

AUDIT AND FINANCE COMMITTEE CHARTER

Purpose

The purpose of the Audit and Finance Committee (the “Committee”) is to assist the Board of Governors (the “Board”) in the fulfilment of its functions with respect to the financial statements and financial condition of CFA Institute by:

- Overseeing financial and audit systems of CFA Institute for financial adequacy and integrity.
- Overseeing the process for monitoring compliance at CFA Institute as it relates to financial integrity.
- Evaluating the independence and qualifications of the independent auditor.
- Overseeing the invested reserves and any withdrawals there from.

Governance standards are ultimately determined by United States and Virginia Commonwealth laws and corporate codes. In addition to the legal framework, this document recognizes the prominence of the organization as a professional body and the expectations of members and other stakeholders by following best practice enhancements to governance and disclosure where practicable.

The Committee’s role is one of oversight. Management is responsible for preparing the financial statements, including reporting on the invested reserves as they are managed by a consultant. The independent auditor is responsible for auditing the annual financial statements. The Board and Committee recognize that management -- including Treasury, the investment advisor, and the independent auditor -- have more time, knowledge, and detailed information about the organization than do Committee members. The Committee therefore relies on the reviews and reports provided by management and does not provide any expert assurance as to the financial statements or any certification as to the work of any auditor or consultant. As appropriate, the Committee may challenge the reviews and reports to enhance the organization’s overall risk management.

Membership

The Committee is appointed by the Board and composed of a minimum of three Governors, each of whom is independent of management and the organization in accordance with the applicable rules and standards of the New York Stock Exchange and any independence guidelines of CFA Institute that apply to members of the Committee. In appointing members of the Committee and its Chair, no member of CFA Institute management may exercise a vote. All Committee members shall be financially literate. At least one of the members of the Committee shall have had prior experience in the audit function, or shall have reported directly to an audit committee, or shall have been a member of an audit committee, and at least one member (who may be the same person) shall be a financial expert (as defined in rules promulgated by the U.S. Securities and Exchange Commission). At the start of each year, the Chair will assess member skills, experience and training needs and arrange orientation for new members.

The Committee’s Chair (the “Chair”) and members shall be appointed by the Board.

Meetings

The Chair shall preside at meetings of the Committee and shall set the agenda in consultation with the members.

The Committee shall meet at least four (4) times per year and otherwise as often as deemed necessary or appropriate, in its judgment, to discharge its duties and responsibilities. Meetings of the Committee may be held in-person and/or via telephonic or video conference, and at such times and places as the Committee determines. A majority of the members shall constitute a quorum. If a quorum is present, a majority of the members present shall decide any matter brought before the Committee. The Chair may call a meeting of the Committee upon due notice to all other members at least one month prior to the meeting as standard practice and at least 48 hours prior to the meeting for more urgent matters. Notice by electronic mail shall be sufficient notice. The Committee may also act by written consent signed by all of its members.

At least quarterly, the Committee shall meet with senior financial management without the independent auditor present or any other member of management, to enhance the opportunity for the identification and discussion of all issues warranting Committee attention.

The Committee, acting through its Chair, may invite such executive officers of CFA Institute to its meetings, or to meetings with the Committee's advisers, as the Committee deems appropriate.

Duties and Responsibilities of the Committee and Decision Rights

In addition to carrying out any other responsibilities delegated to the Committee by the Board, the Committee shall:

Independent Audit

Action	Decision Rights	Committee Oversight
Appoint, evaluate, compensate, oversee the work of, and if appropriate, terminate the appointment of the independent auditor, who shall report directly to the Committee.	Audit and Finance Committee	
Review and approve the terms of the engagement of the independent auditor and the scope and expected timing of the annual audit. Assure regular rotation of partners after five years, with a five-year timeout period.	Audit and Finance Committee	
At least annually, obtain and review an appropriate report by the independent auditor describing: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the independent auditor, or any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with such issues; and (to assess the auditor's independence) all relationships between the independent auditor and CFA Institute required by applicable audit professional regulatory standards. The Committee shall take appropriate action to satisfy itself of the independent auditor's independence and set clear hiring policies for employees or former employees of the independent auditor.		●
Approve any audit-related and permitted non-audit services (including the fees and material terms thereof) to be provided by the independent auditor.	Audit and Finance Committee	

Review and, as appropriate, discuss with management, any significant difficulties encountered in the course of audit work.		●
Resolve any disagreements regarding financial reporting between management and the independent auditor.		●
Review any significant findings by the auditors relating to the preparation of the financial statements, and any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditor. Periodically review the status of the organization’s response to previous audit recommendations.		●
Review and discuss with management and the independent auditor, the annual financial statements, disclosures, and annual report.		●
Meet with the independent auditor without management present to discuss the independent auditor’s views about the qualitative aspects of the organization’s significant accounting practices, including accounting policies, accounting estimates, financial statement disclosures, whether sufficient resources are provided for the financial reporting, and the quality of accounting staff and leadership.		●
Review and discuss with management and the independent auditor any material off-balance sheet financing and any other material financial arrangement that does not appear in the financial statements.		●
Appoint, evaluate, compensate, oversee the work of, and if appropriate, terminate the appointment of any other registered public accounting firm engaged. Each firm shall report to the Committee unless specifically assigned to another committee of the Board.	Audit and Finance Committee	
Oversee management’s preparation of the report required by the Committee pursuant to the rules of the Securities and Exchange Commission for inclusion in the annual report in which the financial statements are included.		●
Review and recommend the CFA Institute audited financial statements for Board approval.	Board of Governors	●

Internal Audit

Action	Decision Rights	Committee Oversight
Meet with the Internal Auditors, without management present, to discuss internal audit reports, progress against the annual Internal Audit work plan, and concerns, if any.		●
Oversee internal audits that involve finance matters.		●

