

AWTY INTERNATIONAL SCHOOL INC.

Finance and Audit Committee Charter

I. PURPOSE

The Board of Trustees of Awty International School Inc. has established a School Finance and Audit Committee (the "Committee"). The primary functions of the Committee are to assist the School's Board of Trustees (the "Board") in oversight of the School's financial policies, including the development of its annual budget and long-term financial projections, the integrity of the School's financial statements including the evaluation of the School's system of internal controls over financial reporting, and the qualifications, independence, and performance of the school's independent auditors in conjunction with the annual audit.

II. COMPOSITION

The Committee is comprised of a combination of Trustees and community members with acumen in business and finance. The Chairperson and other members of the Committee shall be selected in accordance with the School's Bylaws and Charter. The School's Headmaster, Proviseur, Chief Financial Officer, and Accounting Manager shall regularly be invited to attend such portions of the Committee's meetings deemed appropriate by the Committee.

III. MEETINGS

The Committee will meet at least six times annually, with the Audit responsibilities included in the agenda at least twice a year. Additional meetings may occur as circumstances dictate. The Committee chair should coordinate with the Chief Financial Officer prior to scheduled Committee meetings to finalize meeting agenda and overview issues to be discussed.

Meetings will focus on areas and items associated with the financial operations of the School and will include review of financial performance, budgets and projections, proposed significant financial transactions, financing considerations and policy considerations.

The Committee may delegate authority to others when appropriate. At its discretion, the Committee may designate the Committee Chair and/or other Committee members to act on behalf of the Committee.

Annually, the Committee will set its calendar of activities to ensure that it is fulfilling all of its duties as outlined below.

IV. RESPONSIBILITIES AND DUTIES

The Committee role is one of oversight and it recognizes that the School's Business Office staff is responsible for preparing the School's financial statements and schedules. Additionally, the Committee recognizes that the School's Business Office staff has more time, knowledge and detailed information on the School than Committee members; consequently, in carrying out its

oversight responsibilities, the Committee is not providing expert or special assurance as to the School's financial performance or any individual financial transaction.

The Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and provide assistance to the Board on financial aspects of the School.

The Committee will fulfill its duties and responsibilities as follows:

- 1) Adopt a formal written charter that is approved by the Board of Trustees that specifies scope of responsibility, process, membership, etc.
- 2) Maintain minutes or other records of meeting and activities.
- 3) Report on Committee activities and actions to the Board, including any recommendations to the Board that the Committee may deem appropriate.
- 4) Review and analyze the School's annual budget(s), including tuition policies and rates and faculty and staff compensation. Make recommendations regarding annual budget(s) to the Board of Trustees.
- 5) Review and analyze the School's long-term financial projections.
- 6) Review and monitor the School's on-going financial performance.
- 7) Review and monitor the School's system of financial controls.
- 8) Examine any proposed major financial transactions and make recommendations to the Board with respect thereto.
- 9) Review and analyze financing alternatives with regard to major projects and make recommendations to the Board with respect thereto.
- 10) Review insurance coverage amounts associated with the School's facility insurance policies and provide recommendations to the Committee in conjunction with review of risk management.
- 11) Review the School's operating cash investment vehicles.
- 12) Review the school's annual filings with the Internal Revenue Service and provide recommendation of approval of annual tax filings to the Board of Trustees.
- 13) Meet in separate sessions with the independent auditors at least annually without members of the school's administration present to discuss matters that the Committee or the independent auditors believe should be discussed privately.

14) Review annual financial statements and annual report with School administration and the independent auditors to determine that both groups are satisfied with the disclosure and content in the financial statements, including the nature and extent of any significant changes in accounting principles. Review the Auditor's assessment of the adequacy of the School's internal controls.

15) Evaluate and report to the Board the performance of the independent auditors. Approve the appointment and replacement of the School's independent accountants considering independence and effectiveness and approve all audit engagement fees and terms of all non-audit engagements with the School's independent auditors. Annually, the Committee will ensure a formal statement is received from the independent auditors delineating the scope of services and all relationships between such auditors and the School.

Meet with the independent auditors and School's Business Office staff to review the scope of the proposed external audit for the current year. The external audit engagement shall include a requirement that the independent auditors inform the Committee of any significant changes in the independent auditors' audit scope.

16) If and when necessary, discuss with the national office or leadership of the independent auditors, issues on which they were consulted by the School's audit team and/or matters of audit quality and consistency.

17) If needed, obtain and review the most recent report from the independent auditors regarding:

- a. The independent auditors' internal quality control procedures.
- b. Any material issues raised by the most recent quality-control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authority within the preceding five years regarding one or more independent audits carried out by the firm.
- c. Any steps taken to deal with such issues.

18) Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit. In particular, discuss:

- a. The adoption of, or changes to, the School's significant auditing and accounting principles and practices as suggested by the independent auditors, internal auditors, and management.
 - b. The management letter provided by the independent auditors and the School's response to such letter.
 - c. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management
- 19) Ensure that the independent auditors submit to the Committee, on a periodic basis, a formal written statement delineating all relationships between the independent auditors and the School, and actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors.
- 20) Set policies for the School's hiring of employees or former employees of the independent auditor who were engaged on the School's account during the preceding five-year period and ensure that no person employed by the independent auditor during the preceding one-year period is hired as chief executive officer, controller, chief financial officer, chief accounting officer, or any equivalent position for the School.
- 21) Review of expenses/perquisites and utilization of School's assets by School management and Trustees. This review can be done by the Finance and Audit Committee, a special engagement of the independent auditors, or an engagement of other outside professionals that the Committee deems appropriate.
- 22) Review with the School's Chief Financial Officer, or if the submission pertains to the Chief Financial Officer or his department, review with the Head of School any submissions on the School's ethics reporting facility.