

KISSING TREE®

SAN MARCOS ★ TEXAS

Cash Management Policy

Purpose: Kissing Tree is committed to responsibly budgeting, collecting, and managing funds for both current operations and future reserve needs. This policy establishes clear guidelines for the investment of association funds, ensuring they are managed prudently and effectively. It is designed to support future boards by providing a structured, consistent approach to investment management that safeguards the association's financial health.

Fiduciary Responsibility: The members of the Board of Directors, as fiduciaries, have a legal duty to act in the best interests of the association and its members. This duty includes managing association funds with the highest level of care, diligence, and integrity. Fiduciary responsibilities include:

- Acting with loyalty and impartiality to all stakeholders.
- Minimizing unnecessary fees, transaction costs, and other expenses.
- Adhering to investment decisions that are made in consultation with Certified Financial Planner (CFP) and reputable financial brokerage firm.

Investment Strategy: Kissing Tree's investment strategy is designed to ensure the association's long-term financial stability by achieving a balanced approach to safety, liquidity, and return. The investment strategy prioritizes principal preservation that will ensure that the original investment is safeguarded, liquidity that maintains sufficient funds to meet the association's expected cash flow needs, and a reasonable return on investments without taking undue risk, primarily investing in non-equity investments such as certificates of deposit (CDs), high-yield savings accounts, and money market accounts.

Asset Allocation: Kissing Tree's asset allocation strategy focuses on a balanced mix of short-term and long-term, non-equity investments to achieve financial objectives. Currently, this includes short-term investments such as FDIC-insured savings accounts, money market accounts, and certificates of deposit (CDs). All investments will comply with applicable state and federal laws, as well as the association's governing documents and by-laws.

Performance Monitoring and Reporting: The performance of Kissing Tree's investments will be monitored regularly to ensure alignment with the association's financial goals. Performance will be evaluated by an independent financial services firm, and reports will be provided to the Board on a quarterly basis. These reviews will allow the Board to make informed decisions and adjust the strategy as necessary to maintain financial stability.

Investment Restrictions: To protect the association's financial interests, the following investments are prohibited:

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- Equity or mutual fund investments.
- Commodities and speculative investments.
- Any investment that does not comply with state and federal laws or the association's governing documents.

Review and Communication Plan: To ensure transparency and accountability, Kissing Tree will conduct regular reviews of its investments and cash management practices. Monthly statements will be distributed to the Board via email or postal mail. This policy will be reviewed annually, or more frequently, if necessary, to ensure it remains relevant and effective in guiding the association's financial management.

X Chris Mastin 11/19/24
Chris Mastin Date
Board President

X Laurie Meneley 11/18/24
Laurie Meneley Date
Board Secretary