October 2026

Farm Credit Services of Western Arkansas

Board of Directors

Audit Committee Charter

I. Audit Committee Purpose:

The Audit Committee (Committee) established by this charter is a committee of the Board of Directors (Board) of Farm Credit Services of Western Arkansas, ACA (Association). The primary function of the Committee is to assist the Board in fulfilling the Board's oversight responsibilities, as follows: oversee financial reporting; oversee the audit process and audit activities of the independent auditor; and monitor the system of internal controls, including controls related to compliance with applicable laws and regulations.

II. Committee Structure:

A. **Membership and Qualifications:** The Audit Committee shall be comprised of no less than three (3) and no more than five (5) members of the Board. Each member of the Committee must be a member of the Board. Any Director designated by the Board as a financial expert under 12 C.F.R. 611.210(a)(2) shall serve on the Audit Committee. All Audit Committee members should be knowledgeable in at least one of the following areas: public and corporate finance, financial reporting and disclosure, or accounting procedures.

All Audit Committee members are required to be free from any relationship that, in the opinion of the Board, would interfere with the committee member's exercise of independent judgment. The Board will consider each potential member's independent judgment and knowledge as a part of their appointment to ensure compliance.

At all times at least one member of the Committee shall be a designated financial expert in accordance with 12 C.F.R. 611.210(a)(2).

B. **Appointment:** At the annual reorganization meeting of the Board, the Board Chair will recommend Committee members to the full Board for approval by the Board in accordance with the Association's Bylaws. The Board Chair shall annually review the composition of the Committee as part of the annual re-organization of the Board to ensure the Committee is comprised of qualified members and to allow for healthy rotation of members as the Board deems appropriate.

Any Committee member may be removed at any time for good cause or as otherwise required by applicable law or guidance upon the recommendation of the Committee to the Board. All appointments and removals made shall be made with the consent of the full Board.

C. **Leadership:** The Audit Committee members shall determine who will serve as Chair of the Audit Committee via simple majority vote of the Committee members. The Committee Chair shall be the principal contact between the Committee and the Board of Directors and between the Committee and senior management. In that capacity, the Committee Chair has the discretion to brief the Board

Chair and advise him/her of any key decisions in advance so that the Board is prepared to deal with the issue(s) when the Committee and the Board meet. The Committee Chair shall serve until his/her successor shall be duly selected and qualified in accordance with Association guidance. The Committee may elect a Vice-Chair, if the Committee determines that such position is needed, also via simple majority vote.

D. Meetings:

1. The Audit Committee will meet at least quarterly or at any such time as determined necessary by the Audit Committee Chair or the Board Chair. A majority of the members of the Committee shall constitute a quorum for any meeting.

2. The committee may also meet by virtual meeting or conference call as necessary. The duration of the meeting will be dictated by the time required to effectively address the agenda.

3. The Committee will also meet in executive session as deemed necessary by the Committee, and the Committee shall have discretion to invite or disallow persons who are not members of the Committee from all or portions of such executive session.

4. The Committee Chair will work with the SVP of Audit/Review to develop meeting agendas. Meeting agendas will be prepared and provided in advance to Committee members, along with appropriate briefing materials. Minutes of all Committee meetings will be prepared and approved by the Committee, made available to Committee members and Board members.

III. Responsibilities:

For the purpose of achieving the Committee's objectives, the Committee shall have the following responsibilities and authorities. These responsibilities will be discharged with the assistance of appropriate management, independent auditors, and the SVP Audit/Review. The Committee shall have the authority to take corrective actions and/or conduct or authorize special or investigative audits into matters within the Committee's scope of responsibilities. The Committee shall have access to all books, records, facilities, and personnel of the Association necessary to fulfill its responsibilities. Unless otherwise authorized by amendment to this Charter, the Committee shall not delegate any of its authority to any subcommittee.

A. Financial Reporting and Disclosure

1. Review and determine the adequacy of the Association's accounting policies and practices through discussions with the Audit Department, Independent Auditors and Association management.
2. Review current regulatory, accounting or reporting developments and any significant accounting changes with management and the Independent Auditor.
3. Receive from the Independent Auditors, a report of the Association's annual audited financial statement prior to distribution. The report should include discussions on all critical accounting principles and practices used by the Association, all material alternative accounting treatments of financial information and other material written communications

between the independent auditor and management, such as management letters, schedule of unadjusted differences, reports on observations and recommendations on internal controls, a listing of adjustments and reclassifications and the independent auditor's independence letter. The Audit Committee will review and approve the annual audited financial statement prior to distribution.

4. Review with management and the independent auditors the effect of off-balance sheet arrangements that could have current or future effect on financial conditions, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, and earnings press releases and other reports or written or electronic materials, including material posted on websites of the Association disclosing "pro-forma" or "adjusted non-GAAP information."
5. Review with Association management (or others required to make certifications to the FCA) annual and quarterly reports or certifications with respect to compliance with the Disclosure Program, including all significant deficiencies and material weaknesses in the design or operation of the disclosure process, which adversely affect the Association's ability to record, process, summarize and report financial information, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Association's internal controls.
6. Review the quarterly financial statement prior to distribution and discuss with financial management any significant changes to the Association's accounting principles. The Chair of the Committee may represent the entire Committee for purpose of these discussions when deemed necessary.
7. Review, prior to issuance, quarterly and annual press releases of financial results as well as any interim press releases.

