



THE DEPOT COMMUNITY FOOD CENTRE (The Depot)

TERMS OF REFERENCE OF THE FINANCE AND AUDIT COMMITTEE (the Committee)

I. Role of the Committee

The Committee is appointed by the Board of Directors of The Depot (the **Board**) to assist the Board in promoting the credibility and objectivity of financial reports.

The Committee oversees the accounting and financial reporting processes of The Depot and reviews and recommends for approval The Depot's financial statements and annual budget.

The Committee is responsible for the discharge of such other duties as may be delegated by the Board.

II. Membership

The Committee shall be comprised of three (3) or more individuals appointed by the Board on an annual basis or until they are removed or their successors are duly appointed. A majority of the members of the Committee (the **Committee Members**) shall be independent Directors sitting on the Board, in accordance with best practices. The Chair of the Board (the **Board Chair**) shall be an *ex officio* Committee Member. A minimum of one (1) Committee Member shall be an incumbent Director whose term as a Director does not expire at The Depot's next Annual General Meeting of the members so as to preserve the continuity of institutional knowledge.

An independent Committee Member is one who has no direct or indirect material relationship with The Depot, and may include the Board Chair. A material relationship means a relationship which could, as determined by the Board, reasonably interfere with the exercise of a Committee Member's independent judgment.

The Chair of the Committee (the **Committee Chair**) shall be an independent Director appointed by the Board.

All Committee Members shall have a working familiarity with basic finance and accounting practices. At least one Committee Member shall, in the judgment of the Board, be "financially literate". "Financially literate" shall mean the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by The Depot's financial statements.

All Committee Members, whether or not they are Directors sitting on the Board, are required to read, understand and adhere to The Depot's Code of Ethics, Conflict of Interest Policy and the Confidentiality Agreement entered into by each Committee Member with The Depot, and annually sign an acknowledgment to this effect.

III. Meetings

The Committee shall meet at least four (4) times per year or at such other frequency as the Committee Chair or the Committee deems necessary to fulfill its responsibilities. The Executive Director of The Depot (the **ED**) shall be invited to attend each meeting of the Committee except for the *in camera* part of the meeting.

A quorum shall consist of a majority of Committee Members. Decisions of the Committee will be by an affirmative vote of the majority of those Committee Members voting at a meeting. Meetings can be conducted in person,

online or in a hybrid manner at the Committee Chair's discretion. The minutes of each meeting will be drafted by a member of the staff or a Committee Member and submitted to all Committee Members for approval.

The Committee may also act by resolution in writing or by email signed by all Committee Members.

IV. Reporting to the Board

The Committee shall regularly report on the results of each meeting of the Committee to the Board. Once approved by all Committee Members, Committee meeting minutes, supporting schedules and data received and reviewed by the Committee are to be included in the Board's consent agenda, excluding the *in camera* portion.

The Committee Chair shall, from time to time, give a presentation or verbal report to the Board.

V. Authority

For the purposes of carrying out its responsibility, including investigating any matter brought to its attention, the Committee shall have access to all relevant books, records, facilities and, acting through the Board Chair, personnel of The Depot as well as the external auditor.

The Committee may, as required and subject to advising the Board Chair, engage an outside advisor for advice and assistance at the reasonable expense of The Depot provided it is reasonable in the circumstances to do so, having regard for the not-for-profit nature of The Depot.

The Board may authorize the Committee to investigate any activity of The Depot.

VI. Responsibilities

In the discharge of its role, the Committee assumes specific responsibility for the following functions:

(a) With respect to financial information

- reviewing with the external auditor and recommending to the Board the audited annual financial statements of The Depot, together with the external auditor's report thereon;
- reviewing and presenting to the Board the quarterly financial statements of The Depot;
- assisting in the preparation of the annual budget and recommending such budget to the Board;
- reviewing with the external auditor all major accounting policies and practices adopted, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments that may be material to financial reporting;
- questioning the ED regarding significant variances between comparative reporting periods;
- reviewing any restrictions imposed by the ED in performing the external audit or significant accounting issues on which there was a disagreement with the ED;
- questioning the ED and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution; and
- ensuring that the annual report presents a balanced and understandable assessment of The Depot's financial positions and activities.

(b) With respect to external auditor

- recommending to the Board the external auditor to be nominated for the purpose of preparing or issuing an audit report or performing other audit or review services for The Depot and the external auditor's compensation;
- confirming the external auditor is in good standing with the Canadian Public Accountability Board;
- generally assessing the independence of the external auditor, having reference to the independence standards of the Canadian Institute of Chartered Accountants;
- confirming the direct reporting and accountability of the external auditor to the Committee and the Board;
- reviewing the scope of the external auditor's audit plan and the procedures to be utilized with the external auditor and with the ED; and
- reviewing the post-audit or ED letter containing the recommendations of the external auditor and the ED's response and following up on any identified weakness.

(c) With respect to controls and procedures

- periodically reviewing delegations of authority from the Board to the ED;
- reviewing with the ED significant financial risk exposures, the steps taken to monitor and control such exposures and approving any related policies, including as it relates to investment practices, adherence to donor and grantor requirements and inquiries from regulators;
- inquiring of the ED as to The Depot's disclosure controls and procedures and as to the existence of any significant deficiencies in the design or operation of internal controls and any fraud that involves employees;
- providing sufficient opportunity for the external auditors to meet with the Committee Members without the ED present. Among the items to be discussed in these meetings are the external auditor's evaluation of the organization's financial personnel, the ED's ability to adhere to the budget and the cooperation that the external auditors received during the course of the audit; and
- recommending to the Board possible changes to policies and procedures arising from the annual audit or concerning the operations of the organization.

VII. Allocation of Responsibilities

The ED is responsible for operating the business of The Depot and for its internal controls and the execution of the approved annual budget and the financial reporting process. The external auditor is responsible for performing an independent audit of The Depot's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The external auditor shall report and be accountable to the Committee and, through the Committee, to the Board as representatives of The Depot's members. The Committee's responsibility is to monitor and oversee these processes on behalf of the Board. The Committee is not charged with the duty to plan or conduct audits or to determine that The Depot's financial statements are complete and accurate and in accordance with generally accepted accounting principles.

VIII. Complaints

Concerns or complaints relating to the Committee or its work, including complaints relating to accounting, internal controls or audit matters, shall be promptly referred to the Board Chair by email at boardchair@depotmtl.org and/or the Vice-Chair at vicechair@depotmtl.org. Communications received in this manner will be processed in accordance with procedures approved by the Board's independent Directors.

No reprisal, retaliation or disciplinary action shall be taken against employees for reporting, in good faith, such concerns. The Board Chair and/or Vice-Chair shall, if requested by the complainant, keep the identity of the complainant in confidence to the extent appropriate or permitted by law.

IX. Annual Review

The Committee shall review the adequacy of these Terms of Reference (**ToR**) on an annual basis and recommend any changes to the Board.

X. Additional

Nothing contained in these ToR is intended to expand applicable standards of conduct under statutory requirements for the Directors or the Committee Members. These ToR amend and restate in its entirety any previous ToR or analogous document in respect of the Committee.

ADOPTED by the Board on May 29, 2023.

REVISED by the Board on March 28, 2024.

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