

## **AUDIT COMMITTEE CHARTER**

One subcommittee of the Finance Committee shall be known as the Audit Committee. All members of the Audit Committee must be free of any conflict of interest relationship that could influence his or her judgement as a committee member, especially to the accounting firm auditing or otherwise advising the committee or otherwise engaged by \_\_\_\_\_.

The primary function of the Audit Committee, which is a component of the Finance Committee, is to assist the Board in fulfilling its oversight responsibilities. The Committee will review the financial information that will be provided to the affiliates and the public, systems of internal controls against fraud and abuse, and audit processes.

Specific responsibilities include:

- The Audit Committee will hold four quarterly meetings by teleconference, or when appropriate and necessary, in a face-to-face meeting, to monitor management activities related to the audit and management response and actions arising therefrom.
- The Audit Committee will advise and recommend to management and the Board in the identification, selection and compensation of the independent auditor.
- The Audit Committee will facilitate communications between the Board of Directors and the independent auditors.
- The Audit Committee will review the annual audited financial statements, the auditor's management letter, management's response, the A-133 audit and any conflict of interest issues for the purpose of advising the Board of Directors on the documents and the actions required or arising therefrom.

Annually the audit committee must review the external auditor's report describing \_\_\_\_\_'s internal control procedures, any issues arising from independent audits or regulatory investigations by governmental authorities and all relationships the audit firms has with \_\_\_\_\_. To safeguard auditor independence, the committee also should consider the need for a regular rotation of the audit firm and or managing partner and report its findings to the full Board of Directors.

- The Audit Committee will discuss annual and internal financial statements. The audit committee must meet with management and, for the annual report, the independent auditors to review audited financial statements, including our

organization's disclosures under management's discussion and analysis of financial condition and operations.

- The Audit Committee will arrange meetings with management, internal and independent auditors to perform their oversight functions. To perform its oversight functions the audit committee will have separate sessions with management, those responsible for internal audit functions and external auditors.
- The Audit Committee will assess risk management. While the Executive Director and senior management are responsible for \_\_\_\_\_'s risk exposure, the audit committee will discuss with the external auditors how our organization handles major financial risks and the steps taken, within its guidelines and policies, to monitor and control exposures to such risks.
- The Audit Committee will review any audit issues and management's response. The audit committee will at least annually review with the external auditor any difficulties encountered in the course of the audit, including any restrictions on the scope of the auditor's activities or access to requested information or any significant disagreement with management. During the audit review there will be an opportunity for the committee and the independent auditors to breakout in an executive session outside of the presence of management. Some items the audit committee may want to specifically review are accounting adjustments noted or proposed by the auditor but viewed as "immaterial" by management, communications between the auditor and the audit firm's national office regarding auditing or accounting issues that arose in the engagement and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to \_\_\_\_\_.
- The Audit Committee will recommend to the Board of Directors, when it deems advisable, that independent public accountants or other consultants or legal counsel be engaged in specific studies and reports regarding auditing matters, accounting procedures or other matters.