

Alberta Small Brewers Association Audit & Finance Committee Terms of Reference

Note: Capitalized terms not defined herein are defined in the [Association's By-laws]

OBJECTIVE

The Audit & Finance Committee (the "Committee") is a standing committee of the Alberta Small Brewers Association (the "Association") Board of Directors (the "Board").

The objective of the Committee is to assist the Board in meeting its responsibilities by ensuring the adequacy and effectiveness of the Association's finances, processes, internal controls, and external audit.

CONSTITUTION

The Committee is comprised of a minimum of [four (4) Members], including not less than [two (2) Directors] and the Executive Director of the Association (the "Executive Director") who serves as ex-officio non-voting member.

The Board, or in the event of its failure to do so, the Committee, shall appoint a Chair from among the Committee members (the "Chair"). The Chair must be a member of the Board.

The Chair presiding at any meeting of the Committee shall have a vote in all matters considered by the Committee. In the event of a tie the motion is defeated. If the Chair is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present.

The Chair has the authority to exclude the Executive Director from any meeting deliberations as they deem appropriate.

The Committee shall appoint a Secretary from the Committee members. If the Secretary is not present at any meeting of the Committee, the Secretary shall be chosen by the Committee from among the members present.

The Committee shall assist with deliberations required for the fulfilment of the Board's mandate and those specific responsibilities and duties assigned to the Committee; however, unless specifically stated otherwise, the Committee shall act in advisory capacity only, recommending decisions to the Board for approval.

DUTIES AND RESPONSIBILITIES

The Committee shall have the following duties and responsibilities:

Finance:

Review with management, and recommend to the Board for approval, annual operating budgets of the Association.

Review, monitor, and report to the Board on the Association's financial performance.

Monitor the integrity of the financial reporting processes and the appropriateness of accounting policies used by the Association, review any significant changes in accounting policies and practices adopted by the Association, and review and assess any new or pending developments and reporting standards that may affect or impact the organization.

Monitor the maintenance of an adequate system of internal controls, policies, and procedures and ensure controls are in place to prevent, deter, and detect fraud.

Review the findings of any examination by regulatory agencies and any auditor observations made during the review.

Monitor procedures and controls utilized to ensure the organization adheres to all applicable legislative, regulatory, and Association guidelines. These would include, but are not limited to, filings with respect to Canada Pension Plan, Employment Insurance Act, Workers Compensation, and the Income Tax Act.

External Audit:

Recommend to the Board for approval the appointment of auditors.

Approve the terms of the annual audit engagement, scope and plans of audit work, and audit fees incurred by the Association.

Meet with the Association's auditors without management present for a pre- and post-audit meeting as required.

Review the annual audited financial statements, auditor's report, and management letter to ensure they are complete, fairly presented and that all disclosures are clear and transparent and advise the Board accordingly.

Recommend approval of the financial statements to the Board.

Risk:

Recommend to the Board for approval a Risk Management Policy.

Maintain a general understanding of the types of risks to which the Association is exposed and the techniques used to measure and manage those risks.

Monitor risk management within the Association by requiring from management timely identification and accurate reporting on key risk areas faced by the organization.

General Governance:

Review annually and report to the [Governance & Nominations] Committee on the adequacy of the Committee's Terms of Reference.

MEETINGS

Committee shall meet a minimum of [three (3) times a year] including but not limited to a pre- and post-audit meeting.

A meeting of the Committee may be called by the Chair of the Committee, the Chair of the Board, or Executive Director or by [any two (2) members of the Committee.]

A quorum for meetings shall be the majority of Committee members. They shall be present in person or by telephone or other telecommunications device that permits all persons participating in the meeting to speak and hear one another.

At least [four (4) days' notice] will be given before the meeting in writing, by email or by facsimile communication to each member of the Committee.

Agenda's and associated materials to each member of the Committee will be given at least [two (2) days] in advance of the meeting.

The Committee shall have the right to determine who shall and shall not be present at any part of the meetings of the Committee and will hold in camera sessions at the end of each meeting first with the Executive Director present, then without.

MINUTES AND REPORTING RESPONSIBILITIES

An outline of material proceedings and deliberations addressed by the Committee, and all recommendations, motions, decisions, and directives of the Committee shall be recorded by the Secretary of the meeting in the minutes of the meeting.

A draft copy of the minutes of such meeting shall be circulated to the Committee prior to the next Committee meeting where practicable, for approval by the Committee. A Committee member may request that the minutes be revised to include specific deliberations. Following approval of the minutes of the meeting by the Committee as a whole, if substantive revisions have been made to the draft minutes, the minutes approved by the Committee shall be re-circulated to the Committee.

The Executive Director will update the Committee on discretionary items and/or updates that have been requested by the Committee.

The Committee shall report to the Board through the Chair, and minutes of committee meetings shall be presented at Board meetings.