B. <u>Independent Auditors</u>

1. As delegated by the board of directors, the committee has the authority for the appointment, compensation, retention and oversight of the work of their independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor will report directly to the Audit Committee.
2. The Independent Auditors are ultimately accountable to the Audit Committee and the Board of Directors.
3. Meet regularly with the Independent Auditors to review their annual audit plans and receive reports based on audit activity.
4. Review and discuss periodically with management and the independent auditors their respective disclosure controls and procedures.
5. Review and determine that no restrictions are being placed on the Independent Auditors by management.
6. Pre-approve any allowable non-audit services to be provided by the Independent Auditors to the Association.
7. Receive a report from the Independent Auditor at least annually of any non-audit engagements with district associations and receive written certification on an annual basis that they are not providing any prohibited non-audit services to the Association.
8. Review the Independent Auditor's annual engagement letter with the Chief Executive Officer or Chief Financial Officer.
9. Meet in executive session with the Independent Auditor as deemed necessary.

C. Internal Control

1. The audit committee must oversee the institution's system of internal controls relating to preparation of financial reports, including controls relating to the institution's compliance with applicable laws and regulations. Any internal audit functions of the institution must also be subject to audit committee review and supervision
2. After the committee reviews a financial policy, procedure, or report, it must note its agreement or disagreement with the items in the meeting minutes.
3. Determine the adequacy of internal controls through a review and discussion of all audit reports issued by the Audit Department or the Independent Auditor relating to the Association or the Association's operations.
4. Review along with the Board of Directors, all examination reports of the Association, issued by the Farm Credit Administration, and evaluate management's response to the report.
5. Review management's internal control report with the independent auditor and the internal auditor.
6. Review and discuss with management, any significant findings by the Independent Auditors or the Audit Department together with management's response to such findings.
7. Evaluate the adequacy of Information Technology (IT) and security practices to ensure compliance with applicable regulations and policies and to ensure IT and security processes are functioning effectively.
8. Evaluate the Association's system of internal controls relating to the adequacy of the standards of conduct program, where each review, at a minimum: (a) looks for consistency with Association practices and FCA regulations in 12 CFR 612 and (ii) identifies any required updates.
9. Evaluate the Association's system of internal controls relating to the criminal referral process, including an appropriate system of internal controls to ensure the accuracy, completeness, and confidentiality of any investigation, report, and referral made under the criminal referral policy.
10. Ensure that policy and procedures exist for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission (i.e. whistleblower program) by employees of the Association or persons outside the Association, of any concerns regarding questionable accounting or auditing matters.
11. Verify periodic testing of the Whistleblower system functionality and periodic assessments of employees' awareness of the system and its appropriate use.

D. Internal Audit

1. The Senior Vice President of Audit/Review will report directly to the Audit Committee and the Board of Directors.
2. Review and determine that no restrictions are being placed on the Audit Department by management.
3. Annually establish the performance objectives and approve the performance evaluation of the Senior Vice President of Audit/Review. Obtain input from the Chief Executive Officer

regarding these performance objectives and the performance evaluation. Consult with the Board of Directors on the appointment or replacement of the Senior Vice President of Audit/Review.

4. Review and approve the Annual Audit Plan and any changes to the plan.

E. Other Responsibilities

1. Call for any special projects or investigations necessary, and call for Executive Sessions as deemed necessary with the Senior Vice President of Audit/Review and/or the Independent Auditor.
2. Maintain minutes of meetings and report to the Board of Directors regularly and maintain records of meetings, including attendance, for at least ten (10) fiscal years.
3. Perform a self-assessment of the effectiveness of the Audit Committee activities at least annually.
4. Respond to any concerns identified by the Association Audit Committee and conduct any audit committee activities that are necessary for the Association Audit Committee to fulfill its chartered responsibilities.
5. The minutes, resolutions, charter, and other records of the Audit Committee shall be signed by the Committee chair or presiding officer and attested to by the Secretary or the person acting as secretary of the meeting.

IV. Resources

The Committee shall have the authority to engage independent counsel and other advisers as the Committee deems necessary to carry out its duties, with funding to be provided by the Association, as determined by the Committee, for: (a) compensating any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services; (b) compensating independent counsel and/or other advisers engaged by the Committee; and (c) paying ordinary administrative expenses the Committee incurs in carrying out its duties. A two-thirds majority vote of the full Board is required to deny the Committee's request for resources.

V. Committee Charter

This Charter will be reviewed by the Board at least annually and may be amended from time to time by action of the Board. The Committee will review and assess the adequacy of this Charter annually, requesting Board approval for any proposed changes.

VI. Reporting

The Committee will:

A. Make regular reports to the Board on the routine discharge of its responsibilities under this Charter.

B. Ensure that the Board is kept informed of substantial or exceptional matters or developments pertaining to major areas of its responsibility and, if decision making is involved or a recommendation is developed, report on the process followed, the options considered, and the rational used to support the Committee's decision or recommendation.

VII. Construction and Application

This charter shall be construed and applied in a manner that is consistent with applicable law and Association guidance, and the Committee shall discharge its duties and responsibilities as required by law and applicable Association guidance, notwithstanding anything to the contrary.

VIII. Authority

Association Bylaws, Art. VI; 12 CFR §§ 618.8430, 612.2260,[1] 620.30, 621.30 – 621.32, & 620.5(it)(2); FCA IM Whistleblower Programs (07/09/15); FCA WP 31.3-1 (Audit Committee)(07/28/21); FCA EM-31.1 (Corporate Governance)(09/24/21), FCA EM-31.3 (Audit & Review Programs)(01/07/21); FCA EM-31.7 (Information Technology & Security)(04/18/17); FCA EM (Essential Practice for Information Technology – IT Audit)(10/17)

Approved this 23 day of OCTOBER, 2026

E-SIGNED by Kim Hogan
on 2026-10-28 12:14:03 CDT

Committee Chair

Secretary

Chair of the Board