



A G E N D A

Special Finance Committee Meeting

Wednesday, October 15, 2014 – 9:00 a.m., Physical Property Conference Room

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. New Business
 - a. Amend Policy 5061, Application of Fees
 - b. Amend Policy 5115, Committee Functions
 - c. Amend Policy 5517, Liability Deductible and Disaster Reserve Fund
 - d. Amend Policy 5528, Refund of Excess Income
5. Adjournment

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****FINANCE****Membership Fee****1. Membership Fee**

The membership fee for a Golden Rain Foundation member represents a buy-in for access to the community facilities and amenities.

Each owner and co-occupant non-owner will be required to pay a one-time membership fee.

The membership fee will be calculated April 1 of each year and will be based on the following data as of December 31 of the preceding year: net trust equity divided by the sum of the members defined as Resident Status Codes 01 and 08 by the Finance Department. If the new fee varies by more than 5% of the current fee, it will be presented to the Finance Committee in May for recommendation to the Board. If applicable, the new membership fee will be implemented in July.

Member(s) may transfer from one mutual to another without having to pay another membership fee provided that the member(s) remain(s) the same. The member(s) will, however, be charged a membership certificate processing fee for this transaction.

2. Membership Certificate and Processing Fee

The Golden Rain Foundation shall issue one membership certificate per unit. The membership certificate may contain one or more names.

A certificate processing fee of \$150 will be charged to the unit's account each time the membership certificate is changed or altered to cover the cost of preparing, recording and/or replacing a membership certificate.

3. Payment of Membership Fee

New members are encouraged to pay the membership fee in full at the close of the purchase escrow; however, the Golden Rain Foundation has established a finance plan to pay the remaining amount of the outstanding membership over a seven-year period for those members who wish to finance their membership fee.

Members who opt to finance the payment of their membership fee must complete a

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****FINANCE****Membership Fee**

Promissory Installment Note and agree to the terms of the Note. One Promissory Note is required per unit.

If a member opts to finance their membership fee, each member shall pay a one-time upfront payment of 25% of the total membership fee at the close of the purchasing period, and make seven (7) equal annual installment payments. Each annual payment will be due and payable on the anniversary of the date of purchase until the principal amount, including the finance charge, is paid in full.

The annual finance charge on matured, unpaid amounts shall be one (1) percent per month paid annually on the outstanding balance.

In the event that the member(s) sell(s) their Mutual share of stock before the membership fee is paid in full, the balance will be paid from the sale escrow.

4. **Transfer Fee – In Escrow**

The seller of a Mutual share of stock shall pay in accordance with Civil Code § 5600 a transfer fee of \$350 to the Golden Rain Foundation to cover the cost of transferring ownership(s).

Policy

Adopted: 21 Apr 70
 Amended: 31 Aug 73
 Amended: 20 Nov 73
 Amended: 19 Aug 75
 Amended: 31 Aug 77
 Amended: 16 Jun 81
 Rescinded: 20 Oct 81 (Amendments passed 16 Jun 81)
 Amended: 16 Dec 86 (Effective 01 Jan 87)
 Amended: 21 Jul 87 (Effective 01 Aug 87)
 Amended: 20 Sep 88 (Effective 01 Jan 89)
 Amended: 21 Nov 89
 Amended: 16 Nov 93 (Effective 01 Dec 93)
 Amended: 18 Nov 03 (Effective 01 Jan 04)

(Apr 14)

**GOLDEN RAIN FOUNDATION
 Seal Beach, California**

GOLDEN RAIN OPERATIONS

DRAFT TO AMEND

FINANCE

Membership Fee

Amended: 15 May 07 (Effective 01 Jul 07)
Amended: 17 July 12 (Effective 01 Sept 12)
Amended: 22 Apr 14 (subheading correction only)
Amended:

(Apr 14)

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****Initiation Fee Regulation Application of Fees**

