



King's Deer Homeowners Association, Inc. Contracts Commitments and Disbursements Policy

WHEREAS, the Board of Directors of King's Deer Homeowners Association, Inc. ("Association") has the power to adopt rules and policies pursuant to: the Declaration of Covenants, Conditions and Restrictions for King's Deer Subdivision; the Declaration of Covenants, Conditions and Restrictions for King's Deer Highlands; and the Articles of Incorporation and Bylaws of the Association.

NOW THEREFORE, the Association Board of Directors hereby adopts the following policy.

- 1. Purpose.** The purpose of the Contracts, Commitments and Disbursements Policy ("Policy") is to establish and maintain internal controls that are required to execute Contracts, make commitments and obligations, approve of settlements and dispose of assets, and disburse funds.
- 2. Definition.** This policy applies to all Contracts, agreements, commitments, settlements, disbursements, and obligations of the Association, including those that are in writing, those that are made verbally and those that are executed through electronic media. As used throughout this policy, "Contract" refers to formal written and any other written, verbal or electronic form of agreement that commits or obligates the Company. Examples of Contracts that are covered by the scope of this policy include but are not limited to purchase orders, leases, rental agreements, service agreements, license agreements, employment related agreements, bills of sale, including the use of reserve funds.
- 3. Policy.** It is the Association's policy that all Contracts be approved by an Authorized Individual. This approval must be made before the Contract is entered into or executed. The Authorized Individual(s) are defined in Appendix A to this policy. Contract terms and conditions shall be reviewed and approved by the Company's legal counsel as defined. An Authorized Individual should also seek legal or financial advice for any Contract or agreement that is unusual, out of the ordinary, unique or for which they have limited experience, regardless of the monetary amount.
- 4. General Guidelines.**

Contracts must be reviewed and approved before they are executed and sent to a supplier, vendor, service provider, customer, consultant, prospective employee or other party and disbursement requests must be approved before payment is made. Approvals should be in writing.

Purchases, invoices, agreements and Contracts should not be fragmented in order to avoid the defined approval limits. Contracts involving repeat or periodically recurring payments should be approved on the basis of the annual estimated total of the recurring payments. Contracts spanning multiple years should be approved on the basis of the annual estimated total payments expected during the first year of the Contract.

Once a contract or commitment has been approved in accordance with the Policy, subsequent disbursements as required per that contract or commitment (i.e. invoices, progress billings, etc.) should be approved by a knowledgeable board member or HOA Director who can verify that the charges are valid and appropriate per the agreement.

Generally, payments are documented by the invoice received from the vendor matched to the corresponding documentation or Contract and a proof that the goods, services, or consideration were received satisfactorily. Repeat or periodically recurring payments such as lease, service or maintenance payments are documented as recurring payments based on the terms of the Contract. Where such supporting documentation is not available, approval must be received from the Treasurer or President prior to the disbursement.

5. **Reserve Funds.** Commitments of reserve funds on items covered or that should be covered by Association reserves must be approved by Board resolution. An approved Reserve project will indicate the amount of funds authorized to be expended in connection with the project. Actual spending against a Board approved project follows the other guidelines in this policy. Any purchase or other agreement that is outside the scope or greater than the budget for the Reserve Project must be approved by the Board as supplemental funding to the original Reserve Project. The request for supplemental funding must be prepared and approved prior to making the purchase or commitment that exceeds the scope or budget for the original capital project.
6. **Disposal, Sale and Trade-in of Assets or Reserve Components.** The disposal, sale and trade-in of assets or Reserve Components requires approval by the Board if the value exceeds \$500. All proceeds must be deposited into the appropriate bank account within 7 days.
7. **Check Signature Authority.** All checks issued by the HOA must have the appropriate signatures. Signature authority is assigned by the Board of Directors and all changes must have board approval. Signature authority must be added, changed, or revoked at the appropriate financial institution as quickly as possible when the Board has approved such changes.

Any questions concerning the application of this policy should be forwarded to the Treasurer or President.

APPENDIX A SPENDING

| SPENDING TYPE | AUTHORIZED INDIVIDUAL APPROVAL REQUIRED | APPROVAL LIMIT |
|-----------------------------------|--|-------------------|
| Recurring Routine Expenses | HOA Director | \$1,000 or less |
| Recurring Routine Expenses | Board Member | \$1,001-\$2,000 |
| Recurring Routine Expenses | Board Member and either Treasurer or President | Over \$2,000 |
| Unbudgeted Discretionary Expenses | Board Member and either Treasurer or President | All \$ amounts |
| Reserves: Project Approvals | Board Approval | All \$ amounts |
| Reserves: Project Payments | Board Member | \$2,000 or less |
| Reserves: Project Payments | Board Member and either Treasurer or President | Over \$2,000 |

APPENDIX B CHECK SIGNATURES

| AUTHORIZED SIGNER | \$ LIMIT |
|--|-----------------|
| HOA Director | \$1,000 or less |
| 2 of the Following: HOA Director, Authorized Board Member #1, Authorized Board Member #2 | Over \$1,000 |

This policy was adopted by the Board of Directors on this 23th day of February 2024.

KING'S DEER HOMEOWNERS ASSOCIATION, INC.
A Colorado nonprofit corporation

By:
Its: President