



Holstein Association USA Committee Charter *Audit Committee*

Staff Liaison: Barbara Casna, Chief Financial Officer

Purpose

The Holstein Association USA Audit Committee exists to assist the Board of Directors in fulfilling its oversight responsibilities related to financial reporting, internal controls, and the independent audit process, operating in accordance with *Article II, Section 4* of the Holstein Association USA Bylaws.

The Audit Committee exists to:

- Recommend to the Board of Directors for their approval a firm of independent public accountants to audit the accounts of the Association, and such of its subsidiaries as the Audit Committee may recommend, for the year regarding which the firm is appointed.
- Meet with the Treasurer of the Association and/or the auditors, before commencement of the audit:
 - to discuss the evaluation by the auditors of the adequacy and effectiveness of accounting procedures and internal controls of the Association and its subsidiaries,
 - to approve the overall scope of the audit to be made and the fees to be charged,
 - to discuss with the auditors recent regulatory agency pronouncements, if any, which might affect the Association's financial statements.
- Meet with the Treasurer and/or the auditors, at the conclusion of the audit:
 - to review the audited financial statements of the Association,
 - to discuss the results of the audit,
 - to discuss any significant recommendations by the auditors for improvement of accounting systems and controls of the Association,
 - and to discuss the quality and depth of staffing in the accounting and financial departments of the Association.
- Meet and confer with such officers and employees of the Association as the Audit Committee shall deem appropriate in connection with carrying out the foregoing responsibilities.
- Report to the Board of Directors the results of the audit as presented by the auditors including recommendations for improvements in the accounting systems and controls of the Association.

Adopted June 23, 2025

- Any other responsibilities that the Board of Directors may prescribe.

The Committee serves in an advisory capacity to the Holstein Association USA Board of Directors and staff.

Scope

The following topics are appropriate for discussion at committee meetings:

- Overseeing the engagement and performance of the independent audit firm.
- Reviewing the effectiveness of internal control systems and accounting practices.
- Discussing audit scope, findings, and recommendations with auditors and staff.
- Ensuring compliance with applicable laws, regulations, and financial reporting standards.
- Reporting to the Board on audit results and recommending improvements where needed.
- Reviewing, at least annually, the investment performance of the Holstein Association's Reserve and Pension funds and the Holstein Foundation's Endowment fund.
- Ensuring the investment policies governing the above funds remain current and relevant.

Committee Member Qualifications

- Be active Holstein Association USA members in good standing
- Possess financial literacy and an understanding of basic audit and accounting principles
- Demonstrate ethical integrity, independence of thought, and sound judgment
- Be independent of management and free from material conflicts of interest
- Review and comply with the Audit Committee Confidentiality Statement
- Review and comply with the HAUSA Committee Member Code of Conduct

Composition

The Holstein Association USA President appoints all committee members annually, following the HAUSA Annual Meeting.

- **Current HAUSA Board Members:** The President will appoint a current board member as Committee Chair, as well as two (2) more board members as committee members.
- **Other Members:** The President will appoint at least three (3), but no more than nine (9), additional members. Committee members that are not current board members are appointed for one-year terms but may be invited to serve for up to three (3) consecutive years. Any member of the committee may be removed at any time by the President.
- **Advisors:** The President may occasionally appoint subject matter experts who are not HAUSA members as non-voting advisors to the committee.

The President may consider geographic, demographic, and experiential diversity when appointing members to ensure balanced representation and a well-rounded committee.

Roles and Responsibilities

- **Staff Liaison:** Organizes meetings in coordination with the Committee Chair, manages communication with the external auditor, prepares and shares pre-meeting materials in a timely fashion, makes presentations and recommendations for the committee's consideration, prepares meeting minutes, works with Committee Chair on presentation for the Annual Meeting.
- **Committee Chair:** Approves agendas, leads committee discussions, ensures that the committee fulfills its responsibilities, and presents recommendations to the board of directors.
- **Committee Members:** Prepare for meetings by reviewing materials in advance. Actively participate in all committee meetings, representing members' best interests using their expertise & experience.
- **Non-Voting Advisors:** Prepare for meetings by reviewing materials in advance. Actively participate in all committee meetings, using their expertise & experience to inform the committee's discussions and decision making.

Meetings

The Audit Committee meets at least twice per year. Additional meetings may be scheduled as needed. Meetings may be either virtual or in-person, as dictated by the length and depth of the meeting agenda.

- **Pre-Audit Meeting:** To review the audit plan, scope, fees, and internal controls.
- **Post-Audit Meeting:** To review audit results, discuss financial statements, and evaluate internal systems.

Committee members must disclose any potential conflicts of interest and recuse themselves from discussions or votes where appropriate.

A quorum is established when more than 50% of voting committee members are present at a meeting. Only voting committee members in attendance, whether in person or virtually, count toward quorum and may vote on committee matters.

Non-voting advisors, staff, board officers, speakers, and other invited guests may attend and contribute to discussions as appropriate but shall not participate in votes or count toward quorum.

Decisions are made by a simple majority vote of the voting committee members present at the meeting. All committee actions are considered advisory and require final approval by the Holstein Association USA Board of Directors.