



**DC Ranch Association
Board Report 5-7-18 #3**

Subject Matter: Proposed Policy Re: Financial Reporting (Policy 202)

Background: The Policy Committee proposed this policy to the Board at its March 5, 2018 board meeting.

Key provisions of this policy are as follows:

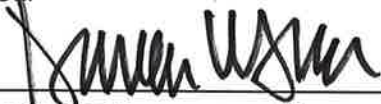
- Its purpose is to establish financial reporting guidelines.
- The policy applies to DC Ranch Association financial reports.
- It provides guidance to the Board of Directors and Executive Director.
- It establishes reporting requirements, which include the following: annual audit, monthly and quarterly financial reports, and distribution.

The Board approved the proposed policy for publication purposes and to comply with the 30-day member-comment period. The proposed policy was posted on the DC Ranch website in March 2018, satisfying the 30-day member-comment period. To date, one member provided written comments, which accompany this report. The Policy Committee's position is that the proposed policy language does not require further revisions.

This matter is now back before the Board for formal approval consideration.

The proposed policy accompanies this report; its language is supported by the Budget and Finance Committee.

Recommendation: Approve the policy and post to the DC Ranch website and update the Policy Book.



Darren Shaw, Executive Director



**DC Ranch Association
Policy 202
Policy on Financial Reporting**

Policy 202

Effective Date:

Revised:

Policy on Financial Reporting

202.1 Purpose: The purpose of this policy is to establish financial reporting guidelines for DC Ranch Association.

202.2 Scope: This policy applies to the financial reports of DC Ranch Association.

202.3 Responsibility/Authority: The DC Ranch Association Board of Directors.

202.3a Delegation of Authority: The DC Ranch Association Board of Directors delegates some of its responsibilities to the Executive Director, such as the management of its financial operations. The Executive Director authorizes the Director of Financial Operations to maintain, prepare, and publish the financial reports of DC Ranch Association.

202.4 Introduction: The Association's mission statement is as follows: To serve all DC Ranch Stakeholders through the professional management and protection of the community's fiscal and environmental assets. DC Ranch Association delivers high quality and consistent operations, landscape, maintenance and security services with an emphasis on customer care and open communication that result in sustained property values and exceptional quality of life.

The Board's Directors serve as fiduciaries to the corporation. As a fiduciary, the Association Board is responsible for ensuring that an appropriate financial reporting structure is in place. DC Ranch Association financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP).

202.5 Level of Reporting and Frequency:

202.5a Audit: An audit of the year-end financial statements is performed yearly by an independent Certified Public Accountant. See policy 203 regarding Audits.

202.5b Monthly and Quarterly Financial Statements: Monthly and quarterly unaudited financial statements are prepared. The financial statements include the following:

- A narrative report that summarizes the organization's current financial position and includes explanations for significant budget variances.
- Consolidated Balance Sheet as of the end of the month / quarter.
- Summary Statement of Revenue and Expense, comparing actual amounts to budgeted amounts for the month / quarter plus year to date.
- Statement of Cash Flows for the Operating Account for the month / quarter plus year to date.
- Aging and Delinquent Accounts Report.
- Other statements as requested by the Board Treasurer.

202.6 Distribution and Distribution Means:

202.6a Audit: The audit report will be provided to the Board of Directors. It will also be made available to Association members by posting it on the DC Ranch website within one week of the audit report being accepted by the Board.

202.6b Quarterly Financial Statements:

- Quarterly financial statements will be distributed to the Budget and Finance Committee and Executive Director for review via e-mail by the 20th day following the end of the quarter.
- A summary of the quarterly financial statements will be presented by the Board Treasurer at the next board meeting following the 20th day after the end of the quarter. The Board Treasurer may delegate this presentation to the Director of Financial Operations.

202.6c Monthly Financial Statements:

- The monthly statements will be distributed to the Budget and Finance Committee and Executive Director for review via e-mail by the 20th day following the end of the month.
- The monthly financial statements will be made available to Association members by posting them on the DC Ranch website by the 27th day following the end of the month.

Approved By: _____ Date _____
Board President or Secretary

Effective Date: _____

DRAFT

From: MJ Hall [<mailto:mjhall1954@gmail.com>]

Sent: Tuesday, March 20, 2018 12:31 PM

To: Policies <Policies@dc ranchinc.com>

Subject: Comments | DC Ranch Association - Proposed Board Policies 105, 201, 202, 302

Policy 202

Policy on Financial Reporting

Re:

- **202.4 Introduction, 202.3 Responsibility/Authority and 202.3a Delegation of Authority:**
 - *Objection to sequence*
 - **"201.4 Introduction:"** should be first in sequence
- **202.4 Introduction:** *Objection to "The Board's Directors serve as fiduciaries to the corporation. As a fiduciary, the Association Board is responsible for ensuring that that an appropriate financial reporting structure is in place. DC Ranch Association financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP)."*
 - **Suggested replacement:** *"Each Board Director separately, and the Board of Directors collectively, is a fiduciary of the financial interests vested with them by the Association members at large. Consequently, the Association Board, and each Board Director, is charged with first establishing, approving and upholding fiscally sound, prudent financial policies, resources, budgets, practices and associated monitoring on behalf of the Association members to safeguard and apply carefully the vested financial interests of the latter. The Association Board and each Board Director is to exercise diligent oversight of the delegation of any of these fiduciary duties. Consequently, the DC Ranch Association financial statements shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP) in order to ensure that the Association adheres to adequate and appropriate financial disclosure. The Association Board Treasurer shall primarily supervise these duties."*
- **202.5 Level of Reporting and Frequency:**
 - 202.5a Audit - *No objections as proposed*
 - 202.5b Monthly and Quarterly Financial Statements: - *No objections as proposed*
- **202.6 Distribution and Distribution Means:**
 - 202.6a Audit - *No objections as proposed*
 - 202.6b Quarterly Financial Statements: - *No objections as proposed*
 - 202.6c Monthly Financial Statements: - *No objections as proposed*