

## **DonorsChoose**

### **Audit Committee Charter**

The Board of Directors of DonorsChoose hereby establishes an Audit Committee in accordance with the guidelines described below.

The Audit Committee shall have at least 3 members (including a Chairman) and meet at least twice annually, but more often if desired or necessary, in order to discharge its responsibilities. All meetings may be held by telephone conference call. Unless otherwise authorized by the Board, the Audit Committee shall have no power to act on behalf of the Board, but shall present its recommendations to the Board for action. The majority of members of the Audit Committee shall be members of the Board who have no existing financial, family or other personal ties to management of the organization. No staff members of the organization will be eligible to serve on the Audit Committee.

Member qualifications include:

1. A clear understanding of the role of DonorsChoose and its services.
2. Financial literacy/expertise (at a minimum, the ability to read and understand financial statements).
3. Courage to ask probing questions and to follow up for answers.
4. Ability to see the big picture.
5. A commitment to safeguard the organization and its assets.
6. A commitment to the staff of the organization.
7. A commitment that the organization will report fairly, accurately, and regularly on its activities and condition.
8. Willingness to do the right thing, not just do things right.

The Audit Committee's responsibilities shall include:

1. Selecting the audit firm to conduct an independent audit of the organization's financial statements.
2. Reviewing and approving the audit scope and fees.
3. Reviewing and approving any proposed involvement of the audit firm in activities other than the annual audit.
4. Ensuring a direct line of communications with the organization's auditor and the Chief Financial Officer.
5. Providing oversight of management's performance with respect to required and recommended financial responsibilities and disclosure.
6. Consider and review, with management and the auditors, the adequacy of the organization's risk management methodology and internal controls, including computerized information system controls and security.
7. Providing oversight of the organization's code of conduct and keeping the board apprised of any changes required in the policy or its implementation.
8. Reviewing the adequacy of financial reports provided to the board and making recommendations for their improvement.
9. Reviewing and addressing the management letter and auditor's comments.

10. Review any serious difficulties or disputes with management encountered during the course of the audits.
11. Review other matters related to the conduct of the audits that are to be communicated to the Committee under generally accepted auditing standards.
12. Cause to be made an investigation into any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgement, that is appropriate. The Committee will promptly report any such actions to the board.
13. Make recommendations to the board based on the committee's review activities.

Members of the Audit Committee shall be appointed by the Chairman of the Audit Committee and approved by the board. A quorum for a committee meeting will be composed of the Chairman and at least one committee member.