For the purpose of calculating the initiation **membership** fee, the “member equity” is the amount of “Trust Accountability.” The Trust accountability is the net value of assets available for the use of foundation members. It is the intent of the initiation **membership** fee to purchase the use of current facilities. Conversely, the non-Trust assets are eliminated from the calculation because the depreciation of this group of assets is charged to the membership as a trust maintenance fee. The initiation **membership** fee is added to the replacement fund, and the interest earned on this fund is used to offset the trust maintenance costs. **The Executive Committee will review all fees annually during the fourth quarter of the year.**

Administrative Services Mutual Administration Department

The following schedule of fees shall be established to provide for standard cost recovery for services provided by the Stock Transfer Office:

	<u>Fee</u>	<u>Policy</u>
<u>1. Membership Fee</u>	<u>+</u>	<u>5061</u>
1. <u>2. Initial GRF Membership Certificate Transfer Fee</u>	<u>+</u>	<u>5061</u>
2. <u>3. Transfer Fee In Escrow</u>	<u>+</u>	<u>5062</u>
3. <u>4. Mutual Escrow Withdrawal Inspection Fee Deposit</u>	<u>+</u>	<u>7530</u>
4. <u>5. Mutual Inspection Processing Fee</u>	<u>+</u>	<u>7525</u>
5. <u>6. Non-member Co-occupant Set-up Fee</u>	<u>+</u>	<u>1803</u>
6. <u>7. Replacement Photo ID Card</u>	<u>+</u>	<u>1201</u>
7. <u>8. Caregiver Provider Pass</u>	<u>+</u>	<u>7510</u>
<u>9. Mutual Escape Tax Deposit</u>	<u>+</u>	<u>7709.1</u>

(May 07)

GOLDEN RAIN OPERATIONS

DRAFT TO AMEND

Initiation Fee Regulation Application of Fees

+Refer to Policy for Calculation

*Varies by Mutual

**Cost Recovery Fee

Regulation Policy

Adopted: 01 Jul 04

Revised: 15 May 07

Amended:

**GOLDEN RAIN FOUNDATION
Seal Beach, California**

(May 07)

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****COMMITTEE FUNCTIONS****Finance Committee**

Pursuant to Article VIII of the Bylaws, the Golden Rain Foundation (GRF) Board hereby appoints the Finance Committee (FC) and grants to the Committee authority specifically stated within the Foundation governing documents or other authority as specifically granted by the Board or as stated within this policy.

1. Purpose

- 1.1 The FC shall provide assistance to the Board of Directors of GRF in fulfilling financial responsibility and oversight to the shareholders/members in respect of the policies, practices, and strategies that relate to the management of the financial affairs of GRF. The FC also shall perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board of Directors.

2. Advisory Role

- 2.2 The FC functions solely in an advisory or consultative capacity, unless specifically tasked by a majority vote of the Board.

3. Committee Members

- 3.2 In accordance with Article VII of the Bylaws, committee chair and members shall be appointed by the President and ratified by action of the Board in accordance with policy 5020-30.

4. Duties and Responsibilities

Generally, to analyze requests for action emanating from shareholder/members, Mutuals, GRF Board members and Administration staff members (Executive Director and Controller), in certain specified areas of Board activity and responsibility, to originate and develop, through research, ideas, plans and programs which are pertinent to these specified areas and which are determined to be for the financial stability and good of the shareholders/members. Through study and research of the existing problems and the basic activities within the specified areas, to be able and ready to act in an advisory capacity to the GRF Board and the Administration, whenever called upon to do so.

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****COMMITTEE FUNCTIONS****Finance Committee**

Specifically, to accept as its specific and total areas of activity, all problems arising from the operation of the Accounting Department:

