

2023 Audit Committee Charter

Committee Type: Standing Committee

Mission: To assist the Board of Directors in accomplishing their fiduciary duty and responsibility to the Association with regard to financial matters.

Chair: President-Elect, Ashley Jackson

Committee Composition: The Committee composition shall be as follows at the time the Committee selection is approved by the Board of Directors:

- The Committee shall be chaired by the current - President-Elect of the Board of Directors.
- The Committee shall be comprised of at least five, but not more than seven, REALTOR® members (including a Chairperson).
- Each member of the Committee shall serve a staggered 2-year term, except the chair who will serve a one-year term.
- No member of the Committee may be an affiliated person of the Association or any of its subsidiaries.
- A member of the Committee shall not be permitted to accept any fees paid directly or indirectly for services as a consultant, legal advisor or financial advisor to the Association or subsidiary thereof. Those serving as individual contractors as Instructors shall not be excluded from service on the Committee.
- All members of the Committee shall have a working familiarity with basic finance and accounting practices and be able to read and understand fundamental financial statements, including balance sheets, income statements and statements of cash flow.
- The Committee may ask the Committee Chair, Committee staff liaison, the independent auditors or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.
- Direct special investigations using outside consulting resources, as deemed necessary, if significant problems with accounting practices or personnel are alleged or identified.

Purpose: The purpose of the Audit Committee is to:

- Assist the Board in its oversight responsibilities regarding:
 - The integrity of the entity's financial statements,
 - The entity's compliance with legal and regulatory requirements,
 - The independent auditors' qualifications and independence,
 - The performance of the entity's internal audit/review function and that of the independent auditors

- Meet with independent auditors
- Review the overall audit/review plan
- Review the audited financial statements and management letter
- Create a summary and conclusion
- Report the resulting summary and conclusion to the Board of Directors

Directives:

In carrying out its responsibilities, the Committee's policies and procedures should remain flexible to enable the Committee to react to changes in circumstances and conditions so that it can fulfill its oversight responsibilities. In addition to such other duties as the Board may from time to time assign, the Committee shall have the following responsibilities:

- A. The Audit Committee shall conduct closed meetings due to the sensitive nature of business discussed. Members may individually request financial records according to Association policy and where required, financial reports are made to the membership. Committee members are required to sign a Volunteer Confidentiality & NDA agreement at the beginning of each year due to the sensitive nature of business discussed during meetings.
- B. Oversight of the financial reporting and disclosure process.
 - Discuss, review and assess the key financial statement issues and risks, their impact or potential effect on reported financial information, the process used by management to address such matters, related auditors' views and the basis for audit/review conclusions.
 - Discuss complex accounting estimates and judgments made by management and the implementation of new accounting principles or regulations.
 - The Chair is authorized to communicate with the lead partner of the independent auditors if needed.
 - Review with staff and the external auditors the results of the annual audit/review and related comments. The Committee will bring to the Board of Director's attention any difficulties or disputes with management, any significant changes in the audit/review plans, the rationale behind adoptions and changes in accounting principles, and accounting estimates requiring significant judgments.
- C. Hiring, performance oversight and independent assessment of the external auditors.
 - When a change in audit/review firms is warranted, interview and retain the Association's independent auditors. The Committee will consider:
 - The accounting firm's qualifications, independence and effectiveness and approve the engagement fees and other compensation to be paid to the independent auditors.
 - Review and evaluate the lead partner of the independent auditor's audit/review team for the Association.

- Review annually the experience and qualifications of the lead partner, senior members of the independent audit/review team. Discuss the knowledge and experience of the independent auditors and the senior members of the independent audit/review team with respect to the Association's industry.
 - Staff shall ensure the regular rotation of the lead audit partner and concurring review partner as required by law and implement best practices in rotation every five years.
 - Discuss the significant findings of the audit/review including:
 - Comprehensive review of all accounting policies and practices of the Association
 - Material items that have been discussed with management
 - Other material written communications between the accounting firm and management (for example, management rep letter, engagement letter, etc.)
- D. Oversight of regulatory compliance and ethics.
- Ensure that no officer, director or any person acting under their direction fraudulently influences, coerces, manipulates or misleads the independent auditors for purposes of rendering the Association's financial statements materially misleading.
 - When necessary, discuss risk assessment and risk policies with staff and review the steps management has taken to monitor the Association's risk exposure.
 - Although it is management's duty to assess and manage the Association's exposure to risk, the Committee should discuss with management the guidelines and policies that govern the process.
- E. Make recommendations to the Board as the Committee deems appropriate.
- F. Encourage all Committee members to participate in leadership development.

COMMITTEE POLICY AND PROCEDURE

- A. The Board of Directors will identify a process to complete an annual review of Committee/Task Force charters by the November board meeting.
- B. Committees will receive direction from the Board of Directors through directives reflected in their Committee Charter which is reviewed and approved by the Board of Directors Annually.
- C. Board Directors and Association Members should channel their communications to committees through the Committee Chair and Committee Staff Liaison.
- D. Individual Directors and Association Members may attend open committee meetings only for the purpose of observing. Guests may speak only if the

committee chair grants the opportunity to address the committee, in advance, during a Member Input item on the published agenda.

