

**STONEBRIDGE RANCH COMMUNITY ASSOCIATION, INC.  
FINANCE COMMITTEE GUIDELINE**

Revision 10

07/20/2023

**I. PURPOSE**

The committee shall advise the Board of Directors relating to budgeting, financial operations, accounting matters, SRCA Long Term Investments managed by a 3<sup>rd</sup> party, and complete tasks assigned by the Board.

**II. REFERENCES**

Sixth Amended and Restated Bylaws of Stonebridge Ranch Community Association, Inc., Article V, Section 5.1.

**III. ORGANIZATION**

**A. Structure:**

1. The Committee shall consist of 3 to 7 residents recommended by the existing committee members and approved by the Board.
2. All members of the Committee, shall in the judgment of the Board, have a working familiarity with either basic finance and accounting practices and/or basic financial planning and investment practices. It is desired that at least one member should be a certified public accountant or have equivalent accounting expertise and at least one member should have experience working with investments professionally.
3. The Chairperson shall preside at all Committee meetings, and the Secretary will be responsible for taking minutes at all meetings and submitting an approved copy for posting in SharePoint.
4. The Chairperson shall be responsible for transmitting all recommendations to the Board of Directors Liaison and Association Executive Manager.
5. The Committee may appoint up to two (2) alternates. Alternates shall attend regularly scheduled meetings of the committee and fill any vacancies in order for the Committee to achieve its quorum requirements.

**B. Membership:** Each Committee member shall be a resident owner of the Stonebridge Ranch Community Association and a member in good standing of the Stonebridge Ranch Community Association.

**C. Terms:**

1. There shall be no term limits on committee members.
2. The Committee Chairperson and Secretary will be elected annually, in November, by current standing members of the Finance Committee and forward the results of the election to the Board Liaison for formal approval by the Board at the December Board meeting.

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**D. Meetings:**

1. All meetings shall be held in executive session and therefore the schedule shall not be posted on the Association website or other SRCA communications channels or updated as changes occur.
2. The Committee shall ordinarily meet monthly or less frequently as circumstances dictate.
3. At least 4 times per year or more frequently at the Chairperson's discretion, a detailed review of SRCA's investment portfolio and performance shall be performed as part of the monthly agenda.
4. Meetings shall normally be held at the Association office but may be held at alternate locations as long as the location is published with adequate notice and agreement by the Committee.
5. Any committee member who has two (2) consecutive absences will be contacted by the Chairperson to determine their membership viability and what course of action needs to take place.
6. All members and alternates will sign and agree to the terms in the Committee non-disclosure agreement as a condition of participating on this Committee.

**E. Quorum:**

1. A majority of the Committee members shall constitute a quorum for the transaction of business.
2. The vote of a majority of the members present at which a quorum is present shall constitute the decision of the Committee.
3. In the event a decision cannot be made by the Committee due to a tie in voting, the Board Liaison may cast the deciding vote.

**IV. DUTIES**

- A. The following functions shall be common recurring activities of the Finance Committee. These functions should serve as a guide with the understanding that the Finance Committee, at the direction and permission of the Board, may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.
  1. Budgeting
    - a) Review and analyze the annual operating and capital budgets and the reasonableness of any budget assumptions, prior to submitting the proposed budget to the Board in a time frame determined by Management and the Board.
    - b) Recommend adjustments to the Board regarding the annual operating and capital budgets including annual assessments.

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2. Long Term Investments

- a) Evaluate investment opportunities to maximize the Association's invested portfolio for income and capital appreciation, while effectively assessing and managing the associated investment risks. Assure that investment decisions are consistent with the investment goals of the Association as stated in its Long-Term Investment Policy.
- b) Review investment results on a regular basis, relative to the Association's Long-Term Investment Policy.
- c) Evaluate and recommend to the Board investment consultants, investment managers and others as may be needed to assist in the administration of the Association's investments and meet with such investment managers or consultants on an as needed or requested basis.
- d) Monitor the asset allocation, investment manager performance, and conduct of professionals associated with the Association's investments.
- e) Determine if overall the strategy, objectives and guidelines continue to be appropriate and reasonable and recommend Investment Policy changes to the Board on a timely basis, as appropriate.
- f) Report to the Board the results of the Association's investments on a regular basis.

3. Financial Reporting

- a) If requested by the Board on a specific issue, review the financial implications of major decisions and directions for the Association. Explore and evaluate financial alternatives.
- b) Review financial reports, which are distributed to the Board on a regular basis.

4. The Independent Auditor

- a) Receive from the independent auditor, at least annually, a formal written statement delineating all relationships between the independent auditor and Association management consistent with Independence Standards Board Standards and with all applicable laws, rules, and regulations.
- b) Recommend, if necessary, that the Board take certain action to satisfy itself of the auditor's independence.

5. Reserve Study

- a) Actively engage in the planning and review of the reserve study update, analyzing results and conducting sensitivity analysis of assumptions used to construct the analysis.

6. Banking

- a) Annually review all contractual and non-contractual banking relationships to assess any material changes in relative strength.

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7. Annual reporting
  - a) Review Annual Audit for understanding and comprehension.
  - b) Review Annual Tax Return for comprehension and understanding.
8. Strategic Project Execution
  - a) Assist the Association Treasurer with planning and execution of assigned Strategic Initiatives resulting from the outcome of the Annual Strategic Planning Session

**V. REPORTS**

- A. Report regularly to the Board following meetings of the Finance Committee, with respect to such matters as are relevant to the Finance Committee discharge of its assigned responsibilities. The report to the Board may take the form of an oral report by the Treasurer or any member of the Finance Committee designated by the Committee to make such a report.
- B. The Finance Committee shall maintain minutes and other records of meetings and activities of the Finance Committee, as appropriate under applicable law.

**VI. REVISION HISTORY**

REVISION	DATE	CHANGES
0	06/20/2008	Original
1	09/02/2008	Final
3	09/18/2013	Committee attendance
4	02/25/2016	Electing Chairperson and Secretary and Committee attendance
5	06/30/2016	Expanded duties
6	06/30/2818	Minor changes to membership and officer election process
6	06/30/2019	No changes
7	01/12/2020	Incorporated Investment sub-Committee into Finance Committee structure. Minor grammatical corrections.
8	05/19/2021	Corrected numbering IV.
9	07/22/2021	Relax membership requirements from required to desired skills
9	07/21/2022	Reviewed, No changes
10	07/20/2023	Updated date of officer elections to reflect committee service guideline and add contractual banking relationships to annual review