

RULES AND REGULATIONS – FINANCE AND BUDGET

POLICY AND PROCEDURES ON ANNUAL BUDGETS

1. The annual budget shall cover the Club's fiscal year: January 1st to December 31st.
2. The annual budget shall be in balance. Estimated revenues shall be in excess of expenditures. Reserve funds shall be indicated separately.
3. The goal of the Board is to have enough reserve funds to meet emergencies and to replace or make major repairs to Club assets as dictated by their life expectancies. To this end and in accordance with Washington State requirements for Homeowners Associations (RCW 64.38, effective January 1, 2012), the Board shall engage an independent reserve professional to conduct a Reserve Study at least every 3 years. The General Manager with assistance of the Finance Committee shall update reserve components and reserve account balances annually as part of the Budget process and these updates will be ratified by the Board as is required by FIN08.
4. The annual budget shall not be used to set goals for funds to be raised by volunteer committees.
5. The annual budget shall be prepared and considered in accordance with the following schedule:
 - a. The General Manager shall contact each standing committee for budget comments by September 1st.
 - b. The General Manager with assistance from the Finance Committee shall update the reserve study and the Colony's funding plan in accordance with FIN004.
 - c. The General Manager shall prepare a preliminary annual budget and reserve funds report for review by the Finance Committee. After review with the Finance Committee, the General Manager will prepare revised budgets, operating and capital, for the Board of Trustees in time for an October meeting. The Finance Committee will submit their comments and recommendations to the Board for consideration at the meeting.
 - d. The Board of Trustees shall consider the General Manager's and Finance Committee's recommendations, make such changes as it deems necessary and desirable and shall adopt a proposed annual budget by the regular meeting in November.
 - e. A budget package notifying members of the upcoming meeting and requesting ratification shall be sent to Members. In addition to the Board approved operating and capital budget, the package shall include information sufficient to comply with Washington State requirements for disclosure of reserve funding (cf., RCW 64.38.025 effective January 1, 2012) and FIN 04.
 - f. Upon ratification, the Board shall adopt a final annual operating budget by December 31. In the event a Board approved operating budget is rejected by the Members or

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the required Notice is not given, the last ratified operating budget shall be continued until the Members ratify a subsequent operational budget approved by the Board.

- g. After consideration, the Board shall adopt a final annual budget by December 31st.
6. The annual budget shall limit expenditures to purposes and amounts set forth by line items. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the owners shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Trustees (Article VIII(4) of By-Laws).
7. The General Manager shall be responsible for day-to-day budget administration. All proposed expenditures shall be reviewed by the General Manager and a written determination made of consistency with the annual budget.
8. Monthly financial reports shall be submitted to the Board by General Manager, and include a summary of revenues, expenditures, and cash balances. The monthly report shall also include a description of budget issues and problems that may require Board action,
9. Quarterly budget reports shall be submitted to the Board by the General Manager. Such reports shall show funds expended for each line item in each department. Also to be included: revenue information on each capital improvement, cash flow, and other data specifically requested by the Board. A year-to-date Quarterly Summary Financial Report will be included in the February, May, August and November newsletters.
10. The final annual budget may be amended from time to time as deemed necessary by the Board (RCW64.38.020(2)). Accept that any changes in the previously approved budget as ratified by the Members that results in a change in assessment obligation requires a vote of the Membership.
11. The Board, by a majority vote of all Trustees, may authorize a loan from designated reserve accounts (Article VIII(2) of By-Laws). When funds are transferred, a majority vote by the Trustees present is required.
12. Per RCW 64.38.075, the Board may withdraw funds from the reserve accounts to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components. The Board of Trustees shall record any such withdrawal in the minute books of the association, cause notice of any such withdrawal to be hand delivered or sent prepaid by first-class United States mail to the mailing address of each owner or to any other mailing address designated in writing by the owner, and adopt a repayment schedule not to exceed twenty-four months unless it determines that repayment within twenty-four months would impose an unreasonable burden on the owners. Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the reserve study projections or not included in the reserve study may be made from the reserve account without meeting the notification or repayment requirements under this section.
13. The annual budget may include a multi-year capital improvement program containing one or more subjects. Any such program should be based upon the best forecasts of needs, costs, and revenues available to meet needs. To the extent that any project(s) repairs or replacements proposing the use of reserve funds, this is to be noted.

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14. At least annually, the Club shall prepare, or cause to be prepared, a financial statement of the Club. The financial statement of the Club shall be audited at least annually by an independent certified public accountant. Said audit may be waived if sixty-seven percent (67%) of the Members in Good Standing, voting in person or by proxy at a meeting of the Club at which a Quorum is present, vote each year to waive the audit (Article IX of By-Laws).

This policy replaces all prior annual budget policies.

Adopted by the Board of Trustees, July 10, 2003

Adopted by the Board of Trustees, July 16, 2009.

Adopted by the Board of Trustees, May 12, 2011.

Adopted by the Board of Trustees, September 12, 2013.

Adopted by the Board of Trustees, February 11, 2016

Richard Hilfer, President

Katie Habegger, Secretary