

FINANCIAL CONSIDERATIONS IN THE CIC

November 8, 2023

This Course is Presented By:

COMMUNITY ASSOCIATION SOLUTIONS

P.O. Box 530639

Henderson, NV 89053-0639

CE. 0129000 – 3 General Credits for Continuing Education

FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

APR 15 1994

CHERYL A. LAU SECRETARY OF STATE

No. 577-94

ARTICLES OF INCORPORATION

OF

COMMUNITY ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, being residents of the State of Nevada, do hereby associate ourselves together for the purpose of forming a non-profit corporation, pursuant to the provisions of Sections 81.410 through 81.540, inclusive, of the Nevada Revised Statutes, and we do hereby make, subscribe, acknowledge, certify and adopt the following Articles of Incorporation:

ARTICLE 1

1.1 The name of the corporation (herein called the "Association") is:

COMMUNITY ASSOCIATION, INC.

ARTICLE 2

2.1 The Association does not contemplate pecuniary gain or profit to its Members, and the specific and primary purposes for which it is formed are to (i) own fee title to certain lands and common areas of Henderson, Clark County, Nevada, (ii) administer and enforce the Declaration described below, (iii) maintain and repair certain common areas and lands

(LEGAL/GYRANCH, INC. 3/30/94)

COMMUNITY ASSOCIATION, INC.

| Business Entity Information | | | |
|------------------------------------|------------------------------------|-----------------------|--------------|
| Status: | Active | File Date: | 4/15/1994 |
| Type: | Dom Non-Profit Coop Corp w/o stock | Entity Number: | C5797-1994 |
| Qualifying State: | NV | List of Officers Due: | 4/30/2018 |
| Managed By: | | Expiration Date: | 4/15/2069 |
| NV Business ID: | NV19941057159 | Business License Exp: | Exempt - 007 |

| Additional Information | |
|-------------------------------|--|
| Central Index Key: | |

| Registered Agent Information | | | |
|-------------------------------------|---|--------------------|----------------------------|
| Name: | | Address 1: | 6655 S CIMARRON RD STE 200 |
| Address 2: | | City: | LAS VEGAS |
| State: | NV | Zip Code: | 89113 |
| Phone: | | Fax: | |
| Mailing Address 1: | | Mailing Address 2: | |
| Mailing City: | | Mailing State: | NV |
| Mailing Zip Code: | | | |
| Agent Type: | Commercial Registered Agent - Corporation | | |
| Jurisdiction: | NEVADA | Status: | Active |

| Financial Information | | | |
|--|---|-----------------|------|
| No Par Share Count: | 0 | Capital Amount: | \$ 0 |
| No stock records found for this company | | | |

| Officers | | | |
|--------------------|--------------|------------|--|
| | | | <input type="checkbox"/> Include Inactive Officers |
| Director - | | | |
| Address 1: | PO BOX 80900 | Address 2: | |
| City: | LAS VEGAS | State: | NV |
| Zip Code: | 89180 | Country: | USA |
| Status: | Active | Email: | |
| President - | | | |
| Address 1: | PO BOX 80900 | Address 2: | |
| City: | LAS VEGAS | State: | NV |
| Zip Code: | 89180 | Country: | USA |

RANCHO SAN JUAN HOMEOWNERS ASSOCIATION

| Business Entity Information | | | |
|-----------------------------|--------------------------|-----------------------|------------|
| Status: | Revoked | File Date: | 3/29/1982 |
| Type: | Dom Non-Profit Coop Corp | Entity Number: | C1755-1982 |
| Qualifying State: | NV | List of Officers Due: | 3/31/2009 |
| Managed By: | | Expiration Date: | 3/29/2032 |
| NV Business ID: | NV19821003094 | Business License Exp: | |

| Registered Agent Information | | | |
|------------------------------|--------------------------------|--------------------|------------------------|
| Name: | CLYDE ERNAGA | Address 1: | 3821 E. LAKE MEAD BLVD |
| Address 2: | | City: | LAS VEGAS |
| State: | NV | Zip Code: | 89115 |
| Phone: | | Fax: | |
| Mailing Address 1: | | Mailing Address 2: | |
| Mailing City: | | Mailing State: | |
| Mailing Zip Code: | | | |
| Agent Type: | Noncommercial Registered Agent | | |

| Financial Information | |
|--|------|
| No Par Share Count: | 0 |
| Capital Amount: | \$ 0 |
| No stock records found for this company | |

| Officers | | <input type="checkbox"/> Include Inactive Officers | |
|----------------------------------|-------------------|--|----|
| President - THELMA CLARK | | | |
| Address 1: | 1942 QUINTEARO | Address 2: | |
| City: | LAS VEGAS | State: | NV |
| Zip Code: | 89115 | Country: | |
| Status: | Active | Email: | |
| Secretary - PEGGY DENKER | | | |
| Address 1: | 1959 QUINTEARO ST | Address 2: | |
| City: | LAS VEGAS | State: | NV |
| Zip Code: | 89115 | Country: | |
| Status: | Active | Email: | |
| Treasurer - SYLVIA ROMERO | | | |
| Address 1: | 1837 HERMOSILLO | Address 2: | |
| City: | LAS VEGAS | State: | NV |
| Zip Code: | 89115 | Country: | |
| Status: | Active | Email: | |
| Director - MARLA SALAZAR | | | |
| Address 1: | 1869 HERMOSILLO | Address 2: | |
| City: | LAS VEGAS | State: | NV |
| Zip Code: | 89115 | Country: | |
| Status: | Active | Email: | |

| Actions\Amendments | |
|--------------------|---------------------------|
| Action Type: | Articles of Incorporation |

| | | | |
|---|--------------------------------|-----------------|---|
| File Date: | 8/13/2008 | Effective Date: | |
| PURSUANT TO NRS 116. NOTICE FROM THE OMBUDSMAN'S OFFICE | | | |
| Action Type: | Annual List | | |
| Document Number: | 20080345943-88 | # of Pages: | 1 |
| File Date: | 5/21/2008 | Effective Date: | |
| 2008-2009 | | | |
| Action Type: | Annual List | | |
| Document Number: | 20070221188-91 | # of Pages: | 1 |
| File Date: | 3/28/2007 | Effective Date: | |
| 07-08 | | | |
| Action Type: | Annual List | | |
| Document Number: | 20060136161-56 | # of Pages: | 1 |
| File Date: | 3/2/2006 | Effective Date: | |
| (No notes for this action) | | | |
| Action Type: | Reinstatement | | |
| Document Number: | 20050523765-45 | # of Pages: | 1 |
| File Date: | 10/31/2005 | Effective Date: | |
| (No notes for this action) | | | |
| Action Type: | Acceptance of Registered Agent | | |
| Document Number: | 20050523766-56 | # of Pages: | 1 |
| File Date: | 10/31/2005 | Effective Date: | |
| (No notes for this action) | | | |
| Action Type: | Annual List | | |
| Document Number: | C1755-1982-002 | # of Pages: | 1 |
| File Date: | 3/7/2003 | Effective Date: | |
| List of Officers for 2003 to 2004 | | | |
| Action Type: | Annual List | | |
| Document Number: | C1755-1982-012 | # of Pages: | 1 |
| File Date: | 4/23/2002 | Effective Date: | |
| (No notes for this action) | | | |
| Action Type: | Annual List | | |
| Document Number: | C1755-1982-015 | # of Pages: | 1 |
| File Date: | 3/13/2001 | Effective Date: | |
| (No notes for this action) | | | |
| Action Type: | Annual List | | |
| Document Number: | C1755-1982-014 | # of Pages: | 1 |
| File Date: | 6/20/2000 | Effective Date: | |
| (No notes for this action) | | | |
| Action Type: | Annual List | | |
| Document Number: | C1755-1982-013 | # of Pages: | 1 |
| File Date: | 3/30/1999 | Effective Date: | |
| (No notes for this action) | | | |

ENTITY INFORMATION

ENTITY INFORMATION

Entity Name:

RANCHO SAN JUAN HOMEOWNERS ASSOCIATION

Entity Number:

C1755-1982

Entity Type:

Domestic Nonprofit Cooperative Corporation With or Without Stock (81)

Entity Status:

Active

Formation Date:

03/29/1982

NV Business ID:

NV19821003094

Termination Date:

3/29/2032

Annual Report Due Date:

3/31/2022

REGISTERED AGENT INFORMATION

Name of Individual or Legal Entity:

Paradigm Realty

Status:

Active

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY - REAL ESTATE DIVISION
OFFICE OF THE OMBUDSMAN FOR COMMON-INTEREST COMMUNITIES AND CONDOMINIUM HOTELS
 3300 W. Sahara Ave. Ste. 350 * Las Vegas, NV 89102
 (702) 486-4480 * Toll free: (877) 829-9907 * Fax: (702)486-4520
 E-mail: HOARegistrations@red.nv.gov <http://red.nv.gov/>

ANNUAL ASSOCIATION REGISTRATION

Association's legal name: _____
(As it appears in the Articles of Incorporation/Secretary of State's website)

Subdivision name(s) for the Association: _____
(As it appears on the County Assessor's website)

Nevada Secretary of State (SOS) entity number: _____ **SOS original filing date:** ____/____/____
(For SOS Filing information, visit <http://nvsos.gov/sosentitysearch/>)

Is the Association identified as a Master or Sub-association, per the CC&Rs: Master Sub-Association Neither
 If identified as a Sub-Association, please indicate the name of the Master Association _____

Association's physical address:
(If no address list closest cross streets)

 City: _____ State: **NV** Zip: _____
 County the association is located in: _____
 Association Telephone Number: _____

Current Notification Address for Division Use:
 C/O _____
 Attn: _____
 Address: _____
 City: _____ State: _____ Zip: _____

Pursuant to NRS 116.3101 and NRS 116B.415, indicate the type of common-interest community (choose one):
 Profit corporation Non-profit corporation Trust General partnership Limited partnership Limited liability company
 Is the association a (**check one**): Condominium Cooperative Condominium Hotel Planned Community
 If a planned community, indicate unit type: Single Family Dwelling Condominium Duplex Townhouse Manufactured Housing
 As of this date, the number of units that currently have liens filed against them for unpaid assessments
 Number of foreclosures, in the prior fiscal year, based on liens for failure of unit owner to pay assessments

Units/Budget/Assessments

Number of current annexed units: *(See page 3 regarding residential single family dwelling custom homes under Units/Budget/Assessments)*
 Max. (total) # of units declarant reserves right to annex as indicated in the Covenant, Conditions & Restrictions (CC&Rs)
 Have the declarant's developmental rights (right to annex additional units into the community) expired: Yes No
 Date most recent annual meeting was held (M/D/YR) ____/____/____
 Accounting Fiscal Year End: (Month /Day): ____/____
 Total annual budgeted assessments (combined assessment amounts for all units within the community) \$ _____
 Total annual budgeted revenue (combined assessment amounts for all units, including interest, other income, etc.) \$ _____
 The most recent independent CPA financial statements, required by NRS 116.31144, were: reviewed audited <\$45,000
 The fiscal or calendar **year** for which the reviewed or audited financial statements represent: (Year only): _____
 If required, has the review or audit above been completed: Yes No
 Date the audit/review was completed..... (M/D/YR) ____/____/____
 If not completed, explain: _____

| | | | |
|--|--------------------|-------------------|---|
| <u>For office use only</u> | | | |
| Check No.: | Amount: | First Date Stamp: | <input type="checkbox"/> Walk-in Accepted by: _____ |
| Receipt No.: | Fiscal Year: | Date Processed: | Processed By: _____ |
| Notes: | Second Date Stamp: | Processed By: | _____ |
| <input type="checkbox"/> Reserve Study Summary <input type="checkbox"/> Master Roster <input type="checkbox"/> Correspondence: _____ | | | |

Reserve Study (NRS 116.31152 and NRS 116B.605)

Has a site reserve study even been conducted: Yes No
 Date of Site Inspection..... (M/D/YR) _____ / _____ / _____
 If a reserve study has not been conducted, is the executive board confirming that the community has no major components in accordance to NRS 116.0605: ... **If no, attach explanation to why a reserve study has not been conducted** Yes No
 Was the most recent study adopted by Board: Yes No
 Date the board adopted the recent study (M/D/YR) _____ / _____ / _____
 If a reserve study was conducted pursuant to NRS 31152, was Form 609 submitted to the Division:..... Yes No
 Date Form 609 was submitted to the Division (M/D/YR) _____ / _____ / _____
 Name of Reserve Study Specialist (or person, pursuant to NRS 116.31152(2)) who conducted study _____
 Reserve Study Specialist Registration number or the title of the person: _____
 Has the executive board performed its annual review of the reserve study pursuant to NRS 116.31152 (1)(b):..... Yes No
 Has the executive board made the necessary adjustments after the review pursuant to NRS 116.31152 (1)(c):..... Yes No
 Required reserve account balance as of the end of the current fiscal year, per the most recent adopted reserve study:\$ _____
 Projected reserve account balance as of the end of the association's current fiscal year\$ _____
 Is there currently a Reserve Assessment in effect Yes No
 If yes, how long is the Reserve Assessment in effect _____

Board/Management/Declarant

Current number of board members _____
 Per the governing documents, how many board members are required _____
 Have all executive board members signed a Form 602 within 90 days of appointment/election per pursuant to NRS 116.31034(19) or NRS 116B.445(9): Yes No

| Executive Board | President | Secretary | Treasurer | <input type="checkbox"/> Vice President <input type="checkbox"/> Director |
|--|--|-----------------------------|-------------------------------------|--|
| Board Member's Name | | | | |
| Physical address: Number & Street City / State / Zip Code | | | | |
| Telephone Number | | | | |
| E-mail Address | | | | |
| | Director | Director | Director | <input type="checkbox"/> Hotel Unit Owner <input type="checkbox"/> Director |
| Board Member's Name | | | | |
| Physical address: Number & Street City / State / Zip Code | | | | |
| Telephone Number | | | | |
| E-mail Address | | | | |
| <u>Please use a separate sheet of paper for additional board members and attach to this form.</u> | | | | |
| | Management Company and Manager's name | Custodian of Records | Attorney (if applicable) | Declarant |
| Business Name | | | | |
| Contact Name | | | | |
| Address: Number & Street City / State / Zip Code | | | | |
| Telephone Number | | | | |
| Fax Number (optional) | | | | |

The person signing this form must be the Declarant, Board Member or assigned Community Manager who is attesting to the accuracy of the information provided, regardless of whether they completed the form.

The person signing is Declarant Board Member (Position _____) Community Manager (License # _____)

Authorized Name _____ Authorized Signature _____ Date _____

This form can be submitted by email, mail, fax, or hand delivery

INSTRUCTIONS FOR ANNUAL ASSOCIATION REGISTRATION FORM FILING

NOTE: This registration form and the annual unit fee must be received in the Office of the Ombudsman, no earlier than 45 days and no later than the last business day for the State of Nevada, in the month the association incorporated with the Office of the Secretary of State.

General Information

- List all subdivision name(s) for the association filed with the county recorder's office, in the county in which the association is located. Go to http://red.nv.gov/uploadedFiles/rednv.gov/Content/Publications/References/subdivision_search.pdf for instructions on how to locate the subdivision's name.
- Indicate the file number issued by the Secretary of State (SOS) for the business entity formed, as well as the date the association incorporated with the SOS. <http://nvsos.gov/sosentitysearch/CorpSearch.aspx>
- Select the type of business entity that the association is organized as: Profit; Nonprofit; Trust; General Partnership; Limited Partnership, Limited Liability Company as prescribed in NRS 116.3101(4)(a) or NRS 116B.415 (3)(a).
- General information required by NRS 116.625(4) (e) or NRS 116B.815 (5). Include the association's legal name, complete physical address or closest cross streets (if no physical address), billing/contact address, telephone number for association and county in which the association is physically located.

