

**FIREFLY COVE FINANCIAL PROCEDURES  
2021**

**Article I  
Contracts**

- 1.1 Contracts for goods or services will be negotiated and executed by the President or another Board member at the President's direction.
- 1.2 Contracts over \$1000 require approval of at least two Board members.
- 1.3 Contracts over \$5000 require the Board of Directors approval.
- 1.4 Copies of all contracts will be kept on file by the Treasurer and the Bookkeeper.

**Article II  
Invoices and Receipts**

- 2.1 Invoices or receipts will be required for all goods and services provided to the Firefly Cove POA. This paperwork must include a clear description and cost of the product and/or service provided. Any Board member with involvement generating an invoice or receipt should include "OK to Pay" notation dated and signed.
- 2.2 All invoices or receipts must be delivered to the Bookkeeper for payment.

**Article III  
Payments**

- 3.1 A Board member will review all invoices or receipts with the Bookkeeper and consult as needed with other Board members for approval.
- 3.2 Check signing authority:
  - 3.2.1 Checks written up to \$1000 requires one Board member's signature.
  - 3.2.2 Checks written for over \$1000 requires two Board member's signature.
- 3.3 Check payments will be disbursed by the Bookkeeper.
- 3.4 A check disbursement log must be maintained for Monthly to Date and Yearly to Date reporting.

- 3.5 Any Invoice or receipt paperwork must be noted with traceability to a check number and Income Statement Line Item charged.

**Article IV  
Dues**

- 4.1 Quarterly dues remittances will be noted by a Board member with the Bookkeeper for recording. A log of property owner dues payment status will be maintained by the Bookkeeper and reported on a monthly basis as part of financial statements.
- 4.2 All payment of dues will be deposited into the POA checking account by a Board member or the Bookkeeper.
- 4.3 Delinquent dues payments will be handled as follows:
- 4.3.1 When property owner dues become 30 days past due, the Secretary will send an email reminding the property owner that the past due balance must be paid as soon as possible to prevent further action by the Board.
- 4.3.2 If property owner dues become 60 days past due, the Treasurer with assistance from Board will be responsible for determining an appropriate course of action. Phone calls, E-mails, letter indicating legal action are possible remedies.
- 4.3.3 Dues payments greater than 60 days in arrears will be assessed an interest penalty of 18% per annum. The penalty can be negotiated as part of a payment plan.

**Article V**  
**Financial Reporting**

- 5.1 Bookkeeper will issue monthly POA financial reports no later the 25<sup>th</sup> day following the close of the previous month.
- 5.2 Reports will include
  - 5.2.1 Monthly to Date and Yearly to Date Profit & Loss Statement. A year to date Profit & Loss Budget Performance Statement
  - 5.2.2 Month End Balance Sheet
  - 5.2.3 A copy of the Association's Bank Statement
  - 5.2.4 A monthly Account Receivable Aging Summary
  - 5.2.5 A monthly Deposit Detail
  - 5.2.6 A monthly Check Detail
- 5.3 Reports will be distributed to all Board members via email. Financial reports will be available to property owners if requested.

**Article VI  
Financial Planning**

- 6.1 The Treasurer, with assistance from Board and Finance Committee, will develop the annual operating and capital budgets. The Board will review and approve these documents prior to delivering the Budget to all POA members 60 days in advance of the Annual Property Owners Meeting. Purpose is to provide information for budget discussion and ratification during the Annual POA Meeting.
- 6.2 CPA firm will be selected to file tax returns and conduct audits as needed to verify accuracy of financial reporting.

**Article VII  
Essential General Maintenance/Repairs**

- 7.1 Any Board Member/Officer may order or request reimbursement for items or services which are reasonable and necessary to address the essential general maintenance/repairs of Firefly Cove.
- 7.2 If the total cost for the essential items or services is less than \$200;
  - 7.2.1 A Board member is not required to obtain Board approval.
  - 7.2.2 Reimbursement for items/supplies must be "at cost".
  - 7.2.3 Hourly rate for services performed is not to exceed \$20.00.
  - 7.2.4 Reimbursement for such items/services must be documented by an itemized receipt.
  - 7.2.5 Only itemized invoices, showing dates, times, hourly rate, description, etc. will be paid.

- 7.3 If the total cost for the essential items or services is greater than \$200;
  - 7.3.1 Approval must be received in advance from the President of the Association or at least two Board members.
  - 7.3.2 Approval should be documented via email or other writing and attached to all receipts or invoices.
  - 7.3.3 Reimbursement for items/supplies must be “at cost”.
  - 7.3.4 Hourly rate for services performed is not to exceed \$20.00.
  - 7.3.5 Reimbursement for such items/services must be documented by an itemized receipt.
  - 7.3.6 Only itemized invoices, showing dates, times, hourly rate, description, etc. will be paid.

**Article VIII**  
**Unbudgeted Spending**

- 8.1 For obligations/expenditures not included in the current year’s budget, the following procedures apply;
  - 8.1.1 If the obligation/expenditure is deemed an emergency (safety/health/security threat), a board member may act to obligate the POA to address the emergency but shall make a reasonable effort to contact all board members for input in an effort to best assess the threat and address the emergency.
  - 8.1.2 For non-emergency unbudgeted spending under \$500, the obligation/expenditure requires the approval of a minimum of 2 board members.
  - 8.1.3 For non-emergency unbudgeted spending \$500 or above, the obligation/expenditure requires board approval.
  - 8.1.4 Spending on all non-emergency unbudgeted obligations/expenditures may not exceed \$5,000 in any fiscal year without POA membership approval.
- 8.2 The President of the Association is exempt from 8.1.1 and 8.1.2.

**Article IX**  
**Improvement to Common Area/Amenity**

- 9.1 Any improvement to the common area/amenity that is greater than \$3,000 requires;
  - 9.1.1 A design/drawing of the improvement to the common area/amenity
  - 9.1.2 At least 2 written bids
  - 9.1.3 Approval of the POA membership

**Article X**  
**Reserve Account**

- 10.1 The Board shall maintain a Reserve Account with the minimum amount equal to the annual amount of Firefly Cove POA assessments or \$100,000 whichever is greater.
- 10.2 If there is not sufficient funds equal to the amount described in section 10.1, the Board shall deposit all of the annual boat slip fees and 50% of the year end cash balance into the Reserve Account until the Reserve Account is fully funded.
- 10.3 The Reserve Account shall not be reduced by more than 30% during a calendar year without the approval of the majority of the property owners.

**Article XI**

- 11.1 Any changes to this document must be approved by the majority of the Property Owners at the Annual Meeting or a majority of the Property Owners at a called Special Meeting.

Please note

These Procedures are self-imposed Procedures by the Board.  
These Procedures are not required by the Covenants or Bi-Laws of the Association.  
Every attempt will be made to follow these Procedures by the Board.  
However, there may be occasions that arise where the Board will need to act outside these Procedures and the Board has the authority to do so.