

## EXPENSE POLICY & PROCEDURE

Effective 06.14.2018

Amended February 13th 2020

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**WHEREAS**, Prescott Lakes Community Association (the “Association”) is governed by its Board of Directors (“Board”);

**WHEREAS**, Article III, Section C, Paragraph 3.16 of the Association’s Bylaws gives the Board “all the powers and duties necessary for the administration of the Association’s affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents, and as provided by law”; and

**WHEREAS**, Article III, Section C, Paragraph 3.16 of the Association’s Bylaws gives the Board authority in “paying the cost of all services rendered to the Association;” and

**WHEREAS**, the Board desires to delegate authority to the managing agent (“Manager”) to expend monies on the Associations behalf to facilitate efficient operation of the business of the Association as well as provide timely payment of legitimate Association obligations for the Master and Neighborhood annual operating expenses and reserve fund expenses; and

**WHEREAS**, the Board desires that suitable checks and balances are in place to help ensure that the expense policy and delegation of authority is not abused.

**NOW THEREFORE**, the following expense policy and procedure has been approved as resolved by the Board of Directors this 14 day of June, 2018 for the Association:

### POLICY

1. On-going or special contracted services that have received previous Board approval, once invoiced, may be directly processed for payment by the Manager.
2. Reoccurring and contracted expenses are approved by the Board through the annual budget approval process on an ongoing basis. These services include, but are not limited to:
  - water, electrical, landscape maintenance, specified maintenance activities, and management contract fees.Any excess or projected excess that exceeds the year-to-date or monthly budget (Master and Neighborhood operating or reserve expense) by greater than 25% is to be highlighted to the Board and Finance Advisory Committee (“FAC”) by Manager through the monthly financial review process.
3. Designation of authority to Manager to approve expenditures on behalf of PLCA
  - a. Approve or deny budgeted expenses up to \$2,000 without Board approval. If in the Manager’s opinion the expense presented is unnecessary or unwarranted, the Manager can refer, for further review, such expenses directly to the full Board for their consideration as outlined below.
  - b. Approve unbudgeted expenditures up to a total maximum of \$1,000 without Board approval within the current budget month.

- c. Approve expenditures for sudden, unexpected or impending situations that may cause injury, loss of life, or damage to property, up to a maximum of \$5,000 without Board approval. The Board shall be notified within 72 hours of these expenditures.

Whenever the processes enumerated above in section 3 occur, the Board will be notified by Manager through the monthly financial review process.

4. All non-conveyed neighborhood expenses must be presented to the full Board for their consideration and approval. This applies to all budgeted and unbudgeted operating and/or reserve expenses.

#### **PROCEDURE**

Any and all expenses associated with projects requested by Neighborhoods or Committees shall be submitted for review by Manager. Expense requests from a Committee shall be submitted to Manager, with the Committee Chairperson's recommendation for approval. Expense requests from a Neighborhood shall be submitted to Manager, with the Neighborhood Voting Member's recommendation for approval. Subcontractor Bid Checklists (Exhibit A) shall be completed for all expense requests with the exception of regular maintenance, supplies, or operations under \$1,000. Completed and approved forms are to be maintained by Manager, which can be reviewed or audited by the FAC upon request. **Any projects or items where no expense is associated, the member shall still receive approval from the Manager, as this will aid in communication for all items prior to completion.**

**Any requests for reimbursement must obtain prior approval from Management or the Board. Failure to obtain prior approval may result in the request being denied.**

Approved: **February 13th 2020**