

VEPOA POLICY & PROCEDURES RESOLUTION

It is the policy of the Board of Directors of VEPOA to conduct its business affairs in a professional and transparent manner.

The Board will use as guidelines the recommendations of the Community Associations of the Institute of Research Foundation regarding the best practices in financial operations.

In this regard the Board adopted the following practices which will be adhered to:

Banking

- Maintain the association's funds, including the (1) Checking Account used as an operating fund to disburse funds; (2) Reserve Account used as escrow account for major purchases; and (3) Savings Account used for unplanned expenditures, or emergencies. The Reserve and Savings accounts will be in separate interest-bearing accounts in the association's name and ensure the board has direct access to the accounts.
- Maintain a minimum Checking Account (operating fund) balance of approximately two months expenses.
- Reconcile the association's bank statement and investments monthly with the statements going directly to the board member reviewing them. The board member, typically the Vice President charged with reviewing bank statements should not be responsible for payment of bills and/ or signing checks.
- The use of credit cards is permitted to facilitate running the Association in an efficient manner. Credit Card use will have the following requirements: (1) the card will only be utilized by a Committee Chairman for purchases of material and services to fulfill the responsibilities of their committee; (2) the monthly statement is sent directly to the VEPOA Treasurer; (3) the account is reconciled monthly by the Treasurer when utilized; (4) the card is a no-fee card; (5) the available credit is limited to a reasonable amount; and (6) the card will not be utilized for personal use.
- The practice of using a debit card is permitted to purchase small items as needed for the Association. Debit card use will have the following requirements: (1) the card will only be utilized by the VEPOA Vice President, Treasurer or a Committee Chairman for specific purchases of small material items to fulfill their responsibilities to the Association, no services will be purchased; (2) the monthly statement is sent directly to the VEPOA Treasurer; (3) the account is reconciled monthly by the Treasurer; (4) the card is a no-fee card; (5) the available debit limit is \$500; and (6) the card will not be utilized for personal use.
- Online Banking should be utilized to take advantage of the efficiencies and cost savings it provides. As with all transactions, an electronic and paper copy of all transactions will be maintained as part of record keeping for any future reviews, reconciliation, or audits.
- Online Bill Payment – the treasurer is authorized to pay recurring periodic bills, such as utilities (electric, telephone), grounds-related services on an annual contract (mowing, snow removal, tree care), and pool services, etc., using electronic banking transactions rather than a check. At no time will a single payment greater than \$2,000 be made by online bill pay. Again, both an electronic and paper copy of the transaction will be maintained by the VEPOA Treasurer. As with check writing, the checks and balances for this process are two-fold: (1) limit its use to the

areas previously described; and (2) with the monthly reconciliation that is done independently by the Treasurer and VEPOA Vice President.

- When a check is necessary for payment, a single signature by the VEPOA Treasurer, VP, or President is permitted for (1) all periodic (i.e. monthly or annual) payments (i.e. utilities) less than \$2,000, (2) for any Board-approved contracted services, and (3) for any non-periodic (i.e. one time) invoice/ bill less than \$200. At no time is the signature on a check allowed to be the same as the recipient of the check in the case of reimbursement. Two signatures will be required for any periodic payment greater than \$2,000 or for any non-periodic payment greater than \$200 when not previously approved by the Board. The checks and balances for this process are two-fold: (1) limit its use to the areas and limits previously described; and (2) with the monthly reconciliation that is done independently by the Treasurer and VEPOA Vice President.
- The practice of using store credit (i.e. Capps Home Improvement and Moneta Farms Supply) is permitted to facilitate running the Association in an efficient manner. Store credit will have the following requirements: (1) the use will only be authorized by the Grounds, Pool or Roads Committee Chairman for specific purchases of material to fulfill responsibilities of the committee, no services will be purchased; (2) the monthly statement is sent directly to the VEPOA Treasurer; (3) the account is reconciled monthly by the Treasurer with the appropriate Committee Chairman; (4) the credit is limited to a reasonable amount; and (5) the credit will not be utilized for personal use.
- Board approval is required to transfer funds between the Checking, Reserve, and Savings accounts.
- Reserve and Savings accounts will be sound and conservative and approved by the Board of Directors.

Planning

- Prepare a Board of Directors approved budget for the upcoming fiscal year.
- Prepare a Board of Directors approved anticipated budget covering the next 3 to 5 years.

Disclosure

- Provide VEPOA members with reasonably detailed summaries of budget and reserve information on an annual basis, with further information readily available upon request. This summary should be emailed to members annually.
- Provide VEPOA members with a listing of all members of the Board of Directors, Officers, Committee Chairpersons and committee members.
- Publish findings of any audits conducted.

Policies & Practices

- Keep minutes of all Board meetings conducted paying close attention to all fiscal matters.
- Require verbal or written approval of committee chairperson prior to payment of vendor.
- Require Executive board Approval for expenditure of funds not budgeted over a certain amount.

- Reimbursement of out-of-pocket expenses will be accomplished by submission of properly approved documentation to the Treasurer as follows:
 1. Chairpersons will approve reimbursements to members of their respective committees.
 2. The President will approve all reimbursements to Chairpersons, the Treasurer, the Secretary, and the Vice President.
 3. The Vice President will approve all reimbursements to the President.
 4. In the absence of any Chairperson, the President can approve vendor invoices and requests for reimbursement.
 5. Expenses for travel in conducting the affairs of VEPOA are reimbursable with the appropriate approval. No lodging or meal expenses are allowed.

Collection Policy

- Maintain a board approved collection policy for enforcing owner assessment obligations:
 1. Annual assessment invoices will be mailed at the beginning of the year and are due on February 1st.
 2. Past Due Notices will be mailed out on March 1st.
 3. Late fee and interest charges assessed for unpaid bills and invoices are mailed out April 1st.
 4. Additional interest charges and 30-day notice of further action including possible Credit Collection Agency, referral to attorney for legal action, and filing a Circuit Court lien on the property are mailed out May 1st.
 5. In the event of long-term indebtedness to the Association where the filing of liens has not been useful in settling the debt, the Association may choose to file a Warrant in Debt (i.e., seek a judgement) from the General District Court in Bedford. Such a warrant will become a part of the debtor's credit file, which generally motivates debtors to settle the matter quickly to have the judgement discharged.
 6. Property will be sold at auction on the Bedford County Courthouse steps to recover owed assessments and costs if necessary.

Record Keeping

- Establish and maintain a policy regarding archiving the association's permanent financial records.
- If a computer is used for financial record keeping, back up all data on a separate disk every third time, at a minimum, when new information is entered.