

## The Board Treasurer

**H**ealthy finances are critical to the sound operation of a community association. The association treasurer is responsible for maintaining the finances and ensuring financial stability. Generally the treasurer is an officer of the association and a member of the governing board.

The treasurer is the financial voice of the board and the community. He plays an important role as the board's liaison to numerous financial contacts like the association's auditor, the manager or other management company staff, the finance committee, contract book-keepers, engineers, bankers, reserve specialists and investment advisors.

Association documents give the treasurer the authority to carry out his or her responsibilities, and the bylaws generally outline what those responsibilities are. Among the treasurer's biggest responsibilities are developing the annual operating budget and overseeing the association's reserve funding plan. The treasurer must also ensure that association assets are secure and appropriate internal controls are in effect. The treasurer is ultimately responsible for numerous other financial matters like records retention, approving write-offs, reviewing and selecting contractors and monitoring investments.

The treasurer must clearly understand—and help board and members understand—that reserves are for future major capital expenditures. They are not alternative operating funds. They should not be used for contingencies, nor considered excess cash available for emergencies.

Association governing documents may spell out the treasurer's other important financial duties like record keeping, maintaining insurance, in-

vesting funds and collecting assessments, including delinquencies.

The treasurer helps select and works very closely with the association's CPA. Together they decide whether the association should file income tax as a corporation or as a nonprofit association. Also, the treasurer ensures that the CPA conducts an audit each year. The annual audit is one of the most important documents produced for the association, the management company and the board. It provides independent assurance that financial record statements comply with generally accepted accounting principles.

Although the treasurer is responsible for these matters, he isn't expected to perform the tasks, but rather to ensure that they are completed. Many associations have financial committees that support the treasurer, and others delegate tasks—but not responsibility—to professional bookkeepers or management staff. The exception occurs in smaller, self-managed communities, where the treasurer's duties may include bookkeeping and preparing financial documents for the board's review.

These documents are prepared and assembled regularly, usually for the board's monthly meetings, and comprise a balance sheet, statement of income, cash receipts and disbursements, delinquencies, general ledger activity and journal entries, a schedule of accounts payable and bank statements and reconciliations.

Clearly, the community association treasurer is a key figure on the board and has a significant impact on the financial viability of the community. The treasurer must be vigilant in all his or her dealings on behalf of the association.