



## Muncy Columbia Financial Corporation and Subsidiary Audit Committee Charter

Adopted by the Board of Directors on 11/14/2023

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### **OBJECTIVE AND PURPOSE**

The Audit Committee is appointed by the Board of Directors to assist the Board of Directors in monitoring the integrity of:

- the financial statements of Muncy Columbia Financial Corporation and subsidiary, Journey Bank;
- the independent public accountant's qualifications and independence;
- the performance of Journey Bank's internal audit function and independent public accountants; and
- risk assessment and risk management as required by the rules and regulations of The Federal Deposit Insurance Corporation Improvement Act (FDICIA) and its implementing regulations.

The objective of the Audit Committee is to assist the full Board of Directors in fulfilling its fiduciary responsibilities. The Audit Committee is further responsible for evaluating the Bank's compliance with laws, regulations, policies and procedures, and determining that the Bank has adequate administrative, operating, and internal accounting controls as well as adequate information technology controls. In addition, the Audit Committee is responsible for providing reasonable assurance regarding the integrity of financial and other data used by the Board of Directors.

### **MEMBERSHIP**

As set forth in 12 CFR Part 363.5, for depository institutions with total assets of \$1 billion or more as of the beginning of its fiscal year shall establish an independent audit committee of its Board of Directors, the members of which shall be outside directors who are independent of management of the institution. An outside director is a director who is not, and within the preceding fiscal year has not been, an officer or employee of the institution or any affiliate of the institution.

The Audit Committee will consist of at least three members of the Board of Directors and a Chairman. Members of the Committee and the Chairman of the Committee are nominated by the Chairman of the Board and elected by the Board at least annually, or more frequently if deemed necessary.

### **MEETINGS**

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly.

The Audit Committee shall meet periodically with senior management, and the independent public accountants in separate executive sessions, and have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate.

The Audit Committee may request any director, officer, or employee of Muncy Columbia Financial Company or its subsidiary or representatives of Muncy Columbia Financial Company's outside advisors or independent public accountant to attend meetings of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The Audit Committee may meet in joint session with other Committees of the Board of Directors from time to time to discuss areas of common interest and significant matters impacting Muncy Columbia Financial Company or its subsidiary.

Written minutes of all Audit Committee meetings will be approved by the Board of Directors and maintained.



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### AUTHORITY AND RESPONSIBILITY

The Audit Committee shall have the sole authority to appoint or replace the independent public accountant (subject, if applicable, to stockholder ratification). The Audit Committee shall be responsible for the compensation and oversight of the work of the independent public accountant (including resolution of disagreements between management and the independent public accountant regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent public accountant shall report directly to the Audit Committee.

The Audit Committee shall have unrestricted access to all data, records, and employees of Muncy Columbia Financial Company and its subsidiary.

The Audit Committee shall preapprove all auditing services, internal control-related services, and permitted non-audit services (including the fees and terms thereof) to be performed for Muncy Columbia Financial Company by its independent public accountant. The authority to grant preapprovals may be delegated to one or more members of the Audit Committee, whose decisions will be presented to the full Audit Committee at its next regularly scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting, or other advisors. Muncy Columbia Financial Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent public accountant for the purpose of rendering or issuing an audit report or performing other audit, review, or attest services and to any advisors employed by the Audit Committee, and for payment of ordinary administrative expenses of the Audit Committee necessary and appropriate in carrying out its duties.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

#### Financial Statement and Disclosure Matters

1.1 Discuss with management and the independent public accountant significant financial reporting issues and judgments made in connection with the preparation of Muncy Columbia Financial Company's financial statements, including any significant changes in Muncy Columbia Financial Company's selection or application of accounting principles, the impact of any recent professional and regulatory pronouncements.

1.2 Review and discuss with management and the independent public accountant any major issues as to the adequacy of Muncy Columbia Financial Company's internal controls, any special steps adopted in light of identified material weaknesses, and significant deficiencies in internal control over financial reporting.

1.3. Review and discuss any reports from the independent public accountant on:

1.3.1. All critical accounting policies and practices used by Muncy Columbia Financial Company.



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1.3.2. All alternative accounting treatments within generally accepted accounting principles (GAAP) for policies and practices related to material items that the independent public accountant has discussed with management, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent public accountant.

1.3.3. Other written communications the independent public accountant has provided to management, such as a management letter or schedule of unadjusted differences.

1.4. Discuss with management and the independent public accountant the effect of regulatory and accounting initiatives as well as off-balance sheet structures on Muncy Columbia Financial Company's financial statements.

1.5. Discuss with management and the independent public accountant(s) Muncy Columbia Financial Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including Muncy Columbia Financial Company's risk assessment and risk management policies.

