

Naples Reserve Homeowners Association, Inc.
Working Capital Allocation and Usage Policy
8/25/22

Purpose:

This document describes the allocation of new money, and distribution of existing money, to and from the Working Capital account.

1. All working capital contributions from homeowners will be deposited to the Working Capital account.
2. The Board of Directors, during the budget approval process, will develop a list of potential Capital Improvements, and associated dollars, to be funded from the Working Capital account.
3. Actual implementation and funding, from the Working Capital account, must be approved by the Board of Directors, after considering Operating Cash, budget performance, any non-budgeted expenditures and input from the community.
4. The minimum threshold, in total Working Capital and Operating Cash funds, will be the equivalent of two months of total budgeted expenses for the then current budget year. That amount will serve as a contingency reserve for unforeseen expenses and emergencies. This threshold was suggested by our external Tax Counsel and by KWPMC, as best practice. No Capital Improvements, utilizing Working Capital money, will occur below this threshold.
5. Capital Improvements less than \$25,000 will not be funded from the Working Capital account; they will be budgeted as part of our annual operating budget.
6. Approved Working Capital expenditures, and the updated Working Capital balance, will be communicated in the monthly Treasurer's Report.
7. Items included in the Reserve Study, will not be funded from the Working Capital account.

Transition

1. As of June 2022, any Working Capital money, collected in 2022 year to date, has been transferred to the WC account.
2. Any WC money, collected from the Developer, will be deposited in the WC account.