

Herons Glen Homeowners Association, Inc.

Financial Policies

Finance Committee

The Finance Committee shall advise and recommend to the Treasurer and the Board of Directors all matters pertaining to Association finances including, but not limited to: the placing of insurance, the filing of tax returns, the payment of taxes, the preparation of the annual operating, capital, deferred maintenance, and other reserve budgets for approval by the Board of Directors, preparation of current reports for the Board of Directors and the Association's financial conditions and the issuance to Members of a condensed quarterly operating statement.

HOA Accounting Policy

The Herons Glen Homeowners' Association (HOA) maintains its books on an accrual basis of accounting. The HOA accounts for operating results in accordance with *Generally Accepted Accounting Principles*, using fund accounting to classify resources. The HOA uses the principles of fund accounting to report on the capital reserve, deferred maintenance reserve, and uninsured loss reserve accounts. Disbursement from these accounts may only be made for designated purposes. Financial results are reported on a calendar month basis and the fiscal year ends September 30th.

Annual member assessments are due quarterly. If assessments exceed the related expenditures for the fiscal year, the excess may be deferred and used to reduce assessments in the subsequent year. If additional funds are needed, the HOA may increase regular assessments, require special assessments, or delay expenditures until funds are available.

Billing and Collection Policies

A. Policy on Assessments

It is the policy of the HOA that all bills for operations, capital, deferred maintenance, and uninsured loss assessments are due when rendered and prompt payment is expected. Management will implement the following procedures for rendering, collecting, and handling payments:

1. Prior to October 1 of each year, a statement showing the quarterly assessments due will be mailed (or electronically transmitted, if available) to the Owner, or Owners of record ("Owners") of property located within the HOA and subject to such assessments. All assessments are set up as a separate account referenced to lot number and Lee County STRAP number.
 - a) If the automatic payment option is selected by the Owners, the amount of the quarterly assessment will be given. A notice including the amount of and the date of the debit will be provided prior to each quarterly payment assessments.
 - b) Electronic payment is the preferred method of payment for assessments.
2. Payment of the assessment is due not later than the first (1st) day of the month ("Due Date").
 - a) If payment of the assessment amount is not received by the fifteenth (15th) of the month ("Late Date"), an administrative late fee, in accordance with Florida statutes, in an amount not to exceed the greater of \$25 or 5 percent of the amount of each installment that is paid past the due date will be assessed
 - b) All assessments not paid by the Late Date shall accrue interest on the unpaid amounts at the highest annual percentage rate allowed, in accordance with Florida Statutes. Accrued

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interest, but not the Late Charge, may be waived if payment is received during the month of the Late Date.

- c) All assessments not paid within thirty (30) days of the Due Date will subject the Owner to the following additional sanctions:
 - i. Owner will be liable for all costs of collection of the assessment including late charges and accrued interest.
 - ii. Any assessment not paid within forty-five (45) days of Due Date will be considered past due and the Owner or Owners of record will have a lien placed against their property by the HOA.
 - d) All assessments not paid within ninety (90) days of the Due Date will subject the Parcel Owner to the suspension of bulk cable and internet services. All costs to disconnect cable services will be applied to the Parcel Owner User fee. When assessments and all association costs have been applied in accordance with 4 (a) and paid in full, Parcel Owner will be required to pay the cost to reconnect cable services before cable and internet services can be reactivated.
 - i. A 14-day notice will be sent to the Parcel Owner subject to bulk cable service and internet service suspension and the opportunity for a hearing before the Compliance Committee.
 - ii. If a hearing is not requested within 14 days of notice, the Parcel Owners cable and internet service will be suspended without further notice.
3. All automatic payment accounts will be debited based on the approved schedule, but not earlier than the 3rd of the month of the quarter as stated on the Electronic Funds Transfer (EFT) form.
 4. Payments received are applied to outstanding balances in the following order, in accordance with Florida statutes:
 - a) Any payment received by the HOA and accepted shall be applied first to any interest accrued, then to any administrative late fee, then to any costs and reasonable attorney's fees incurred in collection, and then to the delinquent assessment.
 5. Any payment returned for insufficient funds will be charged the maximum amount permitted by law.
 6. If any HOA assessments, fees, late charges, interest or penalties are outstanding after the property has been transferred to a new owner, Management, after discussions with the Treasurer and/or Finance Committee, may refer the matter to the HOA attorney for consideration of subsequent collection action, including the placement of liens on any other property owned by the prior delinquent owner.
 7. Management is authorized and directed to implement and effectuate this policy.
 8. The sanctions described above, will be imposed at the direction of the HOA Treasurer with advice of the HOA Finance Committee and legal counsel.
 9. An allowance for doubtful accounts will be maintained. The allowance will be, as a minimum, 50% of receivables with liens in place. Management will recommend adjustments to the account

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at the end of each quarter. The finance committee will review the adequacy of the account and make appropriate recommendations to the Board.

Finance Committee Review of Bids for Projects and Contracts

- A. The Finance Committee will review all *purchases, projects, contracts and services* of \$5000 or more and/or for services contracted for the duration of one year or more. The Committee will report findings and recommendations to the HOA Board of Directors.

