHOA President may instruct the HOA attorney to prepare a certified letter notifying the resident that a lien will be filed within seven days of the delivery of the letter. Copies of a sworn detailed statement of delinquent dues/assessments, late fees and invoices accompany the letter. If the full amount of the debt is paid, no further action is taken. Failure to pay or make arrangements to pay the debt within the 30 days may also result in legal action being brought against the resident for the full amount of the debt, as well as legal interest, attorney fees and the cost of court filings. There is also an opportunity to dispute the amount claimed due within 30 days.

## BUDGETS

- An annual operating budget is prepared by the Finance Committee and recommended to the Board of Directors who approves the budget. The budget may include reserve funds.
- The budget is reviewed mid-year (Nov) and may be adjusted as deemed necessary by the Finance Committee with recommendations sent to the Board of Directors.
- A Chart of Accounts is available and used to code receipts and disbursements to the proper accounts.
- At the Annual meeting, a budget for the next fiscal year plus a recommendation as to the annual assessment needed is reported.
- Referenced explanations for all budget variances of 10% or more must be contained in the budget reports.

## FINANCIAL REPORTING

- Monthly financial reports, by the treasurer, are provided to the Board of Directors within 30 days of the close of the reporting period. The reports may also be made available to the homeowners.
  - The **Balance Sheet** shall include current assets as well as current liabilities and equity.
  - The **Budget and Income Statement** shall include a comparison of the actual income and expenses for the fiscal year-to date (YTD), the current budget, the amount that budget item is over or under budget, and the total actual for the previous fiscal year.
- At the Annual Meeting, a report of receipts and expenditures for the past fiscal year and current fiscal YTD is given.
- At least every two years the PPHOA's Treasurer shall cause a Financial Policies & Procedures review by a public accountant. Copies of the report will be furnished to the homeowners and any mortgagee requesting the same.
- On a monthly basis, an "Aging Report" on all outstanding dues/assessments, will be reviewed by the Treasurer or designee.

## TAXES

- The PPHOA will file state and federal taxes each year by the specified dates.
- No later than May 30 each year, the PPHOA President will cause a tax professional, versed in common interest realty association taxes, to be engaged to file the PPHOA taxes and 1099 forms, if applicable. The bookkeeper will provide the appropriate paperwork for the tax preparer.
- The bookkeeper will notify the President and the Treasurer, or his/her designee, when the taxes have been completed. The Treasurer, or his/her designee, will review the taxes for accuracy and the President will sign the forms before payments are made by the bookkeeper.
- The date for filing federal 1120H taxes is midnight on August 15<sup>th</sup> each year. The LA state taxes are due September 15<sup>th</sup>. Several weeks prior to the deadline dates, the Treasurer, in conjunction with the tax professional, will ascertain the proper procedures required to ensure the timely filing of returns and the transmission of funds.

## SAFEGUARDING ASSETS

- The Board of Directors shall provide fiscal oversight in the safeguarding of the assets of the organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.
- The Board President shall have primary responsibility for ensuring that proper financial management procedures are maintained and that the policies of the Board are carried out.
- At least two board members signatures are required to make withdrawals and transfers from any account. Withdrawals and transfers from reserve accounts require board approval.
- **Procedure for Selection and resolution of signatories:** Immediately following the annual meeting, at least three board members shall be selected to sign all checks or other orders for the payment of money. The board shall formalize the names by resolution at their next regular board meeting. Board members selected shall promptly complete the appropriate forms at the bank.
- Customarily, the PPHOA's federal tax identification (FTI) number is available to the President, Vice President, and Treasurer in order for them to verify existing accounts and open new accounts. The number will not be disseminated to the general membership.
- Moving of funds requires two signatures and may not be done by telephone.
- The person who approves expenditures should not be the person writing the checks.

- Pre-numbered checks should be used and the sequences accounted for monthly.
- Bank statements of both the operating and reserve accounts will be promptly reconciled on a monthly basis.
- Actual income and expenditures will be compared to the budget on a monthly basis.
- Non-standard journal entries are discussed with the tax professional to ensure proper accounting treatment.
- All PPHOA monies should be placed in government-insured accounts or similarly protected investments. Accounts will not exceed the amount insured. All excess cash will be kept in an interest bearing account.
- No credit cards or petty cash funds will be issued for use by PPHOA members.
- A proper filing system will be maintained for all financial records.
- Appropriate insurance for all assets will be maintained.

### **RESERVE FUNDS**

- Periodically a reserve study will be conducted, if applicable.
- Any reserve funds within the checking and/or savings account will be accounted for separately as restricted Reserve account.

### **INVENTORY**

- Inventory records will be maintained on all fixed assets. Inventory records will contain a description, serial numbers, date of purchase or receipt, valuation, and date of valuation.
- Documents regarding all securities and fixed assets will be kept in a locked fire-proof file.

### **BUSINESS RECORD RETENTION SCHEDULE**

- All permanent records will be stored in a fire-proof file in the Main Street office.
- Unnecessary files or files exceeding the filing storage schedule date (see below) will be shredded.



<b>File Name</b>	<b>Current File</b>	<b>Storage</b>	<b>Location</b>
Annual Reports	2 years	Permanently	Main Street
Articles of Incorporation	Permanently		Main Street
Architectural Control Approvals	1 year	Permanently	Main Street
Assessment Information	1 year	7 years	NA
Assessment Status	1 year	7 years	NA
Audits/Compilation Reports	1 year	7 years	Main Street
Budget	1 year	Permanently	Main Street
Bylaws	Permanently		Main Street
Cancelled Checks and Bank Statements	1 year	7 years	Main Street
Certificates of Insurance	1 year	Permanently	Main Street
Committee Reports	1 year	3 years	Main Street
Contracts	1 year	7 years	Main Street
Correspondence: General Matters	1 year	3 years	Main Street
Correspondence: Legal and Contract	1 year	Permanently	Main Street
Declarations and Covenants ( Restrictions)	Permanently		Main Street
Deeds/Conveyances	1 year	Permanently	Main Street
Lease	1 year	Permanently	Main Street
Monthly Financial Statements	1 year	7 years	Main Street
General Ledgers	1 year	Permanently	Quick Books
General Journals	1 year	Permanently	Quick Books
State and Federal Identification Numbers	Permanently		Main Street
Insurance Policies	1 year	7 years	Main Street
Settled Insurance Claims	1 year	7 years	Main Street
Investment Statements & Closed Passbooks	1 year	7 years	Main Street
Supply Invoices	1 year	7 years	Main Street
Unexpired Leases	7 years		Main Street
Open Legal Files	Until Closed		Main Street
Closed Legal Files	1 year	Permanently	Main Street
Management Notices	1 year	3 years	Main Street
Board Meeting Minutes	1 year	Permanently	Main Street
Newsletters	1 year	3 years	Main Street
Plat of Survey	Permanently		Main Street
Proposals	1 year	7 years	Main Street
Right of First Refusal Letters	1 year	Permanently	Main Street
Rules and Regulations	Permanently		Main Street
State & Federal Income Tax Returns	3 years	Permanently	Main Street
Expired Warranties	7 years		Main Street
CAI/"Board Secretary Roles & Responsibilities"			