FINANCE COMMITTEE CHARTER

Approved December 19, 2023

AUTHORIZATION

The Finance Committee of the Algonquin Association is established by The Algonquin Association Board of Directors (the "Board") under Section 3.3.1.3 of the Algonquin Association Bylaws as Amended and Restated in December 2005. The Committee members shall be appointed by the Board from qualified volunteers, as defined below, and shall serve at the pleasure of the Board.

PURPOSE

The Committee is responsible for acting in an advisory capacity to provide support to the Board and its management team in accomplishing its fiduciary duties; in short, it helps to maintain, improve, and/or oversee the systems of budgeting, accounting, finance, cash management and internal controls, helping to ensure that the Association funds are properly collected, recorded, disbursed and accounted for in accordance with the AICPA's generally accepted accounting principles (GAAP). While the Committee reports to the Board, it is enabled to recommend to the Board additional duties which it would wish to undertake.

FUNCTIONS AND RESPONSIBILITIES

1. Assists the Board in fulfilling its fiduciary and oversight responsibilities for the financial budgeting and reporting processes, internal controls and the external audit process.
2. Recommends financial policies and procedures in support of strategic and tactical goals and the Five-Year Plan.
3. Periodically reviews written Policy & Procedures manuals.
4. Analyzes, comments or makes recommendations on major undertakings (i.e., special assessments, major contracts or obligations, loans, etc.).
5. Manages the annual audit (engagement, scope, and reporting). Committee Chairperson/General Manager will serve as principal point of contact during conduct of the audit.
6. Is responsible for effecting maintenance and update of the Reserve Study document, after action to do so is granted by the Board.
7. Assists Treasurer and General Manager with annual budget process, i.e.,
    a. Is responsible for recommending:
        i. any annual assessment (fee) increases; and,
        ii. the approval of a proposed subsequent year's budget.
    b. Reviews financial reports quarterly; more frequently if required.
    c. Conducts analysis of current-year budget vs. current-year actuals and current-year forecast.
    d. Recommends revenue enhancements and expense reductions.
    e. Explores opportunities to increase restricted reserve fund balances (both operating and replacement reserves are restricted).
8. Conducts Internal Audit investigations, as requested.
9. Provides a verbal report at each monthly meeting of the Association.
10. Provides a written report (and verbal, if present) at each Annual Meeting of the Association.

11. Performs such “other tasks” as requested by the Board of Directors, Treasurer, or General Manager.

ORGANIZATION

Membership

Inclusion: Any Algonquin Association property owners in “good standing” and their resident family owners over the age of 18 are eligible for membership on the Finance Committee.

Exclusion:.

1. Members who are currently serving on the Association Board of Directors are not eligible for membership (the Board Treasurer serves as “Liaison” to the Committee).
2. Members who are not in “good standing” (or subsequently become members not in good standing) are ineligible for membership.
3. Candidates may not be a member of any other organization that would produce or could result in a conflict of interest unless such association is disclosed to the Committee and the Board, and said candidate agrees to recuse him/herself from voting on any matter involving a potential conflict of interest.

Suggested Qualifications: It is preferred that candidates possess financial or business-specific credentials such as PCA, MBA, or degrees in accounting, finance, or business management. Alternatively, candidates who have significant on-the-job or hands-on experience in finance, accounting, budget development or exhibiting business acumen also meet the qualifications.

Confidentiality Agreement: All Committee members are required to sign The Algonquin Association “Committee Member Confidentiality Agreement”. The unauthorized disclosure of sensitive and/or proprietary financial information is grounds for immediate dismissal and possible sanctions.

COMMITTEE COMPOSITION

Size:

The Finance Committee will be composed of a minimum of five (5) and a maximum of seven (7) members, but the lack of members shall not prevent the remaining standing members from meeting and conducting Committee business. In any event, a quorum of the Committee membership shall be one more than the current standing membership of the Committee.

Standing Officers:

1. Chairperson, appointed annually by the Board in December.
2. Secretary, appointed annually by the Chair no later than January.

Membership Service and Selection

1. **Term of Service**:

a. Committee members serve for a three-year term. Initially (meaning, from the date of this charter), members all serve for one-, two-, or three-year terms, equally distributed, as determined by the Committee.
b. Terms are effective upon date of approval by the Board.
c. Committee members may serve for three consecutive three-year terms; they then must absent themselves for a period of one year, after which they may volunteer to resume serving as members.
d. The Chair serves until either the incumbent or the Board decides it is time for a replacement.

2. **Replacement**: The Committee Chairperson will recommend to the Board a replacement for any member who resigns or is terminated; it is understood that this recommendation is made with the consensus of approval by the standing members of the Committee. This replacement appointment is for the duration of the departing member's original term.
3. **Solicitation**: Vacancy announcements will be published in October if/as needed.
4. **Termination**: A member who misses three consecutive members, unexcused, may be terminated by the Chair.

Meetings and Minutes:

1. The Committee may meet monthly on an as-needed basis but must meet at least quarterly (February, May, August and November).
2. The Secretary shall prepare minutes of each meeting for approval at the following meeting (electronic distribution is preferred) .
3. Meetings of the Committee shall be noticed as required by the Virginia Condominium Act and open to all Unit Owners.
4. Meetings shall be held in a common area of the Association and shall not be held in a private residence.
5. Meetings shall include a Homeowners Forum for owner comments.

Reporting:

1. Reports and recommendations are reported via the Treasurer.
2. The external audit report is initially sent to the Board and then passed immediately to the Finance Committee for detailed review. Following this detailed review by the Finance Committee and revisions by the audit firm, if needed, the audit is presented to the Board and the Association.

This charter is open to revision with Board approval. If the Finance Committee determines that a revision of this charter will benefit the Committee and/or the Association, a written recommendation should be submitted to Management for Board review and approval.