It is understood that the HOA Board of Directors may act on a specific purchase, project, contract or service without the assistance of the Finance Committee.

1. Pre-qualifying of Bidders- A written request should be sent to bidders requesting references and other pertinent information as applicable including, but not limited to: financial stability, insurance coverage, operating licenses, staffing levels, length of time in business, and projects completed. This should be done two (2) months prior to the request for bid or as time constraints allow. To pre-qualify Bidders, Management or Consulting Firm will review the requested data to determine if bidder is qualified.
2. Specifications and Performance Criteria- Management, with assistance from a consultant, when appropriate, will prepare bid specifications required for each project to be undertaken. This is to be developed prior to the bidding process and provided with the request for bid to all bidders.
3. Request for Bid—Management or Consultant should submit the project specifications and pertinent criteria via either email or regular mail two (2) months prior to the expect start date, to at least three qualified bidders when available.
 - A Bidder may contact the Manager or Consultant, prior to submitting bid if they have questions about the bid specifications.
 - The contract for projects and services for a specified time frame is to be the same for all bidders.
 - Bids must be received no later than the date specified in the bid package.
4. Bid Opening—The Treasurer may determine if a Bid-Opening Subcommittee is necessary.
 - Management and/or consultant may contact a bidder to clarify any performance specifications.
 - A work sheet will be prepared by management and/or the Consultant, when appropriate, including, but not limited to, comparing all bids for compliance of the qualifications, contract specifications for the project and the total cost of the bid.
 - Management and/or Consultant will submit the worksheet and all of the bids to the Finance Committee with a recommendation as to the most qualified bidder to undertake the project for completion.
5. Bid and Contractor Recommendation to the HOA Board- After review, the Finance Committee will submit the worksheet and make a recommendation to the HOA Board.

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Investment Policy

Any investment of funds will only be made in financial institutions that are federally insured.

Payables Control Policy

- A. All invoices are to be sent directly to the accounting supervisor from the supplier. The HOA accounting staff will:
1. Require HOA management to certify that goods and services were received as ordered and the invoice is appropriate for payment. A copy of the receiving report (if applicable) will be attached to the certified invoice.
- B. Delegation of Authority for signing checks. The HOA Treasurer, the HOA President, and the supervisor of HOA accounting have signature authority. An additional HOA Director may be delegated signature authority. Dual check signatures are required for all checks.

Expenditures of Capital and Deferred Maintenance Funds

A. Definitions

- Capital expenses are individual items (useable package) that exceed \$750 and will add value for a minimum of one year.
- Deferred Maintenance is an item of periodic reoccurring expense that is required to repair and/or maintain HOA property.

B. Procedures

1. Capital Expenses

a) Approval

All capital items in excess of \$5,000 must be reviewed by the HOA Finance Committee for conformance to this policy and adequacy of funds. All capital fund commitments/expenditures shall be approved by the Board of Directors. The approval by the Board of Directors should indicate that capital funds are to be used.

b) Requests for Capital Expenditures

All capital requests greater than \$5,000 shall be accompanied with three quotations unless the supplier is a preferred supplier in which case the requestor must show data concerning competitive pricing and the reasons why this supplier was recommended.

c) Processing of Approved Capital Requests

All approved capital expenditures must be recorded in the HOA Board Meeting Minutes, a copy of which must be forwarded to the HOA supervisor of accounting.

d) Payment of Items to be Capitalized

Upon receipt of the item and an invoice, the HOA manager will certify that goods or services were received as ordered and the invoice is appropriate for payment. The HOA accounting staff will initiate payment of the invoice from the operating fund. The exact amount will be removed from the Capital reserve to reimburse the operating fund. If the Item is saleable it will be placed

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on the balance sheet. If the HOA cannot sell the item (for example-landscaping) the cost will be an expenditure of the replacement fund.

2. Deferred Maintenance expenses

a) Collection and Accounting

Deferred maintenance assessments collected from residents will be segregated into a separate cash account.

b) Approval

All deferred maintenance items costing more than \$5,000 will require board approval. The Board minutes should indicate that deferred maintenance funds are to be used. Any deferred maintenance item over \$5,000 requires review by the Finance Committee for conformance to this policy and adequacy of funds.

c) Requests for Deferred Maintenance Expenditures

All deferred maintenance items over \$5,000 require the same quotation process as required for capital Items.

This document replaces:

HOA Billing, Collection, and Financial Policies adopted at the April 20, 2005 HOA Board Meeting as Document 2005-11.

Payables Control Policy adopted at the April 20, 2005 HOA Board Meeting as Document 2005-12
Expenditures of Capital and Deferred Maintenance Funds adopted at the December 13, 2006 HOA Board Meeting as Document 2006-33.

Adopted at the April 2008 HOA Board Meeting as Document 2008-21

Amended at the January 14, 2009 Board Meeting

Amended at the April 14, 2010 Board Meeting

Amended at the January 12, 2011 Board Meeting

Amended at the June 15, 2011 Board Meeting

Amended at the February 13, 2013 Board Meeting