Types of Common-Interest Communities:

- Condominium, defined in NRS 116.027, is a common-interest community in which portions of the real estate are designed for separate ownership and the remainder of the real estate is designated for common ownership solely by the owners of those portions. A CIC is not a condominium unless the undivided interests in the common elements are vested in the unit's owners.
 - Cooperative, defined in NRS 116.031, is a CIC in which the real estate is owned by an association, each of whose members is entitled by virtue of his ownership in the association to exclusive possession of a unit.
 - Condominium Hotel, defined in NRS 116B.060, is a CIC with real estate designated for separate ownership and a hotel unit.
 - Planned Community, defined in NRS 116.075, is a CIC that is not a condominium or a cooperative. **However, a condominium or a cooperative may be part of a planned community.**
- **Special instructions for master associations and sub-associations:** If a Master Association is indicated, the master association *is required* to submit a master roster (Form #620) that lists the legal names of all sub-associations, the names of any neighborhood(s) or other units directly under the master association as of the filing date of this form.
If a Sub-association is indicated, the sub association must list the legal name of the master association.
 - **Liens:** Indicate the number of units the association has liens *filed* for unpaid owner assessments.
 - **Foreclosures:** Indicate the number of *completed* foreclosures (not the number of Notices of Sale) based on liens for the failure to pay owner assessments. **Prior year is the association's fiscal accounting year.**

Units/Budget/Assessments

- Indicate the current number of annexed residential units (defined in NRS 116.093 and NRS 116B.235), as well as the total number of units the declarant reserves the right to annex.
- Date association held most recent annual meeting. Indicate the Association's fiscal year end.
- Total annual budgeted assessments (from the adopted budget – collective \$ amount of all assessments from unit owners.)
- Total annual budgeted revenue (includes all assessments and other revenue anticipated, e.g. interest, and other income - from the adopted budget).

- Indicate whether the financial statements were reviewed or audited (must engage an independent CPA), the reporting year the financial statements represent (must be 12 months), and the date the CPA completed the review or audit.

Reserve Study

NOTE: A reserve study is required to be conducted at least once every 5 years by a reserve study specialist who, pursuant to NRS116A.420, is qualified by training and experience.

Please include all applicable information based on the most recent study.

- Indicate whether a reserve study has ever been conducted. Date of the site inspection for the most recent adopted reserve study.
- Indicate whether the most recent study was adopted by board and the date of adoption, pursuant to NRS 116.31152 (1) and NRS 116B.605 (1).
- Indicate date the Reserve Study Summary Form was mailed/sent to Division, pursuant to NRS 116.31152 (4) and NRS 116B.605 (4).
- Name and registration number of the Reserve Study Specialist (person not company) who performed the study. Reserve Specialist name and number can be located at <http://red.nv.gov/>
- Indicate whether the Executive Board has performed an annual review.
- Indicate whether the Executive Board has made the necessary adjustments after the annual review of the reserve study.
- Indicate the required reserve account balance at the end of current fiscal year (from adopted reserve study).
- Indicate the projected reserve account balance at the end of the association’s current fiscal year (from ratified budget).
- Indicate if there is currently a reserve assessment for the reserve account. If so, for how long?

Board/Management/Declarant

NOTE: Each newly elected or appointed board member must complete Form 602 within 90 days of his/her election or appointment. Do not submit this form to the Division. This form is required to be kept as an association record that MAY be requested by the Division at any time.

As applicable, include business and contact name, address, telephone number, fax, and e-mail address for the following:

- Executive Board – Pursuant to NRS 116.31034 and NRS 116B.445, list all officers and directors. Include physical address and personal telephone number of each board member (management company’s information is not acceptable).
- Management Company – Include name of company and the community manager as defined in NRS 116.023 and NRS 116B.050.
- Custodian of Records – Identify physical location of CIC records and person responsible for the records, per NRS 116.31175 and NRS 116B.670. The financials and other records must be maintained within the county where the association is located and the books, records and other papers must be made available to the unit owners at the business office or other location not to exceed 60 miles of the location of the association.
- Hotel Unit Owner – Defined in NRS 116B.125, this only applies to condominium hotels. It includes the owner of the hotel unit and shared components and may also be declarant, any successor or any designee of the declarant, or an affiliate of the declarant.
- Attorney – Only provide information if the association has retained an attorney.
- Declarant –As defined in NRS 116.035 and NRS 116B.075, or a successive declarant (developer).
- **THE PERSON AUTHORIZED TO SIGN THE FORM MUST BE A BOARD MEMBER, DECLARANT OR COMMUNITY MANAGER. THAT PERSON MUST PRINT THEIR NAME, TITLE AND MUST SIGN AND DATE THE FORM. IF THE PERSON IS A COMMUNITY MANAGER, THEIR LICENSE NUMBER MUST BE LISTED.**

**Declaration of Certification
Common-Interest Community Executive Board Member**

I _____, as an elected or appointed member of the executive board
(Print name clearly)
of _____, a common-interest
(Legal name of the association as it appears on Secretary of State's website)
community or condominium hotel, Secretary of State (SOS) Entity Number of _____,
certify that I have read and understand, the governing documents of the association and the provisions of
Chapter 116 or 116B of Nevada Revised Statutes (NRS) and Chapter 116 of the Nevada Administrative Code
(NAC) to the best of my ability.

Indicate the following one of the following:

- Elected to the board on _____
- Re-Elected to the Board on _____
- Appointed to the Board on _____

Position elected, re-elected, or appointed to: President Vice President Secretary Treasurer Director

“I declare under penalty of perjury under the law of the State of Nevada that the foregoing is true and correct.”

Signature

Date

The Office of the Ombudsman for Common-Interest Communities and Condominium Hotels offers board member training free of charge. For more information, contact our office or visit our training webpage at http://red.nv.gov/Content/CIC/Program_Training/.

Pursuant to NRS 116.31034(19) “Each member of the executive board shall, within 90 days after his or her appointment or election, certify in writing to the association, on a form prescribed by the Administrator, that the member has read and understands the governing documents of the association and the provisions of this chapter to the best of his or her ability. The Administrator may require the association to submit a copy of the certification of each member of the executive board of that association at the time the association registers with the Ombudsman pursuant to NRS 116.31158.”

Do not submit this form to the Division.

This form is required to be kept as an association record that MAY be requested by the Division at any time.

Section 9.8. Duties. The duties of the officers are as follows:

PRESIDENT

The President shall preside at all meetings of the Board and Members; shall see that orders and resolutions of the Board are carried out; shall execute all documents and co-sign all checks and promissory notes. The President shall have the authority to prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

VICE PRESIDENT

The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board. The Vice President may execute documents and co-sign checks and promissory notes in the absence of the President. At its discretion, the Board may elect not to appoint a Vice President.

SECRETARY

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members, keep appropriate current records together with their addresses, and shall perform such duties as required by the Board. The Secretary may co-sign checks in the absence of the Treasurer. The Secretary may prepare, execute, certify and record amendments to the Declaration on behalf of the Association in the absence of the President.

TREASURER

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Directors; shall sign checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and submit to the Board a proposed annual operating budget as well as a statement of income and expenditures to be presented to the membership at meetings of the membership.

ARTICLE IX - COMMITTEES

The Board shall appoint a Nominating Committee as provided in the Declaration. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purpose and may, by resolution, delegate any portion of its authority permitted by law to an Executive Committee consisting of the President, Secretary and Treasurer of the Association.

GWD 13210.001
0325891004

NRS 116A.630 Standards of practice for community managers. In addition to any additional standards of practice for community managers adopted by the Commission by regulation pursuant to NRS 116A.400, a community manager shall:

1. Except as otherwise provided by specific statute, at all times:
 - (a) Act as a fiduciary in any client relationship; and
 - (b) Exercise ordinary and reasonable care in the performance of duties.
2. Comply with all applicable:
 - (a) Federal, state and local laws, regulations and ordinances; and
 - (b) Lawful provisions of the governing documents of each client.
3. Keep informed of new developments in the management of a common-interest community through continuing education, including, without limitation, new developments in law, insurance coverage and accounting principles.
4. Advise a client to obtain advice from an independent expert relating to matters that are beyond the expertise of the community manager.
5. Under the direction of a client, uniformly enforce the provisions of the governing documents of the association.
6. **At all times ensure that:**
 - (a) **The financial transactions of a client are current, accurate and properly documented; and**
 - (b) **There are established policies and procedures that are designed to provide reasonable assurances in the reliability of the financial reporting, including, without limitation:**
 - (1) **Proper maintenance of accounting records;**
 - (2) **Documentation of the authorization for any purchase orders, expenditures or disbursements;**
 - (3) **Verification of the integrity of the data used in business decisions;**
 - (4) **Facilitation of fraud detection and prevention; and**
 - (5) **Compliance with all applicable laws and regulations governing financial records.**
7. **Prepare or cause to be prepared interim and annual financial statements that will allow the Division, the executive board, the units' owners and the accountant or auditor to determine whether the financial position of an association is fairly presented in accordance with all applicable laws and regulations.**
8. **Cause to be prepared, if required by the Division, a financial audit performed by an independent certified public accountant of the records of the community manager pertaining to the common-interest community, which must be made available to the Division.**
9. Make the financial records of an association available for inspection by the Division in accordance with the applicable laws and regulations.
10. Cooperate with the Division in resolving complaints filed with the Division.
11. Upon written request, make the financial records of an association available to the units' owners electronically or during regular business hours required for inspection at a reasonably convenient location, which must be within 60 miles from the physical location

of the common-interest community, and provide copies of such records in accordance with the applicable laws and regulations. As used in this subsection, "regular business hours" means Monday through Friday, 9 a.m. to 5 p.m., excluding legal holidays.

12. Maintain and invest association funds in a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, National Credit Union Share Insurance Fund, Securities Investor Protection Corporation, or a private insurer approved pursuant to NRS 672.755, or in government securities that are backed by the full faith and credit of the United States Government.

13. Except as required under collection agreements, maintain the various funds of the client in separate financial accounts in the name of the client and ensure that the association is authorized to have direct access to those accounts.

14. Provide notice to each unit's owner that the executive board is aware of all legal requirements pursuant to the applicable laws and regulations.

15. Maintain internal accounting controls, including, without limitation, segregation of incompatible accounting functions.

16. Ensure that the executive board develops and approves written investment policies and procedures.

17. Recommend in writing to each client that the client register with the Division, maintain its registration and file all papers with the Division and the Secretary of State as required by law.

18. Comply with the directions of a client, unless the directions conflict with the governing documents of the client or the applicable laws or regulations of this State.

19. Recommend in writing to each client that the client be in compliance with all applicable federal, state and local laws, regulations and ordinances and the governing documents of the client.

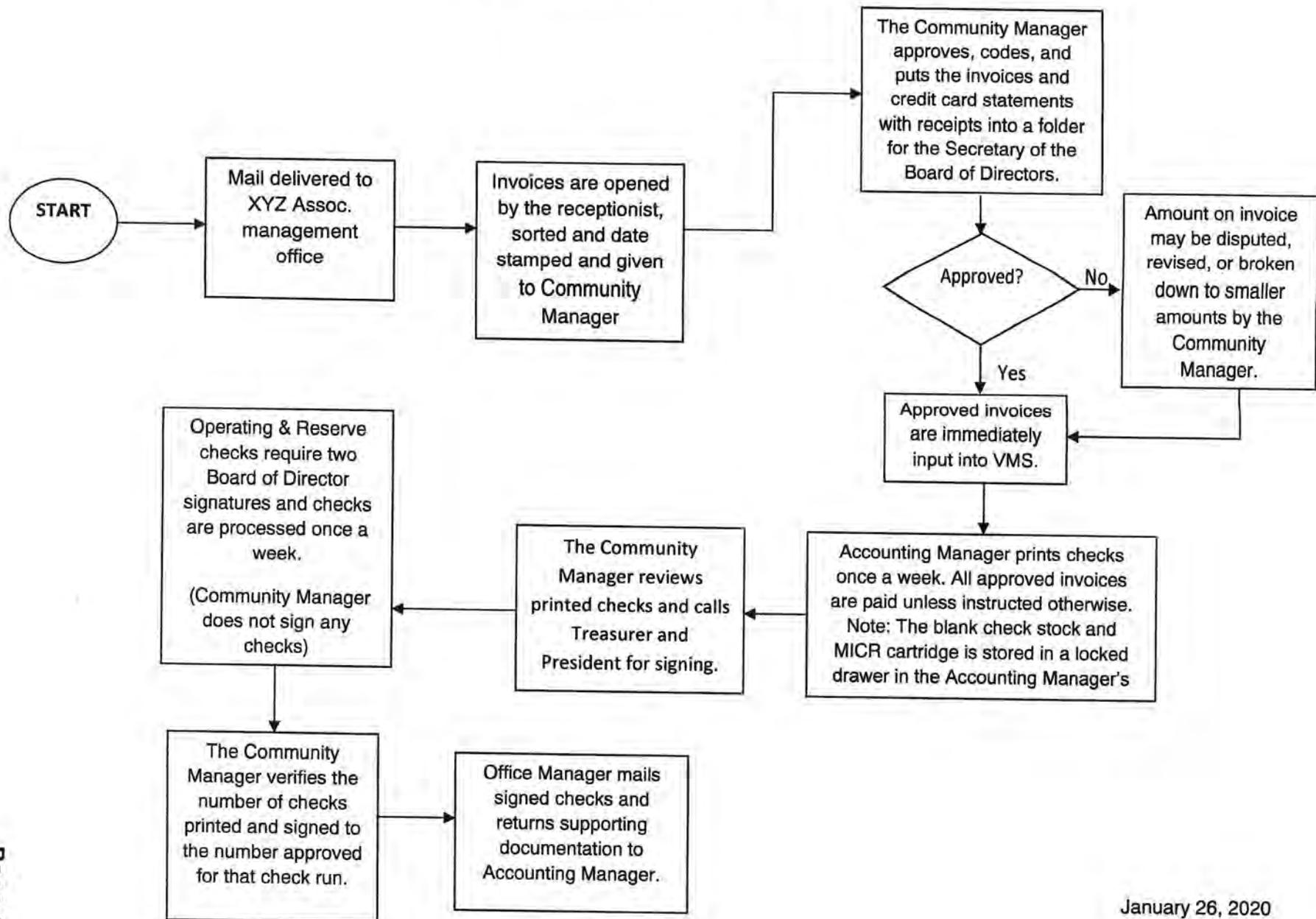
20. Obtain, when practicable, at least three qualified bids for any capital improvement project for the client.

