

**Archstone Foundation Board of Directors  
AUDIT COMMITTEE**

**CHARTER**

**PURPOSE**

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities related to the Foundation's: (i) financial statements, auditing, accounting, and reporting processes; and (ii) systems of internal financial controls, business practices, and conduct established by management and the Board.

**RESPONSIBILITIES**

The Audit Committee is responsible to the Board of Directors for:

**Overseeing the Integrity of the Foundation's Audit Functions**

- Recommending to the full Board the hiring, retention, or termination of the Foundation's external auditor, on the basis of its expertise, integrity, and independence.
- Reviewing and approving, in advance, the auditor's fee arrangements, all proposed audit services, and all permitted non-audit services to be provided by the independent auditor.
- Engaging outside counsel and other advisors judged necessary to help the Audit Committee fulfill its obligations, approving their compensation and overseeing their work.
- Conducting a post-audit review of audit findings, including: (i) any significant suggestions for improvements in the Foundation's financial management; (ii) discovery of any significant risks or exposures requiring mitigation; (iii) any significant disputes between the auditor and the Foundation's financial managers; and (iv) other findings relevant to the Committee's oversight functions.
- Periodically discussing with the independent auditors: (i) their judgments about the quality, appropriateness, and acceptability of the Foundation's accounting principles, and financial disclosure and reporting practices; and (ii) the completeness and accuracy of the Foundation's financial statements.

**Overseeing the Integrity of the Foundation's Internal Controls**

- Reviewing the adequacy of the Foundation's internal financial control structures, including the proper authorization of activities and expenditures.
- Reviewing and approving all transactions involving "interested" parties.

- Reviewing with external counsel any legal matters that could have a significant effect on the Foundation's legal, tax exempt, or financial status, and the findings of any examinations conducted by governmental regulatory agencies.
- Reviewing the policies and procedures in effect for determining executive compensation and benefits to assure that they are consistent with foundation best practices.
- Monitoring appropriateness of, and compliance with, the organization's code of ethics, conflict-of-interest policy, confidentiality and proprietary rights agreement, and guidelines established for the behavior and conduct of members of the Board and staff.
- Establishing procedures for the confidential, anonymous submission by, and protection of, Foundation employees (or others) alleging irregularities in Foundation accounting, internal accounting controls, or auditing procedures.

## **COMPOSITION AND TERMS**

- The Audit Committee shall consist of at least 3 members, appointed by the Board, in consultation with the executive committee.
- Outsiders (non-members of the Board of Directors) may serve as non-voting members on the Committee to provide expertise in addition to that represented by Board members.
- The Audit Committee may include members of the Finance Committee, but: 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 the Audit Committee membership.
- Members of the Audit Committee shall not be employees of the Foundation. Each member of the Audit Committee and the Audit Committee as a whole must meet the independence standards as required by the California Non Profit Integrity Act of 2004 and all other applicable rules and regulations.
- Each member of the Audit Committee serves a one-year, renewable term.
- The Board Chair will appoint a chair of the Committee that is a voting director of the Board. Committee chairs will serve no more than four consecutive terms.

## **MEETINGS**

- The Audit Committee meets separately with the CEO and the Vice President one or more times per year to review the financial affairs of the Foundation. Meetings may be held in conjunction with other meetings of the Audit Committee or full Board.

- The Audit Committee meets with the independent auditors of the Foundation at least twice per year, once to retain the audit firm and once upon the completion of the audit.
- Committee meetings are governed by Article 5 of the Foundation's bylaws.

## **REPORTS**

- The Audit Committee reports on its activities to the full Board at the Board's regular meetings. The Committee may request special meetings of the Board as necessary to inform the Board of issues requiring its attention and/or action.
- The Audit Committee provides summaries of its findings and recommendations to the Board in written form that can be incorporated as a part of official Board minutes.

## **AUTHORITY**

The Audit Committee operates in accordance with the provisions of Article 6 of the Foundation's bylaws.

Revised: \_\_\_\_\_ 2019.