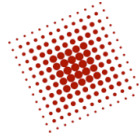


dennis d. pointer & associates
5544 Kenwood Place, North
Seattle, WA 98103



206.632.6066 (voice)
206.632.6266 (fax)
dennis.pointer@comcast.net

Illustrative AUDIT COMMITTEE CHARTER

purposes

- assist the board fulfill its responsibility for ensuring the organization's financial integrity and credibility
- assist the board in oversee the independent/external audit and internal financial controls

tasks

- develop an annual committee work plan; forward it to the executive committee for review, input and approval
- draft policies and decisions regarding financial integrity and credibility; forward to the board for review/discussion and action
- make recommendations to the board regarding audit firm selection, retention and authorization of fees/expenses; forward to the board for review/discussion and action
- review and approve the audit firm's annual engagement proposal
- as needed, meet with the auditor and management to resolve issues regarding financial reporting
- review the auditor's opinion and management letter; forward an assessment and recommendations to the board for review and discussion at the audit conference
- facilitate the auditor's conference with the board
- annually, assess the independent auditor's performance; forward an assessment and recommendations to the board for review/discussion and action
- serve as the point-of-contact for the internal auditor with the board
- periodically, review internal audit analyses, findings and recommendations; when warranted, forward an assessment and recommendations to the board for review/discussion and action
- annually, review the internal audit function and project focus/execution; forward an assessment and recommendations to the board for review/discussion and action
- periodically, review all personal expense reimbursements made to the CEO and approved by the board chair
- review all significant financial communications to external parties (e.g., public, press,

lenders, creditors and regulators), ensuring they are prepared in accordance with generally accepted accounting principles and fairly represent the organization's financial condition/status

- when necessary, review and approve proposals for any non-audit related services to be performed by the audit firm for the organization
- as requested, serve as a "sounding board" and "brain-storming" group for the CEO and Chief Financial Officer regarding the organization's financial integrity and credibility
- coordinate its work with the board's finance committee
- perform other tasks, dealing with the audit and financial controls, requested by the board
- annually, forward a report to the executive committee: detailing the committee's activities/accomplishment; assessing its performance; making recommendations for alteration in functions/processes/procedures

meetings

- the committee will meet without the CEO, management team members or staff present; when input is needed from the CEO, management or staff, they will be invited into the meeting to make presentations and then excused
- ___ per year
- expected duration: ___ hours

composition

- at least three "independent" (non-insider), directors
- the chair must possess knowledge/experience in financial accounting
- non-directors are not permitted to serve on this committee

staffing

- professional: outside legal counsel experienced in corporate/governance law on retainer and available to the committee as needed
- administrative: governance coordinator