

## COMMITTEE CHARTER FOR THE AUDIT COMMITTEE

### Mission Statement

The Audit Committee shall assist the Board of Trustees in fulfilling its oversight responsibility with respect to the financial reporting process, the system of internal control, the audit process and the Foundation's process for monitoring compliance with laws and regulations and the Trustee Code of Ethics. The Audit Committee shall appoint and manage the outside auditor engagement. The Committee shall also set the officers' compensation and make recommendations to the Board of Trustees regarding the compensation of Trustees, taking into account comparability data.

### Organization

- a. The Audit Committee shall consist of at least three Trustees. All members of the Committee shall be independent Trustees. Moreover, no member of the Committee may in the current fiscal year or in the previous fiscal year have been associated in the capacity of employee or of compensated officer or compensated Trustee with an organization that received a grant from the Foundation in that year. Nor may any member of the Committee accept, either directly or indirectly, any consulting, advisory, or other compensatory fee from the Foundation other than in the capacity as a Trustee or member of a Board committee. If the Chair of the Board is an independent Trustee, he or she shall designate the Chair of the Committee. Otherwise the Committee shall elect its Chair from among its members. All members of the Committee shall be financially literate. At least one member shall have accounting or related financial management experience.

- b. The Committee shall meet in February and May in connection with regularly scheduled meetings of the Board of Trustees and otherwise as necessary. Trustees who are not members of the Committee may not attend meetings of the Committee except as invited by the Committee for consultation.
- c. The Committee may establish subcommittees of not less than 3 Trustees and may delegate to such subcommittees any responsibilities of the Committee. The Chair of the Committee shall designate the Chair of any subcommittee.
- d. A majority of the Committee shall constitute a quorum for the transaction of business at any meeting thereof, and the act of a majority of the members of the Committee present at any meeting at which a quorum is present shall be the act of the Committee.

### Roles and Responsibilities

The Committee shall:

- a. Oversee the Foundation's system of internal controls and preparation of financial statements.

In fulfilling this responsibility, the Committee shall:

1. be directly responsible for the appointment, compensation, retention and oversight of the work of the outside auditor preparing or issuing an audit or any related work (including resolution of disagreements between management and the outside auditor regarding financial reporting) and the outside auditor shall report directly to the Committee;
2. review the outside auditor's qualifications, independence and performance;
3. review the scope, approach and cost of the audit;
4. pre-approve all audit services and non-audit services to be provided by the Foundation's outside auditor. In fulfilling this responsibility, the Committee may delegate to the Chair

of the Committee the authority to grant pre-approval of such services, provided notice of such approval is then given to the entire Committee at the next meeting;

5. review the Foundation's internal audit function, including review of the charter, plans, activities, staffing and organizational structure of the internal audit function;
6. review and concur in the appointment, replacement, reassignment, or dismissal of the Director of the Internal Audit Department, who shall have unrestricted access to the Chair of the Committee;
7. review significant accounting and reporting developments and issues;
8. review the annual financial statements audited by the outside auditors;
9. review suggestions for improvements in internal controls from the internal and outside auditors;
10. at the February meeting and at other meetings as deemed necessary or desirable, meet separately with the internal auditors and with the outside auditors;
11. have the authority to engage independent counsel and other advisors, as it determines necessary to carry out its duties;
12. review and monitor the Foundation's internal controls and exercise oversight of management's handling of the Foundation's major financial and legal risk exposures;
13. review with the outside auditor any audit problems or difficulties and management's response; and
14. establish procedures for the receipt, retention and treatment of complaints or concerns received by the Foundation regarding accounting, internal accounting controls or auditing matters, including confidential, anonymous submissions from employees.

- b. Set the compensation of the Foundation's officers, taking into account comparability data provided by a compensation consulting firm(s). In this connection, the Committee shall have sole authority to retain and terminate any compensation consulting firm with respect to setting the officers' compensation, including authority to approve fees and terms. The Committee shall give a full report to the Board covering all details of the compensation it sets for officers and the rationale for its decision. The excess benefit transaction rules of the Internal Revenue Code (that create a presumption of reasonableness for public charities) shall be followed in setting officer compensation (i.e., basing the decisions on comparable data readily available to the Committee and recording the process and decisions in the minutes).
- c. Review and make recommendations to the Board of Trustees with respect to the compensation of Trustees, taking into account comparability data.
- d. Exercise oversight of the Foundation's process for monitoring compliance with legal and regulatory requirements.
- e. Review and make recommendations to the Board with respect to the Foundation's Board of Trustees Code of Ethics.
- f. Establish procedures for prior review and approval by the Committee of all proposed grants to organizations with which a Trustee is associated in the capacity of employee, compensated officer, or compensated trustee and report to the Board at the February meeting all such grants approved during the prior fiscal year.
- g. Periodically review and assess the adequacy of this charter and make recommendations to the Management and Governance Committee of changes.
- h. Conduct an annual performance evaluation of the Committee and report its findings to the Chair of the Board.

- i. Attend to such other matters as the Board of Trustees may from time to time determine.
- j. Maintain minutes of Committee meetings and report regularly to the Board.