- 4.1 To be aware, through study and research, that the financial reporting and procedures and practices of the Controller's department are acceptable from an ethical and professional viewpoint and that they conform to all existing standards of good accounting practices.
- 4.2 **To develop, control and monitor all cost centers and general ledger account numbers as necessitated in the accounting operations of the Foundation and Mutuals.**
- 4.3 Furnish periodic reports and recommendations to the GRF Board concerning the fiscal practices and related problems.
- 4.4 Cooperate with the Controller and Executive Director in the ongoing accounting problems in conjunction with the CFO Council of the Mutual Corporations.
- 4.5 Budgeting and Forecasting
 - 4.5.1 Review the proposed annual operational budget prepared by the Executive Director and Controller upon review and recommendation by all standing committees with cost center oversight and make recommendations as deemed appropriate.
 - 4.5.2 Coordinate the budget review process with all standing committees.
 - 4.5.3 Maintain, review and update the reserve study as required by civil codes (Civ. Code §5300(b).) & (Civ. Code §5565(b)(1).)
 - 4.5.4 Work in concert with all standing committees to assure that the list of components in the Reserve Study is current, accurate and complete.
 - 4.5.5 Review all request for non budgeted expenditures and provide recommendations to the GRF Board.
- 4.6 Monitor the monthly financial reports for adherence to the approved operating budget and variations, and submit recommendations to the Board relative to any substantial variations.

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****COMMITTEE FUNCTIONS****Finance Committee**

- 4.7 No less than once a quarter review and determine the adequacy of the Foundations reserves funds and submit any recommendations to the Board.
- 4.8 Conduct periodic studies of the Foundations accounting checks and balances, internal controls and procedures for handling fund and submit recommendations to the Board.
- 4.9 Acts as the Audit committee for the GRF
 - 4.9.1 Committee conducts the search for an auditing firm and recommends its selection to the Board for approval. In addition, the Finance Committee will review the annual audit and draft financial statement and make recommendations to the Board.
- 4.10 The FC shall annually review all GRF insurance policies, provisions and exclusions and provide recommendations to the GRF Board. Problems and concerns arising from the procurement and purchase of insurance contracts shall be reviewed by the Finance Committee. The Committee will review and counsel with the Executive Director on the specifications and procedures to be followed in complying with the existing management contract requirements on the procurement of insurance. The Committee will make recommendations to the Board concerning the insurance coverage needed by the Foundation and the awarding of contracts for insurance. The Committee will make recommendations to the Board concerning all income producing leases and management agreements between the Golden Rain Foundation and any organization.
- 4.11 The FC shall review all income/revenue producing contacts/leases and provide recommendations to the GRF Board
- 4.12 The FC shall review and provide recommendation re the operations of the Purchasing department including but not limited to: policies, procedural standards, supplies and supply control, shipping and overhead costs.

5. Limitations

- 5.1 It is to be recognized that the function of the Committee is to act in an advisory and a consulting capacity. Committee and Committee members

(Jul 10)

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****COMMITTEE FUNCTIONS****Finance Committee**

should refrain at all times from any regulatory or supervisory activities; these are the functions of Management. Committee activity may, in certain cases, be extended to some phase of implementation of a plan, if such a request originates with the Executive Director.

The Committee does not have the authority to enter into written contracts or oral agreements with any third parties on behalf of the Foundation or the Board of Directors. Authority to authorize contracts and/or expenses rests solely with the Board of Directors.

Policy

Adopted: 18 Jan 72
Amended: 20 Nov 73
Amended: 15 Dec 76
Amended: 19 Mar 96
Amended: 20 Mar 07
Amended: 15 Sep 09
Amended: 20 Jul 10
Amended:

GOLDEN RAIN FOUNDATION
Seal Beach, California

(Jul 10)

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****COMMITTEE FUNCTIONS****Finance Committee**

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1. PurposePurpose

- 1.1 The FC shall provide assistance to the Board of Directors of GRF in fulfilling financial responsibility and oversight to the shareholders/members in respect of the policies, practices, and strategies that relate to the management of the financial affairs of GRF. The FC also shall perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board of Directors.

2. Advisory Role

- 2.2 The FC functions solely in an advisory or consultative capacity, unless specifically tasked by a majority vote of the Board.

3. Committee Members

- 3.2 In accordance with Article VII of the Bylaws, committee chair and members shall be appointed by the President and ratified by action of the Board in accordance with policy 5020-30.

4.