21. Develop written collection policies, approved by the executive board, to comply with all applicable federal, state and local laws, regulations and ordinances relating to the collection of debt. The collection policies must require:

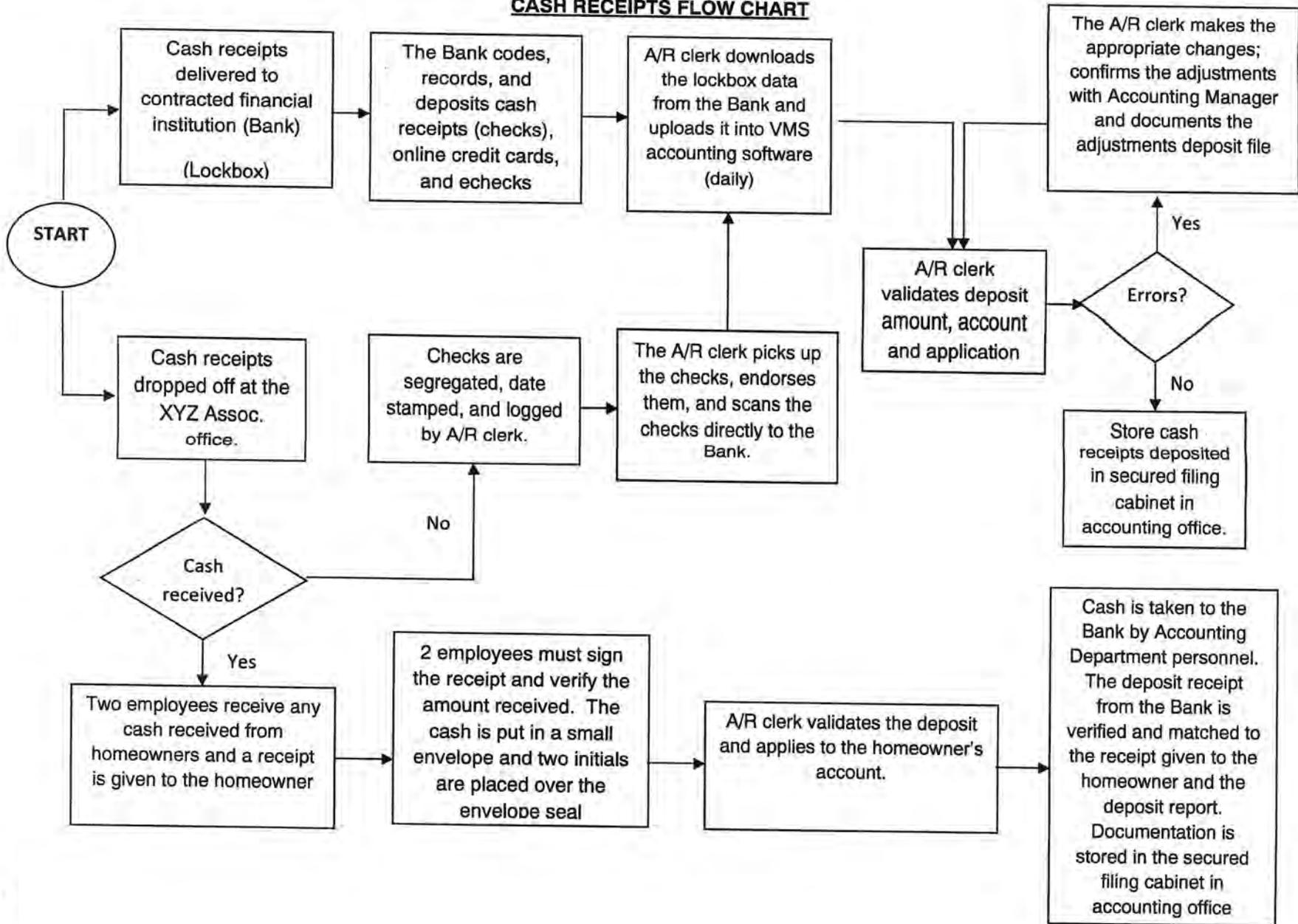
(a) That the executive board approve all write-offs of debt; and

(b) That the community manager provide timely updates and reports as necessary. (Added to NRS by 2009, 2814)

CASH DISBURSEMENTS FLOW CHART



CASH RECEIPTS FLOW CHART



January 26, 2020

NRS 116A.640 Community manager prohibited from engaging in certain acts; exceptions. In addition to the standards of practice for community managers set forth in NRS 116A.630 and any additional standards of practice adopted by the Commission by regulation pursuant to NRS 116A.400, a community manager shall not:

1. Except as otherwise required by law or court order, disclose confidential information relating to a client, which includes, without limitation, the business affairs and financial records of the client, unless the client agrees to the disclosure in writing.

2. Impede or otherwise interfere with an investigation of the Division by:

(a) Failing to comply with a request of the Division to provide documents;

(b) Supplying false or misleading information to an investigator, auditor or any other officer or agent of the Division; or

(c) Concealing any facts or documents relating to the business of a client.

3. Commingle money or other property of a client with the money or other property of another client, another association, the community manager or the employer of the community manager.

4. Use money or other property of a client for his or her own personal use.

5. Be a signer on a withdrawal from a reserve account of a client.

6. Except as otherwise permitted by the provisions of the court rules governing the legal profession, establish an attorney-client relationship with an attorney or law firm which represents a client that employs the community manager or with whom the community manager has a management agreement.

7. Provide or attempt to provide to a client a service concerning a type of property or service:

(a) That is outside the community manager's field of experience or competence without the assistance of a qualified authority unless the fact of his or her inexperience or incompetence is disclosed fully to the client and is not otherwise prohibited by law; or

(b) For which the community manager is not properly licensed.

8. Intentionally apply a payment of an assessment from a unit's owner towards any fine, fee or other charge that is due.

9. Refuse to accept from a unit's owner payment of any assessment, fine, fee or other charge that is due because there is an outstanding payment due.

10. Collect any fees or other charges from a client not specified in the management agreement.

11. Accept any compensation, gift or any other item of material value as payment or consideration for a referral or in the furtherance or performance of his or her normal duties unless:

(a) Acceptance of the compensation, gift or other item of material value complies with the provisions of NRS 116.31185 or 116B.695 and all other applicable federal, state and local laws, regulations and ordinances; and

(b) Before acceptance of the compensation, gift or other item of material value, the community manager provides full disclosure to the client and the client consents, in writing, to the acceptance of the compensation, gift or other item of material value by the community manager. (Added to NRS by 2009, 2816)

NRS 116.311395 Funds of association to be deposited or invested at certain financial institutions.

1. Except as otherwise provided in subsection 2, an association, a member of the executive board, or a community manager shall deposit or invest all funds of the association at a financial institution which:

- (a) **Is located in this State;**
- (b) **Is qualified to conduct business in this State; or**
- (c) **Has consented to be subject to the jurisdiction, including the power to subpoena, of the courts of this State and the Division.**

2. Except as otherwise provided by the governing documents, in addition to the requirements of subsection 1, an association shall deposit, maintain and invest all funds of the association:

- (a) **In a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or the Securities Investor Protection Corporation;**
- (b) **With a private insurer approved pursuant to NRS 672.755; or**
- (c) **In a government security backed by the full faith and credit of the Government of the United States.**

3. The Commission shall adopt regulations prescribing the contents of the declaration to be executed and signed by a financial institution located outside of this State to submit to consent to the jurisdiction of the courts of this State and the Division.

(Added to NRS by 2009, 1733)



Deposit Insurance at a Glance

[Vea esta página en español](#)

FDIC Deposit Insurance

Since 1933, the FDIC seal has symbolized the safety and security of our nation's financial institutions. FDIC deposit insurance enables consumers to confidently place their money at thousands of FDIC insured banks across the country, and is backed by the full faith and credit of the United States government.

FDIC deposit insurance coverage depends on two things: (1) whether your chosen financial product is a deposit product; and (2) whether your bank is FDIC-insured.

The FDIC covers

- Checking accounts
- Negotiable Order of Withdrawal (NOW) accounts
- Savings accounts
- Money Market Deposit Accounts (MMDAs)
- Time deposits such as certificates of deposit (CDs)
- Cashier's checks, money orders, and other official items issued by a bank

The FDIC does not cover

- Stock investments
- Bond investments
- Mutual funds
- Life insurance policies
- Annuities
- Municipal securities
- Safe deposit boxes or their contents
- U.S. Treasury bills, bonds or notes

Depositors do not need to apply for FDIC insurance. Coverage is automatic whenever a deposit account is opened at an FDIC-insured bank or financial institution. If you are interested in FDIC deposit insurance coverage, simply make sure you are placing your funds in a deposit product at the bank.

COVERAGE LIMITS

The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.

The FDIC provides separate coverage for deposits held in different account ownership categories. Depositors may qualify for coverage over \$250,000 if they have funds in different ownership categories and all FDIC requirements are met.

All deposits that an accountholder has in the same ownership category at the same bank are added together and insured up to the standard insurance amount.

WHEN A BANK FAILS

A bank failure is the closing of a bank by a federal or state banking regulatory agency, generally resulting from a bank's inability to meet its obligations to depositors and others. In the unlikely event of a bank failure, the FDIC acts quickly to ensure depositors get prompt access to their insured deposits.

FDIC deposit insurance covers the balance of each depositor's account, dollar-for-dollar, up to the insurance limit, including principal and any accrued interest through the date of the insured bank's closing.

The FDIC acts in two capacities following a bank failure:

1. As the "Insurer" of the bank's deposits, the FDIC pays deposit insurance to the depositors up to the insurance limit.
2. As the "Receiver" of the failed bank, the FDIC assumes the task of collecting and selling the assets of the failed bank and settling its debts, including claims for deposits in excess of the insured limit.

FDIC Deposit Insurance Coverage Limits by Account Ownership Category

| | |
|--|---|
| Single Accounts (Owned by One Person) | \$250,000 per owner |
| Joint Accounts (Owned by Two or More Persons) | \$250,000 per co-owner |
| Certain Retirement Accounts (Includes IRAs) | \$250,000 per owner |
| Revocable Trust Accounts | \$250,000 per owner per unique beneficiary |
| Corporation, Partnership and Unincorporated Association Accounts | \$250,000 per corporation, partnership or unincorporated association |
| Irrevocable Trust Accounts | \$250,000 for the noncontingent interest of each unique beneficiary |
| Employee Benefit Plan Accounts | \$250,000 for the noncontingent interest of each plan participant |
| Government Accounts | \$250,000 per official custodian (more coverage available subject to specific conditions) |

For more information from the FDIC

Call toll-free

1-877-ASK-FDIC (1-877-275-3342)

Hearing impaired line

1-800-925-4618

Calculate insurance coverage using EDIE

The Electronic Deposit Insurance Estimator – known as EDIE – is an online tool that's simple and easy to use. To calculate your deposit insurance coverage, use EDIE at: <https://edie.fdic.gov>.

Read more about FDIC insurance online at:

www.fdic.gov/deposit/deposits

Send questions by e-mail

Use the FDIC's Deposit Insurance Form located at: <https://ask.fdic.gov/FDICDepositInsuranceForm>

Mail questions

Federal Deposit Insurance Corporation
Attn: Deposit Insurance Section

 An official website of the United States government



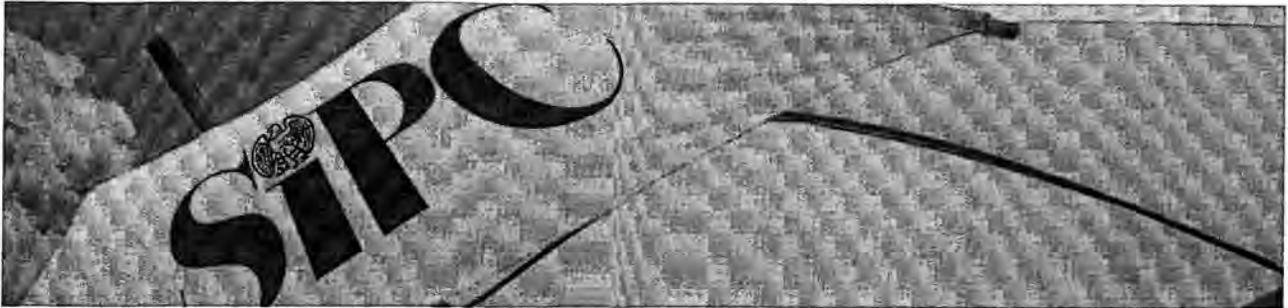
National Credit
Union Administration

[NCUA.gov](https://www.ncua.gov) / [Support Services](#)

Share Insurance Fund Overview

The National Credit Union Share Insurance Fund was created by Congress in 1970 to insure members' deposits in federally insured credit unions. Administered by the NCUA, the Share Insurance Fund insures individual accounts up to \$250,000, and a member's interest in all joint accounts combined is insured up to \$250,000. The Share Insurance Fund separately protects IRA and KEOGH retirement accounts up to \$250,000. The Share Insurance Fund has the backing of the full faith and credit of the United States. Credit union members have never lost even a penny of insured savings at a federally insured credit union.

As of October 1, 2017, the Share Insurance Fund includes all assets and liabilities related to the [Corporate System Resolution Program](#), which were previously accounted for in the [Temporary Corporate Credit Union Stabilization Fund](#).



Mission

SIPC was created under the Securities Investor Protection Act as a non-profit membership corporation of member firms that close when the firm is bankrupt or in financial trouble, and customer assets. Under the Securities Investor Protection Act, SIPC and the court-appointed Trustee work to return customer assets as possible. Within limits, SIPC expedites the return of missing customer property by protecting securities and cash (including a \$250,000 limit for cash only).

SIPC is an important part of the overall system of investor protection in the United States. While securities agencies and self-regulatory organizations deal with cases of investment fraud, SIPC restores customer cash and securities left in the hands of bankrupt or otherwise financially troubled firms.

SIPC was not chartered by Congress to combat fraud. Although created under a federal law, SIPC is not a part of the United States Government, and it has no authority to investigate or regulate its member firms. It is important for investors to understand that SIPC is not the securities world equivalent of the Federal Deposit Insurance Corporation for depositors of insured banks.

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[Cases & Claims](#)

[For Investors](#)

[Search](#)

[Español](#)





Search Site

How CDARS Works

Everything is handled through a CDARS® Network member of your choice. The thousands of financial institutions that can offer CDARS are members of a unique network. When you place a large deposit with a CDARS Network member, that institution uses the CDARS service to place your funds into CDs issued by other members of the CDARS Network.

This occurs in increments below the standard FDIC insurance maximum (\$250,000) so that both principal and interest are eligible for FDIC insurance. By working directly with just one institution, you can receive coverage from many. And, you receive just one regular, consolidated account statement.

When you're ready to take advantage of CDARS, here's what happens:

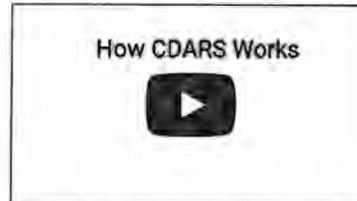
- 1 You sign a CDARS Deposit Placement Agreement and a custodial agreement, and then invest money with a member of the CDARS Network (a relationship institution).
- 2 Your funds are placed using the CDARS service.
- 3 Your CDs are issued by other members in the CDARS Network.
- 4 You receive confirmation of your CDs from your relationship institution.
- 5 You receive consolidated interest payments and statements through your relationship institution.

Customer invests \$5,000,000 through a Network member



21 CDs under \$250,000 are issued by 21 network banks

View this short video to learn more about CDARS.



For general information, please check our [FAQs page](#).

The CDARS service has been designed to satisfy the FDIC's requirements for pass-through deposit insurance coverage.

If a depositor is subject to restrictions with respect to the placement of funds in depository institutions, it is the depositor's responsibility to determine whether the placement of its funds through CDARS satisfies those restrictions.

When deposited funds are exchanged on a dollar-for-dollar basis with other banks in the CDARS Network, the relationship institution can use the full amount of a deposit placed through CDARS for local lending, satisfying some depositors' local investment goals or mandates. Alternatively, with a depositor's consent, the relationship institution may choose to receive fee income instead of deposits from other participating institutions. Under these circumstances, deposited funds would not be available for local lending.

Find CDARS

Placement of funds through the CDARS service is subject to the terms, conditions, and disclosures in the service agreements, including the Deposit Placement Agreement ("DPA"). Limits apply. Although funds are placed at destination banks in amounts that do not exceed the FDIC standard maximum deposit insurance amount ("SMDIA"), a depositor's balances at the relationship institution that places the funds may exceed the SMDIA (e.g., before CDARS settlement for a deposit or after CDARS settlement for a withdrawal) or be ineligible for FDIC insurance (if the relationship institution is not a bank). As stated in the DPA, the depositor is responsible for making any necessary arrangements to protect such balances consistent with applicable law. If the depositor is subject to restrictions on placement of its funds, the depositor is responsible for determining whether its use of CDARS satisfies those restrictions. CDARS, ICS, and Insured Cash Sweep are a registered service mark of Promontory Interfinancial Network, LLC.

[Home](#) | [Promontory Interfinancial Network, LLC](#) | [FAQs](#) | [Terms & Conditions](#) | [Privacy Policy](#)

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Neither we nor Promontory will advance funds in connection with early withdrawals, and early withdrawal proceeds will not be available to you until they are paid to us by the Insured Institution that issued the CD being withdrawn.

