Lake Ballinger Estates Finance Committee Charter

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1. Purpose, Authority and Limitations

The **Finance Committee** is established by the Lake Ballinger Estates Board of Directors ("Board") to assist the Board in understanding and planning the Association's financial position, including operating results, cash and reserve balances, accrued expenses and receipts, and reserve-study–based funding needs. The committee acts in an advisory capacity only and has no independent authority to adopt budgets, levy assessments, sign contracts, or bind the Association.

The committee members are volunteer owners, not professional accountants, bookkeepers, or investment advisers, and the Association's day-to-day bookkeeping, financial statement preparation, and balance-sheet administration are performed by the contracted Property Management company and outside professionals as determined by the Board.

The committee's authority is limited to:

- Requesting, through the Board Chair and Property Management, reasonable summary-level financial information needed to perform its advisory role.
- Preparing written recommendations, questions, and options for the Board's consideration regarding budgets, reserve contributions, and financial communication.

The committee **may not**:

- Approve or adopt any budget, change assessments, forgive or compromise amounts owed, or initiate collection actions.
- Direct or supervise Property Management, the Association's accountant, or other vendors; all such direction comes from the Board.
- Provide professional accounting, tax, investment, or legal advice or represent that its members are acting as such professionals.
- Access individual owner account histories unless expressly authorized by the Board, and then only to the limited extent needed for budgeting assumptions (e.g., bad-debt estimates), not for enforcement decisions.

All final decisions about budgets, assessments, borrowing, reserve funding, and financial policies rest solely with the Board (and, where required, the owners) under Declaration Articles 10 and 12 and Bylaws Articles 2–3.

2. Scope of Work

The committee's work includes, but is not limited to:

- **Financial status review (non-audit)**
    - Review summary financial reports prepared by Property Management and/or the Association's accountant (e.g., balance sheet, income and expense statement, budget vs. actual) and identify material trends or variances for Board discussion.

- Review information about cash balances, reserve balances, and significant accrued expenses or receivables as reported by management.

- **Annual operating budget support**
  - Work with the Board Chair of the Finance Committee, Treasurer, and Property Management to review draft annual budgets required under Article 12, including common-expense categories and anticipated changes (e.g., utilities, insurance, contracts).
  - Provide non-binding recommendations on whether the draft budget appears reasonable and aligned with known contracts, reserve requirements, and prior-year experience.

- **Reserve study and long-term planning input**
  - Review the most recent reserve study and reserve schedules, and highlight upcoming projects or funding pressures for the Board.
  - Discuss, at a conceptual level, reserve contribution options and their approximate assessment impact, recognizing that final decisions are made by the Board.

- **Owner communication assistance (financial)**
  - Assist the Board and Property Management in drafting plain-language explanations of adopted budgets, reserve funding plans, and major cost drivers for use in Board meetings, annual-meeting materials or budget mailings, consistent with the Governing Documents.

The committee does not conduct audits or prepare official financial statements and does not substitute for the Board's statutory and contractual responsibilities for budgets, assessments, and reserves.

3. Composition and Appointment

- The Finance **Committee Board Chair** is a member of the Board appointed by the Board to serve as Chair and primary liaison between the committee, the Board, Property Management, and any financial professionals.
- Other committee members are volunteer owners or renters in good standing, as defined by the Governing Documents, who are willing to work collaboratively, respect confidentiality, and follow this Charter and the Finance Committee SOP.
- The committee reports to the Board through the Board Chair of the Finance Committee, who presents summaries and recommendations at Board meetings.
- The Board may add or remove committee members, including the Chair, at any time.

4. Meetings and Procedures

- The committee meets as needed, with more frequent meetings during the annual budget cycle and reserve-planning period.
- A majority of appointed members constitutes a quorum for making recommendations.

- The Chair (or designee) prepares agendas and keeps brief written notes summarizing attendance, reports reviewed, and provides recommendations; to the Board and Property Management as necessary.

5. Term and Review

- This Charter may be reviewed, amended, or rescinded by the Board at any time by resolution, consistent with Declaration Article 10 and Bylaws Article 3.

6. Standards of Conduct

- Committee members must act in the best interests of the Association as a whole, maintain confidentiality where required, and follow the Association's conflict-of-interest and code-of-conduct policies (if any).
- Any actual or potential conflict of interest shall be disclosed to the Board, which may determine whether the member should participate in specific discussions or votes.

Volunteer/qualification note:
The Finance Committee and its members are lay volunteers. Their work is advisory, based on information provided by Property Management and professionals, and does not create any warranty or guarantee of financial performance or completeness of the Association's records.