2.4. FUNCTIONSDuties and Responsibilities

Generally, to analyze requests for action emanating from shareholder/members, Mutuals, ~~Golden Rain-GRF~~ Board members and Administration staff members (~~Executive Director and Controller~~), in certain specified areas of Board activity and responsibility, to originate and develop, through research, ideas, plans and programs which are pertinent to these specified areas and which are determined to be for the financial stability and good of the residents shareholders/members. Through study and research of the existing problems and the basic activities within the specified areas, to be able and ready to act in an advisory capacity to the ~~Golden Rain-GRF~~ Board and the Administration, whenever called upon to do so.

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****COMMITTEE FUNCTIONS****Finance Committee**

Specifically, to accept as its specific and total areas of activity, all problems arising from the operation of the Controller's Accounting Department:

4.1; Ito be aware, through study and research, that the financial reporting and procedures and practices of the Controller's department are acceptable from an ethical and professional viewpoint and that they conform to all existing standards of good accounting practices.

4.2 ~~–To develop, control and monitor and control~~ **all cost centers and general ledger account numbers as necessitated in the accounting operations of the Foundation and Mutuals.**

4.3 Furnish periodic reports and recommendations to the GRF Board concerning the fiscal practices and related problems.

4.4 Cooperate with the Controller and ~~Administrator~~ Executive Director in the ongoing accounting problems in conjunction with the ~~Treasurers' Group CFO Council~~ of the Mutual Corporations.

4.5 **Budgeting and Forecasting**

4.5.1 Review the proposed annual operational budget prepared by the Executive Director and Controller upon review and recommendation by all standing committees with cost center oversight and make recommendations as deemed appropriate.

4.5.2 Coordinate the budget review process with all standing committees.

4.5.3 Manitain,review and update the reserve study as required by civil codes (Civ. Code §5300(b).)& (Civ. Code §5565(b)(1).)

4.5.4 Work in concert with all standing committees to assure that the list of components in the Reserve Study is current, accurate and complete.

4.5.5 Review all request for non budgeted expenditures and provide recommendations to the GRF Board.

4.6 Monitor the monthly financial reports for adherence to the approved operating budget and variations, and submit recommendations to the Board relative to any substantial variations.

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****COMMITTEE FUNCTIONS****Finance Committee**

4.7 No less than once a quarter review and determine the adequacy of the Foundations reserves funds and submit any recommendations to the Board.

4.8 Conduct periodic studies of the Foundations accounting checks and balances, internal controls and procedures for handling fund and submit recommendations to the Board.

4.9 Acts as the Audit committee for the GRF

4.9.1 Committee conducts the search for an auditing firm and recommends its selection to the Board for approval. In addition, the Finance Committee will review the annual audit and draft financial statement and make recommendations to the Board.

4.10 The FC shall annually review all GRF insurance policies, provisions and exclusions and provide recommendations to the GRF Board. Problems and concerns arising from the procurement and purchase of insurance contracts shall be reviewed by the Finance Committee. The Committee will review and counsel with the Executive Director on the specifications and procedures to be followed in complying with the existing management contract requirements on the procurement of insurance. The Committee will make recommendations to the Board concerning the insurance coverage needed by the Foundation and the awarding of contracts for insurance. The Committee will make recommendations to the Board concerning all income producing leases and management agreements between the Golden Rain Foundation and any organization.

4.11 The FC shall review all income/revenue producing contacts/leases and provide recommendations to the GRF Board

2.24.12 The FC shall review and provide recommendation re the operations of the Purchasing department including but not limited to: policies, procedural standards, supplies and supply control, shipping and overhead costs.