- E. Only active Association REALTOR® members may serve on Standing Committees, unless otherwise specified in the Committee Charter which is reviewed and approved by the Board of Directors annually.
- F. Committee/Task Force members shall abide by and may receive copies of the following:
 - The Association's Bylaws;
 - The Association's Governing Policies;
 - Committee/Task Force charter; and
 - Volunteer Commitment Agreement.
- G. Committee/Task Force members who do not abide by the Association's Bylaws, the Governing Policies and the Volunteer Commitment Agreement are subject to censure or removal at the direction of the Board of Directors in Executive Session by majority vote for any reason.
- H. The President is an ex-officio member of all Committees pursuant to the Association's Bylaws, with the exception of the Vetting Committee.
- I. Chairs, vice-chairs and members of Committees/Task Forces may not use their positions to market or promote their services, expertise or product to members.
- J. If a vacancy shall occur, the Board of Directors may make the appointments by majority vote.
- K. A Committee chair may serve as past chair the following year for consistency, with Board of Director approval.
- L. Task Forces may continue into subsequent years but the leadership for that Task Force (i.e. chair) may shift (vice chair would become chair). However, should a vice chair not desire the position, such position will be recommended by the Board of Directors.
- M. The chair shall drop a Committee/Task Force member after three absences from regularly scheduled meetings. This provision may be waived by vote of at least three-fourths of the other members of the Committee.

STAFF LIAISON EXPECTATIONS

The CEO may assign staff support for each Committee/Task Force to assist with preparing and disseminating notices and correspondence, and preparing reports of the meetings. Staff may also provide professional recommendation and analysis as needed.

COMMITTEE MEETINGS

- A. All Committees/Task Forces meet as needed.
- B. Committee/Task Force meetings may be called by the chairperson, any two Committee members, or by a formal motion of the Board of Directors.
- C. Committee/Task Force meetings shall be scheduled through the Association office and during normal business hours.
- D. Meeting notices shall be sent out by the Association staff at least one week prior to the meeting. All Committee/Task Force chairs and members shall have electronic mail capacity in order to receive notices and other information.
- E. Committee/Task Force meetings shall be closed when considering proprietary matters, including competitive bids or competitive responses to requests for services from vendors, when the Committee is considering matters that the Association is required to keep confidential by the terms of confidentiality provisions with third parties, and when a closed meeting is required by other provisions of these Governing Policies or required or authorized by the Board of Directors. Minutes or reports from closed meetings will be presented to the Board of Directors during Executive Session.
- F. Committees/Task Forces should report to the Board of Directors the status of accomplishments of the Board goals as outlined in their Charter.
- G. After each Committee/Task Force meeting, the Association should cause Committee reports in the form of minutes to be prepared by Association staff to include recommendations to the Board of Directors for consideration, a record of the actions taken at the meeting, and any other annotations consistent with Association practices. Minutes are reviewed by the Committee/Task Force chair or counsel, if appropriate, before Committee approval.
- H. Each Committee/Task Force member voting for or against an action at a meeting has a right to have his or her support or dissent, along with rationale, reflected in the report of the meeting.
- I. All Committee/Task Force members are asked to comment promptly, in writing, on any minutes circulated in the event that there appears to be any error, omission, or item in need of revision. A nonresponse is deemed as approval of the Committee report.
- J. Remote/Virtual Meetings
 - All remote/virtual meetings should include video to facilitate visual interactions.
 - It is expected when attending a remote video conference meeting members should be seen, heard and responsive. Reasonable exceptions include the need to mute or turn off video for privacy to avoid background noise from interfering with the meeting, and/or turn off video for bathroom breaks.

- A main motion brings business before the assembly.
- After debate is ended, the question is put before the assembly and a vote is taken by any of the commonly used methods cited in Robert's Rules of Order such as voice vote, show of hands, roll call/ballot, or a count.
- Informal roll call votes will not be published in the minutes.
- Proxies are not allowed for members who are absent.
- The result of the decision is confirmed and included in the minutes.

QUORUM

- A. A quorum for all Committees/Task Forces is a majority of the total number of Committee members.
- B. A Committee/Task Force cannot conduct business without a quorum of Committee members present.

Electronic Votes:

For electronic considerations, the Board of Directors require a valid process be followed for electronic votes.

- All communication/votes in reference to an electronic vote shall be cc'd to all Committee Members
- Each Committee Member shall cast their vote by 5:00 pm the day after distribution of the electronic consideration
- No response shall be counted as an "abstention"
- The day following the completion of an electronic vote, staff or Committee Chair shall report the roll call vote to all Committee Members
- All Committee Members shall confirm their vote by end of day when the roll call vote is offered
- If a Committee Member does not confirm his/her vote, the Committee Members vote shall be considered correct.
- No Committee or Association Action shall be taken until the entire vote is confirmed.

- End -

BOD revised 03/01/23