

NEW YORK COUNTY LAWYERS' ASSOCIATION FOUNDATION

AUDIT COMMITTEE CHARTER CHARTER AND POWERS OF THE AUDIT COMMITTEE

The Audit Committee Charter was approved by the Board of Directors of the New York County Lawyers' Association Foundation at its regular meeting on January 14, 2005 and amended on June 19, 2014 to incorporate changes in the New York Not-for-Profit Law (NFPCL).

The charter and powers of the Audit Committee shall be:

- a. Overseeing that management has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Foundation;
- b. Overseeing that management has established and maintained processes to assure that an adequate system of internal control is functioning within the Foundation;
- c. Managing and interpreting the Conflict of Interest Policy adopted by the Foundation and managing and interpreting the Whistleblower Policy adopted by the Foundation;
- d. Annually retaining or renewing the retention of an independent auditor to conduct the audit and, upon completion thereof, reviewing the results of the audit and any related management letter with the independent auditor.

Composition

The Audit Committee shall comprise three or more directors as determined by the Board, (a) each of whom shall be independent within the meaning of NFPCL §102(a)(21), (b) none of whom shall be an officer of the Foundation, and (c) each of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. The officers of the Foundation shall be invited to be in attendance at meetings of the Audit Committee, except where excluded by statute, and to participate in the deliberations thereof.

Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

Meetings

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least

annually with management and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee should meet with the independent accountants and management to review the Association annual financial statements before they are released.

The Audit Committee shall have the following specific powers and duties:

I. CONTINUOUS ACTIVITIES – GENERAL

1. Provide an open avenue of direct communication between the independent auditor and the Board of Directors.
2. Meet as circumstances require. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
3. Confirm and assure the independence of the independent auditor.
4. Review with the independent auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
5. Inquire of management and the independent auditor about significant risks or exposures and assess the steps management has taken to minimize such risk to the Foundation.
6. Consider and review with the independent auditor:
 - a. The adequacy of the Foundation's internal controls, including computerized information system controls and security.
 - b. Findings and recommendations of the independent auditor regarding the Foundation's system of internal controls together with management's responses.
7. Consider and review with management and the independent auditor:
 - a. Significant findings during the year, including the status of previous audit recommendations.
 - b. Any difficulties encountered in the course of audit work, including any restrictions on the scope

8. Meet periodically with the independent auditor and management in separate executive sessions to discuss any matters that the Audit Committee or the independent auditors and/or management believe should be discussed privately with the Audit Committee.
9. Report periodically to the Board of Directors on significant results of the foregoing activities.
10. Review with the independent auditor and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Foundation, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper. Further, the Committee periodically should review Foundation policy statements to determine their adherence to the Conflict of Interest Policy and Whistleblower Policy.
11. Review accounting and financial human resources and succession planning within the Foundation.
12. Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each Audit Committee meeting with, the Board of Directors, and
13. Otherwise discharge the duties as described in NFPCL §712-a(b) and (c).

II. CONTINUOUS ACTIVITIES – RE: REPORTING SPECIFIC POLICIES

1. Advise management and the independent auditor they are expected to provide a timely analysis of significant current financial reporting issues and practices.
2. Provide that financial management and the independent auditor discuss with the Audit Committee their qualitative judgments about both the appropriateness, and the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Association and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.
3. Inquire as to the auditor's independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the Foundation.
4. Inquire as to the auditor's views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and

liability recognition, and whether those principles are common practices or are minority practices.

5. Determine, as regards to new transactions or events, the auditor's reasoning for the appropriateness of the accounting principles and disclosure practices adopted by management.

6. Assure that the auditor's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure practices.

7. Inquire as to the auditor's views about how the Foundation's choices of accounting principles and disclosure practices may affect the Foundation's current and future financial statements.

III. SCHEDULED ACTIVITIES

1. Recommend the selection of the independent auditor for approval by the Board of Directors, approve compensation of the independent auditor, and review and approve the discharge of the independent auditor. On an annual basis, the Committee shall review, and discuss with the independent auditor, all significant relationships the auditor has with the Foundation to determine such independence.

2. Consider, in consultation with the independent auditor, the audit scope and plan of the independent auditor.

3. Review with management and the independent auditor the results of annual audits and related comments including:

a. The independent auditor's audit of the Foundation's annual financial statements and its report thereon.

b. Any significant changes required in the independent auditor's audit plans.

c. Any difficulties or disputes with management encountered during the course of the audit.

d. Other matters related to the conduct of the audit that are to be communicated to the Audit Committee under Generally Accepted Auditing Standards.

4. Review the results of the annual audits of directors' and officers' expense accounts and management perquisites prepared by the independent auditor.

5. Review annually with the independent auditor the results of the monitoring of compliance with the Foundation's Conflict of Interest Policy.

Arrange for the independent auditor to be available to the full Board of Directors at least annually to help provide a basis for the Board's appointment of the auditor.

Assure that the auditor's reasoning is described in accepting or questioning significant estimates by management.

Review the Committee's Charter annually and recommend such changes as may seem appropriate.

IV. "WHEN NECESSARY" ACTIVITIES

1. Review and approve requests for any management-consulting engagement to be performed by the Foundation's independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.

2. Review periodically with Foundation senior staff person such legal and regulatory matters that may have a material impact on the Foundation's financial statements, compliance policies and programs.

3. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

4. Manage and interpret the Foundation's Conflict of Interest Policy and the Foundation's Whistleblower Policy.