

**THE GREENS HOMEOWNERS ASSOCIATION AT
PELICAN POINT, 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 Greens Homeowners Association at Pelican Point Inc.
2. Ensure the maintenance of accurate records of the Greens financial activities;
3. Adhere to the prescribed Greens 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 Greens Homeowners Association 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 Greens 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 THE GREENS HOMEOWNERS ASSOCIATION AT PELICAN POINT INC. BOARD OF DIRECTORS

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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 according to the by-laws and levy special assessments pursuant to Article XI. (By-laws Art VIII Section I: Powers (c) and (l))

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 Association pursuant to Article X Section 4 (2012 Amended Bylaws).

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. (2012 Amended Bylaws, Article IX, Section 8 (a))

Treasurer

The Treasurer shall arrange for the receipt and deposit in appropriate bank accounts all monies of the Association 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 GHOA 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. (2012 Amended Bylaws, Article IX, Section 8 (d))

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 Greens' committees on financial matters that pertain to the organization and operation of the Greens at Pelican Point.

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. (Finance Committee Charter 2010)

Committee Chairmen

- The Committee Chairmen have the authority to approve expenditures within the budget guidelines up to \$500 or any one 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 Greens 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 Greens as long as the expenditure is within committee budget limits.
- All receipts must be attached to a Greens 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 Greens shall purchase and maintain insurance on behalf of any person who is or was serving at the request of the Greens, 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 Greens acting on the advice of counsel.

INVESTMENT POLICY

- The investment objectives of the Greens, in order of importance, shall be the safety of principal, liquidity, and a competitive rate of return.
- General Investment Guidelines
The Greens 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 Greens Board of Directors is primarily responsible for designing and maintaining the accounting system. They will work in conjunction with Pelican Point Homeowners Association, computer system experts, and other persons who are knowledgeable about such systems. Bookkeeping support may be provided by other staff as designated.
- The Association will operate on a cash basis accounting system. (2012 Amended Bylaws, Article XV, Section 1 (c))
- The fiscal period for the organization shall be January 1 to December 31. (2012 Amended Bylaws, Article XV, Section 1 (a))

OPERATIONS

POLICIES ON DISBURSEMENTS/ACCOUNTS PAYABLE

Procedure for Signing Checks

- *All checks are written by the PPHOA/GHOA Main Street office bookkeeper every other Monday. Currently checks can be signed on Monday's and Wednesday's. Authorized GHOA check signers are normally notified by the bookkeeper, by e-mail, 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.*
 - *Routine bills such as utility invoices (Entergy, etc.) do not require a committee chairperson's signature prior to payment nor authorized GHOA signatures for the checks.*
 - *Checks written to pay invoices for contracted services (cleaning, lawn care, etc.) do not themselves require a signature, but the checks for the invoices require two authorized GHOA 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 'Greens 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) GHOA 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.thegreenshoa.org under "Other Greens Forms".*
- 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 has three purchase account cards (not credit cards): Boussard's (paper goods and utensils), LeBlanc's (food), Ralph's (food). 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 four of the GHOA 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 Greens Homeowners Association.

- 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, payor, 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 monthly, prior to the first of the month, but, may be paid quarterly, prior to the first day of the quarter, or yearly, prior to the first day of the year. No discount will be given for paying dues early, quarterly, or yearly.**
 - **The bookkeeper prepares all billings and invoices on a timely basis. Dues notices are mailed quarterly from the PPHOA office at least two weeks prior to the due date that is the first day of the month. Assessment notices will state the due date.**
 - *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 Greens HOA 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. (See also LSA-RS: 1145 et. seq.)

