

AUDIT COMMITTEE CHARTER GOLDEN RAIN FOUNDATION BOARD OF DIRECTORS

MISSION

The mission of the Audit Committee is to oversee financial reporting, risk management, and audit functions for the Golden Rain Foundation.

ORGANIZATION AND MEMBERSHIP

The Committee shall consist of not less than five nor more than seven voting GRF members. All Committee members shall be nominated by the GRF Board President and approved by the GRF Board. An additional member shall be the GRF Treasurer, without vote, who shall also serve as the GRF liaison.

The Committee shall not include GRF employees or management. All members of the Committee shall be subject to GRF Policy 201.2, Conflicts of Interest, and Policy 201.5, Code of Conduct and Ethics, and such other policies as are made applicable to Committee members by the Board.

Applicants for vacant positions on the Committee shall submit applications to the GRF Assistant Secretary and shall be interviewed by the GRF President, the GRF Liaison, and the Committee Chair. If the Chair or other officer is an applicant, a non-applicant Committee officer or member shall be the third interviewer.

The GRF President shall designate one of the Committee members as Chair, to serve a one-year term, effective July 1 of the appointment year.

At least one Committee member shall have financial expertise which shall include but not be limited to an understanding of generally accepted accounting principles, financial statements, and financial reporting through prior work as a principal financial officer, principal accounting officer, controller, certified public accountant, or auditor or through other relevant experience.

The members of the Committee who are not members of the GRF Board shall be appointed to staggered three-year terms, as required to fit their number. Terms shall begin July 1 of their appointment year. If a vacancy occurs among these Committee members who are not members of the GRF Board, the replacement shall serve out the term of the vacating member.

The members of the Committee who are not members of the GRF Board are limited to a maximum of two consecutive three-year terms. Such members are eligible for re-appointment following a minimum hiatus of one year, commencing from the end of the second consecutive term until the next annual committee appointments following the subsequent GRF election. Terms shall be staggered. This policy is effective as of January 1, 2022. The two-term limit will apply retroactively to committee members when their current term ends.

RESPONSIBILITIES

The Committee shall advise the GRF Board in fulfilling the Board's responsibility to oversee the integrity of Foundation's financial reporting process, the qualifications and performance of the independent external auditor, the effectiveness of the Foundation's system of internal controls, and its compliance with laws and regulations.

The Committee shall:

- Annually assess the performance, independence, and cost of the Foundation's independent external auditor and recommend to the GRF Board for its approval renewal of that independent external auditor or retention of another independent external auditor to audit the Foundation's financial statements, accounts, and internal controls and to provide such other compliance services as are required by federal and state laws and regulations and by the retirement plans
- Before the start of each year's audit, review with the independent external auditor the scope and planning for the audit and make recommendations to the independent external auditor and the GRF Board as appropriate.
- Upon completion of the audit, review and discuss with the independent external auditor any material risks and weaknesses in the Foundation's internal controls that the independent external auditor may have identified, any restrictions that may have been placed on the scope of its activities and access to information that it requested, the conclusions it reached as to the adequacy of the Foundation's accounting and financial reporting process, and any recommendations that it may propose.
- Determine whether to accept the results of the independent external audit, report to the GRF Board on the Committee's activities, and recommend approval or rejection of the audit results.
- Review the corrective actions that are implemented to address issues identified in the required communication and management letter.
- Review compliance with the GRF's conflict of interest and whistleblower policies and anti-fraud program.
- Review with management and the Board the adequacy and effectiveness of the Foundation's internal controls and its risk management framework. Risk management involves the identification and assessment of key potential risks (such as financial errors or frauds, threats to information technology security and data, legal liabilities, accidents, and natural disasters).
- Periodically review audit-related policies

AUTHORITY

The Committee reports directly to the GRF Board. As it deems necessary, the Committee may recommend to the GRF Board the hiring of outside counsel or other advisors or consultants. The Committee will have reasonable access to all Foundation books,

records, data, policies, procedures, and personnel as necessary to carry out its responsibilities.

PROCEDURES

Each year, the Committee will meet with the Chief Executive Officer and/or his or her designee to establish the scope of that year's audit and required tax services and then may solicit a proposal from the independent external auditor who has been serving as the Foundation's auditor. If the Committee deems it advisable to engage the services of a new independent external auditor, it will solicit and review proposals from at least three certified public accounting firms and make recommendations to the Board for its approval.

At the end of the annual audit, the Committee and the Chief Executive Officer and/or his or her designee(s) will meet with the independent external auditor to review the audit results, discuss any critical policies and practices used by the Foundation, and consider any problems encountered by the independent external auditor. The Committee will also review with the Chief Executive Officer and/or his or her designee the proposed reply to the independent external auditor's management letter before its final presentation for approval by the Foundation's Board.

The Committee shall recommend to the GRF Board to pre-approve any non-audit services to be requested of the independent external auditor after determining whether these services would impair the auditor's independence.

The Committee will conduct sessions with the GRF's Chief Executive Officer, Chief Financial Officer, and if applicable legal counsel regarding the effectiveness of the Foundation's risk management

The Committee shall meet as often as it determines necessary or appropriate to fulfill its responsibilities, but no fewer than twice annually – once to review the audit plan and once to review the audited financials, financial irregularities, internal control failures, and other matters. The Committee will keep minutes of its meetings.

The Committee shall annually elect its own Vice Chair and any other officers as necessary. The Committee shall appoint subcommittees as necessary.

The Committee shall follow Policy 201.4 Regarding Open Committee Meetings and provide a Residents' Forum in which Residents may address concerns to the Committee.

Robert's Rules of Order shall govern all Committee proceedings.

ADOPTED BY THE GOLDEN RAIN FOUNDATION BOARD OF DIRECTORS, AS REVISED, ON JULY 28, 2022.

7-21-21 Housekeeping