(j) No Automatic Renewal or Rollover

The CDs will mature on the date shown on the confirmation of CD issuance. Upon maturity, the principal amount of, and unpaid accrued interest on, the CD will be paid to you. The CDs will not be automatically renewed or rolled over, and interest on the CDs will not continue to accrue after the maturity date. If upon maturity you wish to re-deposit your funds in CDs through CDARS, you must instruct us to re-submit the funds as a new placement or you must take advantage of our preauthorized re-submission process as described in Section 3(f).

(j) Preauthorized Re-submission

At the time you submit funds to us for placement through CDARS, you may enter into a written agreement with us to preauthorize terms for re-submission of those funds for placement through CDARS upon the maturity of your CDs. Unless we have entered into such a written re-submission arrangement with you, if you wish to re-submit your funds upon maturity of your CDs you must contact us before we re-submit your funds through CDARS to establish the new terms (including interest rate and APY) and the other specifics of your Order for your re-submitted funds.

(k) No Physical Certificates

As set forth in Section 1, no physical certificate evidencing a CD will be issued. You should not purchase a CD through CDARS if you need to take physical possession of a certificate.

Section 4. Important Considerations

(a) Compare Features

You should compare the rates of return and other features of a CD to other available deposit accounts before deciding to purchase CDs using CDARS. Although the CDs are issued by other Insured Institutions, the rates of interest paid on the CDs are determined by us based on (i) the interest rates and APYs we are willing to pay on deposits that we accept through CDARS on the Settlement Date (if your funds are placed by us through a CDARS Reciprocal Transaction) or (ii) the interest rate and APY that Insured Institutions that have requested funds through CDARS One-Way Transactions for that Settlement Date are willing to pay after paying fees to Promontory and us (if your funds are placed by us through a CDARS One-Way Transaction). These rates may be higher or lower than the rates on CDs available through a CDARS One-Way Transaction (if we are placing your funds using a CDARS Reciprocal Transaction) or a CDARS Reciprocal Transaction (if we are placing your funds using a CDARS One-Way Transaction) or on comparable deposits available directly from us, from Insured Institutions that issue the CDs using CDARS, from other Insured Institutions, or from insured depository institutions not participating in CDARS.

(b) Uninsured Deposits With Us

- (i) Except for funds you hold in certain noninterest-bearing transaction accounts as explained in paragraph (ii) below, funds you hold in one or more deposit accounts with us before placement using CDARS, or as a result of payments of interest or principal on CDs previously placed using CDARS, will be aggregated for FDIC insurance purposes with all other deposits you hold in deposit accounts with us in the same insurable capacity. As a result, the FDIC may not fully insure such funds if the aggregate amount exceeds the SMDIA. You should discuss with us the options for holding your funds before placement and for having the payments on the CDs deposited with us or elsewhere. See Section 5 below, "FDIC Insurance Information." If you cannot accept the risk associated with uninsured deposits in these or other circumstances, it will be your responsibility to make arrangements with us to have such funds collateralized, protected by a properly executed repo sweep arrangement, or otherwise adequately protected, in a manner consistent with applicable law. You should consult your legal advisor to determine whether a particular collateralization arrangement is consistent with applicable law.
- (ii) From December 31, 2010, through December 31, 2012, the FDIC will fully insure funds you hold in a noninterest-bearing transaction account with us, without regard to the SMDIA, if (A) interest is neither accrued nor paid on the account, (B) the account is one from which we permit you to make withdrawals for the purpose of making payments or transfers to third parties, and (C) we do not reserve the right to require advance notice of an intended withdrawal from the account.

(c) Insolvency of an Insured Institution

In the event an Insured Institution approaches insolvency or becomes insolvent, the Insured Institution may be placed in a regulatory conservatorship or receivership in which the FDIC is typically appointed as conservator or receiver. The FDIC may thereafter pay off the CDs issued by that Insured Institution prior to maturity or transfer the CDs to another insured depository institution. See Section 5 below, "FDIC Insurance Information."

(d) Reinvestment Risk

If your CD is paid prior to maturity as a result of the issuing Insured Institution's insolvency or a voluntary early withdrawal (see Section 3(h) above, "Additions and Early Withdrawal"), you may not be able to reinvest your funds at the same interest rate that you received on the original CD. Neither we nor Promontory is responsible to you for any losses you may incur as a result of a lower interest rate on an investment replacing your CD.

(e) Investment Restrictions

If you are subject to restrictions with respect to the placement of funds in depository institutions, it is your responsibility to determine whether the placement of your funds by us using CDARS satisfies those restrictions. For example, when placing funds for deposit using CDARS, some governmental unit depositors may be required by law or policy to place funds only using a CDARS Reciprocal Transaction, in which the institution placing the funds for deposit using CDARS receives funds for deposit in an amount equal to the amount of funds that was placed by the depositor using CDARS with respect to the corresponding Order Date. When we place funds for deposit using a CDARS One-Way Transaction, we will not receive matching funds using CDARS.

Section 5. FDIC Insurance Information

(a) Deposit Insurance Coverage

In general, and except as explained in Section 4(b) above, all accounts and deposits that you maintain with an Insured Institution in the same insurable capacity (whether you are acting directly or through an intermediary) would be aggregated for purposes of the SMDIA. Insurable capacities include individual accounts, joint accounts and individual retirement accounts. A tax identification number is not evidence of, and does not establish, an insurable capacity that is separate from another tax identification number used by the same person or entity. Upon request, we will provide you with a copy of the FDIC brochure "Your Insured Deposits – FDIC's Guide to Deposit Insurance Coverage." You may also obtain information about deposit insurance coverage by contacting the FDIC, Office of Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by telephone (877-275-3342, 800-925-4618 (TDD) or 202-942-3100), or by e-mail (dcinternet@fdic.gov), or by visiting the FDIC website at www.fdic.gov. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one capacity.

FDIC deposit insurance coverage applies to the principal and accrued interest on all CDs and other deposit accounts maintained by you in the same insurable capacity at a single Insured Institution. The records maintained by the Insured Institution, us and our sub-custodian regarding ownership of CDs will be used to establish your eligibility for federal deposit insurance payments in respect of CDs issued through CDARS. Accordingly, it is necessary that you immediately report to us any changes in the CD ownership information that you originally provided to us in connection with the submission of your Order. We will inform the sub-custodian of any changes in ownership of the CD, thereby assuring that the sub-custodian will have accurate information to provide to the FDIC in the event of the closure of the Insured Institution that issued the CD. However, the FDIC could require you to provide additional documentation before insurance payments would be released to you.

(b) Government Unit Deposits

The requirements for deposit insurance coverage of the deposits of the United States government, state, county and municipal governments and their political subdivisions; the District of Columbia and the Commonwealth of Puerto Rico are specifically set forth in regulations of the FDIC (12 C.F.R. 330.15). In general, and except as explained in Section 4(b) above, such deposits will be insured up to the SMDIA, and individual departments and political subdivisions within a governmental unit may be eligible for separate insurance if certain requirements are met. The use of separate tax identification numbers by different departments or political subdivisions of the same governmental unit will not by itself cause the deposits of such departments or political subdivisions to be eligible for separate FDIC insurance.

By signing below, you acknowledge that you have received this agreement, that the information you have provided us is correct, that you have read and understood this agreement and that you were given the opportunity to ask us any questions you may have had with respect to this agreement, the transactions contemplated by it, the CDs and FDIC insurance coverage of the CDs and deposits maintained with us.

Check this box if you are a governmental unit or other depositor and wish your funds to be placed only through CDARS Reciprocal Transactions.

DEPOSITOR(S)

Name of Depositor: _____
 By: _____
 Name: _____
 Title: _____
 Depositor U.S. Tax ID: _____
 Tax ID Type: _____
 If you do not have a U.S. Tax ID, enter an alternate ID*: _____
 Alternate ID Type: _____
 Signed this _____ day of _____, 20_____

Name of Depositor: _____
 By: _____
 Name: _____
 Title: _____
 Depositor U.S. Tax ID: _____
 Tax ID Type: _____
 If you do not have a U.S. Tax ID, enter an alternate ID*: _____
 Alternate ID Type: _____
 Signed this _____ day of _____, 20_____

DEPOSITORY INSTITUTION

 (Print Name of Institution)
 By: _____
 Name: _____
 Title: _____
 Acknowledged this _____ day of _____, 20_____

* If you do not have a U.S. Tax ID you must use this same alternate ID for all CDARS transactions with all institutions. If you subsequently obtain a U.S. Tax ID you must promptly inform us and other institutions so that your correct information can be recorded for tax reporting, CDARS document tracking and FDIC purposes.

SCHEDULE 1

INITIAL LIST OF INSURED INSTITUTIONS AT WHICH YOU DO NOT WANT TO MAKE A DEPOSIT (ATTACH ADDITIONAL PAGES AS NECESSARY)

Please include the city and state of the institution's main office (rather than the city and state of a branch location). You may include the institution's routing number and/or FDIC certificate number, if you have this information.

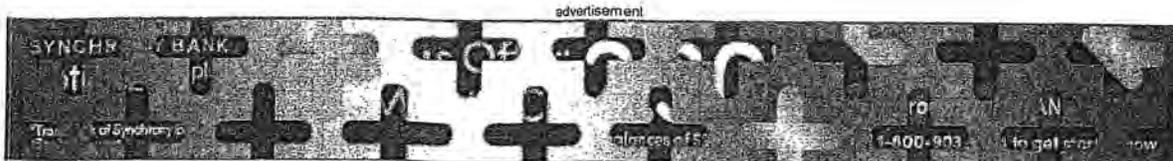
| | |
|---------------------|----------------|
| _____ | _____ |
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| Name of Institution | City and State |
| _____ | _____ |
| Name of Institution | City and State |

SCHEDULE 2

IMPORTANT TIMES AND DEADLINES IN CONNECTION WITH THE PLACEMENT OF YOUR FUNDS

This schedule contains important times and deadlines with respect to the placement of your funds. These times may change from time to time or on any particular Order Date or Order Allocation Date (which are currently the same business day), and we will inform you of any change in times, as applicable, before you submit your funds for placement. You may also obtain information about any changes to times set forth in paragraphs 2, 3 and 4 below or about any scheduling change resulting in the Order Allocation Date taking place on the business day immediately following an Order Date at www.CDARS.com/products.

1. Time and day by which your request to have your funds placed must be submitted: _____ on _____
2. Time and day by which we must submit your Order to Promontory: 1:00 p.m. ET on the Order Date.
3. Time and day at or after which you may obtain the list of names of the Insured Institutions at which your funds are proposed to be placed: 3:00 p.m. ET on the Order Allocation Date.
4. Time and day by which you must inform us of the name or names of any proposed Insured Institution at which you do not want to make a deposit: 4:00 p.m. ET on the Order Allocation Date.
5. Time and day by which we must have your available funds on account: _____ on _____



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SAVINGS

6 ways to insure excess deposits

By Laura Bruce • Bankrate.com



Highlights

- Many community or state-chartered banks have excess deposit coverage
- CDARS allows you to insure up to \$50 million in CDs.
- IDC Deposits does the same with money market accounts.

As consumers continue to be rattled by a seemingly bottomless pit of bad financial news, they're looking for ways to ensure their entire bank deposits are covered by the Federal Deposit Insurance Corporation.

It's not difficult to exceed the \$250,000 limit on individual accounts, or the \$250,000 limit on certain retirement accounts. (In October 2008, the FDIC insurance limit was raised to \$250,000 from \$100,000, effective until Dec. 31, 2009. This change has since been extended to Dec. 31, 2013. The limit may revert to \$100,000 after that time.) In fact, the FDIC says that less than 62 percent of the \$6.88 trillion on deposit in FDIC-insured banks was covered at the end of 2007. That leaves more than \$2.5 trillion unprotected in the event of bank failures.

Fortunately, there are many ways you can have excess deposits covered, and you should take the trouble to use one of these methods or, through your own research, find other ways. Uninsured depositors receive an average of \$0.72 on the dollar when their bank fails. Imagine having excess money in a bank and losing more than a quarter of it. In addition, it can take years for the FDIC to settle a bank failure.

The six examples of excess deposit coverage that we'll highlight here primarily involve accounts at community or state-chartered banks. Some larger institutions carry their own excess deposit insurance, so if you prefer banking at larger institutions, ask if they have it. Companies such as BancInsure and Progressive Casualty Insurance provide excess deposit insurance to financial institutions. Excess share insurance is available to credit unions. But don't assume you're covered; always ask.

6 ways to cover deposits

- Depositors Insurance Fund
- CDARS
- IDC Deposits
- Wintrust Financial
- Brokerage accounts
- FDIC

Depositors Insurance Fund (DIF)

Believe it or not, back in the 1930s Massachusetts state-chartered savings banks and state-chartered cooperative banks were prohibited from belonging to the FDIC. Instead, they were required to belong to the DIF, which functioned back then under a different name. Over time, the state legislature allowed the state-chartered institutions to also have FDIC insurance. The DIF then became the insurer of excess deposits. Any amounts above FDIC coverage are guaranteed. There are no forms to fill out, and no separate titling of accounts is necessary. The DIF program covers 68 state-chartered savings banks.

The Share Insurance Fund (SIF) provides the same coverage for state-chartered cooperative banks.

If you don't live in Massachusetts, you're not left out: Many of these banks allow out-of-state accounts.

"The insurance is unlimited, but we don't have \$10 million customers," says David Elliott, CEO at Depositors Insurance Fund in Woburn, Mass. "When we look at our profile, it's an amount slightly above the FDIC limit. The customer, whose account started with \$90,000 and through interest is up to \$125,000, may not even be aware of the fact that the FDIC is insuring the first \$250,000 and we're insuring the \$25,000 above that."

Certificate of Deposit Account Registry Service (CDARS)

If you like the safety and convenience of CDs and you're nearing the FDIC limit, you may want to consider the CDARS program if your bank offers it.

Funds above \$250,000 are deposited in CDs at other banks in the network. The system is supposed to ensure the money is divided among non-related banks, but you should check to be certain. If you're wealthy enough, you can insure up to \$50 million.

The demand for the CDARS program has grown considerably this summer, according to Mark Jacobsen, president of Promontory Interfinancial Network, the company that created CDARS.

"Since mid-July, we've been doing about twice the business each week as we did in a typical week in January; and about three times the transaction volume we were doing a year ago. Our business in California has skyrocketed. It took us about five-and-a-half-years to garner approximately 150 bank charters in California as member of our network. In the 11 days after IndyMac failed, we had requests from 40 different banks."

IDC Deposits

Just as the CDARS program divvies your excess funds among CDs at different banks, IDC Deposits does the same with money market accounts. Its network consists of over 250 banks, allowing individuals to have FDIC coverage for up to \$5 million in what's called a MMAX account.

Another way MMAX is similar to CDARS is that the interest rate you earn may not be as good as you would get shopping around and placing your funds in various institutions yourself. But there's a huge convenience factor to consider. With both programs you receive one statement and one 1099 for tax records.

For example, IDC currently pays banks 2 percent on deposits. The bank you do business with may give you an interest rate of 1.75 percent. That's apparently not stopping people from going with the program.

"We are absolutely seeing an increase in business," says IDC Deposits president Kim Weeks. "I'll be the first to tell you that six months ago, four months ago, it was a tougher sell on the investor side because these are not great rates and we understand this. But because of everything going on right now, there's a trade-off in the convenience and the assurance that the money is insured."

Wintrust Financial

This is an example of a small group of banks that provide excess coverage. Wintrust is a bank holding company that has 15 separately chartered banks in the Chicago and Milwaukee areas. Wintrust makes its MaxSafe account available to customers of the 15 banks. It allows individuals to insure \$1.5 million in CD and money market accounts -- more than \$16 million if you're able to title accounts differently.

