

Purpose

To establish a consistent and transparent practice for managing the HOA's reserve account, in alignment with the adopted annual budget and reserve study recommendations. This policy ensures proper segregation of reserve funds, strengthens financial oversight, and complies with best practices in community association management.

1. Monthly Reserve Transfers

- Reserve contributions as outlined in the adopted annual budget shall be transferred **monthly** from the operating account to the reserve account.
- The total annual reserve contribution shall be divided into **12 equal monthly amounts**, unless otherwise determined by the Board or modified by budget adjustments.
- Transfers shall occur on or about the **same day each month** to ensure consistency and predictability.

2. Automatic Transfer Authorization

- An **automatic monthly transfer** will be established with the Association's financial institution to ensure timely deposits without the need for manual processing.
- The Treasurer or an authorized board officer will coordinate with the CPA and the financial institution's representative to establish and monitor this recurring transaction.
- All reserve transfers will be **recorded by the CPA** and reflected in the **monthly financial reports** provided to the Board.

3. Use of IntraFi or Similar FDIC-Insured Deposit Services

- Reserve funds shall be held in **dedicated accounts** that are separate from operating funds.
- The Association will utilize **IntraFi® Network Deposit Services**, or a comparable FDIC-insured program offered by the Association's financial institution, to ensure that:
 - Reserve funds exceeding the standard FDIC limit of \$250,000 are protected by distributing deposits across multiple institutions within the network.
 - Funds remain **accessible and liquid**, aligned with the projected schedule of reserve expenditures.
- Reserve contributions may be allocated between demand deposit services for liquidity and certificate of deposit services for longer-term needs, based on the Association's financial plan.

4. Reserve Fund Withdrawals

- Reserve funds may only be withdrawn for expenditures specifically listed in the most recent Reserve Study or otherwise approved by the Board.
- Withdrawals must be:
 - **Board-approved** and documented in meeting minutes.

- Supported by appropriate **invoices, contracts, or bids**.
- Reflected in the **financial reports prepared by the CPA**, clearly identified as reserve activity.

5. Reserve Disbursement Transfers

- When reserve funds are required to pay for an approved reserve expense, the CPA (or their designee) is authorized to transfer funds from the designated reserve account into the operating account to cover the expense. Because the Board does not have real-time access to cash flow or banking systems, this responsibility falls to the CPA (or their designee) to ensure reserve expenditures are properly funded and tracked. This process ensures accountability, timeliness, and clarity between the HOA and the CPA regarding execution of reserve related transactions.

6. Reporting and Oversight

- The HOA Treasurer will monitor monthly reserve transfers and coordinate with the CPA to ensure accuracy.
- **All reserve contributions and withdrawals will be recorded and reported in the monthly and annual financial statements** provided by the CPA, separate from the operating fund activity.
- The CPA shall also provide **quarterly copies of the reserve account bank statements (including any sweep or IntraFi accounts)** for the months ending **March 31, June 30, September 30, and December 31**.
 - These statements will be provided to the Treasurer and included in the Board's regular financial review packets.
- These reports and statements serve as the official record of reserve activity for Board oversight and homeowner transparency.

7. Annual Review

- This policy will be reviewed annually during budget preparation to ensure compliance with the Reserve Study and to consider any adjustments to timing, contribution levels, or banking arrangements.
- Any revisions to this policy require Board approval.

To be voted on at the July 2025 HOA Board Meeting.

If approved, this policy becomes effective immediately and will guide all reserve transfers and reporting for the current and future fiscal years.