

ASSOCIATION OF EDGEWATER LANDING OWNERS, INC.

HOA ACTIVITIES FUND

POLICIES AND PROCEDURES

Policy: The following controls have been established to standardize what and how monies are received and expended from the HOA Activities Fund. It is a temporary repository for monies earned and expended by HOA committees and activities. This fund operates under the direction of the Board of Directors, Treasurer and Assistant Treasurer.

Processing: Monies earned and received by all HOA committees and activities must be turned over to the Assistant Treasurer on a regular basis for processing. Expenses for all committees and activities will be submitted to the Assistant Treasurer for processing. A signed purchase receipt or invoice is required for processing and/or reimbursement. All income and expense receipts must be submitted by the Assistant Treasurer to the Property Management Company (TJW) on a monthly basis for processing. The Income Statement and Balance Sheet of this fund will be produced monthly by TJW.

Performs the following Functions:

1. Temporary repository for monies received and expended by Edgewater Landing committees and activities.
2. Provides backup funds for Entertainment event managers, should their event income fail to cover expenses, and to pay advance monies required by vendors being hired.
3. Provides a source of money for 'desired' purchases not found in the annual budget.
4. Provides a means of tracking HOA committee and activities 'annual income' for income tax liability determination.
5. Track and pay appropriate state sales tax on event admissions sales.
6. Track monies received and expended from Bingo activity.

Typical Income Sources may include but are not limited to:

1. Ad sales in the Community Directory.
2. Fees for activities provided or attended by outside community participants.
3. Profits from events sponsored by the Entertainment Committee.
4. Community breakfasts.
5. Lease Review administrative fees.
6. Fees for renting the Multi-Purpose Room.
7. Aluminum can recycling.
8. Donations from committees, clubs and activities.
9. Selling Edgewater Landing vehicle license plates and common area visitor bracelets, and deposit for leased back gate remotes.

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Typical expense Sources may include but are not limited to:

1. Printing the Community Directory and related expenses.
2. Restocking kitchen supplies.
3. Purchasing Edgewater Landing vehicle license plates, back gate remotes and windshield decals.
4. Purchasing common area visitor bracelets.
5. Purchasing seasonal decorations for the Clubhouse and common areas.
6. Purchasing Clubhouse standing decorations (table bouquets/flower arrangements).
7. Entertainment event advances and shortfalls.
8. Refunds from renting the Multi-Purpose room.
9. Purchase of stationery supplies for committees (e.g., Ambassadors and Welcome).

Procedures:

1. The Bingo account must be self sufficient and cannot be touched except for the Bingo operation. This account must be accurately controlled for possible inspection.
2. A balance of not less than \$1,500 will be carried in HOA Activities Fund to offset Entertainment event advances and shortfalls.
3. Approvals for spending from this fund shall be in accordance with the HOA Activities Fund Spending Authorization List (Attachment 1).
4. Purchase receipts or invoices are typically approved and signed by Committee Chairperson, Club President or Board member. The Assistant Treasurer will verify approvals for other signers when necessary. Purchase approvals may be forwarded to the Assistant Treasurer by phone but must be documented in writing for reimbursement and prior to forwarding to TJW for processing. All purchase approvals are subject to limit based on the fund balance.
5. Purchase requests initially denied by a member of the Board of Directors may not be approved by another member but must be approved by a majority of the Board of Directors.
6. Sales tax shall be collected on all HOA function admission tickets. Sales tax exemption on the caterer's cost shall be used at entertainment events where admission tickets are sold that include the cost of the meal.
7. Income tax liability, if any, for any Fund balance at the end of the tax year will be paid from the Fund.
8. Income and expenses generated by individual committees and activities will be identified in the monthly Edgewater HOA Income Statement and Balance Statement.
9. The balance in this fund should not exceed \$50,000. The Board of Directors should consider carrying over any greater amount as excess income.
10. Monies in this fund will not be used to offset shortfalls in the annual operating budget.

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HOA Activities Fund Spending Authorization List – Attachment 1

All purchases are subject to limit based on the fund balance. Board of Directors approval is required to add or remove authorizations from this list.

1. The Entertainment Committee:
 - a. May spend up to \$1,000 per event, prior to ticket sales.
 - b. With concurrence of one (1) member of the Board of Directors, may spend up to \$1,500 per event, prior to ticket sales.
2. The Ambassadors Committee may spend up to \$500 per year.
3. The Kitchen Committee may spend up to \$1,000 per year.
4. The Library Committee may spend up to \$250 per year.
5. The Education Committee may spend up to \$500 per year.
6. The Welcome Committee may spend up to \$250 per year.
7. The Pelican's Pouch Committee may spend up to \$250 per year, not including printing costs.

HOA Activities Fund expenditures up to \$100 per instance, other than as listed above, requires approval of one member of the Board of Directors. Approval of the full Board of Directors is required for any greater expenditure.