People from outside the Chicago and Milwaukee can apply for an account at one of the banks, but Wintrust is being cautious for varying reasons, says CEO Edward Wehmer.

"We did a one-week test in Tennessee and Kansas City and it was surprising the number of calls we had. Eventually, there will be online (applications), but we want to be very careful regarding the 'know your customer' rules on the online side of the business, especially with a money market account. Also, we don't have funding needs. This has been a defensive product for us. I'm afraid that if I offer it, I could get \$1 billion in deposits and nowhere to go with it."

Brokerage accounts

If you have an account with an institutions such as Fidelity or Schwab, you can buy CDs at different banks from across the country with the click of a mouse. In addition to the convenience of one-stop shopping, you'll often find yields above the national averages. Be aware that you're responsible for making sure your money is divided among non-related banks. For more information on brokered deposits, read this article.

FDIC

The FDIC allows you to insure significantly more than \$250,000 if you're able to title accounts separately. For instance, you could have \$250,000 covered in an individual account, \$250,000 covered in a joint account, and \$250,000 in a retirement account. For more information on titling see this article.

Updated: April 16, 2009

Location of article:

<http://www.bankrate.com/finance/savings/6-ways-to-insure-excess-deposits.aspx>

**RESOLUTION OF THE
ABC COMMUNITY ASSOCIATION - BOARD OF DIRECTORS**

INVESTMENT POLICY

AUTHORITY AND PURPOSE FOR THE RESOLUTION:

WHEREAS, the ABC Community Association is a non-profit Corporation duly organized and existing under the laws of the State of Nevada; and

WHEREAS, the Board of Directors wishes to formalize their investment policy, for funds in the reserve and operating accounts of the association, and

WHEREAS, the Board of Directors wish to be in compliance with all applicable Nevada laws and regulations of this State.

NOW THEREFORE, BE IT RESOLVED:

The Board of Directors shall deposit, maintain and invest all funds of the Association at a financial institution that is located in Nevada *or* qualified to conduct business in this State *or* has consented to the jurisdiction, including the power to subpoena, of the courts of this State and the Nevada Real Estate Division. The institution will also have experience in working with the Common Interest Community industry to ensure compliance.

In addition, the Board of Directors shall deposit, maintain, and invest all funds of the association in accordance with their governing documents, and:

- (a) In a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Share Insurance Fund (NCUSIF), or the Securities Investor Protection Corporation (SIPC); or
- (b) With a private insurer approved pursuant to NRS 678.755; or
- (c) Government securities that are backed by the full faith and credit of the United States Government.

To protect these funds further, it is the Board of Directors desire that the association funds be 100% insured at all times in accordance with NRS 116.311395.

All investments will be laddered to ensure that money is available at the time that reserve funds will be used so that there will be no penalties for withdrawal or transfer.

No investment decisions will be made outside a Board of Directors meeting and when advisable, the Board of Directors should rely on recommendations of a person who is a licensed investment advisor with experience in the association industry.

As required by NRS 116.31083, Section 7, the board shall at least every quarter, but not less than 100 days, unless our document impose more stringent standards, shall review all financial statements, which include the operating account and the reserve account compared to the budget, and reconciliations of all accounts along with the of the financial statements prepared by the financial institutions in which the accounts are maintained.

As required by NRS 116.31152, the Board of Directors shall annually review the association's reserve study and incorporate its findings in the investment decision-making process.

To remain in compliance with NRS 116.31153 subsection 1, funds can only be withdrawn from the reserve accounts with the signatures of two members of the Board of Directors and/or an officer. At no time can the community manager nor any employee of the management company be a signer on the reserve account.

According to NRS 116.31153 subsection 2, funds in the operating account may not be withdrawn, except as otherwise provided in subsections 3, 4 and 5 of NRS 116.31153, without the signatures of at least one member of the Board of Directors or one officer of the association and a member of the Board of Directors, an officer of the association or the community manager. The manager will be a signor only in an emergency.

This resolution is adopted in resolution format at the 2-2-2020, Board of Directors meeting.

BY: _____
President

ATTESTED: _____
Secretary

A.B. 309

Sec. 5. NRS 116.31153 is hereby amended to read as follows:

116.31153

1. Money in the reserve account of an association required by paragraph (b) of subsection 2 of NRS 116.3115 may not be withdrawn without the signatures of at least two members of the executive board or the signatures of at least one member of the executive board and one officer of the association who is not a member of the executive board.

2. Except as otherwise provided in subsection 3, money in the operating account of an association may not be withdrawn without the signatures of at least one member of the executive board or one officer of the association and a member of the executive board, an officer of the association or the community manager.

3. Money in the operating account of an association may be withdrawn without the signatures required pursuant to subsection 2 to:

- (a) Transfer money to the reserve account of the association at regular intervals;
- (b) Make automatic payments for utilities;
- (c) Make automatic payments for the cost of any insurance policies maintained pursuant to NRS 116.3113;
- (d) Make automatic payments for telecommunications services maintained by the association, including, without limitation, telephone, cable, satellite and Internet services;
- (e) Make automatic payments for any services to the

association that are billed on a monthly, quarterly or annual basis;

(f) Make annual payments to the Office of the Ombudsman;

(g) Make an electronic transfer of money to a state agency pursuant to NRS 353.1467; or

[(d)] (h) Make an electronic transfer of money to the United States Government, or any agency thereof, pursuant to any federal law requiring transfers of money to be made by an electronic means authorized by the United States Government or the agency thereof.

4. An association may use electronic signatures to withdraw money in the operating account of the association if:

(a) The electronic transfer of money is made pursuant to a written agreement entered into between the association and the financial institution where the operating account of the association is maintained;

(b) The executive board has expressly authorized the electronic transfer of money; and

(c) The association has established internal accounting controls which comply with generally accepted accounting principles to safeguard the assets of the association.

5. As used in this section, “electronic transfer of money” has the meaning ascribed to it in NRS 353.1467

NAC 116.451 Preparation, contents and distribution of interim financial statements. (NRS 116.31142, 116.615) The interim financial statements of an association may be prepared using fund accounting or a single-column presentation and must:

1. Present a balance sheet that reflects the operating funds, reserve funds for future repairs and replacements and any other funds of the association.

2. List the assets, liabilities and fund balances or members' equity if a single-column format is used.

3. Include, at a minimum, a month-to-date and year-to-date presentation of:

(a) The statement of revenues and expenses for all operating, reserve and other activities, presenting information about all assessments, revenues and expenses;

(b) A schedule comparing the details of the actual expenses of the association with the expenses budgeted for the association;

(c) Any changes in the fund balances to be presented on the balance sheet or statement of revenues and expenses; and

(d) A footnote or disclosure which states that the association is in compliance with paragraph (b) of subsection 2 of NRS 116.3115 and that reserve funds have not been used for daily maintenance.

4. Be prepared using accrual basis of accounting in accordance with generally accepted accounting principles.

5. Be prepared by, or the preparation of the interim financial statements must be supervised by, a person with accounting knowledge and experience in the preparation of financial statements.

6. Be distributed monthly, promptly upon completion, to the treasurer of the association, the community manager if the association is professionally managed and each member of the executive board.

(Added to NAC by Comm'n for Common-Interest Communities by R205-05, eff. 9-18-2006; A by Comm'n for Common-Interest Communities & Condo. Hotels by R050-13, 8-10-2015)

NAC 116.453 Presentation and contents of interim financial statements subject to audit or review. (NRS 116.31142, 116.31144, 116.615) The financial statements of an association subject to an audit or review must be presented using fund accounting and must include, at a minimum:

1. An operating fund which reflects the accounting transactions surrounding the normal maintenance and service operations of the association; and

2. A reserve fund which reflects the accounting transactions pertaining to the long-term, major repair and replacement requirements of the association and the restrictions of its use as described in paragraph (b) of subsection 2 of NRS 116.3115.

(Added to NAC by Comm'n for Common-Interest Communities by R205-05, eff. 9-18-2006)

Accrual Accounting

With accrual accounting you record the income when it is billed to the unit owner, regardless of when the payment (receivables) is actually received. Expenses are recorded when you receive the goods or services (payables) even though you may pay at a later date.

The accrual method accurately reflects the overall financial health of the association at any given point in time. An accrual basis balance sheet will account for funds due the association (an asset) and for amounts owed by the association (a liability). An accrual basis statement of revenues and expenses matches the revenue (when earned) with the expenses (when incurred) for a reporting period, thus producing a realistic financial statement.

NAC 116.451(4) requires accrual accounting for all associations in Nevada, regardless of size.

ASC 606

The revenue recognition standard affects all entities — public, private, and **not-for-profit**—that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example: leases and insurance contracts). Financial instruments, guarantees (other than product or service warranties), and nonmonetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers are also scoped out.

The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NAC 116.0437 “*Guide*” defined. (NRS 116.615) “*Guide*” means the *Guide to Homeowners’ Associations and Other Common Interest Realty Associations*, as adopted by reference in NAC 116.410.

(Added to NAC by Comm’n for Common-Interest Communities by R205-05, eff. 9-18-2006;
A by Comm’n for Common-Interest Communities & Condo. Hotels by R186-07, 5-5-2011)

NAC 116.410 Adoption by reference of reporting principles and practices of financial accounting. (**NRS 116.615**)

1. **For purposes of providing recommended reporting principles and practices of financial accounting for common-interest communities, the Commission hereby adopts by reference the *Guide to Homeowners' Associations and Other Common Interest Realty***

Associations. A copy of the publication may be obtained for the price of \$222 from Practitioners Publishing Company, P.O. Box 966, Fort Worth, TX 76101-0966, by telephone at (800) 431-9025 or at the Internet address <http://ppc.thomson.com/SiteComposer2/Index.cfm?numProdClassID=201&txtFuse=dspShellProductDetail&numSiteID=2&numTaxonomyTypeID=29&numTaxonomyID=232>.

(Added to NAC by Comm'n for Common-Interest Communities by R129-04, eff. 4-14-2005; A by Comm'n for Common-Interest Communities & Condo. Hotels by R186-07, 5-5-2011)

312.11 FASB ASC 606 supersedes the CIRA industry-specific revenue guidance in FASB ASC 972-605. The FASS applies ASU 2014-09 to most industries, including the CIRA industry. **The authors believe that CIRAs are required to implement the guidance in FASS ASC 606.** Additionally, the services provided by the CIRAs and their relationship with the members appear to meet the definitions of contracts and customers, respectively, as defined in FASS ASC 606.

Source PPC Guide

The revenue recognition standard explains that to achieve the core principle of Topic 606, an entity should take the following actions:

Step 1

Identify the contract with a customer

Step 2

Identify the performance obligations in the contract

Step 3

Determine the transaction price

Step 4

Allocate the transaction price

Step 5

Recognize revenue when or as the entity satisfies a performance obligation

| <u>ASSETS</u> | | | |
|--|-------------------|-------------------|-------------------|
| | OPERATING FUND | RESERVE FUND | TOTAL |
| Cash - Note 3 | \$ 17,346 | \$ 112,229 | \$ 129,575 |
| Assessments Receivable, Net of Allowance for Doubtful Accounts of \$8,014 | 4,386 | - | 4,386 |
| Due (to)/from Funds | (8,847) | 8,847 | - |
| Prepaid Expenses | 2,555 | - | 2,555 |
| TOTAL ASSETS | \$ 15,440 | \$ 121,076 | \$ 136,516 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Accounts Payable | \$ 8,415 | \$ - | \$ 8,415 |
| Prepaid Assessments | 17,607 | - | 17,607 |
| Contract Liability - Note 6 | - | 121,076 | 121,076 |
| | 26,022 | 121,076 | 147,098 |
| FUND BALANCES (DEFICIT) | (10,582) | - | (10,582) |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 15,440 | \$ 121,076 | \$ 136,516 |

| | OPERATING FUND | RESERVE FUND | TOTAL |
|---|--------------------|-----------------|--------------------|
| REVENUES | | | |
| Member Assessments | \$ 148,824 | \$ 26,570 | \$ 175,394 |
| Late Fees and Fines, Net | 3,837 | - | 3,837 |
| Uncollectable Assessments | (120) | - | (120) |
| Interest Income | - | 390 | 390 |
| Other Income | 296 | - | 296 |
| | <u>152,837</u> | <u>26,960</u> | <u>179,797</u> |
| EXPENSES | | | |
| Repairs and Maintenance | 10,459 | 1,364 | 11,823 |
| Landscaping | 52,820 | 25,569 | 78,389 |
| Insurance | 6,032 | - | 6,032 |
| Professional Management | 24,480 | - | 24,480 |
| Professional Fees | 3,101 | - | 3,101 |
| Postage, Copies, and Supplies | 9,233 | - | 9,233 |
| Electricity | 1,770 | - | 1,770 |
| Telephone | 578 | - | 578 |
| Water | 42,483 | - | 42,483 |
| Miscellaneous | 251 | 27 | 278 |
| | <u>151,207</u> | <u>26,960</u> | <u>178,167</u> |
| EXCESS OF REVENUES OVER EXPENSES | 1,630 | - | 1,630 |
| Fund Balances (Deficit) | | | |
| at Beginning of Year | (12,212) | 142,246 | 130,034 |
| Restatement - Note 6 | - | (142,246) | (142,246) |
| Inter-Fund Transfers | - | - | - |
| FUND BALANCES (DEFICIT) AT END OF YEAR | \$ (10,582) | \$ - | \$ (10,582) |

| | ACTUAL | BUDGET (UNAUDITED) | VARIANCE FAVORABLE/ (UNFAVORABLE) (UNAUDITED) |
|---|-----------------|-----------------------|--|
| OPERATING FUND | | | |
| REVENUES | | | |
| Member Assessments | \$ 148,824 | \$ 148,824 | \$ - |
| Late Fees and Fines, Net | 3,837 | - | 3,837 |
| Uncollectable Assessments | (120) | (120) | - |
| Other Income | 296 | - | 296 |
| | <u>152,837</u> | <u>148,704</u> | <u>4,133</u> |
| EXPENSES | | | |
| Repairs and Maintenance | 10,459 | 11,784 | 1,325 |
| Landscaping | 52,820 | 52,800 | (20) |
| Insurance | 6,032 | 6,924 | 892 |
| Professional Management | 24,480 | 24,480 | - |
| Professional Fees | 3,101 | 3,192 | 91 |
| Postage, Copies, and Supplies | 9,233 | 8,220 | (1,013) |
| Electricity | 1,770 | 3,360 | 1,590 |
| Telephone | 578 | 552 | (26) |
| Water | 42,483 | 35,772 | (6,711) |
| Miscellaneous | 251 | 1,620 | 1,369 |
| | <u>151,207</u> | <u>148,704</u> | <u>(2,503)</u> |
| EXCESS OF REVENUES OVER EXPENSES | \$ 1,630 | \$ - | \$ 1,630 |
| RESERVE FUND | | | |
| REVENUES | | | |
| Member Assessments | \$ 26,570 | \$ 5,400 | \$ 21,170 |
| Interest Income | 390 | - | 390 |
| | <u>26,960</u> | <u>5,400</u> | <u>21,560</u> |
| EXPENSES | | | |
| Common Area Repairs | 1,364 | - | (1,364) |
| Landscape Repairs | 25,569 | - | (25,569) |
| Bank Charges | 27 | - | (27) |
| | <u>26,960</u> | <u>-</u> | <u>(26,960)</u> |
| EXCESS OF REVENUES OVER EXPENSES | \$ - | \$ 5,400 | \$ (5,400) |

NRS 116.31083 Meetings of executive board; frequency of meetings; notice of meetings; periodic review of certain financial and legal matters at meetings; requirements concerning minutes of meetings; right of units' owners to make audio recordings of certain meetings.

1. A meeting of the executive board must be held at least once every quarter, and not less than once every 100 days and must be held at a time other than during standard business hours at least twice annually.

