

CHATELAINE HOMEOWNERS ASSOCIATION

ANNUAL FINANCIAL REVIEW

THE BOARD OF DIRECTORS WILL BE RESPONSIBLE FOR DEVELOPING GUIDELINES AND PROCEDURES TO PROPERLY REVIEW THE FINANCIAL STATEMENTS OF THE ASSOCIATION . THE BOARD WILL ESTABLISH POLICIES AND THEN PERFORM MONTHLY AND ANNUAL REVIEWS TO ENSURE THAT THE ACCOUNTING AND KEEPING OF FINANCIAL RECORDS ARE FOLLOWED ACCORDINGLY.

- 1 THE BOARD WILL RETAIN AN INDEPENDENT THIRD PARTY TO PERFORM ALL ACCOUNTING FUNCTIONS, CASH MANAGEMENT, AND PREPARATION OF THE FINANCIAL STATEMENTS. IT IS PREFERRED THAT THIS THIRD PARTY BE THE CONTRACTED MANAGEMENT COMPANY OF THE ASSOCIATION. THIS PARTY SHOULD BE INSURED AND BONDED TO PERFORM THESE FUNCTIONS.
- 2 THE BOARD WILL ESTABLISH GUIDELINES FOR THE APPROVAL OF ALL CHECKS TO BE WRITTEN BY THE MANAGEMENT COMPANY FOR THE BENEFIT OF THE ASSOCIATION. IT WILL ALSO DIRECT THE COLLECTION OF DUES AND ASSESSMENTS AND THE ACCOUNTING THEREOF.
- 3 THE BOARD WILL ESTABLISH AN ANNUAL BUDGET FOR RECEIPTS AND EXPENDITURES OF FUNDS THAT WILL BE THE BASE DOCUMENT FOR THE YEARS ACCOUNTING.
- 4 THE MANAGEMENT COMPANY WILL PERFORM THE ACCOUNTING, COLLECTION OF FUNDS, PREPARATION OF FINANCIAL STATEMENTS MONTHLY IN ACCORDANCE WITH THE GUIDELINES, POLICIES AND PROCEDURES IN LINE NUMBER 2, AND PUBLISH THESE MONTHLY TO THE BOARD. THE TREASURER AND THE MANAGEMENT COMPANY WILL PRESENT THE DOCUMENTS TO THE BOARD AT THE MONTHLY BOARD MEETINGS AND REVIEW THE FOLLOWING.
 - A OPERATING BALANCE REPORT
 - B RESERVE BALANCE REPORT
 - C BALANCE SHEET
 - D BUDGET COMPARISON OF CASH FLOW
 - E EXPENSE DISTRIBUTION
 - F DEPOSIT REGISTER
 - G AGED RECEIVABLE REPORT

THE BOARD WILL REVIEW, ASK QUESTIONS AND APPROVE THESE FINANCIAL STATEMENTS AS A PART OF THE BOARD MINUTES AND BE DULY RECORDED.

- 5 AT THE END OF THE YEAR THE MANAGEMENT COMPANY WILL PREPARE THE ANNUAL FINANCIAL STATEMENTS AS A SUMMARY OF THESE MONTHLY REPORTS. THEY WILL BE PRESENTED TO THE BOARD IN SUMMARY FORM FOR APPROVAL. THE TREASURER WILL PERFORM ANALYSIS AND RECONCILIATION'S TO ENSURE THAT THE DOCUMENTS ARE REASONABLE AND IN ACCORDANCE WITH ASSOCIATION GUIDELINES.

THE BOARD WILL APPROVE THESE DOCUMENTS IN A BOARD METING AND BE NOTED IN THE MINUTES.

THE BOARD OR ANY MEMBER OF THE BOARD MAY REQUEST AN INDEPENDENT RECONCILIATION OF BANK ACCOUNTS TO BE PERFORMED BY A MEMBER OF THE ASSOCIATION AND APPOINTED BY THE BOARD OR BY THE INDEPENDENT ACCOUNTANT WHO PREPARES THE ANNUAL REPORT AND TAX RETURN. THIS RECONCILIATION WOULD BE A SUMMARY OF THE TWELVE MONTHS OF BANK DOCUMENTS AND COMPARE RECEIPTS AND EXPENSES TO THOSE ON THE ANNUAL COMPARISON OF CASH FLOW.

THESE DOCUMENTS AND APPROVALS IN MONTHLY MINUTES WILL BE RETAINED IN PERMANENT ASSOCIATION FILES.