

GRG UNIVERSITY™ PRESENTS



A BOARD MEMBER'S
DUTY

GRG  **MANAGEMENT**



GUIDELINES FOR ASSOCIATION BOARD MEMBERS

THE ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is the elected body of volunteers charged with the fiduciary responsibility of managing the interests and assets of the homeowners' association. How effective a Board is depends in part on how aware its members are of the needs of the association. Board meetings focus on the major areas of need and responsibility, including: finances, contracts, management and legal concerns. Specific duties are outlined in the association's By-laws.

Typically, an association's responsibilities would include:

1. Financial: budget, cash flow, assessment collection and reserves.
2. Contracts: grounds, management security trash removal and maintenance.
3. Legal Responsibilities: enforcing the declarations, rules and regulations, and policies of the association. Taxes and the association's other legal obligations also fall in this category of concern, as would enforcement of the architectural guidelines.

MEETINGS

Prior to each monthly Board meeting, you will receive a "Board Packet" from GRG Management. Each packet contains notice of meeting, agenda, previous Board Minutes, *current financial statement, and other correspondence pertinent to the agenda. This is **PRIVATE** Association business and must not be shared with anyone not on the Board.

As each Board member's time is valuable, and there is a charge for overtime, it is recommended that the packet be reviewed before the Board meeting so that each member will be ready to discuss the various agenda items.

Parliamentary procedures will help your meeting be conducted in an efficient and orderly manner. All items of business should be put in the form of a motion, thus requiring some action to be recorded in the Minutes. The Minutes are extremely important; it is a permanent record of the objectives and accomplishments of the Association, a concise and accurate record of business operations.

It is extremely important that all Board members work in a concerted effort for the good of the Association. Differing ideas and discussion are necessary and productive. All items should be covered thoroughly prior to voting as one idea can stimulate other ideas, thus presenting the Board with new considerations. These differing viewpoints should produce a basis to reach the best decision possible and must not be taken personally.

FINANCIAL REPORTING

As the bonded fiduciary agent for the Association, GRG Management provides a monthly financial statement to the Association. Most Associations require a certified audit paid for by the Association, at the end of each fiscal/calendar year. The audit is conducted by an independent accountant/CPA selected by the Board of Directors to verify and account of disbursement and collection of corporate funds. The Association records are available for inspection at our office during normal working hours. We assist your Treasurer in budget preparation and financial reporting to the Board of Directors.

COMMITTEE ACTIVITY

Committees are a valuable tool which can respond to Board assignments to research particular areas of the Association operation and report/recommend back to the Board. Each committee should have a written charter describing its purpose, means of establishing goals and communication with the Board.

DIRECTORS

PRESIDENT: The President is the chairperson of the Board of Directors of the Association. The President's enthusiasm and judgment has a direct impact on the success of the Association. He or she is the one Board member who should maintain close contact with GRG Management for guidance in the proper handling of the Association's affairs. The President is charged with presiding at all meetings of the

Board of Directors and/or membership meetings of all owners. It is very important for the President to follow a prepared agenda which GRG Management will prepare for all meetings.

VICE-PRESIDENT: The Vice President presides at meetings from which the President is absent, and takes the chair when the President wishes to participate in a discussion or exercise his or her right to vote. Be sure to check your By-laws; they will specifically and clearly define your role as Vice-President.

TREASURER: The Treasurer oversees all of the Association's financial affairs. Because your Association employs GRG Management, a professional management company, the heavy workload of everyday record keeping and fiduciary transactions is removed from the Treasurer. However, ultimate responsibility is retained by the Treasurer and it is therefore very important that the Treasurer know and understand the bookkeeping procedures of the management company as well as financial responsibilities and procedures outlined in the CC&R's.

SECRETARY: The Secretary is the official time and record keeper of the Association and as such, is responsible for the keeping accurate minutes of all meetings and filing them in a minutes ledger. The Secretary attests to the authenticity of all corporate documents, certifies all meeting notices and election results and is responsible for all "official" corporate communications with the members.

It is part of GRG Management's contract to take and transcribe the minutes of the Board of Director's meetings. These minutes are then approved and signed at the next Board meeting.

DIRECTOR AT LARGE: Serves in a capacity as appointed by the Board. Directors At Large are often appointed as a liaisons for committees and/or to chair a specific committee(s) or project.

TREASURER'S REPORT

GRG Management will supply the Board Treasurer with a monthly financial report*. This report will give all needed information to be reported to the Board of Directors and/or membership. Financial reporting and recommendations are primary responsibilities of the Treasurer.

The Balance Sheet reports will tell you how much cash is in the Association's checking and saving(s) account(s) and what is due each reserve account, as well as the member's equity in the Corporation. The income and expense statement reflects a comparison of the income and expenses year to date versus the budgeted year to date figures. This enables the Treasurer to see and report to the Board whether the Association is going over their budgeted amounts. You will also receive a copy of your monthly check register. GRG Management will handle the tasks of writing the checks to pay your Association's bills.

Included in your monthly Board Packet will also be an accounts receivable status.

RESERVES

The Association budgets for amounts to be put aside for improvements, major repairs, and maintenance to the project. These amounts are accrued monthly and are recorded on the financial statement by account. The total amount of all Reserve accounts should be held in savings until such time as funds are expended for improvements, painting, etc. GRG Management will transfer the required amount monthly into Reserves.

CERTIFIED AUDIT

Your CC&Rs and By-laws are explicit as to whether or not your Association must have an annual certified audit. If your CC&Rs state that an audit is necessary, the Treasurer should advise the Board of this fact. Your audit should begin at the end of your fiscal year. The Board may select an accounting firm of their choice to prepare the audit or they may solicit bids from several accounting firms. An audit can cost several hundreds of dollars. G.R.G. Management recommends getting two or three bids well in advance of your fiscal year-end. G.R.G. Management prepares and maintains Association books and records in such a manner that audit and accounting fees are kept to a minimum. A copy of the audit and/or annual financial statement is mailed to the membership each year.

BUDGET

Each fiscal year GRG Management will assist in the preparation of the "Proposed Budget" for the Board's consideration. This proposed budget should be discussed at the Board meeting about three months prior to your fiscal year end. This gives

the Board a month to study the proposed budget and make any additions or corrections that are deemed necessary.

Check your CC&Rs and By-laws carefully as to the requirements of adopting a new budget for your Association. In many cases the Board of Directors may accept and institute a new budget without a vote of the membership. However, there may be additional restrictions on the amount of increase the Board of Directors may adopt without homeowner approval.

The budget adopted by the Board of Directors is to be mailed to the membership sixty (60) days prior to the Association year end.

** Monthly Financial Reports Are Completed By The 15th Of Each Month. If Your Board Meeting Is After The 15th, Your Financial Report Will Be Mailed Separately.*