

Kingstowne Residential Owners Corporation

ADMINISTRATIVE RESOLUTION NO. 5

FINANCIAL PROCEDURES FOR THE COMMUNITY ACTIVITIES COMMITTEE

Date: May 1, 1991
Revised: March 3, 1992

WHEREAS, Article III, Section 3(b) of the Declaration of Covenants, and Restrictions of the Kingstowne Residential Owners Corporation ("KROC") states that "the Board of Trustees shall have all powers for the conduct of the affairs of the Residential Corporation which are provided by law or the Founding Documents and which are not specifically reserved to Members of the Declarant in the Founding Documents;" and

WHEREAS, the Board of Trustees finds that it is prudent to establish specific procedures for the authorization, disbursement and accounting of Corporation funds allocated to the Community Activities Committee ("CAC") for activities approved by the Board, as well as any additional non-Corporation revenue generated by the CAC through the conduct of its activities, such that the Board of Trustees can fulfill its function as fiduciary on behalf of the Corporation members, and

WHEREAS, the Board of Trustees desires to establish procedures which provide for accountability with respect to Corporation funds, or funds otherwise generated through activities of the CAC, while, at the same time, providing sufficient flexibility to the Committee to plan and implement social, recreational and cultural activities on behalf of the Kingstowne Community.

NOW, THEREFORE, BE IT RESOLVED THAT: The Board of Trustees adopts the financial procedures detailed in this resolution.

I. AUTHORIZATION OF CORPORATION FUNDS FOR CAC

- A. On an annual basis, in conjunction with adoption of the Corporation's fiscal year budget, the Board shall approve a specific annual allocation of funds for social and recreational activities to be conducted by the CAC. Such allocation of funds shall be identified as a discrete expense line item in the Corporation's annual budget. Such allocation shall be based upon:
1. An annual activities plan and projected budget prepared by the CAC as part of the budget planning process;
 2. All annual funding recommendations submitted to the Board of Trustees by the Assets Management Committee ("AMC") shall have the joint concurrence of both the CAC and the AMC Chairs;

3. The Board's decision as to the Corporation's fiscal posture for the new fiscal year, taking into consideration all projected revenues and expenses and expenditure practices for the operation of the Corporation, maintenance of the Corporation's assets and delivery of services to the Members.
- B. On a monthly, or per activity, basis during the fiscal year the CAC shall submit a request to the Management Agent to transfer Corporation funds for specific activities which were approved by the Board in conjunction with adoption of the Corporation's fiscal year budget. The Board may request a detailed plan and budget for each activity.
- C. All Corporation funds transferred to the CAC shall be placed in a bank account maintained by the Assistant Community Manager. This account shall be used for the disbursement of all funds obtained by the CAC. A minimum balance of \$2,000 of Corporation funds will be maintained in the account.

II. REVENUE

- A. All revenue generated by the CAC in addition to funds transferred from the Corporation, shall be maintained in the CAC's bank account and shall be deposited by the Assistant Community Manager as soon as possible following the receipt of such revenue.
- B. All revenue, unspent program money, and interest earned, above \$2,000, (less any bank service charges) in the Committee's bank account shall be transferred to the Corporation on a monthly, or per revenue producing activity, basis for deposit in the Corporation's operating account. Such revenue shall be credited as Corporate income in the Corporation's financial records and monthly financial statements. A discrete income line item account shall be established and identified in the Corporation's annual budget for the purpose of accounting for CAC revenue.

III. EXPENDITURE OF FUNDS

- A. All disbursements of funds for Committee activities shall be made from the CAC's bank account.
- B. All checks drawn upon the CAC's bank account shall be signed by two signatories. One signatory shall be the Assistant Community Manager and the second counter-signature shall be the Corporation's on-site Community Manager. In the absence of either signatory the CAC Treasurer is authorized to serve as the appropriate

signatory. All checks for the reimbursement of expenses incurred by CAC members shall be supported by receipts or other accurate evidence of the expenditure(s) for which reimbursement is requested. In order to provide flexibility for the CAC, checks in an amount not to exceed \$50.00 may be issued to CAC members for the purchase of incidental items in advance of the expenditure of the funds. The Corporation's on-site Community Manager shall have sole discretion to approve such a request and countersign a check in advance of the actual expenditure of funds.

- C. The Chair of the CAC is authorized to approve exigency funding not to exceed \$150.00 over the approved budgeted amount for any such planned activity. Exigencies exceeding \$150.00 must be approved by the Board of Trustees.

IV. ACCOUNTING PROCEDURES

- A. The Assistant Community Manager shall prepare a detailed monthly financial report that itemizes all income received by the CAC during the month, all expenditures and the balance in the CAC's bank account. Such report shall be prepared in time for inclusion in the monthly Board package and the report is subject to review by the CAC's Secretary/Treasurer.
- B. The Assistant Community Manager shall provide Management and the CAC Chair a reconciled bank statement in addition to the CAC's monthly financial statement. The reconciled balance shall be accrued as an asset in the Corporation's financial statement, using a discrete budget line item identified for such purpose.

[Approved by the Board of Trustees on May 7, 1991.]
[Revised March 3, 1992.]

file name = finance

KINGSTOWNE RESIDENTIAL OWNERS CORPORATION

RESOLUTIONS ACTION RECORD

Resolution type Administrative No. 5

Pertaining to: Financial Procedures for the CAC

Duly adopted at a meeting of the Board of Trustees of the Kingstowne Residential Owners Corporation held on May 7, 1991.

Motion by: Nancy Sutton Seconded by: Stephen Fleischman

OFFICER	VOTE:			
	YES	NO	ABSTAIN	ABSENT
<u>Bruce Thompson</u> , President	<u>x</u>	<u> </u>	<u> </u>	<u> </u>
<u>Ed Naro</u> , Vice President	<u>x</u>	<u> </u>	<u> </u>	<u> </u>
<u>Steve Fleischman</u> , Secretary/ Treasurer	<u>x</u>	<u> </u>	<u> </u>	<u> </u>
<u>David Wilkinson</u> , Trustee	<u>x</u>	<u> </u>	<u> </u>	<u> </u>
<u>Les Ratner</u> , Trustee	<u>x</u>	<u> </u>	<u> </u>	<u> </u>
<u>Nancy Sutton</u> , Trustee	<u>x</u>	<u> </u>	<u> </u>	<u> </u>
<u>Mary Beth Nance</u> , Trustee	<u> </u>	<u>x</u>	<u> </u>	<u> </u>
<u>Evelyn Scalia</u> , Trustee	<u> </u>	<u> </u>	<u> </u>	<u>x</u>
<u>Vic Scalia</u> , Trustee	<u> </u>	<u> </u>	<u> </u>	<u>x</u>

ATTEST:

Secretary

Date

Resolution Effective: May 7, 1991

[PC File = ACTREC]