



AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER **April 17, 2020**

I. PURPOSE

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the University of Mississippi Foundation (the “Foundation”) shall assist the Board with respect to the Board’s oversight of:

- A. The quality and integrity of the Foundation’s financial statements;
- B. The Foundation’s compliance with legal and regulatory requirements;
- C. The selection, compensation, evaluation and independence of the Foundation’s independent auditors;
- D. The system of internal accounting controls;
- E. Administration of the Foundation’s “whistleblower” hot line; and
- F. Other oversight as may be requested from the Board.

II. STRUCTURE AND OPERATIONS

Composition and Qualifications

The Committee shall consist of not less than three (3) and not more than six (6) members of the Board. The Committee may include a representative of the University of Mississippi, subject to Board approval. All such members shall have been nominated by the nominating committee of the Board and shall be designated and elected annually by a resolution adopted by a majority of the directors of the Board present at a meeting at which a quorum is present. No member of the Committee may serve if he or she is a paid employee of the Foundation or a “disqualified person” with respect to the Foundation (as that term is defined in section 4946(a) of the Internal Revenue Code of 1986, as amended, other than by reason of being an officer or director of the Foundation.

Each member of the Committee shall have a working familiarity with the basic finance and accounting practices, including at least one member with accounting or related financial management expertise.

Appointment and Removal

In accordance with the By-Laws of the Foundation, the members of the Committee shall be appointed by the Board annually and shall serve until such member’s successor is duly elected

and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a vote of at least two-thirds (2/3) of the Board in a meeting where a quorum is present.

Chair

The Chair of the Foundation Board shall designate a Chair of this Committee which shall be approved annually by the Board. Such approval shall be as set forth in the Foundation By-Laws. The Committee Chair shall set the agenda and chair Committee meetings.

III. MEETINGS

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. Written or electronic notice of meetings shall be delivered via mail or email not less than ten (10) nor more than thirty (30) days before the date of the meetings. Members may participate in the meetings in person, telephonically or via the internet. As part of its goal to foster open communication, the Committee may periodically meet separately with each member of management and the independent auditors to discuss any matters that the Committee or these representatives believe would be appropriate to discuss privately. In addition, the Committee shall meet with the independent auditors and management annually to review the Foundation's financial statements, the results of the annual audit and other procedures performed, if any.

A majority of the Committee shall constitute quorum for the transaction of business at any meeting thereof, and the act of a majority of the members of the Committee present at any meeting at which a quorum is present shall be the act of the Committee.

The Committee may invite to its meetings any Board director, executive officer of the Foundation or such other persons with whom the Committee deems appropriate to consult with in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude to carry out its responsibilities.

IV. DUTIES

Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I. of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to its purposes.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee deems consistent with discharging the responsibilities outlined in Section I. It is understood that the Committee will advise the Executive Committee of the Board of any such activity.

The Committee shall be given full access to the Foundation's internal accounting staff, Board, executive officers, other staff and independent auditors as necessary to carry out these duties.

Documents/Reports Review

1. Review with management and the independent auditors the Foundation's annual audited financial statements.
2. Review the required communications from the independent auditors, including communications pursuant to AICPA auditing standards as well as any material written communications between the independent auditors and the Foundation's management.
3. Perform any functions required to be performed by it or otherwise appropriate under the applicable law, rules or regulations, the Foundation's By-Laws or the resolutions or other directives of the Board.

Independent Auditors

1. Select and evaluate the independent auditors for the annual audit and any required regulatory reports and approve replacement of the independent auditors if circumstances warrant such action.
2. Approve the annual independent auditor engagement letter including fees and terms.
3. Meet at least annually with the independent auditors to review and discuss the audit plan, scope, conduct and results of the annual audit. Such meeting shall confirm that the independent auditors report directly to the Committee or the Board, as appropriate.
4. Approve, in advance, any significant audit or non-audit engagement or relationship between the Foundation and the independent auditors. In this regard, the Committee shall pay particular attention to the fairness of the terms of any agreement pursuant to which the independent auditors would perform the following non-audit services:
 - a. Bookkeeping or other services related to the accounting records or financial statements of the Foundation;
 - b. Financial information systems design and implementation;
 - c. Appraisal and valuation services;
 - d. Internal accounting outsourcing services;
 - e. Management functions or human resources;
 - f. Broker or dealer, investment advisor or investment banking services; and
 - g. Legal services and expert services unrelated to the audit.
5. In its review of the independent auditors, the Committee may consider taking any or all of the following actions:

- a. Obtain and review a report by the Foundation's independent auditors describing:
(i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) the auditors' independence and all relationships between the independent auditors and the Foundation or its directors, officers or employees.
- b. Consider the rotation of the lead audit partner and the audit partner responsible for reviewing the audit, at least every five years.
- c. Confirm with any independent auditors retained to provide audit services for any fiscal year that the lead audit partner, or the audit partner responsible for reviewing the audit, has not performed non-audit services for the Foundation in each of the five previous fiscal years.
- d. Take into account the opinions of management and the Foundation's internal accounting staff.

In conducting its review and evaluation, the Committee shall not consider any charitable contributions made by the auditing firm or any individual associated with the auditing firm, or any plans the Foundation may have to solicit charitable contributions from the auditing firm or any individual associated with the auditing firm.

6. Notwithstanding the foregoing, the Committee is not responsible for guaranteeing the independent auditor's report. The fundamental responsibility for the Foundation's financial statements rests with management of the Foundation and the independent auditors.

Financial Reporting Process and Internal Accounting Controls

- I. In consultation with the independent auditors, management and the internal accounting staff, review the integrity of the Foundation's financial reporting process and internal control. In that connection, the Committee should obtain and discuss with management and the independent auditors reports from management and the independent auditors regarding: (i) all critical accounting policies and practices to be used by the Foundation; (ii) analyses prepared by management and/or the independent auditors setting forth the significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Foundation's management, the ramifications of the use of the alternative disclosures and treatments and the treatment preferred by the auditors; (iii) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Foundation's selection or application of accounting principles; and (iv) major issues as to the adequacy of the Foundation's internal controls and any specific audit steps adopted in light of material or significant control deficiencies.

2. Review periodically the effect of regulatory and accounting initiatives on the financial statements of the Foundation.
3. Review with the independent auditors (i) any audit problems or other difficulties encountered by the auditors in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management and (ii) management's responses to such matters. The Committee shall review all communications outlined in the "Documents/Reports Review" section above. Without excluding other possibilities, the Committee may wish to review with the independent auditors (i) any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement team and (iii) any "management" or "internal control" letter issued, or proposed to be issued by the independent auditors to the Foundation.
4. Review and discuss with the independent auditors the responsibilities, budget and staffing of the Foundation's internal accounting function.

Legal Compliance/General

1. Review periodically, with the Foundation's legal counsel, any legal matter that could have a significant impact on the Foundation's financial statements.
2. Discuss with management and the independent auditors the Foundation's guidelines and policies with respect to risk assessment and risk management. The Committee should discuss the Foundation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
3. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Foundation regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Foundation of concerns regarding questionable accounting or auditing matters.
4. Review, at least annually, the Foundation's activities relative to its Conflict and Disclosure of Interest Policy.

Other Internal Control Considerations

1. With respect to the Committee's oversight of internal accounting controls, in addition to other duties and responsibilities outlined herein, if the Committee deems necessary, it shall have the authority to engage an independent accounting firm, other than the independent audit firm, to perform internal audit procedures. If any such internal audit work is performed, the scope, reporting requirements and fees shall be approved in advance by the Committee. Such internal audit firm would report directly to the Committee. The independence requirements set forth herein for the independent auditors would also apply to any internal audit firm engaged.

Reports

- I. Report regularly to the Board including:
 - a. with respect to any issues that arise regarding the quality or integrity of the Foundation's financial statements, the Foundation's compliance with legal or regulatory requirements, the performance and independence of the Foundation's independent auditors or the performance of the internal accounting functions;
 - b. with respect to such other matters as are relevant to the Committee's discharge of its responsibilities; and
 - c. with respect to the Committee's recommendation to the Board on the acceptance and approval of the annual financial statements and audit.

The Committee shall provide such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Committee chair or any other member of the Committee designated by the Committee to make such report.

2. Maintain minutes or other records of meetings and activities of the Committee.

V. ANNUAL EVALUATION

The Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary and valuable. The Committee shall conduct such review and reassessments in whatever manner it deems appropriate.