- **Procedure for Paying Pelican Point HOA Dues:** *On the first day of each quarter (January 1, April 1, July 1, October 1), an invoice will be prepared by the Treasurer or his/her designee indicating the amount due to the PPHOA for all dues collected on their behalf. The PPHOA will be reimbursed only for dues collected not billed. This invoice will be sent to the bookkeeper for payment. At the same time, a bill must be sent to the PPHOA (through the bookkeeper) for the quarterly payment due to the Greens under the terms of the Memorandum of Understanding (MOU) with PPHOA.*
- **Procedure for Billing Lot Dues:** *Greens lot owners are billed annually (Jan. 1) for lot dues owed to the PPHOA. The bookkeeper, using a Greens letterhead invoice, bills the amount due for the entire year. When the amount is received by the Greens, it is recorded as paid and the full amount is calculated in the amount due the PPHOA according to the MOU with them. If no dues are received, no amount is sent to the PPHOA; if partially received, the partial amount is sent to the PPHOA when received.*

BUDGETS

- An annual operating budget is prepared by the Finance Committee and recommended to the Board of Directors who approves the budget. The budget includes reserve funds.
- The budget is reviewed mid-year (June) 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 calendar year plus a recommendation as to the annual assessment needed is reported. (2012 Amended Bylaws, Article IV, Section 1 (c))
- Referenced explanations for all budget variances of 10% or more must be contained in the budget reports.

FINANCIAL REPORTING

- Monthly financial reports, including committee reports of expenditures and net proceeds, 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 current year-to date (YTD), the current budget, the amount that budget item is over or under budget, and the total actual for the previous year.
- At the Annual Meeting, a report of receipts and expenditures for the past calendar year and current year-to-date is given. (2012 Amended Bylaws, Article IV, Section 1 (a))
- At least every two years the GHOA's Treasurer shall cause a Financial policies and procedures compliance review by a public accountant. Copies of the report will be furnished to the homeowners and any mortgagee requesting the same. (2012 Amended Bylaws, Article XV, Section 3)
- On a monthly basis, an "Aging Report" on all outstanding dues/assessments, will be reviewed by the Treasurer or designee.

TAXES

- The Greens will file state and federal taxes each year by the specified dates.
- No later than Dec. 30 each year, the Greens President will cause a tax professional, versed in common interest realty association taxes, to be engaged to file the Greens taxes and 1099 form(s), 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 March 15th each year. The LA taxes are due April 15th. 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 Association's federal tax identification (FTI) number is available to the President, Vice President, and Treasurer in order for them 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.
- The check signer(s) must not be the person who writes checks or who does the bookkeeping.
- 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 association funds 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 Greens 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.
- All reserve funds within the checking account will be accounted for separately as restricted, retained earnings.

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 Community Center office or at Main Street.
- Unnecessary files or files exceeding the filing storage schedule date will be shredded.

File Name	Current File	Storage	Location
Annual Reports	2 years	Permanently	CC Office
Articles of Incorporation	Permanently		Main Street
Architectural Control Approvals	1 year	Permanently	CC Office
Assessment Information	1 year	7 years	NA
Assessment Status	1 year	7 years	NA
Audits/Compilation Reports	1 year	7 years	CC Office
Budget	1 year	Permanently	CC Office
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	CC Office
Contracts	1 year	7 years	CC Office
Correspondence: General Matters	1 year	3 years	CC Office
Correspondence: Legal and Contract	1 year	Permanently	CC Office
Declarations and Covenants (Restrictions)	Permanently		Main Street
Deeds/Conveyances	1 year	Permanently	Main Street
Lease	1 year	Permanently	CC Office

Monthly Financial Statements	1 year	7 years	CC Office
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	CC Office
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		CC Office
Closed Legal Files	1 year	Permanently	CC Office
Management Notices	1 year	3 years	CC Office
Board Meeting Minutes	1 year	Permanently	CC Office
Newsletters	1 year	3 years	CC Office
Plat of Survey	Permanently		CC Office
Proposals	1 year	7 years	CC Office
Right of First Refusal Letters	1 year	Permanently	CC Office
Rules and Regulations	Permanently		CC Office
State & Federal Income Tax Returns	3 years	Permanently	Main Street
Expired Warranties	7 years		CC Office
CAI/"Board Secretary Roles & Responsibilities"			

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