7. At least once every quarter, and not less than once every 100 days, unless the declaration or bylaws of the association impose more stringent standards, the executive board shall review, at a minimum, the following financial information at one of its meetings:

(a) A current year-to-date financial statement of the association;

(b) A current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts;

(c) A current reconciliation of the operating account of the association;

(d) A current reconciliation of the reserve account of the association;

(e) The latest account statements prepared by the financial institutions in which the accounts of the association are maintained; and

(f) The current status of any civil action or claim submitted to arbitration or mediation in which the association is a party.

(Added to NRS by 1999, 2995; A 2001, 472; 2003, 2234; 2005, 2600; 2009, 2803, 2889, 2922; 2011, 2439; 2017, 1091)

Example Motion Number One:

As the documents do not require otherwise, I move to acknowledge that we have fulfilled our duty as a Board to review the _____, 20__, 100 Day financial statements in accordance with NRS 116.31083 subject to *any* current NRS or NAC required year-end audit or review if applicable.

OR

Example Motion Number Two:

I move to acknowledge that we have fulfilled our duty as a Board to review the 100 Day financial statements including a current reconciliation of the operating and reserve accounts, the actual revenues and expenses for the reserve account compared to this year's budget, the bank statements, this 100 day period's income statement and the current status of any civil action or claim submitted to arbitration or mediation in which the association is a party subject to any current NRS or NAC required year-end audit or reviews if applicable.

Balance Sheet Report Estates

As of July 31, 2023

| | <u>Operating</u> | <u>Reserves</u> | <u>Total</u> |
|---|------------------|-------------------|-------------------|
| <u>Assets</u> | | | |
| Operating Funds | | | |
| 1101 - CIT Bank - Operating | 32,501.11 | 0.00 | 32,501.11 |
| Total Operating Funds | 32,501.11 | 0.00 | 32,501.11 |
| Reserve Funds | | | |
| 1121 - CIT Bank - Reserve | 0.00 | 170,527.34 | 170,527.34 |
| 1123 - Alliance Bank-Rsv CD 4938 12/21/23 3.50% | 0.00 | 25,577.60 | 25,577.60 |
| 1124 - Alliance Bank-Rsv CD 4759 10/21/24 3.25% | 0.00 | 25,535.36 | 25,535.36 |
| 1126 - CIT Bank Rsv CD 6974 02/22/24 2.75% | 0.00 | 22,624.42 | 22,624.42 |
| Total Reserve Funds | 0.00 | 244,264.72 | 244,264.72 |
| Receivables | | | |
| 1310 - Accounts Receivable | 10.00 | 0.00 | 10.00 |
| 1311 - Allowance For Doubtful Accts | (1,241.07) | 0.00 | (1,241.07) |
| 1312 - Accounts Receivable-Violations | 1,551.34 | 0.00 | 1,551.34 |
| 1314 - Due to Reserve from Operating | 0.00 | 71.02 | 71.02 |
| 1331 - Interest Receivable-Reserve | 0.00 | 73.76 | 73.76 |
| Total Receivables | 320.27 | 144.78 | 465.05 |
| Other Current Assets | | | |
| 1411 - Prepaid Insurance | 987.95 | 0.00 | 987.95 |
| 1420 - Prepaid - Workers Compensation | 208.35 | 0.00 | 208.35 |
| Total Other Current Assets | 1,196.30 | 0.00 | 1,196.30 |
| Total Assets | 34,017.68 | 244,409.50 | 278,427.18 |
| <u>Liabilities</u> | | | |
| Liabilities | | | |
| 2210 - Accrued Accounts Payable | 855.51 | 0.00 | 855.51 |
| 2220 - Accounts Payable | 1,663.38 | 0.00 | 1,663.38 |
| 2225 - Prepaid Assessments | 6,803.58 | 0.00 | 6,803.58 |

Balance Sheet Report Estates

As of July 31, 2023

| | <u>Operating</u> | <u>Reserves</u> | <u>Total</u> |
|--------------------------------------|------------------|-------------------|-------------------|
| <u>Liabilities</u> | | | |
| Liabilities | | | |
| 2229 - Due from Operating to Reserve | 71.02 | 0.00 | 71.02 |
| 2246 - Deferred Reserve Revenue | 0.00 | 243,452.90 | 243,452.90 |
| Total Liabilities | 9,393.49 | 243,452.90 | 252,846.39 |
| Total Liabilities | 9,393.49 | 243,452.90 | 252,846.39 |
| <u>Owners' Equity</u> | | | |
| Equity | | | |
| 3700 - Operating Fund Balance | 22,871.14 | 0.00 | 22,871.14 |
| Total Equity | 22,871.14 | 0.00 | 22,871.14 |
| Total Owners' Equity | 22,871.14 | 0.00 | 22,871.14 |
| Net Income / (Loss) | 1,753.05 | 956.60 | 2,709.65 |
| Total Liabilities and Equity | 34,017.68 | 244,409.50 | 278,427.18 |

Income Statement Report Estates

Consolidated

July 01, 2023 thru July 31, 2023

| | Current Period | | | Year to Date (7 months) | | | Annual Budget | Budget Remaining |
|------------------------------------|-----------------|-----------------|-------------------|-------------------------|------------------|-------------------|------------------|------------------|
| | Actual | Budget | Variance | Actual | Budget | Variance | | |
| Income | | | | | | | | |
| Operating Revenue | | | | | | | | |
| 4110 - Monthly Assessments | 8,140.00 | 8,140.00 | 0.00 | 56,980.00 | 56,980.00 | 0.00 | 97,680.00 | 40,700.00 |
| 4117 - Bad Debt - Contra Account | 0.00 | 0.00 | 0.00 | (1,241.07) | 0.00 | (1,241.07) | 0.00 | 1,241.07 |
| 4150 - Reserve Special Assessments | 0.00 | 192.45 | (192.45) | 424.88 | 1,347.15 | (922.27) | 2,309.40 | 1,884.52 |
| 4200 - Late Fees | 0.00 | 0.00 | 0.00 | 56.05 | 0.00 | 56.05 | 0.00 | (56.05) |
| 4305 - Collection/Recovery Fees | 0.00 | 0.00 | 0.00 | 941.60 | 0.00 | 941.60 | 0.00 | (941.60) |
| 4810 - Interest Income | 1.45 | 0.00 | 1.45 | 10.33 | 0.00 | 10.33 | 0.00 | (10.33) |
| Total Operating Revenue | 8,141.45 | 8,332.45 | (191.00) | 57,171.79 | 58,327.15 | (1,155.36) | 99,989.40 | 42,817.61 |
| Total Income | 8,141.45 | 8,332.45 | (191.00) | 57,171.79 | 58,327.15 | (1,155.36) | 99,989.40 | 42,817.61 |
| Expense | | | | | | | | |
| Operating Expenses | | | | | | | | |
| 6045 - Insurance - Liability | 197.59 | 208.33 | (10.74) | 1,383.05 | 1,458.35 | (75.30) | 2,500.00 | 1,116.95 |
| 6047 - Insurance - Workers Comp | 41.67 | 41.67 | 0.00 | 291.65 | 291.65 | 0.00 | 500.00 | 208.35 |
| Total Operating Expenses | 239.26 | 250.00 | (10.74) | 1,674.70 | 1,750.00 | (75.30) | 3,000.00 | 1,325.30 |
| Utilities Expense | | | | | | | | |
| 6060 - Electricity | 69.26 | 70.00 | (0.74) | 502.12 | 490.00 | 12.12 | 840.00 | 337.88 |
| 6081 - Water | 677.89 | 558.33 | 119.56 | 3,410.74 | 3,908.35 | (497.61) | 6,700.00 | 3,289.26 |
| 6086 - Telephone | 222.14 | 233.33 | (11.19) | 1,550.43 | 1,633.35 | (82.92) | 2,800.00 | 1,249.57 |
| Total Utilities Expense | 969.29 | 861.66 | 107.63 | 5,463.29 | 6,031.70 | (568.41) | 10,340.00 | 4,876.71 |
| Landscape Expenses | | | | | | | | |
| 6305 - Landscaping - Contract | 784.00 | 800.00 | (16.00) | 5,488.00 | 5,600.00 | (112.00) | 9,600.00 | 4,112.00 |
| 6310 - Landscaping - Irrig/Repairs | 0.00 | 166.67 | (166.67) | 936.32 | 1,166.65 | (230.33) | 2,000.00 | 1,063.68 |
| 6311 - Landscaping - Tree Trimming | 0.00 | 2,000.00 | (2,000.00) | 1,017.66 | 2,000.00 | (982.34) | 2,000.00 | 982.34 |
| Total Landscape Expenses | 784.00 | 2,966.67 | (2,182.67) | 7,441.98 | 8,766.65 | (1,324.67) | 13,600.00 | 6,158.02 |
| Repairs and Maintenance | | | | | | | | |
| 6355 - R & M - Lighting | 0.00 | 41.67 | (41.67) | 0.00 | 291.65 | (291.65) | 500.00 | 500.00 |

Income Statement Report Estates

Consolidated

July 01, 2023 thru July 31, 2023

| | Current Period | | | Year to Date (7 months) | | | Annual Budget | Budget Remaining |
|--|-----------------|------------------|-------------------|-------------------------|------------------|-------------------|------------------|------------------|
| | Actual | Budget | Variance | Actual | Budget | Variance | | |
| Expense | | | | | | | | |
| Repairs and Maintenance | | | | | | | | |
| 6362 - R & M - Gate Maintenance | 200.00 | 100.00 | 100.00 | 450.00 | 700.00 | (250.00) | 1,200.00 | 750.00 |
| 6367 - R & M - General | 0.00 | 191.67 | (191.67) | 824.50 | 1,341.65 | (517.15) | 2,300.00 | 1,475.50 |
| 6368 - R & M - Street Cleaning | 0.00 | 0.00 | 0.00 | 495.00 | 450.00 | -45.00 | 600.00 | 105.00 |
| Total Repairs and Maintenance | 200.00 | 333.34 | (133.34) | 1,769.50 | 2,783.30 | (1,013.80) | 4,600.00 | 2,830.50 |
| Administrative Expenses | | | | | | | | |
| 6405 - Management Fees | 825.00 | 825.00 | 0.00 | 5,775.00 | 5,775.00 | 0.00 | 9,930.00 | 4,155.00 |
| 6406 - Resident Agent Fee | 0.00 | 0.00 | 0.00 | 0.00 | 250.00 | (250.00) | 250.00 | 250.00 |
| 6407 - Ombudsman Fee | 0.00 | 0.00 | 0.00 | 187.00 | 187.00 | 0.00 | 187.00 | 0.00 |
| 6409 - Secretary of State Filing | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 0.00 | 50.00 | 0.00 |
| 6431 - Legal | 0.00 | 83.33 | (83.33) | 0.00 | 583.35 | (583.35) | 1,000.00 | 1,000.00 |
| 6433 - Accounting/Audit/Tax Prep | 1,150.00 | 1,450.00 | (300.00) | 1,275.00 | 1,575.00 | (300.00) | 1,575.00 | 300.00 |
| 6434 - Collection/Recovery Costs | 0.00 | 41.67 | (41.67) | 463.00 | 291.65 | 171.35 | 500.00 | 37.00 |
| 6450 - Postage | 50.92 | 83.33 | (32.41) | 310.92 | 583.35 | (272.43) | 1,000.00 | 689.08 |
| 6455 - Copies | 0.00 | 25.00 | (25.00) | 51.75 | 175.00 | (123.25) | 300.00 | 248.25 |
| 6467 - Miscellaneous Expense | 0.00 | 122.67 | (122.67) | 290.00 | 858.65 | (568.65) | 1,472.00 | 1,182.00 |
| 6468 - Management Other | 21.56 | 63.67 | (42.11) | 150.92 | 445.65 | (294.73) | 764.00 | 613.08 |
| 6479 - Record Storage | 5.00 | 5.00 | 0.00 | 35.00 | 35.00 | 0.00 | 60.00 | 25.00 |
| Total Administrative Expenses | 2,052.48 | 2,699.67 | (647.19) | 8,588.59 | 10,809.65 | (2,221.06) | 17,088.00 | 8,499.41 |
| Other Expenses | | | | | | | | |
| 6550 - Night Lighting Inspection | 142.50 | 0.00 | 142.50 | 427.50 | 285.00 | 142.50 | 570.00 | 142.50 |
| 7040 - Transfers From Operating | 4,232.62 | 4,232.62 | 0.00 | 29,628.30 | 29,628.30 | 0.00 | 50,791.40 | 21,163.10 |
| 7145 - Reserve Special Assessment Transfer | 0.00 | 0.00 | 0.00 | 424.88 | 0.00 | 424.88 | 0.00 | (424.88) |
| Total Other Expenses | 4,375.12 | 4,232.62 | 142.50 | 30,480.68 | 29,913.30 | 567.38 | 51,361.40 | 20,880.72 |
| Total Expense | 8,620.15 | 11,343.96 | (2,723.81) | 55,418.74 | 60,054.60 | (4,635.86) | 99,989.40 | 44,570.66 |

Income Statement Report Estates

Consolidated

July 01, 2023 thru July 31, 2023

| | Current Period | | | Year to Date (7 months) | | | Annual Budget | Budget Remaining |
|--------------------------------|-----------------|-------------------|-------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Budget | Variance | Actual | Budget | Variance | | |
| Income | | | | | | | | |
| Reserve Income | | | | | | | | |
| 3010 - Reserve Interest Income | 245.70 | 2.50 | 243.20 | 1,631.48 | 17.50 | 1,613.98 | 30.00 | (1,601.48) |
| 3020 - Reserve Income | 0.00 | 0.00 | 0.00 | 24,345.29 | 0.00 | 24,345.29 | 0.00 | (24,345.29) |
| Total Reserve Income | 245.70 | 2.50 | 243.20 | 25,976.77 | 17.50 | 25,959.27 | 30.00 | (25,946.77) |
| Total Income | 245.70 | 2.50 | 243.20 | 25,976.77 | 17.50 | 25,959.27 | 30.00 | (25,946.77) |
| Expense | | | | | | | | |
| Reserve Expenses | | | | | | | | |
| 3110 - Reserve Expenses | 0.00 | 5,163.35 | (5,163.35) | 25,020.17 | 36,143.46 | (11,123.29) | 61,960.21 | 36,940.04 |
| Total Reserve Expenses | 0.00 | 5,163.35 | (5,163.35) | 25,020.17 | 36,143.46 | (11,123.29) | 61,960.21 | 36,940.04 |
| Total Expense | 0.00 | 5,163.35 | (5,163.35) | 25,020.17 | 36,143.46 | (11,123.29) | 61,960.21 | 36,940.04 |
| Net Income / (Loss) | (233.00) | (8,172.36) | 7,939.36 | 2,709.65 | (37,853.41) | 40,563.06 | (61,930.21) | (64,639.86) |



Alliance Association Bank

Alliance Association Bank, a division of Western Alliance Bank.
Member FDIC.

PO Box 26237 • Las Vegas, NV 89126-0237

Return Service Requested

OWNERS ASSOCIATION

Last statement: November 30, 2022
This statement: December 31, 2022
Total days in statement period: 31

Page 1
XXXXXX9961
(45)

Direct inquiries to:
888-734-4567

Alliance Association Bank
3033 W Ray Road, Ste 200
Chandler AZ 85226

THANK YOU FOR BANKING WITH US!

