

Rabbinical Council of America (“RCA”)
Finance and Audit Committees
Adopted by Executive Committee, January 2016

Finance Committee

The Executive Committee shall establish a standing Finance Committee as a “Committee of the Corporation” (as defined by New York State law).

This Committee shall consist of two members of the Executive Committee, the Treasurer, and the Executive Vice-President. The President shall nominate these two members. The President shall nominate one of the members of the Committee, other than the Executive Vice-President, to serve as its Chairman. The Executive Committee shall vote to approve these nominations. (An Executive Committee member may not vote on his own nomination to this Committee.)

The duties of this Committee are to:

- 1) develop an annual operating budget with staff; and
- 2) present annual budget to the Executive Committee for discussion and approval; and
- 3) set long-range financial goals along with funding strategies to achieve them; and
- 4) develop multi-year operating budgets that integrate strategic plan objectives and initiatives.

Audit Committee

The Executive Committee shall establish a standing Audit Committee as a “Committee of the Board” (as defined by New York State law).

After nomination by the President and approval by the Executive Committee, at least three RCA Officers or Executive Committee members who are conversant with financial matters shall serve as a Chairman and as members of this Committee. The President and Treasurer are ex-officio members of this Committee. A committee member (other than the Treasurer, who serves ex-officio) may not serve on the RCA’s Finance Committee nor may he be an RCA employee. Committee members must be “independent”; i.e., he may NOT

- 1) be an RCA employee now or within the last three years; or
- 2) have a relative who is, or has been within the last three years, an RCA employee; or
- 3) have received, or have a relative who has received, more than \$10,000 in direct compensation (excluding reimbursement for expenses reasonably incurred) from the corporation or an affiliate corporation in the last three years; or
- 4) (i) be a current employee of; or (ii) have a substantial financial interest in; or (iii) or have a relative who is a current officer of or has a substantial financial interest in any entity that has made payments to, or received payments from, the RCA for property or services in an amount that, in any of the last three fiscal years, exceeds the lesser of \$25,000 or two percent of such entity’s consolidated gross revenues. (For this definition, "payment" does not include charitable contributions.)

The duties of this Committee are to

- 1) monitor adherence to the RCA budget; and
- 2) hire, after suitable due diligence, an “independent” CPA to be the RCA’s auditor (“Independent” is defined by the most recent revision of the American Institute of CPAs’ (“AICPA”) Code of Professional Conduct, available at <http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/default.aspx>); and
- 3) review, each year, review performance and independence of previous year’s auditor to determine whether to retain it or to find a new one; and
- 4) meet with the auditors before the start of the annual audit to review its scope and planning; and
- 5) work with the auditor to finalize the audit report and, upon its completion, review and discuss with the auditor any material risks and weaknesses in internal controls identified by the auditor, any restrictions

on the scope of the auditor's activities or access to requested information, any significant disagreements between the auditor and management, and the adequacy of the corporation's accounting and financial reporting processes; and

- 6) review, prior to presentation to the Executive Committee, with auditors and RCA staff the
 - a) final draft audit; and
 - b) management recommendation letter (SAS112) and ensure follow up on any issues mentioned; and
 - c) annual Form 990; and
- 7) present the audit report and related recommendations regarding the financial, accounting and auditing practices of RCA to the President and the Executive Committee; and
- 8) carry out other duties as required by the Executive Committee.

This Committee shall meet at least twice each calendar year and be available for consultations with the auditors as needed.