

## **BOARD POLICY RESOLUTION No. 16 (“BP 16”)**

### **BUDGET & FINANCIAL REPORTING**

WHEREAS Article V, Section 6.3 of the Corporate Bylaws empowers the Board of Directors (“Board” or “Directors”) of the Recreation Centers of Sun City, Inc. (“RCSC” or “Corporation”) to adopt Policies (“BP” or “Policies”) not in conflict with the Restated Articles of Incorporation (“Articles”) or the Corporate Bylaws (“Bylaws”).

WHEREAS to minimize inconsistencies, misunderstandings and misinterpretations inherent in verbal instructions, rules and regulations, the Board of Directors has established Board Policies in written form. Such Policies shall be titled, numbered and indexed for easy reference and use.

WHEREAS the Restated Articles of Incorporation and the Corporate Bylaws shall take precedence over Board Policies and that the following Board Policy on Budget & Financial Reporting shall provide instruction, direction and guidelines regarding such and shall remain in effect until such time it is amended or removed by the Board.

NOW, THEREFORE BE IT RESOLVED the Corporation shall adhere to the following policy regarding Budget & Financial Reporting:

#### **SECTION 1: FISCAL YEAR**

For all purposes, financial and otherwise, the calendar year January 1 through December 31, shall be synonymous with the term “fiscal year” of the Recreation Centers of Sun City, Inc.

#### **SECTION 2: BUDGET PREPARATION AND APPROVAL**

Senior Management shall prepare and present an annual, balanced operating and capital budget. The Finance and Budget Committee will review the proposed budget and make recommendations to the Board accordingly. The Board will adopt an annual budget for the coming year at its December Board meeting. Each division and department will have an operating budget. An overall budget for the Corporation will consist of all income and expense items, capital expenditures and projected income from the Preservation and Improvement Fund assessments and interest income. The Board shall establish the budget for the Preservation and Improvement Fund expenditures as a part of RCSC’s Long Range Plan.

#### **SECTION 3: FINANCIAL REPORTING**

On or before the 25th of each month (excluding year end), financial statements shall be distributed to the Board, Finance and Budget Committee and Senior Management. Financial statements shall compare actual monthly and year-to-date results with the budget and prior year results. Senior Management will review monthly variances from budget and report concerns to the Board.

#### **SECTION 4: FINANCIAL REVIEW**

Senior Management shall provide a year-to-date in depth review after March 31 and September 30 of financial operations and capital expenditures to both the Board and Finance and Budget Committee. Neither a year-end nor a June 30 in depth financial review will be provided unless otherwise requested.

## **SECTION 5: ACCOUNTING STANDARDS**

All financial records and accounts of the Corporation shall be maintained in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Financial Accounting Standards Board (FASB).

## **SECTION 6: INTERNAL FINANCIAL CONTROLS**

Senior Management is responsible for establishing specific internal control policies and procedures to include, but not limited to, authorization, segregation of duties, safeguarding, recording and depositing, reconciliation and review. Every RCSC employee is responsible for ensuring that established internal controls are followed and applied.

## **SECTION 7: REFUNDS**

Except as stated specifically in the Corporate Documents there are no other refunds of assessments, fees or other charges by RCSC.

BE IT FURTHER RESOLVED that a copy of this resolution shall be posted on the RCSC website for members and shall be made available to members upon request at no cost.

Adopted and signed this 14<sup>th</sup> day of December, 2023 at a duly called Board meeting by a majority (5) of the Recreation Centers of Sun City, Inc. Board of Directors.

ATTEST:

\_\_\_\_\_  
Kat Fimmel, President

\_\_\_\_\_  
Jean Totten, Secretary