

**Eagles Nest Property Homeowners Association
Financial Rules Effective November 12, 2020
Amended March 11, 2021**

The ENPHA will conduct all business in accordance with the following:

1 . Budgetary Coverage (applies to all items in sections 2 through 5)

1.1 Budgets will be approved annually by the Board of Directors in December on a line item basis for all revenue and expense accounts and all changes to reserve and other balance sheet accounts. Line items will be defined by the Treasurer. All line items (revenue and expense accounts and all changes to reserve and other balance sheet accounts) will be assigned an Account Manager (Owner). The Owners will recommend the budgeted amounts.

1.2 The Owners will facilitate all actions for their respective line items, including ensuring that all expenditures have sufficient budget authorization before work is begun, proposing written contracts, obtaining Board approval for necessary expenditures where there is no written contract (see further details in 2 below), providing feedback to the Board as needed regarding contractor performance, and approving all invoices and expense reimbursement reports for payment,

1.3 Owners may delegate their authority to another Board member. The delegee may approve invoices for payment. The Owner, however, remains accountable for all spending actions related to his/her line item(s).

1.4 Adjustments to an approved budget expense line item may be made by the Board at any time.

1.5 Anticipated overruns to individual line items should be reported by the Owner to the Treasurer with offsetting savings in other of the Owner's line items identified. If there are no offsetting savings within the Owner's accounts, the overrun will be referred to the Board for approval or disapproval.

2 Authorization to Spend

2.1 The annual budget approved by the Board each December provides general authorization for Account Owners to enter into contracts and make expenditures within the budgeted amounts for specified line items.

3. Bids and Quotes. Any work performed for the ENPHA under one or more line items of an approved budget is to be undertaken only if the amount of the proposed project is less than the line item budget amount(s) and after the following is done:

3.1 For projects valued at \$1,000 but less than \$5,000 – at least one written quote from a supplier should be obtained,

3.2 For efforts/procurements valued at \$5,000 or more – at least two written quotes from suppliers should be obtained, except that multiple quotes will not be needed for: (a) work to be performed under a contract with an Approved Supplier (see 4 below); or (b) when the Board determines by resolution that multiple quotes are unnecessary, in which case the rationale for the single source shall be documented in the resolution

3.3 Any proposed project amount that exceeds the budget line item amount must be approved by the Board before bids/quotes are requested (see 1.5 above).

3.4 The scope of a contract or purchase is not to be subdivided into parts for the purpose of circumventing these bid/quote limits.

4. Approved Suppliers. The Board, by resolution, may identify from time to time particular suppliers of goods or services as Approved Suppliers for specific work. These suppliers, for the scope of work specified, may be retained with or without the need for competitive bids or quotes. To become an Approved Supplier that person or entity should possess particular knowledge of the ENPHA, its members, and/or its procedures and have a prior record of excellent performance.

5. Procedures for paying approved expenditures

5.1 All payments, regardless of amount, must be approved by the Owner or delegee before being submitted for payment. The invoices must be originals; no payments will be made based on statements or copies. Owner approval must be in writing. Approved invoices and expense reports may be submitted directly to ENPHA's bookkeeper or to the Treasurer. For electronically generated invoices, e-mail approval with the invoice forwarded to the ENPHA bookkeeper is sufficient; provided however, the Account Owner is responsible for assuring the invoice is forwarded only once.

5.2 All invoices will be paid within 30 days of receipt unless more favorable terms are offered.

5.3 Payments will be made by check with the following exceptions:

5.3.1 The Board may authorize a petty cash fund to be maintained by the Treasurer for expenditures of \$50 or less if warranted by the frequency of such expenditures.

5.3.2 Payments to information technology vendors who do not accept payment by check, such as Google and GoDaddy, may be made by debit card which shall remain in the custody of the Treasurer.

5.4 All Board members will be authorized to sign ENPHA and DRC checks after notification to the bank, although the Treasurer is the primary signer. In addition, any co-chair of the DRC who is not also an ENPHA board member may sign DRC checks, but not ENPHA checks. Only the ENPHA bookkeeper, who maintains secure custody of all check stock, is authorized to write checks. Under no circumstances is the bookkeeper authorized to sign checks.

5.5 Checks over ~~\$2,500~~ \$5,000 must be signed by two board members.

6. The Design Review Committee. A separate set of books and separate bank accounts are maintained for the DRC with the annual DRC budget approved by the ENPHA board. Approval of DRC invoices and expense reports is limited to the DRC co-chairs except that the president or treasurer of ENPHA may approve the expense reports of the co-chairs. In addition to the DRC co-chairs, all ENPHA board members are authorized to sign checks drawn on the DRC bank accounts with proper approval. All DRC expenditures are subject to the procedures outlined in 1-5 above.

7. Emergencies

The Board realizes that situations occur when they are least likely expected. In the event a situation arises that is not anticipated, appropriate Board members cannot be contacted, and allowing the situation to continue unchecked will only aggravate the situation (perhaps at significant additional cost) it is expected that individual Board members can take action and commit to expend funds to remedy the situation. Generally this should be a stop-gap measure with a minimal expenditure of funds. Any actions taken under this paragraph are to be reported to the Owner as well as the Board as soon as possible thereafter.

8. Revenue, Reserve and Balance Sheet accounts

8.1 Revenue accounts. The Treasurer will be the Account Owner for all of the revenue accounts of the general organization and the DRC Co-chairs will be the Account Owners for all DRC revenue accounts.

8.2 Reserve Accounts. A reserve study will be conducted every five years to assure adequate reserves are in place to cover deferred maintenance and required capital expenditures as well as safeguard against legal actions, insurance deductible requirements and operating shortfalls. A budget for the reserve account is approved by the Board annually in December of each year. The Treasurer is the Account Owner of the reserve accounts for both the general organization and the DRC.

8.3 Balance Sheet Accounts. The Treasurer is the Account Owner of the balance sheet accounts. Cash balances are managed for safety, liquidity and yield. Investments are limited to money market accounts and certificates of deposits.