



AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee is a standing committee of the Board of Directors. The primary function of the Audit Committee (“Committee”) is to assist the Board of Directors (“Board”) in fulfilling its oversight responsibilities relating to (a) the quality, integrity and timely preparation of financial reports and other financial information provided by the Eastern Washington University Foundation (“EWUF”) and the EWUF’s systems of internal accounting and financial controls; (b) the annual independent audit and the evaluation of the independent auditor’s qualifications, independence and performance; (c) the compliance by the EWUF with legal and regulatory requirements, including disclosure, controls and procedures; (d) the evaluation of management’s process to assess and manage the EWUF’s enterprise risk issues; and (e) the fulfillment of the other responsibilities set forth herein. If required, the Committee shall also prepare the report of the Committee required to be included in the EWUF’s annual report.

In discharging its oversight role, the Committee has the authority to investigate any matter within its area of responsibilities that is brought to its attention, with full access to all of the books, records, facilities, and staff of EWUF, and the power to retain outside counsel, auditors, or other experts, as it deems appropriate.

II. MEMBERSHIP

The Committee shall be composed of three or more individuals appointed annually by the Board. The Board Chairman shall designate the Chairman of the Committee. The Chair of the Audit Committee shall be a member of the Board of Directors, in good standing, and all members shall be independent in order to serve on this committee. Although not all Audit Committee members need be members of the Board of Directors, a majority of the Audit Committee members shall be members of the Board of Directors.

At least one member of the Committee shall have experience in finance or accounting, or other comparable experience or background that demonstrates an understanding of financial statements, generally acceptable accounting principles, internal controls, and procedures for financial reporting, and shall have experience in preparing, auditing, or evaluating financial statements.

Each member of the Committee must satisfy all applicable membership and independence requirements set forth in any rules or regulations issued by regulatory bodies. The Board must make any affirmative determinations concerning the issue of independence of any director required under any applicable rules and regulations.

Committee members will not have an interest in the organization or engage in related party transactions that would have a material adverse effect on their independence or ability to act in the best interest of the stakeholders.

If there is any basis for believing a Committee member is not independent, the facts and circumstances should be reported to the general counsel and the Board, and no action should be taken until the Board, or the committee of directors thereof, has determined the audit committee member is truly independent.

Committee members cannot vote on any matter in which they, directly or indirectly, have a material interest.

III. MEETINGS

The Committee shall hold regular meetings pursuant to a schedule issued by the Chair of the Directors and pursuant to the Foundation Bylaws. Special meetings of the committee may be held upon the call of the Committee Chair, Chair of the Directors, at any time that the attendance or consent of at least a majority of the committee can be obtained.

IV. OPERATIONS

The Committee Chair shall prepare or approve an agenda in advance of each meeting. The Committee Chair shall preside at all meetings. At the request of or in the absence of the Chair, the Vice Chair shall preside at meetings and otherwise fulfill the duties and obligations of the Chair. The Committee will cause to be kept adequate minutes of its proceedings, and shall present any findings, actions taken, activities or recommendations to the Executive Committee and the Board. Minutes shall be filed with the Foundation records. Committee members will be furnished with copies of the minutes of each meeting and any action taken.

In accordance with the approved Bylaws, the Committee will be governed by the same rules regarding meetings (including meetings conducted telephonically), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision hereof, (b) any provision of the Bylaws of the Foundation, or (c) the laws of the state of Washington. A quorum shall consist of a majority of the members who are entitled to vote.

V. RESPONSIBILITIES AND DUTIES

In carrying out its oversight responsibilities, the Committee shall:

