

Finance Committee Charter

1.0 The Mission Statement

The Finance Committee serves the community by providing the ECIA Board with financial reviews and recommendations. The Committee makes recommendations to the Board and advises them on the annual budget and compliance monitoring, investment review, proposed capital expenditures, maintenance of a Replacement Reserve, long-range financial planning and analysis, and development of financial policies and procedures.

2.0 Background Statement

The ECIA collects assessments and fees to fund the association's services, operations, and property maintenance. Managing these funds is the responsibility of the ECIA Board, the Board Treasurer, General Manager and Finance Committee. This charter describes the Finance Committee's purpose, functions, operation, and work processes so that the committee has a mutual understanding with the community and Board about its responsibilities.

3.0 Working Procedures

The Finance Committee serves the ECIA Board in an advisory capacity and is chaired by the Treasurer, who also serves as Board Liaison, and staffed by volunteer ECIA Members in Good Standing (MIGS). It is desirable that other committee chairs or members serve on this committee.

The Finance Committee will meet at least once a month. A notice will be published in the Association's newsletter and website and via e-mails. Meetings are open to all Association members. The Chairperson may convene other meetings as deemed necessary.

Minutes will be recorded. The Chairperson will report progress, recommendations, issues, concerns, and committee views to the board as required. The meeting agenda and meeting minutes will be posted on the Association's website.

A quorum consists of 50% of committee members. Motions are adopted by a majority of those committee members voting, with each member having one vote.

4.0 Level and Scope of Activities

The Committee's areas of support to the Board and GM include:

Budget

- Publish a schedule of activities and due dates, as reviewed by the ECIA Board.
- Receive budget proposals from the ECIA General Manager, staff, Board, committees and members, and hold review hearings.
- Review the General Manager's draft budget and submit recommendations to the Board. Attend the Board's public budget hearing to answer members' questions. Assist the Board with subsequent budget revisions.
- Evaluate capital proposals to assure the Board has complete and consistent information.

Monitoring

- Assist the General Manager to maintain the budget, spreadsheets, documents and files, and assist with editing and posting on the ECIA web site.

- Receive public input.
- Review monthly financial reports and highlight any problems for Board attention. Monitor investments, and procedures and policies.
- The Finance Committee Chair will participate in an annual fiscal procedure compliance review if requested by the Board.
- Review annual insurance proposal and provide recommendations to the Board.
- Assist with the annual independent audit, including review of bidding for auditor services, consulting on the auditor's letter of engagement, timely input to the audit, participating in the auditor's exit conference, and assuring that the Board understands any comments or notes.

Reporting

- Provide timely input of minutes, agenda, Committee charter, to the ECIA website. Provide articles to Vistas on budget schedule and hearings and other financial items. Provide a report for the web site summarizing annual Budget activities.
- Provide Finance Committee input for the Association's Annual Report.
- Report any unusual financial issues to the Board.

Planning

- Review long range plans and expense projections, including Repair and Replacement projections and schedules.
- Recommend financial policies and procedures to the Board and General Manager. Annually review the Finance Committee's charter.
- Provide annual training on ECIA budget/finance process if requested by the Board.

5.0 Products and Reports Requirements

The committee is advisory to the Board and makes formal recommendations to the Board through a process of passing motions at committee meetings. These motions are provided, through the liaison/Chair to the Board for discussion. The Committee also:

- In accordance with the Board's current Procurement Policy, reviews vendor proposals and contracts prior to procurement.
- Takes the lead in the analysis of the General Manager's proposed annual ECIA budget and receives input from other committees and the community at-large during the preparation of the Draft budget.
- Recommends an external auditor for the annual audit, works with the selected auditor to help prepare the audit, and analyzes the annual audit and makes recommendations concerning it to the Board.
- Annually reviews the liability insurance and makes recommendations concerning coverage to the Board.

6.0 Committee Membership and Responsibility

Committee members are expected to conduct themselves in a courteous, professional manner when communicating with Board Members, fellow Committee Members, ECIA Staff, outside contractors, Eldorado residents and other members of the public, including in electronic communications and on social media.

Committee members are expected to avoid conflicts of interest on issues before the committee. Members should derive no personal benefit from their office. If a conflict exists, the member should disclose it and recuse themselves from any vote concerning the issue. Committee members are expected to conduct themselves in a courteous, professional manner when communicating with Board Members, fellow committee members, ECIA Staff, outside contractors, Eldorado residents and other members of the public, including in electronic communications and on social media.

Finance Committee members need to be committed to a high standard of professionalism, discretion, and fiduciary trust, including the responsibility to hold non-public corporate information in strictest confidence. Members should derive no personal benefit from their office, nor participate on any issue where an apparent conflict-of-interest may exist.

If a member disagrees with a committee decision, they may ask that their dissent be included in the minutes. However, members are expected to publicly support all committee decisions. Although committee members are appointed representatives of the Board they are not spokespersons for the Board or their Committee unless so appointed by the Committee. Consequently, it is recommended that committee members refrain from discussing committee or board actions on social media; however, if they do so, they must make it clear that they are expressing their personal opinions and not that of the committee.

Committee members who violate their responsibilities by acting in an unprofessional, inappropriate or unacceptable manner will be subject to disciplinary action, including, but not limited to censure, removal as committee officer, or removal from the committee by a majority of the Board of Directors.

Members routinely:

- Review and analyze financial documents and statements.
- Review financial plans and procedures for compliance with Bylaws and published policies.
- Make recommendations to the Board through motions passed by the committee
- Provide advice and support as requested by the Board and staff of the management company.

In its makeup, the Finance Committee strives for a blend of experience, knowledge and viewpoint that represents a cross section of the community.

Each new year, following the Association's annual meeting, whoever is appointed as Board Treasurer will chair the committee.

Candidates for committee membership must be MIGS and should have a basic understanding of financial and accounting practices or should plan to acquire an understanding. After first attending at least one committee meeting, qualified candidates can be recommended by committee vote for Board approval.

Members are expected to attend at least 75% of the annual meetings unless excused. No more than 3 unexcused absences per year are permitted. Members with more than 3 unexcused absences will be dropped from committee membership. The chair may excuse a member for medical reasons or other significant personal reasons that may arise.

7.0 Resources Required

The General Manager shall provide Finance Committee members with:

- Annually: A preliminary draft of the Operating Budget, Capital Project proposals more than \$25,000 as they are presented, and copies of the final, approved budget and supporting materials, and the independent auditor’s complete report.
- Before each monthly meeting: A monthly and year-to-date financial report, including balance sheet, investments, income and expenditures, variances from budget; a capital project recap; a Replacement Reserve recap, Accounts Receivable report, and monthly bank statements.
- Periodically: Updated financial plans, reports and procedures, including a 5-year and 30-year Replacement Reserve schedule.

The Board shall provide an Alternate Liaison who, in the absence of the Chair, shall convey information from the Board regarding financial issues and actions bearing upon the business and financial operations of the Association.

Submitted By:

Finance Committee Chair

Date

Approved By:

ECIA Board President

Date