

**EASTLAKE WOODLANDS CONDO VII
FINANCE COMMITTEE TERMS OF REFERENCE**

COMMITTEE NAME: Finance Committee

TYPE: Standing

PURPOSE:

The purpose of this reference is to create a committee of individuals with knowledge in the field of finance to assist in the preparation of the annual budget and provide additional oversight of the Association's practices for the collection of assessments, audits, tax preparation and all other financial matters.

COMPOSITION:

1. The Chairperson and other members of the committee shall be approved by the Board of Directors to serve at the pleasure of the Board of Directors for a period of one year.
2. Committee volunteers must be eligible to serve in good standing- not in delinquency of paying monthly assessments and not in violation of the community's covenants and restrictions.
3. Committee shall be composed of three or more persons. One of the members shall serve as chairperson. Members of the Board of Directors may serve on the committee.
4. Committee chairperson shall be appointed by the BOD. The Chairperson will be the main contact between the Committee and the Board of Directors and will act as the committee representative.
5. The Committee Chair and members will serve for a term of one year. Term limits allow the opportunity for other homeowners to get involved in committees. Committee members may serve consecutive terms.
6. The Board of Directors reserves the right to appoint or approve a new chair or new committee members at any time.

OPERATION:

1. The committee shall meet at the call of the chairperson who shall preside at the meeting, and present the reports of the committee to the Board of Directors. The committee chairperson, or a representative from the committee, shall attend all regular meetings of the Board of Directors.
2. The committee shall elect a Vice-Chairman who shall act in the absence of and with the power of the chairperson.
3. A quorum for the conduct of committee business shall consist of a majority of the members of the committee.
4. Each member of the committee, including the chairperson, shall have one vote: and an affirmative vote of a quorum shall constitute a decision of the committee.
5. The committee will meet independently of the board on its own accord and will commit to meet at least six times per year. Members are encouraged to attend committee meetings. (phone attendance acceptable if member not physically present.) If a member is unable to meet the obligations of the committee, the member will be removed from the committee. The committee chairperson may remove a member from the committee after 3 consecutive absences in a twelve-month period.

6. Committee must provide all proposals in writing to the Board of Directors through the Board Liaison. The BOD will review and communicate its approval/rejection of the proposal within 10 business days or at the next scheduled board meeting. No project may be initiated or enacted without the consent of a majority of the Board of Directors.
7. Meeting minutes are not required. The committee may elect to take minutes, but they will not be a permanent record of the association. Minutes will be solely for the purpose of the committees use and reference. Committee meetings are typically informal and are for the purpose of discussion, collaboration and to make recommendations for the Boards consideration.

DUTIES AND RESPONSIBILITIES:

The primary responsibility of the Finance Committee is to advise the Board of Directors, in a reasonable and productive manner, on issues affecting the financial condition of the Association. In accomplishing this goal, the Board of Directors shall assign the Finance Committee with tasks from time to time that may include but not limited to:

- Review the monthly financial statement, with an emphasis on cash investments status, income and expenses compared to budget, accounts receivable, invoices paid, and expenditures from reserves as requested by the Board of Directors.
- Provide the Board of Directors with recommendations, to oversee the monthly financials and prepare the annual budget.
- Provide the Board of Directors with input during the preparation of the annual budget and during the annual planning process.
- Provide recommendations to the Board of Directors on best practices concerning the collection of assessments, conducting year end financial audits, and insurance premiums and deductibles.
- Undertake Ad-Hoc projects as requested by the Board of Directors.
- Submit monthly reports to the Board of Directors and Community Management Company at the regularly scheduled board of directors meeting.
- Provide the Board of Directors with recommendations during the preparation of the annual budget and during the annual planning process.
- Review contracts and offer recommendations to Board of Directors
- Perform other duties as assigned by the Board of Directors.

CHAIRPERSON DUTIES:

1. Provide leadership and ensure committee members are aware of their obligations and that the committee complies with its responsibilities.
2. Organize the meetings and preside over meetings.
3. Update BOD on all recommendations and meeting times of the Committee by completing and submitting monthly report. (See attached form)
4. Review the Reserve Study with the committee and report on status, updates, and pending expenditures.
5. Advise the Board of Directors on recommendations regarding frequency of audits, and reserve studies.
6. Schedule committee meetings.
7. Ensure all committee members are informed of current events in regard to the committee.
8. Act as a liaison between the committee, the BOD, and the Property Manager.

9. Prepare a roster showing name, address, and phone number of committee members. A copy of the roster shall be given to the BOD. The committee shall promptly update the BOD of any changes of membership. (see attached form)
10. The chairperson shall NOT have the right to enter into contracts which bind the association.
11. The chairperson shall NOT be reimbursed for any committee expenditures that were not first approved by the BOD, do not conform to these guidelines, or do not include appropriate back up information (receipts, invoices, etc.).

COMMITTEE MEMBER DUTIES

1. Review monthly financial reports and report any concerns to the Board of Directors.
2. Develop a standardized template for budget variance reporting using specific criteria. Standardized report to be used as a tool to assist the board in monitoring variances monthly and making necessary adjustments to spending.
3. Attend committee meetings.
4. Assist Finance Committee in preparing Budget recommendations to the Board of Directors.
5. When requested, research suggested ideas for possible implementation.
6. Review Reserve study and assist in report to be presented to Board of Directors by chairperson
7. Assist in the development of a five-year strategic capital spending plan.

COMMITTEE EVALUATION

A self-evaluation process that is a collective, introspective and comprehensive reflection by our committee members will be conducted yearly to find ways to enhance the effectiveness of the committee (see attached self-evaluation tool).

The evaluation will be completed at the end of each year (November) and chairperson will submit a report to board liaison with recommendations on moving the committee forward.