

## **Procedure**

### **Treasury Procedures for 2020-21 Fiscal Year**

**Responsible: Finance & Administration Committee**

*Adopted: 19Dec2020*

*Amended April 2021 by 5-day community review*

#### **Accounting, Bookkeeping, Financial Reporting**

American Management Services (AMS) is contracted to provide bill paying, bookkeeping, financial reporting services for the 2021 fiscal year. All invoices to be paid and income from home owner and commercial space lease fees are handled by AMS. Approval authority for invoices to be paid remains with PDX Commons; AMS has \$0 (zero) authority to pay on its own except for its contracted monthly fee. The only additional services in the contract are incidental photocopy, postage, processing fees associated with the contracted service, Federal 1099 tax forms, and State regulatory filings. F&A Committee will designate the primary PDX Commons contact person to liaise with AMS.

#### **Bank and Investment Accounts**

- The **HOA Operating Account** is managed through AMS with Alliance Bank--the AMS-preferred banking partner. The account is in PDX Commons' name, but it is controlled by AMS. The account is funded by monthly home owner assessments and commercial space lease payments. Invoices that draw funds are approved by designated F&A members (see below) and paid by AMS. This is a checking account that earns no interest.
- The **HOA Operating Reserve Account** is deposited with First Republic Bank and managed by the F&A Committee of the Association. It is an interest-earning checking account, with option to invest in federally-insured CDs.
- The **HOA Capital Reserve Account** assets may remain as cash in an interest-bearing money market savings account or invested in federally-insured CDs or Treasury Bills according to the approved Capital Reserve Assets Investment House Agreement. The Account is mandated by State law, its balance and contributions informed by the Schwindt Reserve Study annual review, and is currently managed through Fidelity Investments by the Investments Work Group of F&A. The Work Group has discretion to propose other banks or financial institutions.
- The **HOA Special Project Account**, the remaining balance in the former FF&E Account or the Build Out Fund, is deposited in a separate account with Fidelity Investments. These funds can be accessed through a proposal from a sponsoring Committee to the Committee of the Whole.

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- Transfers from the HOA Operating Reserve Account to the Operating account are intended to be short term if needed to cover cash flow shortages. Transfers require approval of two members of F &A Committee.
- PDX Commons fund balances will not exceed the federally insured \$250,000 limit at any one bank or financial institution, unless a bank/institution has a product to transfer funds to partner banks to ensure compliance (Fidelity Investments and First Republic both have this safeguard product). This will be monitored by the Financial Oversight Work Group of F&A Committee.

### **Signing and Payment-Approving Authorities**

At the first F&A Meeting after the Annual Membership Meeting, the F&A Committee will appoint “designated signers” for the following:

- Invoice Approval and Payment through AMS’ billpaying system (4 persons)
- Implementation of investment decisions (at least 2 persons)
- Bank Account(s) signature authorizations and inter-account transfers (at least 4 persons across all accounts, which must include the Treasurer of HOA)
- HOA Contracts (2 of 4 officers) (Including Chairperson (Bylaws 5.8))
- Liaisons to AMS (2), to Schwindt (2), to ABI/insurance broker (2).

The names of “authorized signers” and their authority will be reported to the HOA membership at the subsequent CoW.

**Contracts:** refer to Vendor Contracting House Agreement.

### **Budgeting**

- PDX Commons’ fiscal year begins July 1.
- Each year F&A Committee will prepare and propose to the CoW an annual Operating Budget and a Capital Reserve Budget for the upcoming year.
- Capital Reserve Budget. The Capital Reserve Account is principally for accumulating funds for future capital replacements. The amount of the annual contribution is recommended by Schwindt (CPA) after a reserve study review and adopted by the CoW during the budget process. Consideration of other methods to determine funding the Capital Reserve may be undertaken.
- When a budget year, once completed, provides an excess of cash (cash income > cash expenses) as documented by the year's Financial Review, the excess is committed as a source of income for the next budget year.
- Annual Operating Budget and Capital Reserve Budget will be approved by the CoW no later than June 30.

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### **Financial Reporting**

Finance & Administration Committee will review financial statements monthly to monitor the budget and AMS's handling of the Association's business. Reviews should include:

- Balance Sheet
- Statement of Revenues & Expenses
- Budget to Actual: Comparison of revenues & expenses
- Bank reconciliation and the bank statements
- General ledger report
- Accounts Payables (A/P) aging report
- Accounts Receivable(A/R) aging report

Monthly financial reports will be posted on the Portal for any resident to view.

The F&A Committee will review the monthly financial statements at the CoW monthly meetings. Monthly reports may be more summary in nature than comprehensive quarterly and year-end reports.

*Revised Annually, Edition adopted 19Dec2020*

Attachment: Assigned Treasury Authorities & Responsibilities, Dec 2020

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**F&A Assignments for Specific Treasury Authorities/Responsibilities  
December 2020 until revised**

Bank & Investment Accounts

**Alliance Association Bank: Operating Accounts**

Transaction authority resides with AMS, our financial-services-only treasury partner

View-only Authority into accounts: Tom Snell & Karen J

Invoice input: Tom Snell & Karen J

Invoice review and approval to pay (online through TMG Payables): any two of each pairing of Hinda & Joanne and Fran & Jo F

**First Republic Bank: Operating Reserve Account**

Transaction Authority/Authority to draw funds: Treasurer & Joanne F

Authority to direct investment: Mike Lassner, Steve Fisher, Tom Bard, Tom Needham

**Fidelity Investments: Capital Reserve Account & Special Projects Account**

Authority to draw funds: Treasurer and Association Chair

Authority to invest funds: Mike Lassner, Steve Fisher, Tom Bard, Tom Needham

Authority to view-only: Cathy

Contract signing for Association business & maintenance

Any two officers not in the same household

Liaisons to commercial space lessee: Tom N and Tom S

Liaison(s) to major service providers & vendors

**AMS:** treasury services

Primary Contact: Cathy

Back up Contact: Sarabelle

**Schwindt for Year End Financial Review and Tax Filings**

Primary contract: Cathy

Back Up: Tom S

**Schwindt for Reserve Study**

Primary Contact: Cathy

Back Up: Tom S

**Vial Fotheringham, law firm**

Primary: Clair

Back Up: Karen J

**ABI, insurance broker for Association coverages**

Primary Contact: Hinda

Back Up Contact: Sarabelle