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HOMEOWNERS ASSOCIATION

PROPOSED RESOLUTION 24-06

Year-End Working Capital – Reserve Transfer Policy

WHEREAS, the Coronado Cays Homeowners Association (CCHOA) wishes to establish and maintain sufficient funds from one fiscal year to the following fiscal year to ensure necessary working capital (“cushion”) is available to begin each new fiscal year, to avoid using homeowner's prepaid assessments to pay operating expenditures, AND

WHEREAS, the Coronado Cays Homeowners Association will not transfer excess Common Administration operating funds to reserves until CCHOA has reached an approximate working capital level ("cushion") of one month in operating cash, (this amount is shown on the year-end, balance sheet as “Prior Equity”), AND

WHEREAS, after this goal is met, the transfer of excess funds to reserves must be allocated separately to all Villages and Common Administration after the annual audit is completed, by a Board of Directors vote to approve a resolution at that time stating how much will be added to this working capital, "cushion" amount from Common Administration and any monies remaining that will be transferred to the Common Administration and village reserve accounts, allocated according to each Common Administration and village end of year financial positions, AND

WHEREAS, consistent with Resolution 07-02, Section 7, ***“The Board may authorize the temporary transfer of money from a reserve fund to the associations general operating fund to meet short-term cash flow requirements or other expenses, if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in Civil Code §4045. The notice and agenda action item shall include:***

- ***the reasons the transfer is needed,***
- ***the options for repayment,***
- ***whether a special assessment may be considered, and***
- ***a description of when and how the money will be repaid to the reserve fund.***

The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and upon making a finding supported by documentation that a temporary delay would be in the best interests of the common interest development, temporarily delay the restoration”, AND

WHEREAS, in the event any village finishes the year with audited expenses exceeding revenues (income statement deficit), the village(s) with a deficit must divert funds from the first quarter (November-December) member reserve contributions for that village in amounts totaling the audited operating deficit to the working capital fund to replenish and funds expended due to any village deficit.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors for Coronado Cays Homeowner’s Association adopts this resolution and certifies that the foregoing Resolution was approved for distribution to Membership.