Banking Policies

ACCOUNTING DEPARTMENT

RESERVE ACCOUNTS

VERSION	EFFECTIVE	REVIEWED
1.0	March 2026	March 2026

POLICY

Barkan recognizes the importance of establishing clear, effective policies and controls for the management of reserve accounts. These accounts represent critical financial resources that support long-term projects, capital improvements, and other essential activities for client associations. This policy defines roles, responsibilities, and procedures to ensure transparency, accountability, and compliance in managing reserve funds.

Reserve accounts fall into two distinct categories

1. Accounts with Preferred Banking Partners – Opened through Barkan Management's trusted banking partners or through Barkan Management's programs.
2. Accounts with Non-Preferred Financial Institutions – Established independently by the Board at financial institutions outside of Barkan's preferred banking relationships.

This policy outlines the responsibilities of both the Board and Barkan Management to maintain effective oversight and management of these accounts.

Accounts with Preferred Banking Partners: Accounts opened with preferred banking partners benefit from established relationships that provide optimal services and integration with Barkan systems.

1. Account Opening and Maintenance: The account opening process ensures all reserve accounts are established in accordance with Board directives and association needs.
   a. Board Responsibilities: The Board is responsible for selecting the financial institution and account type from Barkan's list of preferred partners. They must authorize account openings, approve initial deposits, and define account structures aligned with the association's goals.
   b. Barkan Responsibilities: Barkan facilitates account setup, preparing and submitting all required documentation.
2. Managing Signers: The proper management of authorized signers is a critical component of account security.
   a. Board Responsibilities: The Board approves individuals to be designated as signers for the account. They must notify Barkan promptly, in writing, of any changes to authorized signers.

   b. Barkan Responsibilities: Barkan ensures that updates to signers are submitted to the financial institution and confirms the changes with the Board. It maintains accurate records of all authorized signers for reference and audit purposes.

3. Fund Transfers and Disbursements: Fund transfers and disbursements must adhere to defined approval thresholds to maintain control and accountability.
   a. Board Responsibilities: The Board reviews and approves all disbursements exceeding applicable thresholds, which are established based on the association's policies or legal requirements.
   b. Barkan Responsibilities: Barkan executes approved transfers, ensuring compliance with established procedures. It keeps detailed records of all transactions, including supporting documentation and Board approvals.
4. Monitoring and Reporting: Ongoing account monitoring and reporting provide transparency and enable effective oversight.
   a. Board Responsibilities: The Board reviews monthly financial packages provided by Barkan, including reserve account balances, activity, and reconciliations.
   b. Barkan Responsibilities: Barkan reconciles reserve accounts monthly, identifies and resolves discrepancies, and includes updates in the monthly financial package.

Accounts with Non-Preferred Financial Institutions: Accounts opened at non-preferred financial institutions or not through Barkan require additional collaboration between the Board and Barkan to ensure proper documentation, reporting, and oversight. Please note that additional setup fees and monthly fees may apply to Non-Preferred Financial Institution accounts. Refer to the management agreement for details.

1. Account Opening and Maintenance
   a. Board Responsibilities: The Board independently manages the account opening process, including selecting the institution and preparing the required documentation. Account details must be communicated to Barkan for inclusion in the association's financial records.
   b. Barkan Responsibilities: Barkan records the account information in financial systems and ensures it is classified appropriately for reporting purposes.
2. Managing Signers
   a. Board Responsibilities: The Board directly manages authorized signers with the financial institution. Signer must include President and CFO of Barkan. Updates to signer information must be communicated to Barkan.
3. Fund Transfers and Disbursements
   a. Board Responsibilities: The Board handles all aspects of fund transfers, approvals, and disbursements directly with the financial institution.

b. Barkan Responsibilities: Barkan includes reported transactions in association financial records and ensures consistency with documentation provided by the Board.

4. Monitoring and Reporting
    a. Board Responsibilities: The Board is responsible for monitoring account activity and ensuring transactions align with association objectives.
    b. Barkan Responsibilities: When available, Barkan integrates data provided by the Board into monthly financial packages, ensuring accurate and comprehensive reporting
5. Investment Oversight
    a. Board Responsibilities: The Board independently oversees investment strategies for these accounts.
    b. Barkan Responsibilities: Barkan does not provide investment recommendations for investment accounts.