

Community First Credit Union of Florida

Audit Committee Charter

Created: March 2008

Effective: 5/23/08

Revision Date: None

PURPOSE

To assist the Board of Directors in fulfilling its oversight responsibilities for (1) the integrity of the company's financial statements, (2) the company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the company's internal audit function and independent auditors. The Audit Committee will also prepare the report that is to be included in the company's annual report to the membership.

AUTHORITY

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of the public accounting firm employed by the organization to conduct the annual audit of the Credit Union. This firm will report directly to the Audit Committee.
- Resolve any disagreements between Management and the external auditors regarding financial reporting.
- Pre-approve all auditing and permitted non-audit services performed by the company's external audit firm.
- Retain independent counsel, accountants, or others to advise the Audit Committee or assist in the conduct of an investigation.
- Seek any information it requires from employees--all of whom are directed to cooperate with the Audit Committee's requests--or external parties.
- Meet with company officers, external auditors, or outside counsel, as necessary.
- The Audit Committee may delegate authority to the Internal Audit Director, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full Audit Committee at its next scheduled meeting.

COMPOSITION

The Audit Committee shall consist of five members appointed by the Board of Directors. One member will be selected from the Board and shall act as Chairman of the Audit Committee. An officer of the Board cannot serve on the Audit Committee. Four members will be selected from the general membership. No employee of the Credit Union may serve on the Audit Committee.

Each Audit Committee member must be both independent and financially literate. At least one member shall be designated as the "financial expert," as defined by applicable legislation and regulation. No Audit Committee member shall simultaneously serve on the Audit Committee of another financial institution.

MEETINGS

The Audit Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All Audit Committee members are expected to attend each meeting, in person or via tele-conference. The Audit Committee will invite members of Management, auditors or others to attend meetings and provide pertinent information, as necessary. It will meet separately in executive session with Management, Internal Audit Director and external auditors, if necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The Audit Committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:
 - Complex or unusual transactions and highly judgmental areas
 - Major issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection or application of accounting principles.
 - The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the company.
 - Review analyses prepared by Management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
 - Review with Management and the external auditors the results of the external audit, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with Management.
 - Discuss the annual audited financial statements and interim financial audit results with Management and the external auditors, including any related disclosures required in the financial statements.
 - Review disclosures made by CEO and CFO, if any, about significant deficiencies in the design or operation of internal controls or any fraud that involves Management or other employees who have a significant role in the company's internal controls.

Internal Control

- Consider the effectiveness of the company's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting and operations, and obtain reports on significant findings and recommendations, together with Management's responses.

Internal Audit

- Review with Management and the Internal Audit Director the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, dismissal and annual evaluation of the Internal Audit Director.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.
- On a regular basis, meet separately with the Internal Audit Director to discuss any matters that the Audit Committee or Internal Audit believes should be discussed privately.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with Internal Audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this review, the Audit Committee will:
 - At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the company.
 - Take into account the opinions of Management and Internal Audit Director.
 - Review and evaluate the lead partner of the independent auditor.
 - Present its conclusions with respect to the external auditor to the Board.
- Ensure the rotation of the lead audit partner every three years and other audit partners every five years, and consider whether there should be regular rotation of the audit firm itself.
- Present its conclusions with respect to the independent auditor to the full Board.
- Set clear hiring policies for employees or former employees of the independent auditors.
- On as needed basis, meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Establish procedures for:
 - The receipt, retention, and treatment of complaints received by the listed issuer regarding accounting, internal accounting controls, or auditing matters
 - The confidential, anonymous submission by employees of the listed issuer of concerns regarding questionable accounting or auditing matters.

- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
- Obtain regular updates from Management and company legal counsel regarding compliance matters.

Reporting Responsibilities

- Regularly report to the Board of Directors about Audit Committee activities and issues that arise with respect to the quality or integrity of the company's financial statements, the company's compliance with legal or regulatory requirements, the performance and independence of the company's independent auditors, and the performance of the internal audit function.
- Provide an open avenue of communication between the Internal Audit Director, the external auditors, and the Board of Directors.
- Report annually to the membership, describing the Audit Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- Review any other reports the company issues that relate to Audit Committee responsibilities.

Other Responsibilities

- Discuss with Management the company's major policies with respect to risk assessment and risk Management.
- Perform other activities related to this charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Audit Committee's and individual members' performance at least annually.