



AUDIT COMMITTEE

Purpose of the Committee

The audit committee is a standing committee of the Board of Directors. Its principal responsibilities are to see that appropriate accounting policies and internal controls are established and followed, and that the organization issues financial statements and reports on time and in accordance with its regulatory obligations.

Committee Composition

1. Committee members are appointed by the Board of Directors.
2. The audit committee may include non-board members.
3. While it may include members of the finance committee, the chair of the audit committee may not be a member of the finance committee, and members of the finance committee must constitute less than half of the audit committee.
4. The audit committee may not include any member of the staff, including top management, or any person who has a material financial interest in any entity doing business with the charitable organization.

Specific Duties

Actions where the committee will inform the board that it has acted in its interest, but that do not require prior board approval:

1. Review and approve the scope of the annual external audit and any non-audit services provided by the auditing firm.
2. Request the President/CEO to have the external auditors or internal finance staff study a particular area of interest or concern.
3. Initiate special audits and review and approve the areas targeted for special audit work.
4. Review and approve the audit reports issued in conjunction with the special audit work, including management responses and plans to address those areas identified during the audit.
5. Monitor internal control system and procedures and review/update changes in procedures and/or staffing.

Decision Making Authority

Areas that the committee will review and study before recommending action to the board:

1. Appoint external auditors.



2. Review and approve the annual financial statements and auditors' reports.
3. Determine whether to accept the audit.
4. Review management letters, including management responses and plans to address the resulting recommendations.

Areas that the committee will review and study before providing summary reports to the board when appropriate:

1. Review accounting changes or regulations proposed or adopted by bodies such as the Financial Accounting Standards Board and the American Institute of Certified Public Accountants.
2. Review tax policy changes from the Internal Revenue Service that may affect the organization's tax-exempt status or its definition of tax-exempt activities.
3. Interview the organization's external auditors concerning the strengths and weaknesses of the organization's management, financial staff, systems, internal controls, and other factors that pertain to the integrity of published financial reports.
4. Review the administration of the Foundation's conflict of interest policy.

Committee Meetings

Pre-Audit Meeting

1. Review and discuss, with external auditors, the scope and plan for the current year's audit, including non-audit services to be provided.
2. Examine areas of significant audit emphasis.
3. Discuss significant new and pending accounting principles, financial reporting practices, or auditing matters with external auditors.
4. Review management response to the external auditor's management advisory letter resulting from the prior year audit, including plan of action, if necessary.

Post-Audit Meetings

A. The Audit Committee will meet in executive session (without staff) with external auditors to:

1. Review the status of the current year's audit and discuss matters under consideration, including new disclosures and anticipated major variances or changes in year-end financial statements.
2. Review items that the committee requested the external auditors to investigate.



3. Review draft of financial statements and applicable auditors' report.
4. Receive report to the audit committee from the external auditors regarding required communications.
5. Receive recommendations of external auditors to management resulting from the audit, including "reportable conditions."

B. The Audit Committee will meet with staff and external auditors to:

1. Review recommendations of external auditors to management resulting from the audit, including "reportable conditions."
2. Recommend or prioritize staff plans to address internal control recommendations of the auditors.