~~Problems and concerns arising from the procurement and purchase of insurance contracts shall be reviewed by the Finance Committee. The Committee will review and counsel with the Administrator on the specifications and procedures to be followed in complying with the existing~~

GOLDEN RAIN OPERATIONS**DRAFT TO AMEND****COMMITTEE FUNCTIONS**Finance Committee

~~management contract requirements on the procurement of insurance. The Committee will make recommendations to the Board concerning the insurance coverage needed by the Foundation and the awarding of contracts for insurance. The Committee will make recommendations to the Board concerning all income producing leases and management agreements between the Golden Rain Foundation and any organization.~~

~~As the fiscal review committee for the Golden Rain Foundation, the Finance Committee conducts the search for an auditing firm and recommends its selection to the Board for approval. In addition, the Finance Committee will review the annual audit and draft financial statement and make recommendations to the Board.~~

~~The Finance Committee will review the draft consolidated budget and make recommendations to the Board of Directors.~~

5. 5.2. — **LIMITATIONS**imitations

5.1 It is to be recognized that the function of the Committee is to act in an advisory and a consulting capacity. Committee and Committee members should refrain at all times from any regulatory or supervisory activities; these are the functions of Management. Committee activity may, in certain cases, be extended to some phase of implementation of a plan, if such a request originates with the ~~Administrator~~ Executive Director.

The Committee does not have the authority to enter into written contracts or oral agreements with any third parties on behalf of the Foundation or the Board of Directors. Authority to authorize contracts and/or expenses rests solely with the Board of Directors.

GOLDEN RAIN OPERATIONS

COMMITTEE FUNCTIONS

Finance Committee

DRAFT TO AMEND

Policy

Adopted: 18 Jan 72
Amended: 20 Nov 73
Amended: 15 Dec 76
Amended: 19 Mar 96
Amended: 20 Mar 07
Amended: 15 Sep 09
Amended: 20 Jul 10
Amended:

**GOLDEN RAIN FOUNDATION
Seal Beach, California**

(Jul 10)

GOLDEN RAIN OPERATIONS

BOARD INTERNAL OPERATIONS

Liability Deductible and Disaster Reserve Fund

The Property Insurance carried by the Golden Rain Foundation contains a \$50,000 deductible, and the General Liability Insurance carried by the Golden Rain Foundation contains a \$10,000 deductible. The Foundation intends to separately reserve funds to provide for any liability arising as a result of awards, negotiated settlements, arbitrated amounts and legal fees that may arise under the insurance coverages. In addition, the funds may be used to provide for disaster recovery expenses.

The fund will be regulated as follows:

1. Charges made to members of the Foundation for this deductible and disaster reserve fund will be separately funded and accounted for under the name Liability Deductible and Disaster Reserve Fund.
2. The amount in the fund will be reviewed annually during budget study by the Foundation to determine if further payments into the fund will be needed for the following fiscal year.
3. Investment earnings, after taxes, from these funds will accumulate as part of the fund.
4. Payment from this fund will be made for liability awards and related arbitration and/or

(Aug 91)

GOLDEN RAIN OPERATIONS

BOARD INTERNAL OPERATIONS

Liability Deductible and Disaster Reserve Fund

legal costs.

5. Cost of damages resulting from a disaster is subject to approval by the Golden Rain Foundation Board of Directors.
6. The Controller of the Golden Rain Foundation will report the status of this fund monthly with the regular financial statement of the Foundation.

Policy

Adopted: 03 Sep 75
Amended: 19 Oct 76
Amended: 13 May 86
Amended: 20 Aug 91

GOLDEN RAIN FOUNDATION

Seal Beach, California

(Aug 91)

GOLDEN RAIN OPERATIONS**BOARD INTERNAL OPERATIONS****Refund of Excess Income**

Beginning with the close of fiscal year 2001, the Golden Rain Foundation shall eliminate its excess income by one of the following methods:

- 1) Refund the entire amount to the Mutual Corporations; or
- 2) Retain an amount for future unbudgeted expenses; or
- 3) A combination of Options 1 and 2.

Should the Golden Rain Foundation elect to retain an amount for future unbudgeted expenditures, the total accumulated amount so retained shall not exceed five (5%) percent of the average of the operating costs for the previous five-year period.

Policy

Adopted: 01 Sep 76
Amended: 09 Feb 82
Revised: 13 Aug 85
Effective: 31 Dec 85
Amended: 23 Feb 88
Amended: 19 May 98
Amended: 16 Mar 99
Rewritten: 20 Aug 02

GOLDEN RAIN FOUNDATION
Seal Beach, California

(Aug 02)