American Public Gardens Association

Audit Committee Charter

I. Statement of Purpose

The Audit Committee is a standing committee of the Board of Directors helping the Board carry out its due diligence function related to proper external review of the not-for-profit audited financial statements, as well as the organization's risk management to include monitoring the internal control environment. They partner with staff to have greater assurance that audited financial statements are accurate and comprehensive by reducing possible conflicts of interest between outside auditors and the paid staff of the organization.

II. Organization

1. **Charter.** This charter shall be reviewed and reassessed by the Committee during the Board President transition year. Any proposed changes shall be submitted to the Board of Directors for approval.
2. **Membership.** As per the By-Laws the committee will have three (3) members.
   - The Committee Chair is appointed by the Board President at the beginning of the President's term of service. The Committee Chair will serve for a term of two (2) years.
   - Committee members will be appointed annually by the Board President in conjunction with the Committee Chair. The Committee members will include the Committee Chair and two (2) members and Chief Executive Officer (ex-officio, non-voting). Committee Members will serve for a term of two (2) years.
   - APGA's By-Laws prohibit the Association Board President or Treasurer from sitting on the Committee. Although not all audit committee members need be members of the Board of Directors, a majority of the committee members should be members of the Board of Directors.
3. **Terms.** Committee Chair may serve one (1) term. Committee members may serve two (2) consecutive terms.
4. **Meeting.** The Committee shall set at least two (2) virtual meetings throughout the year.
5. **Agenda, Minutes, and Reports.** Working in conjunction with Staff, the Committee Chair will create an agenda and record minutes from each meeting. Minutes, along with any research findings or reports, will be sent to the CEO for distribution in the Board of Directors meeting packet.

III. Responsibilities

The principal responsibilities of the Committee are:

1. Subject to approval by the Board of Directors, the committee selects and appoints the external auditors to be engaged by the organization. The committee will approve the audit plan, establish the audit fees of the external auditors, and preapprove any non-audit services provided by the external auditors, including tax services, before the services are rendered. It also evaluates the performance of the external auditors on an annual basis.
2. Review the following with the external auditor: The adequacy of the organization's internal controls, including computerized information system controls and security. Any

related significant findings and recommendations of the external auditors with management's responses.

3. Inquire of management, and the external auditors about significant risks or exposures facing the organization; assess the steps management has taken or proposes to take to minimize such risks to the organization; and periodically review compliance with such steps.
4. Review with the external auditors legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements, related organization compliance policies, and programs and reports received from regulators.
5. Conduct executive sessions with each of the external auditors, the chief executive, and the staff person primarily tasked with the financial operations of the organization. Circumstances may dictate that additional executive sessions may be needed with others as deemed appropriate by the committee.
6. Review and/or recommend any proposed changes to the organization's code of conduct/ethics to ensure that it is adequate and up-to-date.
7. Review the document retention and destruction policy annually to ensure compliance with legal, tax, and regulatory requirements.
8. Review with management and the external auditor the effect of any regulatory and accounting initiatives and unique transactions. Review significant related party transactions.
9. Review with the external auditor all critical accounting policies and practices used by the organization; all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the organization, the ramifications of each alternative, and the treatment preferred by the organization; and any consultation with audit firms other than the external auditors, including reasons for and results of the consultation.
10. Ensure that accounting policies and procedures and related controls are documented. Review accounting controls on an annual basis. Review with management the policies and procedures with respect to officers, key employees, disqualified persons as defined by the IRS (under Internal Revenue Code Section 4958), expense accounts and perks, including excess benefit transactions, consider the results of any review of these areas by the external auditors.
11. Review the procedures for the receipt, retention, and treatment of complaints received by the organization regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
12. Review all material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences.
13. Review the following with management and the external auditors:
    a. The organization's annual financial statements and related footnotes
    b. The external auditors' audit of the financial statements and their report thereon
    c. The external auditors' judgments about the quality, not just the acceptability, of the organization's accounting principles as applied in its financial reporting
    d. Any significant changes required in the external auditors' audit plan
    e. Any serious difficulties or disputes with management encountered during the audit

    f. Matters required to be discussed by Statement of Auditing Standards No. 114, The Auditor's Communication With Those Charged With Governance (AICPA, Professional Standards, vol. 1, AU sec. 380), as amended, related to the conduct of the audit.

14. The audit committee shall be authorized to hire external auditors, counsel, or other consultants as necessary. (This may take place any time during the year.) Which may be required to fully explore any issues arising through the whistle-blower procedure. The audit committee shall do this while bearing in mind the financial resources of the association.
15. Review the IRS Form 990 annually prior to submission
16. Undertake education initiatives to improve the financial expertise of the committee as a whole.
17. Perform such other functions as assigned by the organization's bylaws or the Board of Directors.