

Appendix C

Four Seasons Finance Transition Sub-Working Group Charter

1.0 Purpose / Objectives:

The Finance Sub-Working Group is established to facilitate the transition of the financial operations of the FSHOA from builder control to homeowner control. To accomplish this, the sub-working group will develop a plan by which homeowners will become familiar with all aspects of FSHOA budget development, asset inventory, reserve funding, setting of monthly assessment levels, accounting and cost control systems, financial reports and financial audits. The objectives of this plan are: 1) to have in place, at the time control of the FSHOA is turned over to homeowners, all relevant financial data, procedures, and documents and; 2) to have a group of homeowners with the experience and knowledge needed to maintain and enhance the financial stability and viability of our HOA.

2.0 Scope

The Finance Sub-Working Group will provide oversight, monitoring, and support of all financial activities associated with the operation of the FSHOA. It will provide to the Residents' Advisory Committee (RAC) advice and recommendations, as appropriate, to ensure the smooth transition of financial operations of the FSHOA to homeowner control. It will also be the focal point for addressing resident financial issues identified to the RAC and will facilitate the resolution of those issues.

3.0 Roles and Responsibilities

3.1 The Finance Sub-Working Group Coordinator:

- 3.1.1 Provide leadership and coordination of the group
- 3.1.2 Represent the group to the Transition Coordination Working Group and the RAC.
- 3.1.3 Coordinate with other working groups to accomplish objectives

3.2 The Finance Sub-Working Group Co-coordinator:

- 3.2.1 Assists the coordinator in carrying out the group objectives
- 3.2.2 Acts for the coordinator as necessary
- 3.2.3 Directs the work of any subgroups that may be needed

3.3 The Finance Sub-Working Group:

- 3.3.1 Determine what financial information and data are needed
- 3.3.2 Obtain needed financial data, monthly financial reports, and documents from Legum & Norman

- 3.3.3 Review and assess the cost control, reporting procedures and accounting internal controls
- 3.3.4 Determine whether all expenditures are properly chargeable to the FSHOA
- 3.3.5 Review and assess the reserve studies
 - 3.3.5.1 Determine the adequacy of cost and life cycle of all assets to ensure a properly quantified reserve requirement
 - 3.3.5.2 Ensure reserve funds are properly allocated and managed
- 3.3.6 Review and assess the audit reports
- 3.3.7 Review and assess the draft annual budget and compare to prior expenditure experience
- 3.3.8 Review and assess the monthly assessment calculations and management of collection processes
- 3.3.9 Review and assess the funding of reserves to ensure that they are set aside in accordance with reserve study
- 3.3.10 Review developer's contributions to make up for shortfall in FSHOA financial operation

4.0 Deliverables

The Finance Sub-Working Group will prepare the following deliverable items for the RAC (schedule TBD):

- 4.1 A written plan covering the sequence of steps necessary to prepare the homeowners to successfully take over the financial operations of the FSHOA.
- 4.2 A schedule showing the suggested timing of those steps and the durations of each. The schedule will include an assessment of the latest date that each step may be started and completed without jeopardizing overall success.
- 4.3 A written analysis of the draft budget proposed to the Board of Directors with recommendations for revisions. This analysis will be completed ahead of the date when the BOD is scheduled to act on approving the budget.
- 4.4 A written review of the Reserve Study which addresses the adequacy of the proposed reserves, their potential impact on monthly assessments, and progress on funding the reserves.
- 4.5 A written review of the annual audit report and adoption of recommendations for addressing audit findings.
- 4.6 A draft set of procedures for cost reporting and control, budget development and justification and reserve funding.
- 4.7 A written review of the adequacy of accounting system and internal controls.

5.0 Interfaces

The Finance Sub-Working Group will interface with all of the other working groups to ensure that future financial issues identified by those groups are ultimately addressed in the FSHOA budget. This will require close coordination particularly with the Clubhouse Operations Working Group, the Maintenance Working Group, Insurance Working Group

and any other operations affecting finances. In addition the Finance Working Group will maintain close working relationships with the Transition Coordination Working Group and the RAC.