

What Makes a Great Board Treasurer? Six Things You Need to Know

Every association board has a primary responsibility to preserve, protect and maintain the assets of the association. That requires careful financial management, which is where your board treasurer comes in.

Although the entire board has a fiduciary responsibility to the community and makes collective decisions about budgeting and investments, the treasurer must analyze and understand financial information and explain it to the rest of the board.

What can happen if you don't have an effective board treasurer? A treasurer who isn't interested in, or doesn't understand, the community's financial statements and budget can unintentionally cause financial chaos for your association.

Some association are running a budget deficit, with four months left to go in the year. It turned out that the treasurer, despite nudging from management, wasn't reading the monthly financial statements and telling the board what was going on. Of course, this presented a huge problem for the board that took a while to straighten out.

Like all board positions, different people will approach the treasurer role in different ways. Since there are no tests or qualifications beyond being elected, it's sometimes difficult to predict what kind of treasurer your community has chosen.

"I have seen the treasurer step up and take control of not just financials, but everything. I've also seen treasurers who sit meekly in the corner and say nothing. Sometimes a treasurer will take control because of a lack of leadership by the president, and other times it's just that the treasurer is a very forceful personality," says Troy Kurtz - CAM of Kinetic Property Management. "Sometimes there's a treasurer who is just so competent that the other board members step back and let that treasurer take control of the show. A balance is critical. You want a treasurer who is confident and capable but doesn't walk all over the rest of the board."

So, the key question is: How can your community find a treasurer with the right balance? To answer it, we've pulled together some of the traits that, based on our experience working with boards members, we think every great association treasurer has in common:

1. Your treasurer is connected to your community.

Kinetic says that the treasurers that concern them the most are the ones he doesn't hear from. "A good treasurer can't have their head buried in the sand and come up for air at budget time." "They need to look at the delinquency report every month. They need to read the financial statements and be able to explain to the board what the statements mean." In other words, they need to be invested in the community and understand what's affecting the financials at any particular moment in time.

2. Your treasurer is looking at your association's long-term financial health.

Though your treasurer may serve a variety of functions, his or her primary duties will include: the development and ongoing review of the annual operating budget; overseeing the association's reserve funding plan; investment of the association's funds and collection of assessments. The treasurer must also ensure that assets are secure, proper internal controls are in place, and records are properly retained.

What makes a successful treasurer:

A good treasurer should be looking at least five years out or more. Considering what assessments will be in 5-10 years from now, like the required 40-year recertification, plumbing, roofing, and electrical upgrades as required by law, and more.

3. The treasurer is willing to learn.

No matter what their comfort level with accounting practices and financial statements, a community association treasurer needs to be open to learning new things. "We have treasurers who are retired CPAs and are super sharp about financial matters. Then we have treasurers who probably have trouble balancing a checkbook." "But even accountants may not understand fund accounting that is used by non-profits, including community associations. We will happily walk treasurers through financial statements, educate them, give them presentations – whatever they need to be able to do the job well. We can't turn them into accountants, but they'll be able to know what to look for on a balance sheet. We talk to them in plain language, with no jargon, because we know that's unfamiliar to a lot of people."

4. The treasurer can educate the rest of the board.

Board members and association members may not have a clear understanding of the role that reserve funds play in the future of the community or other important financial matters. It's up to the treasurer to educate the board and membership as to the proper use of these funds and apply them appropriately, working with your professional property management company.

5. Your treasurer works with your property management company.

"When communities sign on with Kinetic Property Management, each one has online access to financial reports and may request them at anytime. Boards may change, treasurers may change, but we try to keep that staff the same as a means of continuity

for the association.” “It’s critical that the treasurer have a relationship with both that staff accountant and the onsite or portfolio manager. Those professionals can answer any questions a treasurer may have. As boards change, they need to maintain that relationship with the staff accountant so that everyone is on the same page and the accountant has a clear understanding of the treasurer’s financial knowledge and expectations of the management team.”

6. The treasurer should be detail-oriented... to a point.

Make no mistake: the treasurer is integral to the ongoing financial health of the association. At the same time, it’s his or her duty to take charge of overseeing the finer points of financial management, including record keeping, insurance maintenance, investments, collections and delinquencies. Of course, a professional property management team can be a great asset and resource with all of those tasks as well.

“There is a difference between being detail-oriented and micromanaging,” Butler notes. “The treasurer should make sure that the vendor is being paid, but shouldn’t follow them around the property and check on every facet of the job before doing so. I’ve seen treasurers who want to sign every check, approve every invoice and follow up on every vendor’s job before paying them. If you have management that you trust, it’s not necessary.”

We know of a community whose treasurer calls every day to check on outstanding checks. If they aren’t cashed within five days, they want that check canceled. “We work for the boards, so we try to do what they ask, but it can cause a lot of confusion. Checks cross in the mail, sometimes vendors are paid twice, banks miss the stop payment request. But it’s how this person thinks things should be done.”

The most successful treasurers find a balance between overseeing every detail of the community’s finances and using the tools available to them—in this case, the property management company—to streamline the process and focus on the things that are most important.

Your community association board treasurer has one of the most important roles in your community. The best treasurers are connected to the community, willing to both learn and educate and are transparent in their dealings. Being dedicated to your community and its long-term stability is the most important trait of all!

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