

LVE Financial Controls - Final Version

Vision and Goals

Financial controls are policies and procedures developed by an organization to manage its financial resources and operate efficiently. These are essential to manage cash flow, budget, and the prevention of any fraud or theft. The goal of financial controls is to have clarity, transparency and accountability around how the Board makes decisions and spends the Association's resources. Good financial controls will allow us to track and oversee our financial activities to maintain and protect Lakeview Estates.

Proposed Policies

1. **Authority to authorize spending:** Any spending of Association money, with the exception of non-board, co-owner maintenance requests received through Kramer Triad (KTM), will be reviewed and approved at official board meetings with a quorum of members present.
 - a. Maintenance requests by non-board, co-owner received through KTM that are the responsibility of the Association may be authorized by KTM without Board notice if the anticipated repair is below \$1,000
 - b. If the anticipated repair is greater than \$1,000, it must be reviewed and approved by the Board
 - c. Emergency maintenance requests (where additional harm and damage may result from delaying the request) greater than \$1,000 may be authorized by the management company and must be disclosed and reviewed at the next Board meeting. If the cost will exceed \$5,000, all Board members shall be notified and an emergency vote called. If Board members are not available, the management company will proceed using their best judgment.
 - d. To be above reproach, all non-emergency Board member maintenance requests will be reviewed at a Board meeting. Emergency requests shall follow the same procedure as "C" above
 - e. Recurring operating expenses (such as water, utilities, insurance, taxes, etc) shall be reviewed regularly
 - f. Recurring contracts such as trash and recycling, lawn and snow, pool, insurance and management fees etc shall be reviewed and re-approved annually or on their scheduled renewal timeline
 - g. All spending authorization shall be included in the official Board meeting minutes
2. **Contracts and projects:** All contracts and projects must be reviewed and approved at official Board meetings with a quorum of members present.
 - a. At least 3 bids will be procured on all contracts over \$5,000
 - b. Contract overages must be reviewed and approved by the Board
 - c. Any expansions to contracts must be approved by the Board
 - d. All contractors shall be paid by KTM, no payments shall be made by Board members
 - e. Any contracts over \$25,000 must be approved at an official Board meeting with all Board members present
 - f. To ensure the proper work has been done before payment, any contract payments over \$10,000 must be reviewed and approved for payment by the Board

3. **Other Financial Commitments and Obligations:** Any other financial commitments or arrangements including loans, credit cards, lines of credit or any other arrangement with a financial institution of any sort must be reviewed and approved at official board meetings with all members present.
 - a. Any communications or requests of financial institutions shall be initiated by the Treasurer and reviewed by the President or another Board member

4. **Personal Spending and Reimbursement:** When appropriate and expedient, the Board may authorize Board members or co-owners to purchase goods or services on behalf of Lakeview Estates. These authorizations shall be reviewed and approved at official board meetings with a quorum of members present.
 - a. Receipts for these purchases must be submitted to the Treasurer for review. Once approved, KTM shall issue a check for reimbursement

5. **Cash and Credit Cards**
 - a. All bank statements shall be reviewed by KTM, Treasurer and other Board members as possible
 - b. No Board member or co-owner shall be granted access to the Associations Bank Accounts, Checks, Cash or Accounts
 - c. The LVE Credit Card will be housed with the president and all uses must be authorized and pre-approved by the Board. Any credit card purchases must be verified with receipts by the Treasurer
 - d. These authorizations shall be reviewed and approved at official board meetings with a quorum of members present.

6. **Conflicts of Interest:** Any board member who stands to gain financially (either directly or indirectly) from a decision made by the Board must disclose this fact.
 - a. The Board member should then recuse him/herself from board discussions and may not vote on approving the decision.
 - b. Any decisions made where a Board member does benefit shall be recorded in the meeting minutes.

7. **Budgets and Review of Financial Statements:** Financial reports and statements will be provided by KTM and reviewed by the Treasurer.
 - a. The Treasurer shall make a report to the Board after each report
 - b. An annual budget shall be set and approved at official board meetings with all members present
 - c. Annual budgets and the prior years actual results compared to last year's budget shall be sent via mail and email and sent to Co-owners within 2 months of year end (December 31st)
 - d. Budget Changes: If the Association will miss it's annually budgeted reserves by more than 25% all co-owners shall be notified and a informational meeting held