

## **Audit Committee Charter**

The Board of Directors (the "Board") of Farm Credit of South Florida, ACA (the "Association") has created a committee of directors to be known as the AUDIT COMMITTEE (the "committee") with its goals and objectives, composition, term of office, and duties and responsibilities as follows:

### **GOALS AND OBJECTIVES**

The primary goal of the Committee will be to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices of the Association. In addition, the Committee will:

- 1) Maintain, by scheduling regular meetings, open lines of communications among the Board, its internal audit function and its independent accountants to exchange views and information as well as confirm their respective authority and responsibilities;
- 2) Serve as an independent and objective party to review the financial information presented by management to shareholders, regulators, and general public; and
- 3) Determine the adequacy of the Association's administrative, operating, and internal accounting controls and evaluation adherence thereto.

### **Composition**

The board shall annually confirm the membership of the Committee, which will be comprised of at least three and not more than seven directors, each of whom will be independent of senior management and operating executives of the Association and free from any relationships which might in the opinion of the Board be construed as a conflict of interest. One of the members shall be elected chairperson of the Committee by the Board.

### **Term of Membership:**

Each member of the Committee shall serve no more than five, three-year terms. The terms of the members shall be staggered so that no more than one-third of the members of the Committee shall stand for re-election in any given year. The chairperson shall be re-elected annually by the full Board, and no chairperson shall serve more than two consecutive years as chairperson of the Committee at any time.

### **Duties & Responsibilities of the Audit Committee:**

The Committee will hold at least four (4) regular meetings per year, and such additional meetings as the chairperson of the Committee shall require in order to meet the following duties:

- Recommend to the full Board the appointment of the independent accountant for the coming year;
- Ensure that an audit is conducted in compliance with statutory requirements;
- Review and approve the audit plan of the independent accountants;

- Review and approve the audit plan of the internal audit function;
- Evaluate the effectiveness of both the internal and external audit effort through regular meetings with each respective group;
- Determine that no management restrictions are being placed upon either the internal or external auditors;
- Evaluate the adequacy and effectiveness of the Association's administrative, operating and accounting policies through active communications with operating management, internal audit and the independent accountant;
- Evaluate the adequacy of the Association's internal accounting control system by review of written reports from the internal and external auditors and monitor management's response and actions to correct any noted deficiencies;
- Review quarterly accounting and financial reports;
- Review all regulatory reports submitted to the Association and monitor management's response to them;
- Require periodic reports from management, the independent accountants, and internal audit function on any significant proposed regulatory, accounting, or reporting issue to assess the potential impact upon the Association's financial reporting process;
- Review and approve all significant accounting changes;
- Review and approve the annual financial statements with operating management and the independent accountants;
- Identify and direct any special projects or investigations deemed necessary; and
- Prepare a report to the full Board summarizing the work performed by the Committee to fully discharge its duties during the year.