AAB Community Checking

| | | | |
|-----------------------|--------------|--------------------|--------------|
| Account number | XXXXXX9961 | Beginning balance | \$326,178.83 |
| Enclosures | 45 | Total additions | 115,462.44 |
| Low balance | \$219,151.91 | Total subtractions | 222,483.35 |
| Average balance | \$285,800.34 | Ending balance | \$219,157.92 |
| Avg collected balance | \$283,000 | | |

CHECKS

| Number | Date | Amount | Number | Date | Amount |
|--------|-------|----------|--------|-------|-----------|
| 6420 | 12-27 | 71.61 | 6467 | 12-16 | 1,056.33 |
| 6428 * | 12-06 | 100.00 | 6469 * | 12-13 | 49,659.22 |
| 6430 * | 12-05 | 1,423.71 | 6470 | 12-13 | 857.50 |
| 6433 * | 12-01 | 412.26 | 6471 | 12-19 | 1,528.95 |
| 6434 | 12-08 | 250.00 | 6472 | 12-19 | 16,610.67 |
| 6437 * | 12-06 | 1,081.50 | 6473 | 12-27 | 250.00 |
| 6440 * | 12-05 | 842.41 | 6474 | 12-27 | 693.42 |
| 6441 | 12-02 | 395.00 | 6475 | 12-27 | 5,160.00 |
| 6442 | 12-02 | 100.00 | 6476 | 12-28 | 28,910.00 |
| 6444 * | 12-01 | 150.00 | 6477 | 12-22 | 1,277.29 |
| 6446 * | 12-02 | 1,981.38 | 6478 | 12-22 | 1,051.76 |
| 6448 * | 12-02 | 250.00 | 6480 * | 12-28 | 719.40 |
| 6458 * | 12-05 | 195.00 | 6481 | 12-28 | 16,800.00 |
| 6459 | 12-05 | 440.00 | 6482 | 12-23 | 119.05 |
| 6462 * | 12-07 | 201.95 | 6483 | 12-23 | 940.00 |
| 6464 * | 12-09 | 4,555.99 | 6484 | 12-23 | 466.95 |
| 6465 | 12-09 | 694.89 | 6485 | 12-28 | 4,500.00 |
| 6466 | 12-09 | 606.80 | 6487 * | 12-28 | 3,988.00 |

OWNERS ASSOCIATION
December 31, 2022

Page 2
XXXXXXXX9961

| Number | Date | Amount | Number | Date | Amount |
|--------|-------|----------|--------------------------|-------|----------|
| 6488 | 12-27 | 1,474.75 | 6493 | 12-27 | 1,000.00 |
| 6489 | 12-28 | 147.00 | 6494 | 12-29 | 880.00 |
| 6491 * | 12-22 | 614.56 | * Skip in check sequence | | |
| 6492 | 12-27 | 639.45 | | | |

DEBITS

| Date | Description | Subtractions |
|-------|---|--------------|
| 12-01 | ' Online Transfer Dr REF 3351445L FUNDS TRANSFER TO DEP XXXXXX8624 FROM TRANSFER ADDITIONAL PETTY CASH FUND | 30,000.00 |
| 12-05 | ' ACH Debit COX COMM LAS BANKDRAFT 221205 | 2,122.87 |
| 12-06 | Miscellaneous Debit EPAY 33053591 | 687.70 |
| 12-06 | ' ACH Debit CTY OF HENDERSON UTILITIES 221206 | 5,564.87 |
| 12-14 | Miscellaneous Debit | 8,574.00 |
| 12-14 | ' ACH Debit PAYCHEX - RCX PAYROLL 221214 00127200001974X | 8,207.15 |
| 12-15 | ' ACH Debit PAYCHEX EIB INVOICE 221215 X00130800001961 | 124.50 |
| 12-15 | ' ACH Debit REPUBLICSERVICES RSIBILLPAY 221215 | 377.00 |
| 12-15 | ' ACH Debit PAYCHEX TPS TAXES 221215 00129400009562X | 2,433.91 |
| 12-29 | Miscellaneous Debit ENCODING ERROR CK 6483 12/23/22 | 1,000.00 |
| 12-29 | ' ACH Debit PAYCHEX - RCX PAYROLL 221229 00324800000825X | 7,814.65 |
| 12-30 | ' ACH Debit PAYCHEX EIB INVOICE 221230 X00312300023907 | 124.50 |
| 12-30 | ' ACH Debit PAYCHEX TPS TAXES 221230 00317500035991X | 2,355.40 |

CREDITS

| Date | Description | Additions |
|-------|-------------------|-----------|
| 12-01 | ' Lockbox Deposit | 24,755.80 |
| 12-02 | ' Lockbox Deposit | 1,375.40 |

OWNERS ASSOCIATION
December 31, 2022

| Date | Description | Additions |
|-------|--------------------------|-----------|
| 12-05 | ' ACH Credit | 13,754.00 |
| | Owners Assessment 221205 | |
| 12-05 | ' Lockbox Deposit | 7,017.00 |
| 12-07 | ' Remote Deposit | 687.70 |
| 12-07 | ' Lockbox Deposit | 687.70 |
| 12-08 | ' Lockbox Deposit | 2,855.80 |
| 12-09 | ' Lockbox Deposit | 687.70 |
| 12-12 | ' Lockbox Deposit | 4,126.20 |
| 12-15 | ' Lockbox Deposit | 11,450.80 |
| 12-16 | ' Lockbox Deposit | 1,450.00 |
| 12-20 | ' Remote Deposit | 50.00 |
| 12-20 | ' Remote Deposit | 50.00 |
| 12-20 | ' Lockbox Deposit | 2,175.00 |
| 12-21 | ' Lockbox Deposit | 725.00 |
| 12-22 | ' Lockbox Deposit | 20,225.40 |
| 12-23 | ' Remote Deposit | 50.00 |
| 12-23 | ' Remote Deposit | 8,895.92 |
| 12-27 | ' Lockbox Deposit | 4,958.50 |
| 12-28 | ' Lockbox Deposit | 2,153.51 |
| 12-29 | ' Remote Deposit | 5,150.00 |
| 12-29 | ' Lockbox Deposit | 725.00 |
| 12-30 | ' Lockbox Deposit | 1,450.00 |
| 12-31 | ' Interest Credit | 6.01 |

DAILY BALANCES

| Date | Amount | Date | Amount | Date | Amount |
|-------|------------|-------|------------|-------|------------|
| 11-30 | 326,178.83 | 12-12 | 330,069.80 | 12-22 | 273,823.16 |
| 12-01 | 320,372.37 | 12-13 | 279,553.08 | 12-23 | 281,243.08 |
| 12-02 | 319,021.39 | 12-14 | 262,771.93 | 12-27 | 276,912.35 |
| 12-05 | 334,768.40 | 12-15 | 271,287.32 | 12-28 | 224,001.46 |
| 12-06 | 327,334.33 | 12-16 | 271,680.99 | 12-29 | 220,181.81 |
| 12-07 | 328,507.78 | 12-19 | 253,541.37 | 12-30 | 219,151.91 |
| 12-08 | 331,113.58 | 12-20 | 255,816.37 | 12-31 | 219,157.92 |
| 12-09 | 325,943.60 | 12-21 | 256,541.37 | | |

INTEREST INFORMATION

| | |
|--------------------------------|--------------|
| Annual percentage yield earned | 0.03% |
| Interest-bearing days | 31 |
| Average balance for APY | \$283,000.95 |
| Interest earned | \$6.01 |

Bank Reconciliation Report Owners Association

Account: 1100 -- Alliance Bank-Operating -- Owners Association
As of Sat Dec 31, 2022

| Batch | Date | Comment | Reference | Amount | Balance |
|---|------------|---------|---------------------|--------------------------|-------------------|
| | | | | Balance per Bank: | 219,157.92 |
| Plus deposits and outstanding debits: | | | | | |
| No outstanding deposits. | | | | 0.00 | |
| Total deposits and outstanding debits: | | | | 0.00 | 219,157.92 |
| Less outstanding checks: | | | | | |
| 3149719 | 02/28/2022 | | JE1 | (500.00) | |
| 3149719 | 02/28/2022 | | JE1 | (1,000.00) | |
| 3149719 | 02/28/2022 | | JE1 | (300.00) | |
| 3127820 | 03/16/2022 | | Check No 0006026 | (1,200.00) | |
| 3236230 | 08/09/2022 | | Check No 0006263 | (28,910.00) | |
| 3236230 | 08/09/2022 | | Check No 0006266 | (155.95) | |
| 3273903 | 10/11/2022 | | Check No 0006385 | (187.74) | |
| 3278734 | 10/18/2022 | | Check No 0006406 | (428.05) | |
| 3328636 | 12/01/2022 | | Ⓜ Check No 00121322 | (671.11) | |
| 3340789 | 12/01/2022 | | Ⓜ Check No 00012423 | (196.65) | |
| 3311570 | 12/06/2022 | | L Check No 0006468 | (309.00) | |
| 3328634 | 12/06/2022 | | Check No 00122622 | (2,964.01) | |
| 3319983 | 12/20/2022 | | Check No 0006479 | (2,260.09) | |
| 3319983 | 12/20/2022 | | Check No 0006490 | (2,600.00) | |
| 3322324 | 12/27/2022 | | Check No 0006495 | (2,500.00) | |
| 3322324 | 12/27/2022 | | Check No 0006496 | (510.75) | |
| Total outstanding checks: | | | | (44,693.35) | 174,464.57 |
| Ending balance General Ledger: | | | | | 174,464.57 |
| Difference: | | | | | 0.00 |

Allowance for Doubtful Accounts

The allowance for doubtful accounts is a balance sheet account that reduces the reported amount of accounts receivable. (A change to the balance in the allowance for doubtful accounts also affects bad debt expense on the income statement.) Providing an allowance for doubtful accounts presents a more realistic picture of how much of the accounts receivable will be turning to cash.

By recording an amount in the allowance for doubtful accounts it will also mean that the bad debt expense will be reported closer to the time of the billing instead of waiting until the account is determined to be uncollectible. Hence, the matching principle is carried out more effectively.

Delinquency Summary Report by Transaction
Community Association
As Of: Mon Jun 30,

Charge

| Trans Type | Description | 30 day | 31-60 day | 61-90 day | 91-120 day | 120-270 day | 270+ day | Total Balance |
|------------------------|----------------------|----------|-----------|-----------|------------|-------------|-----------|---------------|
| D1 | Assessment | 0.00 | 0.00 | 4,712.26 | 0.00 | 2,751.54 | 16,693.41 | 24,157.21 |
| AL | Assessment Lien | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,758.00 | 1,758.00 |
| BKPRP | BK Prep & Monitor Fe | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |
| FD | Intent to Notice of | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 200.00 | 200.00 |
| IL | Intent to Lien Fee | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,340.80 | 1,340.80 |
| LF | Late Fee | 1,740.50 | 0.00 | 983.90 | 651.98 | 2,707.00 | 10,277.46 | 16,360.84 |
| LG | Legal Fees | 225.40 | 0.00 | 176.50 | 0.00 | 2,355.75 | 345.00 | 3,102.65 |
| LJ | Late Interest | 224.93 | 0.00 | 102.37 | 101.25 | 394.42 | 1,528.65 | 2,351.62 |
| LIENAUDIT | Lien Audit Processin | 0.00 | 0.00 | 0.00 | 1,986.00 | 0.00 | 0.00 | 1,986.00 |
| LR | Lien Release Fee | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30.00 | 30.00 |
| MISC | Miscellaneous Charge | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 150.00 | 150.00 |
| ML | Mortgage Lender Lett | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 300.00 | 300.00 |
| NC | Returned Payment Fee | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30.00 | 30.00 |
| NSF | Returned Payment | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 0.00 | 20.00 |
| PDPF | Pre-Default Packagin | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |
| PP | Payment Plan Setup F | 30.00 | 0.00 | 0.00 | 0.00 | 60.00 | 50.00 | 140.00 |
| RC | Recording Costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 34.00 | 34.00 |
| SP-1 | One Time Special Ass | 0.00 | 0.00 | 0.00 | 0.00 | 532.50 | 0.00 | 532.50 |
| STL | Settlement Charge | 379.55 | 0.00 | 293.03 | 17.08 | 352.80 | 138.71 | 1,161.17 |
| STL-01 | Settlement Charge - | 862.65 | 0.00 | 268.00 | 67.00 | 189.15 | 173.58 | 1,560.38 |
| STL-CLTN | Settlement Charge- C | 195.00 | 0.00 | 640.00 | 0.00 | 95.00 | 150.00 | 1,080.00 |
| TF | Account Set up Fee | 500.00 | 500.00 | 463.00 | 500.00 | 500.00 | 0.00 | 2,463.00 |
| Charge Balance: | | 4,168.03 | 500.00 | 7,659.06 | 3,323.31 | 9,938.16 | 33,399.61 | 58,978.17 |
| Percentage of Balance: | | 7.05% | 0.85% | 12.99% | 5.63% | 16.85% | 56.63% | 100.00% |

Handwritten note: \$ 18,451

Credit

| Trans Type | Description | 30 day | 31-60 day | 61-90 day | 91-120 day | 120-270 day | 270+ day | Total Balance |
|------------------------------|---------------------|----------|-----------|-----------|------------|-------------|-----------|---------------|
| STL-01CR | Settlement Credit - | -67.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -67.00 |
| Credit Balance: | | -67.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -67.00 |
| Percentage of Balance: | | 100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% |
| Total Balance: | | 4,076.03 | 500.00 | 7,659.06 | 3,323.31 | 9,938.16 | 43,337.77 | 58,896.17 |
| Percentage of Total Balance: | | 6.92% | 0.85% | 13.00% | 5.64% | 16.87% | 73.58% | 100.00% |

COMMUNITY ASSOCIATION
ALLOWANCE FOR DOUBTFUL ACCOUNTS
JUNE 30,

PREPARED BY:

DATE:

| Account | Balances | Balance Due | Current Allowance | W/P Ref | Comments |
|-------------|---------------|-------------|-------------------|---------|--|
| Assessments | Over 270 Days | 18,451 | (13,838) | 22.2 | 1 Allowance = 75% of balance over 270 days |
| Other Fees | All | 40,445 | (32,356) | 22.3 | 2 Allowance = 80% of total balance due |
| Fines | All | 252,237 | (239,625) | 22.3 | 3 Allowance = 95% of total balance due |
| | | | (285,819) | | |

| | |
|---------------------------------------|------------------|
| Current Allowance calculated above | (285,819) |
| Balance Per F/S at 5-31- | <u>(295,878)</u> |
| Adjustment Needed (Increase)/Decrease | <u>10,059</u> |
| Debit Allowance for BD | 10,059.00 |
| Credit Bad Debt | (10,059.00) |

NOTES:

- 1) The assessment allowance of 75% of the total balance over the super priority lien is based on past experience with this association, and because this is the amount the association can expect to receive. A property that the Association has recorded a lien against has a nine month super priority lien, which means that if a home is foreclosed on, the Association will collect nine months of past due assessments. If the property is not liened, then there is no super priority lien, and the Association may not collect any past due assessments.
- 2) Late fees and other fees are "soft" costs that have a good chance of being written-off or paid. Therefore, an allowance of 80% of the total balance of these "soft" costs is estimated.
- 3) The fine allowance of 95% of fines receivable is used based on history and board directive. (See 22.6)

NRS 116.3118 Maintenance and availability of certain financial records necessary to provide information required for resale of units; right of units' owners to inspect, examine, photocopy and audit records of association.

1. The association shall keep financial records sufficiently detailed to enable the association to comply with NRS 116.4109.

2. All financial and other records of the association must be:

(a) **Maintained and made available for review at the business office of the association or some other suitable location within the county where the common-interest community is situated or, if it is situated in more than one county, within one of those counties; and**

(b) **Made reasonably available for any unit's owner and his or her authorized agents to inspect, examine, photocopy and audit.**

(Added to NRS by 1991, 571; A 1995, 2231; 2003, 2247)

NRS 116.31175 Maintenance and availability of books, records and other papers of association: General requirements; exceptions; general records concerning certain violations; enforcement by Ombudsman; limitations on amount that may be charged to conduct review.

