

**CHARTER FOR THE FINANCE COMMITTEE
OF THE
INDIANA-KENTUCKY SYNOD, EVANGELICAL LUTHERAN CHURCH IN AMERICA**

I. PURPOSE

The Finance Committee (the “Committee”) of the Indiana-Kentucky Synod of the Evangelical Lutheran Church in America (the “Synod”) shall assist the Synod Council with respect to its oversight of:

- A. The quality and integrity of the Synod’s financial statements;
- B. The Synod’s compliance with legal and regulatory requirements as they relate to financial reporting;
- C. The independent auditors’ qualifications and independence;
- D. The performance of the Synod’s internal control function and independent auditors; and
- E. The Synod’s Conflict of Interest Policy.
- F. Prepare and recommend to the Synod Council the annual budget.
- G. Provide oversight to the Investment Program.

The Committee shall act as the audit committee. The Committee shall be responsible for other functions typical of a finance committee including passage of the annual budget to be recommended to the Synod Council for approval.

The function of the Committee is oversight. The management of the Synod is responsible for the preparation, presentation and integrity of the Company’s financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Synod’s annual financial statements. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Synod and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing (including auditor independence). As such, it is not the duty or responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Synod from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Synod Council) and (iii) representations made by management as to any information technology or other non-audit services provided by the auditors to the Synod.

II. STRUCTURE AND OPERATIONS

Composition and Qualifications

The Committee shall be comprised of at least three members. A majority of members shall be members of the Synod Council. A member may not serve on the Committee if he or she is a paid employee of the Synod.

At least one member of the Committee shall have a working familiarity with finance and accounting practices.

Appointment and Removal

The Chairman and other members of the Committee shall be appointed by the Synod Council and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Synod Council. The Chairman shall set the agendas for and chair Committee meetings.

III. MEETINGS

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its goal to foster open communication, the Committee may periodically meet separately with management and the independent auditors to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the independent auditors and management annually to review the Synod's financial statements in a manner consistent with Section IV of this Charter.

The Committee may invite to its meetings any director, any manager of the Synod, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

IV. DUTIES

Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Synod Council from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Synod's internal accounting staff, Synod Council, managers, other staff and independent auditors as necessary to carry out these duties.

Documents/Reports

1. Review with management and the independent auditors the Synod's annual audited financial statements.
2. Review with management the Synod's interim financial statements.

Independent Auditors

1. Retain or terminate the independent auditors and approve all audit engagement fees and terms. Approval of the fees and terms of the audit engagement should include a determination that no aspect of the engagement should be considered an "excess benefit transaction", as that term is defined in Internal Revenue Code Section 4958.
2. Approve in advance any significant audit or non-audit engagement or relationship between the Synod and the independent auditors. In this regard, the Committee shall pay particular attention to the impact on independence and the fairness of the terms of any agreement pursuant to which the independent auditors would perform non-audit services.
3. Review with the independent auditors (i) any audit problems or other difficulties encountered by the auditors in the course of the audit process, including any restrictions on the scope of the independent auditors' activities or on access to requested information, and any significant disagreements with management and (ii) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditors (i) any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement, (iii) any material off balance sheet transactions and (iv) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Synod.
4. Review, at least annually, the qualifications, performance and independence of the Independent auditors. In conducting its review and evaluation, the Committee may consider taking any or all of the following actions:
 - (a) Obtain and review a report by the independent auditors describing: (i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) the auditors' independence and all relationships between the independent auditors and the Synod.
 - (b) Consider the rotation of the lead audit partner (having primary responsibility for the audit), and the audit partner responsible for reviewing the audit, at least every five years.

- (c) Take into account the opinions of management and the Synod's internal accounting staff.

In conducting its review and evaluation, the Committee shall not consider any charitable contributions made by the auditing firm or any individual associated with the auditing firm, or any plans the Synod may have to solicit charitable contributions from the auditing firm or any individual associated with the auditing firm.

Financial Reporting Process

1. In consultation with the independent auditors, management and the internal accounting staff, review the integrity of the Synod's financial reporting processes. In that connection, the Committee should obtain, and discuss with management and the independent auditors, reports from management and the independent auditors regarding: (i) all critical accounting policies and practices used by the Synod; (ii) significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (iii) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Synod's selection or application of accounting principles; (iv) major issues as to the adequacy of the Synod's internal controls and any specific audit steps adopted in light of material control deficiencies; and (v) any other material written communications between the independent auditors and the Synod's management.
2. Review periodically the effect of regulatory and accounting initiatives on the financial statements of the Synod.
3. Review and discuss with the independent auditors the responsibilities, budget and staffing of the Synod's internal accounting function.

Ethics and Conflicts of Interest

1. Consider matters related to the Synod's Conflicts of Interest Policy including:
 - (a) Reviewing exceptions reported on Annual Disclosure Statements.
 - (b) Reviewing requests for clarification pertaining to potential conflicts of interest.
 - (c) Reviewing procedures to ensure that those covered by the policy are acting fairly, impartially and in an ethical and proper manner.
2. Make recommendations to the Synod Council regarding the appropriate resolution of actual or potential conflicts of interest.

Legal Compliance/General

1. Review periodically, with the Synod's counsel, any legal matter that could have a significant impact on the Synod's financial statements.
2. Discuss with management and the independent auditors the Synod's guidelines and policies with respect to risk assessment and risk management. The Committee should discuss the Synod's major financial risk exposures and the steps management has taken to monitor and control such exposures.
3. Establish procedures for: (i) the receipt, retention and treatment of complaints received by the Synod regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Synod of concerns regarding questionable activities of any type.
4. Perform any functions required to be performed by it or otherwise appropriate under applicable law, rules or regulations, the Synod's Constitution, the Synod's By-Laws or the resolutions or other directives of the Synod Council.

Reports of Committee Proceedings, Findings and Recommendations

1. Report regularly, at least annually, to the Synod Council regarding:
 - (a) any issues that arise with respect to the quality or integrity of the Synod's financial statements, the Synod's compliance with legal or regulatory requirements, the performance and independence of the Synod's independent auditor, and the performance of the internal accounting function;
 - (b) actual or potential conflicts of interest; and
 - (c) such other matters as are relevant to the Committee's discharge of its responsibilities.

The Committee shall provide such recommendations as the Committee may deem appropriate. The report to the Synod Council may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

2. Maintain minutes or other records of meetings and activities of the Committee.

V. ANNUAL EVALUATION

The Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Synod Council any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such review and reassessments in whatever manner it deems appropriate.