Finance Matters

Action	Decision Rights	Committee Oversight Only
Review, evaluate, and discuss with management the annual budget for the organization and recommend to the Board for approval.	Board of Governors	●
Review and approve the financial materials that go into the annual report for publication.	Audit and Finance Committee	
Review the quarterly financial reports prior to distribution to the Board.		●
Oversee the preparation and recommend for Board approval the Audit Matters report for inclusion in the annual proxy statement.	Board of Governors	●
Discuss with management and the independent auditor, the adequacy and effectiveness of the accounting and financial controls (including the system to monitor and manage business risks, and legal, regulatory and ethical compliance programs), the adequacy of such controls and any remedial steps being undertaken to address any material weaknesses or significant deficiencies in internal controls.		●
Oversee the effectiveness of procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, financial reporting, or auditing matters.		●
Review and discuss annually the tax status of CFA Institute, and recommend any modifications to the tax status of CFA Institute or its related legal entities to the Board for approval.	Board of Governors	●
Review and recommend any modification to the fiscal year to the Board for approval.	Board of Governors	●
Review the opening of new CFA Institute bank accounts and amendments to the list of signatories for existing bank accounts and recommend to the Board for approval.	Board of Governors	●
Review the treasury risk management policies and approve them.	Audit and Finance Committee	●

Invested Reserves

Action	Decision Rights	Committee Oversight
Develop, maintain, and review, at least annually, the Investment Policy Statement (including the Asset Allocation Policy), the Reserves Operating Guidelines, the ESG policy, and all other applicable documents governing the investment and overall management of the Reserves and recommend any proposed changes to the Board for approval.	Board of Governors	●

At least annually, review the Board-approved target for reserve levels for potential impact to the Investment Policy Statement or Asset Allocation Policy.		●
At least once every three years, gather relevant input from the Board regarding risk tolerance and key Reserves portfolio characteristics, including but not limited to expected return, volatility, liquidity, and ESG philosophy.		●
Evaluate scenario analyses prepared by CFA Institute staff and any third-party consultant based on: the projected future CFA Institute expense and liability projections prepared by CFA Institute staff, including and with respect to any expected strategic investments requiring distributions from the Reserves; the operational risk and disaster risk scenarios that would result in needs for cash; and the portfolio characteristics (including but not limited to expected return, volatility, and other risk factors) of potential asset allocations.		●

Related subject matter details and delegated authority:

Subject Matter	Investment Advisor	Treasury	Committee Oversight	Board Oversight
IPS, Portfolio Risk, & Reserve Attributes	Review, maintain, and advise on revisions to related policy documents, including asset allocations, provide evaluation of risk and key reserve attributes every 3 year; provide economic and return scenario analyses on periodic basis	Evaluate & recommend any proposed revisions to policy documents & asset allocations; assess target reserve levels annually; review risk & key reserve attributes every 3 years; evaluate economic, operational, & disaster risk scenario analyses on periodic basis	Initial assessment of any proposed document changes; periodic oversight of levels, risks, & attributes	Approval of IPS revisions or other related changes
Performance, Investment Managers, & Costs	Provide performance reports at least quarterly; regularly monitor managers & propose retention or replacement; assess reasonableness of fees annually	Review performance at least quarterly; formally conduct manager evaluations (1/3 each year) & opine on retention or replacement recommendations; review reasonableness of fees annually	Periodic (at least annual) evaluation of investment performance, managers, & costs on designated cadence	Escalated as needed
IPS Implementation	Monitor funds & portfolios for policy compliance; guide search/selection of investment managers & funds; assist with rebalancing	Ensure compliance with IPS on a quarterly basis; select investment managers & funds; ensure operational functions are performed appropriately. Rebalance the portfolio as needed to comply with IPS	Quarterly review of IPS adherence	Escalated as needed
Investment Advisor		Conduct an RFP every 5 years or earlier, if needed, to engage the Investment Advisor; annually review advisor performance	Meet with Investment Advisor on an annual basis. Ensure completion of RFP once every 5 years or as needed. At least annually, review the	Escalated as needed

			performance of the investment advisor to determine whether the contract with such investment advisor should be renewed, terminated, or allowed to expire without renewal.	
Reserve Fund Withdrawals	If withdrawal is required, advise on the appropriate fund(s), portfolio, & timing	Review & finalize quarterly summaries to AFC & annual reports to the Board	Review need & proposed withdrawal from reserves	Final approval of withdrawal need & amount
Reporting	Draft quarterly summaries to AFC & annual reports to the Board		Oversight of quarterly reserve summaries	Oversight of annual reports

Working Groups and Reporting

Action	Decision Rights	Consulting Entity	Committee Oversight Only
Report financial risks that meet Enterprise Risk Management levels to the Risk Committee.		Risk Committee	●
Create working groups of the Committee as needed and inform the Governance Committee of the purpose, scope, and deliverables.	Audit and Finance Committee	Governance Committee	
Report regularly to the Board on Committee findings and recommendations and maintain minutes or other records of Committee meetings and activities.			●
Be responsible to the Board for its activities.			●

Access to Information and Authority to Engage Advisers

Action	Decision Rights	Committee Oversight Only
In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all records, facilities and personnel. The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of external legal counsel, accounting and other advisors and consultants, as it deems appropriate, without prior permission of the Board or management.	Audit and Finance Committee	

Annual Evaluation

The Nominating and Governance Committee (the “NGC”) will conduct an annual evaluation of the performance of the Committee, including a review of the adequacy of this Charter annually, and recommend to the Board such

amendments as the NGC deems appropriate.

Executive Liaison

The management liaison to the Committee is the Chief Financial Officer.