1. Except as otherwise provided in subsection 4, the executive board of an association shall, upon the written request of a unit's owner, make available the books, records and other papers of the association for review at the business office of the association or a designated business location not to exceed 60 miles from the physical location of the common-interest community and during the regular working hours of the association, including, without limitation:

(a) The financial statement of the association;

(b) The budgets of the association required to be prepared pursuant to NRS 116.31151;

(c) The study of the reserves of the association required to be conducted pursuant to NRS 116.31152; and

(d) All contracts to which the association is a party and all records filed with a court relating to a civil or criminal action to which the association is a party.

2. The executive board shall provide a copy of any of the records described in paragraphs (a), (b) and (c) of subsection 1 to a unit's owner or the Ombudsman within 21 days after receiving a written request therefor. Such records must be provided in electronic format at no charge to the unit's owner or, if the association is unable to provide the records in electronic format, the executive board may charge a fee to cover the actual costs of preparing a copy, but the fee may not exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter.

3. If the executive board fails to provide a copy of any of the records pursuant to subsection 2 within 21 days, the executive board must pay a penalty of \$25 for each day the executive board fails to provide the records.

4. The provisions of subsection 1 do not apply to:

(a) The personnel records of the employees of the association, except for those records relating to the number of hours worked and the salaries and benefits of those employees;

(b) The records of the association relating to another unit's owner, including, without limitation, any architectural plan or specification submitted by a unit's owner to the association during an approval process required by the governing documents, except for those records described in subsection 5; and

(c) Any document, including, without limitation, minutes of an executive board meeting, a reserve study and a budget, if the document:

(1) Is in the process of being developed for final consideration by the executive board; and

(2) Has not been placed on an agenda for final approval by the executive board.

5. The executive board of an association shall maintain a general record concerning each violation of the governing documents, other than a violation involving a failure to pay an assessment, for which the executive board has imposed a fine, a construction penalty or any other sanction. The general record:

(a) Must contain a general description of the nature of the violation and the type of the sanction imposed. If the sanction imposed was a fine or construction penalty, the general record must specify the amount of the fine or construction penalty.

(b) Must not contain the name or address of the person against whom the sanction was imposed or any other personal information which may be used to identify the person or the location of the unit, if any, that is associated with the violation.

(c) Must be maintained in an organized and convenient filing system or data system that allows a unit's owner to search and review the general records concerning violations of the governing documents.

6. If the executive board refuses to allow a unit's owner to review the books, records or other papers of the association, the Ombudsman may:

(a) On behalf of the unit's owner and upon written request, review the books, records or other papers of the association during the regular working hours of the association; and

(b) If the Ombudsman is denied access to the books, records or other papers, request the Commission, or any member thereof acting on behalf of the Commission, to issue a subpoena for their production.

7. The books, records and other papers of an association must be maintained for at least 10 years. The provisions of this subsection do not apply to:

(a) The minutes of a meeting of the units' owners which must be maintained in accordance with NRS 116.3108; or

(b) The minutes of a meeting of the executive board which must be maintained in accordance with NRS 116.31083.

8. The executive board shall not require a unit's owner to pay an amount in excess of \$10 per hour to review any books, records, contracts or other papers of the association pursuant to the provisions of subsection 1.

(Added to NRS by 1999, 2996; A 2003, 2245; 2009, 1737, 2807, 2894, 2928; 2011, 1879, 2451)

NRS 116.31038 Delivery to association of property held or controlled by declarant. In addition to any applicable requirement set forth in NRS 116.310395, within 30 days after units' owners other than the declarant may elect a majority of the members of the executive board, the declarant shall deliver to the association all property of the units' owners and of the association held by or controlled by the declarant, including:

1. The original or a certified copy of the recorded declaration as amended, the articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization for the association, the bylaws, minute books and other books and records of the association and any rules or regulations which may have been adopted.

2. **An accounting for money of the association and audited financial statements for each fiscal year and any ancillary period from the date of the last audit of the association to the date the period of the declarant's control ends. The financial statements must fairly and accurately report the association's financial position. The declarant shall pay the costs of the ancillary audit. The ancillary audit must be delivered within 210 days after the date the period of the declarant's control ends.**

3. A complete study of the reserves of the association, conducted by a person who is registered as a reserve study specialist pursuant to chapter 116A of NRS. At the time the control of the declarant ends, the declarant shall:

(a) Except as otherwise provided in this paragraph, deliver to the association a reserve account that contains the declarant's share of the amounts then due, and control of the account. If the declaration was recorded before October 1, 1999, and, at the time the control of the declarant ends, the declarant has failed to pay his or her share of the amounts due, the executive board shall authorize the declarant to pay the deficiency in installments for a period of 3 years, unless the declarant and the executive board agree to a shorter period.

(b) Disclose, in writing, the amount by which the declarant has subsidized the association's dues on a per unit or per lot basis.

4. The association's money or control thereof.

5. All of the declarant's tangible personal property that has been represented by the declarant as property of the association or, unless the declarant has disclosed in the public offering statement that all such personal property used in the common-interest community will remain the declarant's property, all of the declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the common elements, and inventories of these properties.

6. A copy of any plans and specifications used in the construction of the improvements in the common-interest community which were completed within 2 years before the declaration was recorded.

7. All insurance policies then in force, in which the units' owners, the association, or its directors and officers are named as insured persons.

8. Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the common-interest community other than units in a planned community.

9. Any renewable permits and approvals issued by governmental bodies applicable to the common-interest community which are in force and any other permits and approvals so issued and applicable which are required by law to be kept on the premises of the community.

10. Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective.

11. A roster of owners and mortgagees of units and their addresses and telephone numbers, if known, as shown on the declarant's records.

12. Contracts of employment in which the association is a contracting party.

13. Any contract for service in which the association is a contracting party or in which the association or the units' owners have any obligation to pay a fee to the persons performing the services.

(Added to NRS by 1993, 2354; A 1999, 3002; 2001, 2490; 2005, 2597; 2009, 2918)

NAC 116.448 Delivery by declarant of audited financial statements: Satisfaction of obligation. (NRS 116.31038, 116.615) The obligation of a declarant to deliver the audited financial statements pursuant to subsection 2 of NRS 116.31038 may be satisfied by the declarant if, within 30 days after units' owners other than the declarant may elect a majority of the members of the executive board, the declarant delivers to the association:

- 1. All financial records of the association;**
- 2. All records relating to audits that were completed during the period of the declarant's control, including, without limitation, applicable signed audit management and representation letters; and**
- 3. Payment for the cost of the required ancillary audit for the ancillary period from the date of the last audit of the association to the date the period of the declarant's control ends, as required by subsection 2 of NRS 116.31038. The ancillary audit representation letter for the period described in this subsection must be signed by the declarant.**

(Added to NAC by Comm'n for Common-Interest Communities & Condo. Hotels by R108-08, eff. 4-20-2010)

NRS 116.31144 Audit and review of financial statements.

1. Except as otherwise provided in subsection 2, the executive board shall:

(a) **If the annual budget of the association is \$45,000 or more but less than \$75,000, cause the financial statement of the association to be reviewed by an independent certified public accountant during the year immediately preceding the year in which a study of the reserves of the association is to be conducted pursuant to NRS 116.31152.**

(b) **If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be reviewed by an independent certified public accountant every fiscal year.**

(c) **If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year.**

2. Except as otherwise provided in this subsection, for any fiscal year, the executive board of an association shall cause the financial statement for that fiscal year to be audited by an independent certified public accountant if, within 180 days before the end of the fiscal year, **15 percent of the total number of voting members of the association submit a written request for such an audit.** The provisions of this subsection do not apply to an association described in paragraph (c) of subsection 1.

3. The Commission shall adopt regulations prescribing the requirements for the auditing or reviewing of financial statements of an association pursuant to this section. Such regulations must include, without limitation:

(a) The qualifications necessary for a person to audit or review financial statements of an association; and

(b) The standards and format to be followed in auditing or reviewing financial statements of an association.

(Added to NRS by 2005, 2584; A 2009, 462; 2011, 988)

NAC 116.457 Preparation, contents and availability of audited financial statements; qualifications of auditor. (NRS 116.31142, 116.31144, 116.615)

1. The audited financial statement of an association must:

(a) Include a full presentation of accrual-basis accounting prepared in accordance with generally accepted accounting principles which includes, at a minimum:

(1) A balance sheet for the operating fund and reserve fund, presenting assets, liabilities and fund balances;

(2) A statement of revenues and expenses for the operating fund and reserve fund which presents information about all assessments, revenues and expenses;

(3) A statement of changes in fund balances which reconciles beginning and ending fund balances with results of operations;

(4) A statement of cash flows;

(5) Any note disclosures as required by the *Guide*; and

(6) **The following unaudited supplementary information:**

(I) **Any reserve disclosures as required by the *Guide* and NRS 116.31152; and**

(II) **An accompanying schedule which compares details of the actual expenses of the association to the budgeted amounts of the association.**

(b) **Be prepared and completed not later than 210 days after the end of the fiscal year for the association.**

(c) Be made available to the Division not later than 30 days after requested by the Division.

(d) Include on the annual registration form with the Division the following information:

(1) The amount of budgeted revenues;

(2) Whether the financial statements were audited or reviewed and, if so, the date on which the audit or review of the financial statements was completed; and

(3) Whether the audit opinion is qualified or unqualified or whether the review report is modified or unmodified.

2. An auditor performing the annual audit for an association must:

(a) Be a certified public accountant licensed pursuant to chapter 628 of NRS.

(b) Be independent of the association as set forth in the *Guide*.

(Added to NAC by Comm'n for Common-Interest Communities by R205-05, eff. 9-18-2006; A by Comm'n for Common-Interest Communities & Condo. Hotels by R186-07, 5-5-2011)

HOA – Income Tax Considerations

Associations have the option of annually selecting the type of income tax return to file:

- (1) Form 1120-H, U.S. Income Tax Return for Homeowners Association, or
- (2) Form 1120, U.S. Corporation Income Tax Return.

Form 1120-H, U.S. Income Tax Return for Homeowners Association

The tax rate for Form 1120-H is 30 percent for non-exempt income, which is generally the association's interest and dividend income. This non-exempt income is offset by a small portion (approximately five percent) of the association's bookkeeping and management fees, along with the tax preparation fee and an exemption of \$100. Tax is then paid on the net.

Advantages of Filing Form 1120-H

1. Form 1120-H is a one-page form, and it's easier to complete than form 1120 making less costly
2. Exempt Function income is not taxable
3. Associations are not subject to the alternative minimum tax on form 1120-H

Disadvantages of Filing Form 1120-H

1. Taxable income (Non-Exempt) is taxed at a 30% rate versus the regular corporate rates available when filing form 1120.
2. Associations are not entitled to net operating loss deductions.
3. Associations are not entitled to write-off organizational costs.

Form 1120, U.S. Corporation Income Tax Return

The tax rate for Form 1120 is a flat 21 percent. The tax is based on non-membership income net of applicable expenses paid by the association. Although Form 1120 may result in lower taxes, the following steps must be taken in order to file that form:

1. Reserve funds must be segregated from operating funds. A separate checking account should be used for all reserve expenditures.
2. The budget must clearly state that funds are being set aside for future repairs and replacements.
3. Estimated income taxes must be paid quarterly to avoid penalties and interest.
4. Assessments collected must be specified as to which portion is for operating and which portion is for future repairs and replacements.
5. Although assessments collected for future repairs and replacements are excluded from income, expenditures for these are also excluded as deductions.

6. Using Revenue Ruling 70-604, associations may exclude from taxable income excess **membership income** by recharacterizing as follows:

- a. Apply the excess of membership income over membership expenses to the following year's assessments, or
- b. Apply the excess of membership income over membership expenses to the capital reserves of the association, or
- c. Refund the excess of membership income over membership expenses to the association's members.

NOTE: The association must complete a resolution adopting the use of these Revenue Rulings. The resolution should be made part of the association's minutes of the homeowners.

Advantages of Form 1120

1. Non-membership taxable income is taxed at the regular corporate rate of 21% versus the 30% tax rate when filing form 1120-H.

Disadvantages of Form 1120

1. Form 1120 is longer, more complex to complete, and the cost of preparing form 1120 may offset the tax benefits received.
2. Associations must prepare a resolution to carry over excess membership income to the next fiscal year.
3. Associations that file form 1120 have greater exposure to IRS audits.

When selecting which form to file, the association should consider the tax liability that could arise from potential audits of Form 1120. Since 1990's, several associations in California have been audited by the IRS and some associations may have to pay large tax bills as a result of these audits.

Filing Form 1120-H is the most conservative method and most commonly filed plus the IRS cannot tax the exempt function income of the association. As a result, no future tax liabilities would arise from prior year tax returns related to this income.

Board Members Should:

1. **Examine the balance sheet and compare it against prior periods** to see that cash balances and assessment receivable balances (if they are reflected) appear reasonable. They should note if there are any significant fluctuations between the replacement fund in the current period versus prior periods.
2. **Review the bank statements** to ascertain that all interest income has been recorded in the financial statements.
3. **Compare the association's records, its bank statements, and the bank reconciliation statement.** If there are discrepancies, the board must make sure they are the result of deposits in transit, outstanding checks, or are otherwise explainable. Also, the board should periodically compare canceled checks against the check register looking at the payee to make sure association money is being paid to the proper parties.
4. **Examine the accounts receivable report and compare it to the balance sheet** when income is reported using an accrual method. Even if the association uses a cash method for reporting income, the board should review on a monthly basis its accounts receivable. The board should ask about any accounts receivable that are more than 30 days old.
5. **Review the comparison of budgeted to actual activity** both for the current month and the year-to-date, and question any significant variations. Regardless of the type of accounting method used, the board can do this by reviewing a budget variance report. It may also be necessary to have a narrative report depending on the manner in which the financial statements are prepared.
6. **Trace the account to the general ledger and review the detail** for any income or expense item that is questionable.
7. **Make sure that all bank accounts are recorded in the general ledger** of the association or appear on the balance sheet. Board members should be signatories on all association accounts and keep track of the number and location of all cash accounts.
8. **Review the cash disbursements journal for the month and challenge the appropriateness of expenses.** For instance, if any checks are written to a director of the association, or the management company is being paid more than their contractual fee, the board should know why.

Internal Procedures for Minimizing Errors and Preventing Misappropriation of Funds

A good financial management system has internal controls that are designed to minimize risk of errors and losses resulting from honest mistakes as well as theft. The optimal level of internal control is one in which no one person has responsibility or access to more than one function of the financial operations. For example, ideally the same person should not both write checks and reconcile bank statements. Although in most associations this is not achievable, the board must have some level of control and ensure as many checks and balances as possible.

Additional Financial Records Include the Following:

1. A **Chart of Accounts** is a listing of all accounts such as landscaping, office supplies, legal expense and insurance. A narrative should explain the various accounts.
2. A **General Ledger** provides the detail of transactions in the various accounts. For example, if the board members want to review the payments made for landscaping in the past three months, they should go to the landscaping account in the general ledger.
3. A **cash disbursements journal** is a listing of checks in numerical order for the current month, noting the date, payee, amount, and preferably the general ledger account. If the bank statements do not reconcile with the association's records, the board should look at, among other things, the cash disbursement journal to see if the bank or association made an error in recording a check.
4. A **cash receipts ledger** is a record of funds the association receives.

Review of the Financial Records

The governing documents and state law may impose specific requirements pertaining to financial statements. For example, they may require the board members to review the reconciliation of the bank statements and the bank statements on a monthly or quarterly basis.

Even if the governing documents and state law do not impose specific requirements on the board, the board's duty of ordinary care requires it to pay close attention to the financial affairs of the association. Whether the board performs the following on a monthly or quarterly basis will depend on requirements imposed by the governing documents and the law, the size of the community, the number of employees, the extent of its facilities, and the size of the budget.

Although it may be tempting for the board members to delegate review of the financial statements to others, they may not. The board members are legally responsible for the financial management of the association. They cannot fulfill their duty of ordinary care if they do not understand, and act reasonably in managing the association's affairs.