

MONTGOMERY VILLAGE FOUNDATION, INC.

GUIDELINES FOR THE AUDIT COMMITTEE

The Audit Committee is a standing committee of the Montgomery Village Foundation. Pursuant to the Montgomery Village Foundation, Inc. By-Laws, Article XII, the "committee shall consist of a chairperson and two (2) or more members and shall include a member of the Board of Directors for Board contact. The committee shall be appointed by the Board of Directors at its first meeting following each annual meeting ...and members of the committee shall serve until their successors are appointed."

PURPOSE: Article XII, Section 6 of the MVF By-Laws states: "The Audit Committee shall advise the Board of Directors regarding the financial affairs of the Foundation. In addition, it shall review and recommend for approval the annual budget and annual audited financial statements, and recommend an accounting firm to perform the annual audit of the Foundation's books, accounts and records. The treasurer shall be an ex-officio member of the Audit Committee."

STANDARDS OF CONDUCT: Each committee member shall listen carefully to and respect the opinions of fellow committee members, refraining from negative or belligerent comments; participate actively in committee meetings; keep well informed of developments relevant to issues that may come before the committee; and respect and uphold the majority decisions of the committee.

MEETINGS:

1. The Audit Committee meets three times a year on Tuesdays, at 7 p.m. at the Whetstone Community Center, and once jointly with the MVF Board of Directors on a Thursday in August to review the budget. Other meetings may be scheduled occasionally, as needed.
2. All meetings are open to the public.
3. Each Committee meeting will begin with a "Residents' Time" to hear and consider suggestions from Foundation members and Village residents concerning Foundation responsibilities, facilities, and/or activities within the Committee's purview.
4. The Committee Chair or Vice Chair is authorized to conduct meetings, and meetings will generally follow Robert's Rules of Order, applied informally and flexibly by the Chair, unless in the judgment of the Chair, a more formal application of Robert's Rules is necessary to provide clarity and order to ensure completion of the Committee's business.
5. Decisions or recommendations of the Committee are approved by a simple majority vote of members present and voting (voting by proxy is prohibited). Minutes of the meetings should include the participation, agenda items, motions/resolutions/recommendations, and Committee votes.

MEMBERSHIP QUALIFICATIONS:

1. Applicants should be Montgomery Village property owners or residents in good standing (current in assessments and no architectural violations).
2. The Audit Committee members shall have a recent background, education or professional experience that includes: Accounting, auditing, finance, business and/or management.

3. Each Committee member is appointed, and may be removed, by a majority vote of the Board. Annually, the Board will confirm the membership of each Committee and appoint a Committee Chairperson and Vice Chairperson.
4. The committee shall consist of the CFO/Director of Finance and Administration (staff liaison & non-voting), EVP (non-voting), MVF Treasurer (ex officio & non-voting), MVF Board Liaison(s) (non-voting) and other members (voting) as appointed by the MVF Board of Directors.
5. MVF Board members who wish to be appointed as an Audit Committee member may apply for committee membership, but under no circumstances would be entitled to vote while sitting on the MVF Board.
6. A Committee member who is absent from two of the regularly scheduled Committee meetings in a 12 month period, beginning April 1 of each year, may be removed from the Committee. The Board may waive the resignation for illness, emergency, or other good cause provided that the member and the Chairperson each submit a written explanation as to why the member in question should remain on the committee.

COMMITTEE CHAIR:

The Committee Chair is responsible to ensure that the committee fulfills the goals and assignments from the Board. Responsibilities include:

1. Confer with the Staff Liaison and Board Liaison to prepare the meeting agenda.
2. Conduct the meeting to ensure that all members have the opportunity to participate and that each item of business receives appropriate consideration.
3. Review the Board goals with the committee to identify areas where the committee can contribute to accomplishing these goals.
4. Provide leadership by acting as a facilitator to keep discussions on track, managing differences of opinion and ensuring that the discussion remains on topic, productive and professional.

BOARD LIAISON:

One or two MVF Board member(s) shall serve as non-voting liaison(s) to the Committee. Responsibilities include:

1. Confer with Committee Chairperson and Staff Liaison to prepare the meeting agenda.
2. Communicate the Board intent when issues are referred to the committee for action/review.
3. Communicate the committee intent when recommendations/requests are forwarded to the Board for action.
4. Act as Chairperson if the appointed Chairperson or Vice Chairperson is unavailable.
5. Provide the Board with feedback on Committee performance.

STAFF LIAISON:

The CFO shall serve as Staff Liaison to the Audit Committee. Responsibilities include:

1. Confer with the Committee Chair and Board Liaison to prepare the meeting agenda.
2. Provide technical assistance and coordinate administrative support, including preparation of supporting committee packets.
3. Ensure that each new committee member is provided with committee guidelines and orientation.

GENERAL RESPONSIBILITIES:

1. Annual Audit:
 - a. At least every 3 to 5 years, review and recommend a qualified auditing firm to the MVF Board of Directors for the annual audit of the MVF financial statements and the agreed upon procedures for the 401k Retirement Plan.
 - b. Review and recommend acceptance of the audited financial statements to the MVF Board.
 - c. Review and provide comment to the Board regarding the annual Statement on Auditing Standards (SAS) letter(s) that accompany the final audited financial statements to the MVF Board.
 - i. SAS 114 Communication to the Governing Body
 - ii. SAS 115 "Management Letter"
 - d. Review and recommend acceptance of the 401k Retirement Plan audited financial statements to the MVF Board.
2. Annual Budget:
 - a) MVF management shall prepare an annual budget to cover the expected costs of the MVF, Inc. The Audit Committee shall review the budget and shall assert to the MVF Board that the overall format and presentation of the budget is reasonably presented, and the budget document appears complete and contains sufficient supporting schedules, charts and analyses to facilitate a comprehensive understanding. The committee shall communicate to the MVF Board any material issues or concerns it may have regarding the budget arising from the aforementioned considerations.
3. Financial/Policy guidelines:
 - a) Review MVF internal financial statements on a quarterly basis, and provide feedback to the staff liaison and MVF Board Liaison(s).
 - b) Review and recommend modifications to MVF financial policies as needed, e.g., Investment, Purchasing, Collections, etc.
4. Annually review committee attendance (staff liaison) and appoint a Committee Chair to head the committee.
5. Perform other duties as assigned by the MVF Board of Directors.

Approved by MVF Board of Directors - May 14, 1984

Revised by MVF Board of Directors - June 1985

Reaffirmed - April 27, 1989

Reaffirmed - May 24, 1990

Reaffirmed - May 23, 1991

Revised by MVF Board of Directors - January 26, 1995

MVF By-Laws amended - May 30, 1996

Re-formatted per MVF Board standard - August 28, 1998

Revised by MVF Board of Directors - May 23, 2002

Revised and approved by MVF Board of Directors – May 28, 2009

Revised and approved by MVF Board of Directors – May 23, 2013

Revised and approved by MVF Board of Directors – July 24, 2014

Revised and approved by MVF Board of Directors – October 2, 2014

Revised and approved by MVF Board of Directors – December 3, 2015