

Audit Committee Charter

Purpose

The Audit Committee of the Board of Directors shall be responsible for selecting the external auditors, oversight of internal controls developed and maintained by management, and for review of the audit of the community foundation's books and accounts. The Committee shall be authorized to retain independent counsel or other advisors, as necessary, in the performance of its duties. The Committee shall have the appropriate resources at its disposal in order to carry out its responsibilities.

The Committee shall report findings to the Board of Directors. The Board of Directors shall have responsibility for approval of the financial statements and will act upon the findings and recommendations of the Committee.

The Committee shall carry out, or cause to be carried out, such other reviews and studies as necessary to protect the fiscal integrity of the community foundation, and undertake such other related activities as may be directed by the Board of Directors. The Committee shall be given full access to the organization's internal accounting staff, Board of Directors, managers and other staff and independent auditors as necessary to carry out its duties.

Responsibilities

- Appoint independent audit firm to perform an annual examination of the community foundation's books and accounts and render an opinion as to the fairness of the presentation of the community foundation's financial statements. The President/CEO and Executive Vice President, Finance and Operations will serve as advisors to the committee in the appointment of the independent auditors.
- Negotiate compensation of independent audit firm.
- Establish an appropriate time limit for independent auditor and partner rotation.
- Ensure that the community foundation has appropriate resources necessary to develop and maintain internal controls for the community foundation.
- Pre-approve non-audit services provided to the community foundation by independent auditor.
- Oversee regulatory compliance.
- Confer with auditors in executive session to satisfy Committee members that the financial affairs of the community foundation are in order.
- Review and accept the financial statements and tax return of the community foundation to evaluate its financial position and results of its operations.
- Review and adopt organizational policies related to the internal controls of the community foundation to ensure adequate management oversight and separation of duties among staff.
- As requested by the Finance and IT Committee, advise that committee on policies under its purview related to financial policies.
- Conduct an annual Committee evaluation to remain focused and bring out any issues to further the Committee's work.

Membership and Leadership

The Committee shall consist of a minimum of three (3) with a target of five (5) current Board members; however, the President/CEO may not be a member of the Committee. Overlapping membership with the Finance and Information Technology Committee (if any) may occur, except, no more than 50% of the Audit Committee may consist of members of the Finance and Information Technology Committee, and the chair of the Audit Committee is precluded from serving on the Finance and Information

Technology Committee. No member of the Committee shall receive compensation from the community foundation for any services which he or she may provide (e.g. no member shall be paid for providing legal, advisory or consulting services). No member of the Committee shall have any material financial interest in any entity doing business with the community foundation. All members of the Committee shall have a working familiarity with basic finance, business or accounting practices. The Executive Vice President, Finance and Operations will serve as the staff liaison to the Committee.

Meetings

The Committee shall meet no less than twice each year, usually in the second and fourth quarters and at such other times it considers appropriate.

The principal business at the second quarter meeting shall be to meet with management and the independent auditor to:

- Review the previous year's financial statements including footnotes and the independent auditor's opinion letter.
- Obtain explanation of significant changes from the preceding year.
- Review adequacy of disclosure of significant items.
- Review the effect on financial statements of any changes in accounting policies.
- Review independent auditor's management letter containing recommendations for improvement of accounting systems and controls.
- Review management's response to the management letter.
- In execution session, with staff excused from the discussion, determine the competence and cooperation of the community foundation's finance and accounting staff and the basic soundness of internal policies and practices.
- Recommend the appointment of an independent audit firm for the ensuing year.

The principal business of the fourth quarter meeting shall be to meet with management and the independent auditors to review the proposed engagement letter, process and auditor compensation.

- Discuss changes in community foundation activities and/or new accounting regulations likely to affect financial reporting, how and when the community foundation will be affected and how the community foundation is preparing to meet these changes.
- Review the appropriateness of internal controls and identify potential areas of financial risk to the community foundation.
- Review the annual IRS Form 990 and any related forms, as needed.