**FINANCIAL POLICY OF FAIRVIEW BEACH RESIDENTS ASSOCIATION**

**1. GENERAL PURPOSE**

The purpose of this policy is to establish guidelines for

managing the Fairview Beach Residents Association’s (FBRA) funds and to prescribe the roles, authority, and responsibilities for financial management activities.

**2.** **FISCAL YEAR**

FBRA’s accounting period is 1 January – 31 December.

**3. FINANCIAL RESPONSIBILITIES**

It is the responsibility of the FBRA Board of Directors (BOD) to formulate financial policies and review operations and activities on a periodic basis, including the reporting and status of the finances of FBRA

The President, Treasurer, and Secretary are signatories of FBRA bank accounts.

**4. CONFLICT OF INTEREST**

Members of the BOD are prohibited from activities that could create a conflict of interest. The powers of the BOD shall not be used to personally benefit any FBRA member.

**5. EXPENSES**

 a. All routine recurring expenses approved by the membership or the BOD are to be paid within 7 days of receipt. These expenses shall be reviewed by the BOD on a yearly basis. The following are examples of routine expenses, not necessarily all inclusive:

 (1) Dominion Virginia Power: boat ramp light

 (2) Mailings: printing and postage

 (3) Insurance: Commercial General Liability Coverage

 (4) Trash Service: May through September

 (5) State Corporation Commission: FBRA and LLC

 (6) Postmaster: P.O. Box yearly rental

 (7) Miscellaneous administrative expenses, including copies

 b. All non-routine expenses are to be paid only after approval by the general membership using a motion as defined in the FBRA Bylaws. Proper documentation will be required for all reimbursements, as specified later in this policy. The BOD has authority to approve expenditures up to $1,000.00 as specified in the Bylaws. The treasurer and the BOD will present a report at the October Association meeting detailing, and seeking approval for, any expenses that are expected to be incurred over the winter, i.e., after the October Association meeting and prior to the April Association meeting of the following year.

**6. FINANCIAL REPORTS**

The Treasurer will provide a monthly financial report to the BOD and general membership at each meeting. During the months when no meeting is held, the treasurer will provide a financial report to the BOD. The Treasurer will reconcile the checking account monthly including a summary as part of the report

**7. AUDIT**

 a. There will be an audit of the financial records annually after the first of the year for the previous calendar year, i.e., 1 January through 31 December of the previous year. The audit committee will consist of at least three members appointed by the President. The Chairman of the Audit Committee will provide a written report to the BOD of any issues and will offer suggestions for changes/improvements.

 b. The records required for the audit are:

* Checkbook
* Bank statements
* Monthly reconciliation of the bank statement
* All records of cash receipts including reports from fund raisers and FBRA events
* Support and documentation for all expenses
* Copy of all insurance policies
* Copy of all portions of the minutes of BOD and general meetings showing financial motions and approvals.

**8. REVENUE AND INCOME PROCEDURES**

The Treasurer will receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments with available resources.

The Treasurer will deposit all monies paid to the FBRA and pay out funds as directed by the BOD and/or general membership. The Treasurer shall perform all transactions within 7 days

of receipt, keep current and accurate records, and provide monthly reports to BOD and general membership at FBRA meetings.

 a. Funds Received:

 (1) Mail will be retrieved at the post office on a weekly basis, more often if needed.

 (2) Any funds received will be immediately recorded in the cash receipts journal and a receipt will be written by the Treasurer. If funds received are donations in memory of someone, the Treasurer will mail an acknowledgment to the donor and/or to the family of the individual in whose memory the donation is received.

 (3) Once receipts are written, checks will be recorded on a deposit slip (in duplicate), totaled, and reconciled against receipt book; funds will then be deposited. All funds will be deposited in a timely manner with a goal of 7 days after receipt.

 (4) Deposits and disbursements will be recorded in the account register and in the account ledger.

 b. Fundraising Procedures:

 (1) The Treasurer and the fundraising chairperson (chair) will decide on a pre-agreed amount of startup cash that will be given to the cashiers, based on the amount needed for the event. Forms documenting this will be signed by the Treasurer and the fundraising chair. Sealed envelopes or zippered pouches will be prepared by the Treasurer, verified by the chair and delivered to the cashier(s) who will then verify and initial the form included in each pouch. (form attached) The chair may delegate his/her duties to a specified person for each event.

 (2) There will be no disbursements of cash at the event with funds received during the event.

 (3) There will be a ‘two-person integrity’, as described below, for counting funds and initialing the cash receipt form for total funds received. Funds received will be broken down by currency, coin, and checks. Monies should be returned in the assigned envelope/pouch with the verified cash receipt form.

 (4) The Chair will make arrangements with the Treasurer to provide collected funds to the Treasurer. The Treasurer and the Chair will both count the funds that are provided to the Treasurer and both will initial the cash receipt form. This should be done on the day of the event or as soon thereafter as possible.

 (5) The cash receipt form shall be completed in duplicate and one copy will be retained by the chair and one copy will go with the cash to the Treasurer. The chair’s copy will be given to the audit committee.

 (6) The Treasurer will prepare a report of all fundraising receipts and disbursements/expenses per event. A final copy of the report should be signed by the chair of the event and will be provided to the BOD.

 c. Reimbursement and Cash Advances:

 (1) No advances of cash funds shall be made to members, officers, or directors except for ‘start-up’ funds for cashiers at an approved scheduled event or fundraiser.

 (2) Direct and necessary expenses related to carrying out financial responsibilities that have been approved by motion in the general membership meeting will be reimbursed. The member must provide an original receipt or invoice, before a check can be written to the member or the vendor. A check can be issued to a business before goods or services are received if a signed quote or purchase order is provided.

**9. EROSION FUND**

The Erosion fund is made up of those FBRA funds that are designated as such, either from fundraising or specified donations. To the greatest extent practicable, erosion funds will be used as follows: for any effort to protect, improve or maintain the beaches and beach access areas within Fairview Beach. This includes, but is not limited to, beach restoration efforts and repairs; maintenance and improvements to drainage efforts and drainage systems; as well as to the pier and boat ramp. The Erosion Fund is not a separate bank account but is made up of funds designated for specific purposes that are contained in the FBRA bank account(s), which also contain general or non-designated funds. All FBRA funds may be used, with membership approval, for any necessary FBRA purposes.

Effective January 1, 2022, all FBRA fundraising will go to the general fund, not the Erosion Fund, although General Funds can be used for erosion-related expenses. All funds spent for erosion-related purposes shall come first from the designated erosion funds and then from general funds.

**10. PETTY CASH FUND**

The FBRA does not have a petty cash fund.

**11. TAX REPORTING**

The FBRA is exempt from Federal income tax per Section 501(c) 7. The FBRA is required to file form 990 or 990-N no later than the 15th day of the fifth month after the end of our annual accounting period. A copy of the filed report will be given to the BOD and recorded in the minutes that the report was filed.

**12. DOCUMENT RETENTION**

Financial documents are retained for a period of time in keeping with the recommendations of the IRS.

**13. RESPONSIBILITY**

The board of directors is ultimately responsible for the financial management of all activities.