1.6. Review management's report outlining responsibilities for preparing the institution's annual financial statements, for establishing and maintaining an adequate internal control structure and procedures for financial reporting, and for complying with laws and regulations relating to safety and soundness that are designated by the FDIC and the appropriate Federal banking agency.

1.7. Review and discuss significant disclosure issues.

### Oversight of Muncy Columbia Financial Company's Relationship with the Independent Public Accountant(s)

2.1 Before the engagement of an independent public accountant and at least annually thereafter, review and discuss with the independent public accountant the independent public accountants written communications to the Audit Committee regarding the relationships between the auditor and Muncy Columbia Financial Company that, in the auditor's professional judgment, may reasonably be thought to bear on its independence and affirm in writing to the Audit Committee that the auditor is independent.

2.2. In performing its duties with respect to the appointment of the institution's independent public accountant, the Audit Committee shall ensure that engagement letters and any related agreements with the independent public accountant for services to be performed conform to the requirements of 12 CFR Part 363.5.

2.3 Evaluate the qualifications, performance, and independence of the independent public accountant, including considering whether the independent public accountant's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the independent public accountant's independence, taking into account the opinions of management and the independent public accountant. The Audit Committee shall present its conclusions with respect to the independent public accountant to the full Board of Directors.

2.4. Ensure the rotation of the audit partners as required by law. Consider whether, in order to assure continuing auditor independence, it is necessary to replace the independent auditing firm.



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2.5. Set policies, consistent with governing laws and regulations, for hiring personnel of the independent public accountant.

### Oversight of Muncy Columbia Financial Company's Internal Audit Function

3.1. Oversee the appointment, replacement, and compensation of the Internal Auditor(s) and have the principal auditor report to the Audit Committee.

3.2. Review and approve the internal audit plans.

3.3. Consider, in consultation with the independent auditor, the audit scope and plan for internal control and compliance audits, and the coordination of audit efforts to ensure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

3.4. Periodically, review performance versus plan relative to the internal audit plans and review and approve recommended changes in the planned scope of the internal audit plans.

3.5. Review the audit report and findings tracking prepared by the Internal Audit Department and management's responses.

3.6. Review with the Internal Auditor(s) any difficulties encountered during the course of any internal audits, including any restrictions on the scope of audit work or access to required information.

3.7 Review with the Internal Auditor(s) their compliance with the Institute of Internal Auditors' "International Standards of the Professional Practice of Internal Auditing."

3.8 Understand the scope of the Internal Auditor's review of internal control over financial reporting.

### Compliance Oversight Responsibilities

4.1. Obtain from the independent auditor(s) assurance that if it detects or becomes aware of any illegal act that has not already been identified and disclosed by management, that the Audit Committee will be promptly informed and provided with a report if required by regulations.

4.2. Establish procedures for the receipt, retention, and treatment of complaints received by Muncy Columbia Financial Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

4.3. Discuss with management and the independent auditor(s) any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding Muncy Columbia Financial Company's financial statements or accounting policies.

4.4. Discuss with Muncy Columbia Financial Company's General Counsel legal matters that may have a material impact on the financial statements or Muncy Columbia Financial Company's compliance policies and internal controls.



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### Risk Management Oversight Responsibilities

5.1 To the extent required to comply with the rules of the FDIC and other governing regulations, the Audit Committee will exercise such oversight of the company's risk assessment and risk management framework.

5.2 The Audit Committee will have such risk management oversight responsibilities as are consistent with applicable law and regulation and are delegated to the Audit Committee by the Board or agreed to by the Audit Committee from time to time.

5.3 Facilitating communication among the Board of Directors, external auditors, internal auditors, Federal Deposit Insurance Corporation, Pennsylvania Department of Banking and Securities, and The Federal Reserve Bank.

5.4 Requiring a disclosure to shareholders to disclose whether the audit committee:

5.4.1 discussed with management the quality of the accounting principles and significant judgments affecting the company's financial statements;

5.4.2 discussed with the external and internal auditor the auditor's assessment of the quality of management's accounting principles and judgments;

5.4.3 discussed among themselves, without the presence of management or the external or internal auditor, the information from (5.4.1) and (5.4.2); and

5.4.4 believed that the company's financial statements are fairly presented in conformity with GAAP.

5.4.5 has adopted a written charter, and if so, whether the committee has satisfied its responsibilities during the prior year in compliance with the charter.

5.5 This Audit Committee Charter and the Audit Department Charter will be reviewed and approved at least annually by the Board of Directors.

### LIMITATION OF THE AUDIT COMMITTEE'S ROLE

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that Muncy Columbia Financial Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP, FDICIA, and applicable rules and regulations. These are the responsibilities of management.