

# Fanno Creek Townhomes Owner's Association

PO Box 23892  
Tigard, OR 97281

## Income Receipts and Expense Disbursement Procedure

Because the Association's economic well-being relies on the timely collection of assessments and other allowable charges from Owners and disbursements to vendors, it is the Board's duty to use its best efforts to collect funds owed to the Association and make timely disbursements.

**WHEREAS**, Article V of the Restated and Amended Declaration of Covenants, Conditions and Restrictions herein after referred to as "CC&Rs" grants the authority to levy assessments against Owners and Article III of the Amended Bylaws of the Fanno Creek Townhomes Owner's Association hereinafter referred to as "Bylaws" grants power to the Board of Directors to conduct Association business and to levy assessments against Owners;

LET IT BE RESOLVED THAT these procedures will be followed:

1. Definitions
  - a. *Disbursements* - payments in the form of checks or electronic transfers made from the Association bank account to vendors for services rendered in compliance with contractual agreements, utilities provided or for reimbursement of expenditures on behalf of the Association.
  - b. *Reimbursement Requests and Receipts* - written documents showing the amount expended, to whom paid and the purpose of the expenditure with a copy of the actual receipt showing payment made.
  - c. *Processing of Monetary Receipts* - the entry of the amount received to the proper account in the approved software, stamping the endorsement on any checks received, and preparation of the Association deposit.
  - d. *Due Date* - the Due date as defined in Article V of the CC&Rs is the first day of the month for the period covered and Article VII of the Bylaws allows a thirty (30) day grace period.
  - e. *Accrual Basis* - A method of accounting that reflects expenses incurred and income earned but not necessarily paid or received.
  - f. *Cash Basis* - A method of accounting that reflects expenses paid and income received.
  - g. *Interest* - Article V of the CC&Rs sets the rate as twelve percent (12%) per annum.
  - h. *Late Fee* - Article V of the CC&Rs sets the rate as five percent (5%) of the unpaid balance.
2. Responsibilities of the Treasurer will include the following:
  - a. Maintain the records of the Association using software approved by the Board of Directors
  - b. Maintain the source documentation of the Association records for the period prescribed by Federal and/or State law whichever is longer.
  - c. Reconcile bank accounts upon receipt of the monthly bank statement
  - d. Prepare the Treasurer Report for all meetings.
    - i. Prepare a report of the financial status of the Association as of the date of the meeting.
    - ii. Prepare a balance sheet, income/expense statement and comparison of expense to budget statement.
      - (1) The balance sheet will be prepared on *Accrual Basis*.
      - (2) The income/expense statement will be prepared both on *Accrual Basis and Cash Basis*.
      - (3) The comparison of expense to budget statement will be prepared on *Cash Basis*.
  - e. Prepare an annual estimated budget report for the following year before the current year last meeting of the Board of Directors to be held no later than October

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- i. Contained within the estimated budget report are the following:
  - (1) Current year estimated income/expense compared to budget statement.
  - (2) Current year cash flow statement with estimates of expenses for the balance of the year.
  - (3) Proposed budget for the next year including the recommended reserve account funding.
  - (4) Proposed dues assessment for the following year.
- ii. The Board will review the current year status of the Association and the dues assessment for the following year.
- iii. Notice of any change in the dues assessments will be submitted to members 60 days before the change, the first month of any changed amount will be due January 1 of the following year.
- f. Prepare the Annual Reports at the end of the year
  - i. These Reports must be posted on the Association website no later than January 31 of the following year.
  - ii. Balance sheet - to be prepared on *Accrual Basis*.
  - iii. Income/Expense - to be prepared on both *Accrual Basis and Cash Basis*.
  - iv. Comparison of expense to budget to be prepared on *Cash Basis*.
  - v. Prepare other reports as required by the Board of Directors to be posted on the website as required by the Board of Directors in the format prescribed by the Board of Directors.
- g. Prepare the Association tax returns (i.e. 1120H), applicable Form 1099 Misc & Form 1096 federal report by the tax filing deadline each year.
- h. Perform other duties as required by the Association Board of Directors.
3. Procedure for handling Monetary Receipts of the Association.
  - a. *Process* in the Association records as defined above all dues assessments received at least once per month.
  - b. The Treasurer will note any postmark between the 25<sup>th</sup> and the end of the month and make adjustments to any applied interest or late fee.
  - c. Prepare billing statements for members for the period established by the Board of Directors as required
    - i. The period established by the Board of Directors will be Quarterly and the method of submission to the members will be by email.
    - ii. All member billing statements will contain all account activity from the last billing statement thru the 25<sup>th</sup> of the month ending the new billing statement.
    - iii. Any applied interest or late fee will be shown on the billing statement as well as any other charges such as collection charges as well as payments received and/or credits such as reversal of interest/late fee due to postmark date or waiver by the Board of Directors.
    - iv. Interest will be applied to any balance due in excess of thirty (30) days after the due date.
    - v. A Late fee will be applied to any balance due in excess of thirty (30) days after the due date.
    - vi. The statements will be submitted to the Members in the manner required by the Board of Directors.
4. Procedure for handling Disbursements of the Association
  - a. Electronic transfer will be made only as follows:
    - i. To transfer funds from the Association Operating bank account to either the Association Savings Account or the Association Reserves bank account

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- b. Checks will be issued:
  - i. Only by the Treasurer;
  - ii. Supporting documentation such as a *Reimbursement Request and Receipt* as defined above, request from a government agency, a billing invoice or contractual agreement is required;
- c. All checks must be signed by members of the Board of Directors properly designated on the bank account records.
  - i. Supporting documentation of payments other than contractual requirements must be provided to the Board of Directors for review when signing the check.
  - ii. Contractual requirements will be available to the Board of Directors upon request.

Recorded in the Book of Minutes:    Adopted July 28, 2019

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President, Board of Directors  
Fanno Creek Townhomes Owner's Association