



**BIG SKY OWNERS ASSOCIATION
COMMITTEE CHARTER**

COMMITTEE NAME Finance and Audit Committee

Date Created: June 6, 2008 by a majority vote of the Board of Directors of The Big Sky Owners Association (BSOA) at its June 6, 2008 board meeting.

Date(s) Charter Revised:

Standing Committee X , Committee _____, *Ad Hoc* Committee _____

PURPOSE AND AUTHORITY

The purpose of this Committee Charter ("Charter") is to establish a Finance and Audit Committee ("Committee"). The Committee is delegated authority to act for the BSOA Board ("Board") in fulfilling the Board's fiduciary duties by engaging in the activities identified in this Charter and by engaging in other activities assigned to the Committee by the Executive Committee or the Board within the limits established in this Charter and the BSOA Bylaws adopted on January 18, 2008 at its Board meeting and recorded with the Office of the Gallatin County Clerk and Recorder (Document #2290050, January 25, 2008) and the Office of the Madison County Clerk and Recorder (Document #124479, February 11, 2008) ("Bylaws").

The basic responsibility of the Committee is to oversee the activities of BSOA to ensure its fiscal stability and long-term economic health. Board responsibility for the budget, financial reporting, audits, investments, member assessments and financial relationships such as banking shall be addressed by the Committee.

MEMBERSHIP, OFFICERS, AND TERMS

Chair. The Chair of the Committee shall be the Treasurer of the Board.

Membership.

1. Except for any ex officio members, membership on the Committee shall consist of not less than three BSOA Directors ("Directors"), all of whom shall be independent Directors.
 - a. A Director shall be considered "independent" for the purposes of this Charter if he or she:
 - i. is not, and has not been for a period of at least three years, an

employee of BSOA or any entity in which BSOA has a financial interest;

ii. does not directly or indirectly have a significant business relationship with BSOA, which, in the Board's judgment, might affect independence in decision-making;

iii. is not employed as an executive of another corporation where any of BSOA's executive officers or employees serve on that corporation's compensation committee; and

iv. does not have an immediate family member who is an executive officer or employee of BSOA or who, in the Board's judgment, holds a position that has a significant financial relationship with BSOA.

2. The members of the Committee shall be able to read and understand basic financial statements, including a statement of condition, income statement and cash flow statement, and an external audit or financial review report and shall otherwise possess the skills to fulfill the duties established by this Charter or the Committee. The Committee is authorized to provide education to committee members in order to meet the requirements of this section.

Ex Officio Members. The Executive Director, and if applicable the BSOA Accountant, shall be ex officio members without vote, invited to attend meetings of the Committee, unless requested not to attend by the person acting as Chair. If the Board at any time appoints a person to act in the capacity of financial advisor to BSOA, that person shall be an ex officio member without vote, invited to attend meetings of the Committee, unless requested not to attend by the person acting as Chair.

Term. All members of the Committee shall serve a one year term, but may be reappointed. All terms commence with the first Board meeting after the annual meeting at which the Officers of the BSOA Board are elected.

MEETINGS AND PROCEDURES

The Committee shall hold meetings at the call of the Chair, Executive Director, or any two members of the Committee.

The Committee shall either maintain minutes of its meetings and provide them to the full Board at regularly scheduled meetings or shall report to the Board which shall incorporate the report of the Finance and Audit Committee into its written minutes.

POWERS AND DUTIES

The duties and responsibilities of the Committee shall include, at a minimum, the following:

1. **Auditor or Financial Reviewer.** The Committee shall recommend to the Board for selection of an auditor or financial reviewer and assure that the audit or financial review of the BSOA is conducted by an independent person. The Committee shall oversee the audit/financial review process. At the Committee's discretion, the Executive Director and any other member of management may be asked to not be present during the portion of at least one meeting at which the audit or financial review are discussed with the auditor or financial reviewer. The Committee shall present the results of the audit or financial review and any recommendations to the Board.
2. **Internal Controls.** The Committee shall recommend internal control policies to the Board, consistent with sound financial practices recognized by the accounting industry for organizations of the size and type as the BSOA, and shall oversee the implementation of sound internal controls by management.
3. **Financial Statements and Records.** The Committee shall oversee preparation and maintenance of the financial records of BSOA and ensure that appropriate financial statements, including an account of major transactions and the financial condition of BSOA, are made available to the Board on a timely basis.
4. **Budget.** The Committee shall annually present a budget for approval by the Board prior to the annual meeting, and shall monitor performance against the approved budget, developing remedial action recommendations as required. The budget will define member assessments and other project allocations as necessary.
5. **Oversight of Investments and Restricted Funds.** The Committee shall recommend to the Board policies and procedures to make certain that BSOA manages investments, and restricted funds in accordance with contractual requirements, accepted accounting practices, and applicable law. The Committee shall be responsible for overseeing management's compliance with such board policies and procedures and applicable enforceable obligations of BSOA.
6. **Financial Policies.** The Committee shall recommend and oversee financial policies and other policies within the scope of its responsibilities under this Charter to the Board. Any policy within the scope of its authority under this Charter that is approved by the Committee shall go into effect immediately, but shall be presented to the full Board for its information and consideration.
7. **Report to Board.** Any action taken by the Committee between meetings of the Board shall be reported to the Board at the next meeting.

SUPERSEDE

The intent of the adoption of this Charter is to supersede all previous committee charters adopted by the Board to establish a Finance Committee including but not

limited to the Finance Committee Charter created in 1990 and revised on April 24, 1996 and March 20, 1997.