

United Arts of Central Florida, Inc.
Audit and Finance Committee Charter
Adopted December 14, 2004



Committee Role

The committee's role is to act on behalf of the executive committee and governing board in overseeing all aspects of the organization's financial reporting, control and audit functions. The committee's role includes a particular focus on the qualitative aspects of financial reporting and on organization processes for the management of risk and for compliance with significant applicable tax, legal, ethical, and regulatory requirements.

The role also includes coordination with other board committees and maintenance of strong, positive working relationships with management, external auditors, counsel, and other committee advisors.

Committee Membership

The committee, in addition to its chair, shall consist of at least two (2) additional, independent, non-staff board members, who shall have: (a) knowledge of organization activities; (b) the ability to read and understand nonprofit financial statements, and performance indicators; and (c) an understanding of operational and financial risks and related control processes. The committee shall have access to its own counsel and other advisors at its sole discretion.

At least one member, preferably the chair, shall be literate in nonprofit finance and control, including knowledge of tax and regulatory requirements, and should have past or current experience in finance or accounting, or other comparable areas. Appointment of the chair shall be approved annually by the board upon recommendation of the nominating committee. Appointment of members shall be approved as needed by the executive committee upon nomination by the chair.

Non-voting, non-board member advisory members may be appointed by the chair. The number of advisory members appointed may not exceed the number of voting members.

Committee Operating Principles

Communications - The chair and other members shall maintain an open avenue of contact throughout the year with senior management, other committee chairs and other key committee advisors (external auditors, etc.), as applicable, to strengthen the committee's knowledge of relevant current and prospective organization issues.

Education/Orientation - The committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential significant risk to the organization. Additionally, individual committee members are encouraged to participate in relevant and appropriate self-study education to ensure understanding of the organization's activities and risks.

Annual Plan - The committee, with input from management and others, shall develop an annual plan responsive to the "primary committee responsibilities" detailed herein. The annual plan shall be reviewed and approved by the executive committee.

Meeting Agenda - Committee meeting agendas shall be the responsibility of the committee chair, with input from committee members. It is expected that the chair would also ask management and key committee advisors, and perhaps others, to participate in this process.

Expectations and Information Needs - The committee shall communicate its expectations and the nature, timing and extent of its information needs to management, external auditors, and other external parties. Written materials, including key performance indicators and measures related to key operational and financial risks, shall be received from management, auditors, and others in advance of meeting dates. Meeting conduct will assume committee members have reviewed written materials in sufficient depth to participate in committee/board dialogue.

External Resources - The committee shall be authorized to access internal and external resources as required to carry out its responsibilities.

Meeting Attendees - The committee shall request members of management, counsel, external auditors, as applicable, to participate in committee meetings, as necessary to carry out the committee's responsibilities. At least annually the committee shall meet in private session with only its members. It is understood that external auditors, or counsel, may, at any time, request a meeting with the committee or its chair with or without management's attendance. The committee shall meet in executive sessions with external auditors at least annually.

Meeting Frequency - The committee shall meet at least four times per year. Additional meetings shall be scheduled as considered necessary by the board, the committee, or chair.

Reporting to the Board of Directors - The committee, through the committee chair, shall report periodically, as deemed necessary, but at least four times per year, to the full board. In addition, summarized minutes from committee meetings shall be available to each board member at least five days prior to the subsequent meeting of the board of directors.

Self-Assessment - The committee shall review, discuss and assess its own performance as well as its role and responsibilities, seeking input from senior management, the full board, and others. Any changes in role and/or responsibilities shall be recommended to the full board for approval.

Committee Responsibilities

Financial Reporting

- Review and assess the financial statements before they are released outside the organization.
- Review and assess key financial statement issues and risks, their actual or potential effect on financial reports, processes used by management to address such matters, related auditors' views, and the basis for conclusions.
- Approve changes in accounting principles and their application, in both interim and annual financial reports.
- Advise financial management and the external auditors that they are expected to provide a timely analysis of significant current financial reporting issues and practices.

Risks and Controls

- Review and assess the organization's operating and financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk.
- Review and assess the organization's internal controls for detecting accounting and financial reporting errors and fraud, legal and tax code violations, and noncompliance with the organization's code of conduct. Review the related findings and recommendations of external auditors, together with management's responses.
- Review with legal representation any matters that may have a material impact on the financial statements.
- Review a summary of any directors' and officers' expense accounts and compensation, including management perquisites.

External Auditors

- Recommend the selection of the external auditors for approval by the executive committee.
- Instruct the external auditors that they are responsible to the board of directors and the audit committee as representatives of the organization. Confirm that they will report all relevant issues to the committee.
- Review the performance of the external auditors.
- Obtain a formal written statement from the external auditors as to their independence. Additionally, discuss with the auditors any relationships or non-audit services that may affect their objectivity or independence.
- Consider, in consultation with the external auditors, their audit scopes and plans to ensure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- Review and approve requests for any services to be performed by the external auditors, and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.
- Review with management and the external auditors the results of the annual audits and related comments in consultation with other committees as deemed appropriate, including any difficulties or disputes with management, any significant changes in the audit plans, the rationale behind adoptions and changes in accounting principles, and accounting estimates requiring significant judgments.
- Provide a medium for the external auditors to discuss with the audit committee their judgments about the quality, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the organization.

Other

- Review and update the committee's charter.
- Review and update the organization's code of conduct
- Review and update the organization's financial policies.
- Review and approve significant conflicts of interest and related party transactions.
- Conduct or authorize investigations into any matters within the committee's scope of responsibility.