



ESPLANADE AT SOMMERS BEND FINANCIAL ADVISORY COMMITTEE CHARTER Adopted 5/17/23

Purpose and Objective:

The Committee's purpose is primarily to provide financial insight for the Association and to make recommendations to the Board of Directors regarding financial matters when the Board requests them to do so. The Committee will also serve as the Board's research/analysis advisor and alert the Board regarding negative financial trends.

This charter ("Charter") governs the operations of the Finance Advisory Committee (the "Committee") being established by the Board of Directors (the "Board") of Esplanade at Sommers Bend Community Association (the "Association"). As specified in the CC&Rs, a Committee is established for the purpose of advising and making recommendations to the Board, in this case on matters pertaining to community finances. The Finance Advisory Committee is a standing, advisory committee, appointed by and serving at the pleasure of the Board of Directors.

At least annually, the Board and/or Committee shall review and reassess this Charter and the Committee's effectiveness and recommend any proposed changes to the Board for approval.

Organization of the Committee:

The Committee shall consist of (5) members, appointed by and removed by the Board of Directors. Each member must be an Owner in good standing with the Esplanade at Sommers Bend Community Association.

The term of this committee assignment is (2) years, using June 30, 2025 as term end. Committee members may not serve consecutive terms on the same committee so long as there are additional candidates willing to serve. After being off this committee for one (1) year, a former committee member may be considered for re-appointment. In the event there are no qualified candidates willing to serve on the committee, an existing member may be considered for re-appointment at their term expiration, thereby allowing said member to serve a consecutive term.

Financial Advisory Committee members are limited to serve on a maximum of one (1) standing committee at any given time. Owner/Members from the same dwelling, for example two spouses or significant others, may not serve concurrent terms on the Financial Advisory Committee.



Board members and staff (the “Management Company Staff”) may serve as non-voting liaisons to the Committee. All operating issues are the sole responsibility of the Association’s Community Manager. The Committee shall not provide a review of daily operations or personnel matters and shall not be given access to books and records that are not normally available to all homeowners unless specifically authorized by the Board. Committee members do not have the authority to issue direction to any employees of the Association, as well as any entity, firm, company, contractor, or organization that is providing services to the Association.

Member Selection:

The Board of Directors has developed the following procedures to provide a consistent and equitable method for selection of members to Board Committees.

- A. Management staff will prepare a list of names for the Committee after soliciting volunteer Interest Forms from members.
 1. The qualifications for appointment to this committee are based on having a strong background in the areas of Finance and Accounting.
 2. The ideal candidate will have a wide breadth of expertise in reviewing and analyzing financial reports, a firm understanding of income statements and P& L reporting, along with experience in investment and tax matters.
 3. Experience as a CFO or CPA is preferred - familiarity in working with a Homeowner Associations is recommended.
- B. The name(s) of the applicants and their interest forms are to be forwarded to the Board of Directors for their consideration and appointment of members to the Committee for their next Board Meeting.
- C. Applicants are not to be notified of their status, with regard to the Committee, until after the committee has received written approval from the Board of Directors.

Duties and Responsibilities:

The Committee’s assignments may include, but are not limited to, the following:

- Review and recommend long range financial plans for the Association (i.e., investments).
- Review, analyze, and recommend approval for any Reserve Studies and forward it to the Board.
- Review, analyze and recommend approval of the Annual Audit prior to mailing to Association membership.



- Review and analyze the Association's monthly financial statement in adherence to the adopted budget and prior relevant periods to identify any irregularities.
- Recommend policies that maintain and improve the financial health and integrity of the Association.
- Work with Management Company Staff to recommend a list of ongoing financial reports, noting level of detail needed, frequency, deadlines, and recipients of the reports for the Board. When requested by the Board, develop these financial reports, while utilizing the assistance of the Community Manager.
- Participate annually in the review of the Charter, in conjunction with the Board and the Community Manager.
- Assist with preparation of the Association's annual budget once the DRE budget is no longer in effect.

Role and Meeting Requirements:

At the initial meeting, and every 12 months moving forward, the committee will elect a Chairperson, Vice Chairperson and Secretary.

The Chairperson conducts all formal committee meetings, providing members advance notice of scheduling and agenda items. This person will serve as the principal liaison between the Financial Advisory Committee and the Board and Management Staff. All requests involving Management Staff and/or the Board must come from the Chairperson and be made to the Community Manager. The Chairperson will provide a written report for the Board packet and submit to the Association's Community Manager a minimum of (10) days prior to each scheduled Board Meeting. They will also attend monthly General Session meetings to report and provide updates.

The Vice Chairperson will perform the Chairperson's duties in their absence. The Secretary records minutes and attendance from each committee meeting and maintains a committee member contact list that includes each member's date of service.

The Financial Advisory Committee will conduct monthly meetings unless more frequent meetings are deemed necessary by the Chairperson. In order to conduct a meeting, a quorum of (3) committee members must be present.

As Financial Advisory Committee members serve at the pleasure of the Board, they may be removed with or without cause. The Board may appoint another person as soon as practical to fill any vacancy so created, if at all possible, by using Volunteer Interest forms submitted by community owners.



Budget:

If necessary, any budget allocation determined necessary for this committee will be determined by the Board.