1. Select, at its sole discretion, independent auditors to audit the books and accounts of EWUF for each fiscal year, and oversee their work.
2. Review and approve, in advance of signing, the independent auditors' annual engagement letter, including proposed fees, scope of work, as well as any proposed and permitted non-audit engagements, including tax services.
3. Review with management the significance of seeking proposals for audit services.
4. Review and evaluate the independence and performance of the independent auditors.
5. Review with management and the independent auditors the audited annual financial statements and related footnotes and their report thereon, including any comments or recommendations of the independent auditors. Review any disagreements among management and the independent auditors in connection with the annual audit. Review, the independent auditors' judgments about the quality, not just the acceptability, of the organization's accounting principles as applied in its financial reporting.
6. Conduct a separate post-audit review with the independent auditors and management to discuss the audit and any restrictions on the scope of work or access to required information. Review any significant changes required in the independent auditors' audit plan. Review any serious difficulties or disputes with management encountered during the audit and matters required to be discussed in accordance with applicable auditing standards.
7. Review and approve the Foundation's audited financial statements, associated management letter, report on internal controls and all other auditor communications. Present the audited financial statements annually, as approved by the committee, to the Foundation Board of Directors.
8. Obtain at least annually from the independent auditors and review a report describing:
 - a. the independent auditors' internal quality-control procedures;
 - b. any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and

- c. if non-audit services have been provided, include in such report a statement disclosing all relationships between the independent auditors and EWUF (including a description of each category of services provided by the independent auditors to EWUF and a list of the fees billed for each such category).
9. Understand and monitor the quality and integrity of EWUF's financial reporting processes and internal controls regarding finance, accounting, and legal and regulatory compliance.
10. Review, with each public accounting firm that performs an audit, all critical accounting policies and practices used by the organization.
11. Review and discuss with management and the independent auditors any significant risk exposure, financial or otherwise. Review the underlying policies with respect to risk assessment and risk management. Assess the steps management has taken to monitor, report, and control such risk exposures. Understand and monitor the adequacy of the organization's internal controls, including computerized information system controls and security.
12. Provide an open avenue of communication between the independent auditors, management, and the Board by requiring the auditors to bring critical issues to the Committee's attention and by meeting regularly with the auditors regarding significant audit findings.
13. Review with EWUF legal counsel any significant legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements, related organization compliance policies, and programs and reports received from regulators of EWUF.
14. Understand the Whistle-Blower Protection policy and procedures and review and approve policy updates. Review the receipt, investigation, retention, and disposition of complaints or reports of suspected illegal or improper activity, financial or otherwise, from employees or third parties. The Committee shall oversee the compliance of this policy ensuring that employees who complain or make reports are not subjected to any retaliation.
15. Understand and review (a) a policy for Document Retention and Document Destruction and procedures setting forth standards for document integrity, retention, and destruction; and (b) a policy concerning Related-Party Transactions Involving Directors and Officers.
16. Understand and review EWUF's policies and procedures relating to compliance with laws and regulations, its Code of Ethics, and its Conflicts of Interest policy to ensure it is adequate and up to date.

17. Review with management and the independent auditors the effect of any regulatory and accounting initiatives, as well as other unique transactions and financial relationships, if any.
18. Report regularly to the Board on the Committee's activities and actions, as appropriate. The Committee should review with the Board any issues that arise with respect to the quality or integrity of the financial statements; the overall control environment, including management controls; compliance with laws or regulations; and reports of any financial disparities. The Committee will maintain minutes of meetings and report to the Board the results of Committee meetings.
19. Annually review the Committee's own performance, and report the results of such review to the Board.
20. Annually review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval.
21. Perform such other duties or functions required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as assigned by EWUF's articles of incorporation, bylaws, or the Board.
22. Prepare and/or approve an agenda in advance of each meeting and for the ensuing year.
23. The Committee is not responsible for the planning or conduct of audits or for any determination that the EWUF's financial statements are complete and accurate or in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors.
24. Provide oversight of the Foundation's enterprise-wide risk structure and the processes established to identify, measure, monitor and manage the Foundation's risk factors which may include:
 - credit,
 - market/price (contributions receivable from charitable trusts/annuities payable)
 - interest rate (contributions receivable from charitable trusts/annuities)
 - liquidity
 - operational/events
 - technology
 - people
 - financial reporting
 - legal/compliance
 - reputation
 - strategic

As part of these responsibilities, the Committee shall periodically review management's strategies and policies for managing these risks. This responsibility is intended to enhance the Board's oversight and understanding of enterprise-wide risk management activities and effectiveness.