



WilkinGuttenplan

CPAs & Advisors

THE ROLE OF THE BOARD TREASURER

At WilkinGuttenplan, we know that the board treasurer wears many hats. ***They say that there are three types of people in this world: those who make it happen, those who watch it happen, and those who ask, "what happened?"*** A board treasurer needs to be all of these people as they have responsibilities before, during, and after a building's fiscal year.

In our overview, we outline a treasurer's responsibilities across these time frames along with advice based upon our firm's experience. Finance committees, which often assist treasurers, can profit from this overview as well.

BEFORE THE FISCAL YEAR

The annual budget establishes the level of common charges that the unit owners/shareholders will pay for the upcoming year and preparing for this is the most important task of a board treasurer to oversee. The best way to prepare a realistic budget is to have the following revenue and expense information available: year-to-date actual, estimates for balance of the year, known and anticipated changes, anticipated surplus or deficit carryovers from prior years and capital fund needs. Avoid "targeting" a specific common charge level and backing into it; address all situations at hand. Remember, a realistic budget may cause small problems today, but can prevent large problems in the future.

In addition, an integral part of the budget process is reviewing major maintenance and capital projects, which should be a separate evaluation. We consider the development of appropriate strategies for these to be one of the most important factors influencing a building's long-term fiscal health and having a five-year plan which identifies and addresses these needs is a critical responsibility of a board treasurer.

DURING THE FISCAL YEAR

1. Control over disbursements is a significant, ongoing responsibility. To achieve such control treasurers should ensure that:
 - An appropriate approval process is implemented that ensures that only authorized vendors are paid for authorized services
 - Complete accounting and financial records are maintained
 - Reports are generated on a periodic basis which compare actual vs. budget data
 - Reports are reviewed to determine any necessary board action, such as special assessments or a mid-year budget amendment.
2. Payment of periodic obligations is a component of control over disbursements, for regular responsibilities such as real estate taxes or estimated income tax payments. Calendars should be marked to pay these items promptly.

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3. A monthly review should be made of the aging of receivable balances. Aggressive, timely communication with the board, managing agent, and the building's attorney is key to maximizing potential collections.
4. Monitoring the investment of building funds. Many well-run buildings have established a written investment policy identifying particulars, such as the types of investments that the board will make and its approach toward risk, etc. Note: timing of maturities to ensure that monies are available for major projects is an important consideration when planning a building's investment program.
5. Planning and reacting to particular situations (the building's approach to new laws, emergencies, etc.) comprise the final primary financial responsibilities addressed during the fiscal year.

AFTER THE FISCAL YEAR

1. Coordination of the annual audit process includes the retention of a CPA firm to perform the audit and prepare the tax returns, reviewing the draft of the financial statements, signing of the client representation letter, and filing of the tax returns.
2. Recommendations suggested by the auditor should be discussed and acted upon when appropriate. Some boards follow the practice of responding to the auditor in writing or including the disposition and/or planned action regarding each point in the board minutes.
3. Communication to the unit owners/shareholders of financial results gets handled by the treasurer, the finance committee, or the auditor during the annual meeting. Distribution of the annual audited financial statements to the unit owners or shareholders is a typical New York practice.
4. Planning for the future, based upon the process described above, both completes and restarts the cycle.

Conclusion

At WilkinGuttenplan, our advisors are here to help in your efforts as board treasurer, as we know this position carries many responsibilities. Hopefully, the time and effort involved is offset by the fulfillment of contributing to the building's near and longterm financial stability.