

AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY FOUNDATION AT SACRAMENTO STATE

CHARTER

I. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors (the “Board”) of The University Foundation at Sacramento State (the “Foundation”) in fulfilling its oversight responsibilities by reviewing (i) the Foundation’s financial reports, (ii) the Foundation’s systems of internal controls regarding finance and accounting that the Board and management have established, (iii) the Foundation’s grantee audit program, and (iv) the Foundation’s auditing, accounting and financial reporting processes generally. The audit Committee members are not accountants or auditors and their function is not intended to duplicate or certify the activities of management or of the independent auditor. The primary function of the Audit Committee is to provide oversight, oversee the relationship of the independent auditors, and provide advice, counsel and general direction to management and the auditors on the basis of the information it receives, including in discussions with the auditors and taking into account the Committee members’ experiences. In fulfilling their duties, the Committee will:

- Be directly responsible for the appointment, compensation and oversight of the work of the Foundation’s independent accountants and review and appraise their audit efforts.
- Provide an open avenue of communication among the independent accountants, financial and senior management, and the Board of Directors.
- To the extent there are disagreements between management and the accountants, receive reports of such disagreements and resolve them.
- Oversee the independence of the independent accountants. The Committee will inquire as to any non-audit services being provided to the Foundation or any of its affiliates by the independent accounting firm or its affiliates.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

(a) The Audit Committee will be comprised of 3 members who are Directors as well as non-Directors as prescribed in this Foundation’s Bylaws. The members of the Audit Committee will be appointed by and will serve at the discretion of the Board.

(b) No member of the Audit Committee shall be an employee of the Foundation.

(c) At least two members of the Audit Committee shall be able to read and understand fundamental financial statements.

(d) When appropriate, the Audit Committee may designate one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee may direct.

III. MEETINGS

(a) The Audit Committee shall meet as frequently as circumstances dictate. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Corporation at least annually to review the financial affairs of the corporation. The Audit Committee will meet with the independent auditors of the Corporation, at such times as it deems appropriate, to review the independent auditor's examination and management report.

(b) As part of its job to foster open communication, the Audit Committee should meet at least annually with senior and financial 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.

IV. RESPONSIBILITIES AND DUTIES

The Audit Committee shall, among other things:

1. Obtain and review the Foundation's annual financial statements and any reports or other financial information prepared by the independent accountants; discuss and review any material issues raised by the auditor or the audit; review and discuss all written statements from the independent auditor related to the audit, management letters; and review any relationships that might adversely affect the independence of the auditor.
2. Have sole authority to appoint or replace the independent accountants, who shall report directly to the Committee.
3. Periodically consult with the independent accountants out of the presence of management about internal controls over financial reporting and the fullness and accuracy of the Foundation's financial statements.
4. Have the authority to engage independent counsel and other advisers, as it deems necessary to carry out its duties.
5. Direct the Foundation to pay the amounts determined by the Committee to be paid as compensation to the independent accountants for purposes of preparing or issuing an audit report and to any advisers employed by the Committee.

6. In consultation with the independent accountants and financial management, review the integrity of the Foundation's financial reporting processes and controls, both its internal controls over financial reporting and its external controls.
7. Consider and approve, if appropriate, changes to the Foundation's auditing and accounting principles and practices as suggested by the independent accountants or financial management.
8. Periodically review the Foundation's system of internal controls over financial reporting and consider their effectiveness in ensuring that (i) records are maintained in reasonable detail and accurately and fairly reflect the transactions and disposition of the assets of the Foundation, (ii) there is reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Foundation are being made only in accordance with authorizations of managements and directors of the Foundation and (iii) there is reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Foundation's assets that could have a material effect on the financial statements.
9. Establish regular and separate systems of reporting to the Audit Committee by each of financial management and the independent accountants regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
10. Establish procedures for the receipt, retention and treatment of complaints received by the Foundation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
11. Conduct an appropriate review of Directors with respect to their involvement in activities or interests which may constitute a conflict of interest.

Nothing in the foregoing list is intended to be, or shall, limit the scope of activities the Committee may undertake in the fulfillment of its purposes, as noted above. The Committee may perform such other or additional activities as it deems necessary or desirable consistent with this Charter and the Foundation's bylaws and governing law, or as may be delegated to it by the Board of Directors of the Foundation.