FINANCE COMMITTEE CHARTER

I. MISSION AND PURPOSE

The Finance Committee ("Committee") is established to provide the Board with independent, expert review of the Association's financial operations. The Committee focuses on ensuring fiscal responsibility and budget predictability.

II. ADVISORY CAPACITY & AUTHORITY

The Committee is **purely advisory** in nature.

- Final decision-making authority regarding assessments, reserve fund expenditures, and contract awards rests solely with the Board.
- Committee members do not have the authority to move funds or sign financial documents.
- Nothing herein delegates Board authority or creates fiduciary duties beyond those imposed by law.

III. COMPOSITION AND TERM

- **Membership:** The Committee shall consist of [3] members, ideally with backgrounds in finance, accounting, or business management.
- **Leadership:** The Board Treasurer shall be the Chairperson; the Committee reports to the Treasurer.
- **Qualifications:** Members must have no felony convictions.
- **Term:** Members are appointed by the Board for a term of one year.
- **Conflict of Interest:** Members should be free of conflicts of interest. Any conflict must be formally disclosed and reviewed by the President and Treasurer (with the Vice President stepping in if either is involved) to determine if the conflict is acceptable or requires mitigation.
- **Compensation:** Members serve as volunteers.

IV. STRATEGIC RESPONSIBILITIES

- **Budgeting:** Prepare the annual operating budget by July.
- **Reserves:** Review the Reserve Study annually and recommend low-risk investments (CD ladders/Money Markets).
- **Internal Controls:** Perform reviews of financial statements per ARS §33-1810.
- **Variance Reporting:** Report financial variances of **greater than 10% or $1000.00** to the Board to avoid administrative burden on minor items.
- **Liaison:** Support the annual audit and review expiring vendor contracts.

V. MEETINGS AND CADENCE

- **Frequency:** The Committee shall meet at least quarterly, with increased frequency during the annual budget preparation period.
- **Minutes:** Minutes of all meetings shall be maintained and provided to the Board for the official record.

Approved 11 May 2026