

FINANCE COMMITTEE CHARTER

SEAGROVE PROPERTY OWNERS ASSOCIATION, INC.

Mission Statement and Authority

1. The Committee is an advisory body to the Board, established under Section 617.0825 of the Florida Not For Profit Corporation Act. It shall have no legal authority to act for the Association. The Committee will advise and assist the Treasurer and Board of Directors with issues relating to planning and reviewing annual budgets and reserves, tracking monthly expenses, scheduling financial statement reviews, and other financial management matters.

Membership

1. The Treasurer of the Association will be Chair of the Committee. The Board will appoint other members of the Committee (who may or may not be members of the Board but who, in any case, must be members in good standing of the Association - that is, they must be named on the deed to the property or be a named trustee if the property is held in trust, and must not be 90 days or more delinquent in paying any fee, fine, or other monetary obligation to the Association), each to serve a one (1) year term. Appointment to the Committee requires a majority vote of the directors.
2. The Board may fill vacancies on the Committee by a majority vote and may remove a member from the Committee at any time, with or without cause.

Operations

1. The Committee will meet with such frequency as it may determine. The Chair will preside over Committee meetings. A majority of Committee members will constitute a quorum. Committee recommendations to be submitted to the Board will require a vote of a majority of the Committee members present at a meeting at which a quorum is present, participating in person or via telephone or teleconference.
2. The Committee will report its activities to the Board monthly and will keep minutes of its meetings.
3. The President of the Board may attend all Committee meetings.
4. The Committee may invite any non-Committee member of the Association to attend meetings or meet with Committee members.

Responsibilities:

1. Work with the Association's Board, officers, and property management company to implement and maintain the Association's Investment Policy, a copy of which is attached as Attachment 1 to this Charter and incorporated fully by reference.
2. Review the Association's investment of its reserves, including investment objectives, strategy, reporting, and performance, and monitor execution against the Association's Investment Policy.
3. Review and make recommendations to the Board regarding the Association's budget, including the process used in developing the budget and capital reserve requirements.

4. Develop appropriate procedures so there is a consistent approach to calculating the Association's Capital Reserve requirements. This will include periodically obtaining cost estimates/job bids to ensure the reserve funding is adequate, but not excessive.
5. Review periodically operating cash flows, liquidity position, reserves, and performance against budget and projections.
6. Review the Association's annual Income Tax Return prior to filing with the Internal Revenue Service.
7. In years when there is net income (operating revenues exceed operating expenses), work with the Association's property management company to get the net income quantified and reflected as a surplus in equity.
8. Ensure the Association maintains its tax status as residential real estate management association as defined in section 528(c) of the Internal Revenue Act of 1986, as amended.
9. Assist the Association's property management company in completing requirements necessary to obtain an audit opinion from an independent public accounting firm engaged by the Board.
10. Advise Board as to strategy for long-term financial sustainability.

Procedures

The Committee will work to document and implement appropriate procedures for reviewing the financials and Tax Returns periodically to assess and advise the Board as to the same.

General Procedures

- The Committee will review this charter at least annually and recommend any proposed changes to the Board for review. The Board may amend this charter at any time by majority vote.
- No Committee member is empowered to indicate or grant to any Seagrove resident a waiver from any provision of the Association's governing documents – all such requests must be forwarded to the Board member on call or to the full Board to be addressed, as appropriate.
- The Committee shall not send out surveys or otherwise directly communicate to all residents without first receiving the Board's approval for such communication.
- At any time that the Chair of the Committee changes, whether due to resignation, expiration of board term or any other reason, the Committee will assemble and provide to the Board a "Transition Report". The Transition Report shall contain a list of open items under consideration by the Committee, the current state of the budget, planning, or new projects underway, and any documentation or other matters related to the operations and responsibilities of the Committee as to which a new Chair should be informed, all for the goal of a smooth transition in responsibilities.

ATTACHMENT 1

SEAGROVE POA INVESTMENT POLICY

Background

Seagrove Property Owners Association, Inc. (the “**Association**”) is responsible for providing security, common-area landscaping, management and other on-going services as well as the maintenance of roads and other capital structures within Seagrove East (the “**Community**”). To fund these obligations, the Association collects fees from its residents in January and July of each year (“**POA Fees**”).

A portion of the POA fees enables the Association to pay for recurring operating expense such as security, landscaping, management, administrative and other non-capital costs (“**Operating Expenses**”). Another portion of these fees collected is set aside to finance the expected cost of improvements to roads, structures enabling beach access and other improvements (“**Capital Reserves**”). The latter are separately identified by project and accounted for as long-term liabilities on the Association’s balance sheet. The cash collected and set aside to fund each project is identified separately as assets (“**Reserve Cash**”).

Each year the Association prepares a budget which projects the annual Operating Expenses and the amount needed to be set aside as Capital Reserves.

Purpose

The purpose of the Association’s Investment Policy is to establish general guidelines for investing cash collected from POA Fees. Namely, the nature and type of each investment should

- Provide liquidity to finance the Association’s on-going operating expenses and expected future capital improvements;
- Safeguard all funds by maintaining all cash in (i) bank accounts and certificates of deposit with balances that are entirely insured by the Federal Deposit Insurance Corporation (“**FDIC**”) or (ii) mutual funds entirely consisting of U.S. government -backed securities;
- Obtain the best possible yield on all cash held without compromising the safety and liquidity goals enumerated above;
- Ensure that funds set aside for capital improvements are available when needed;
- Simplify the process of opening and maintaining accounts; and
- Support local financial institutions as much as possible.

Strategy and Procedures

1. Operating Expenses

- The Association will maintain a checking account (the “**Operating Account**”) into which all semi -annual assessments will be deposited. The account will be FDIC insured and will bear interest at prevailing rates.
- Cash in an amount equal to budgeted Operating Expenses for the six- month period following the receipt of the assessments (“**Operating Cash**”) shall remain in the account.

2. Reserve Funds

- The Association will establish other interest-bearing accounts into which Reserve Cash will be transferred from the Operating Account.
- These accounts are expected to bear interest at rates higher than those paid on checking accounts. The Association will endeavor to obtain the highest return without jeopardizing the safety of the investment and
- These accounts may consist of savings accounts, certificates of deposit (“**CD**” or “**CDs**”) or mutual funds provided that all CDs are insured by the FDIC and mutual funds contain only government backed securities (collectively, the “**Investments**”).
- Funds in accounts holding Reserve Cash must be available at the time the related Capital Reserve is liquidated.
- At no point may a single institution hold Operating Cash and/or Reserve Cash in an amount that exceeds the FDIC limit for insured accounts.

3. Investment Management

- The Association may open or close accounts and make necessary fund transfers to facilitate the investment policies. Such accounts may be opened or closed with the approval of the President and Treasurer. The President and Treasurer will report such activity to the Board.
- Periodically, the Association will review the Investments to ensure that funds are receiving competitive yields and make prudent adjustments within the guidelines set forth in this Investment Policy. Such adjustments may be made with the approval of the President and Treasurer. All adjustments will be reported to the Board.
- The Finance Committee will provide a report to the Association’s Board of Directors on a periodic basis. The report will identify each Investment, its amount, its yield and the financial institution holding it. In addition, the report will explain how each Investment comports with the Association’s Investment Policy.