



FINANCE and AUDIT COMMITTEE CHARTER

I. PURPOSE

The purpose of the Finance and Audit Committee (“Committee”) of the Board of Directors (“Board”) of Eastern Washington University Foundation (“the EWU Foundation”) is to assist the Board of Directors in fulfilling its oversight responsibilities relating to:

- (a) ensuring that management has in place strategies, budgets, financial plans and programs to enable the EWU Foundation to meet its goals and objectives;
- (b) the quality, integrity and timely preparation of financial reports and other financial information provided by the EWU Foundation and the EWU Foundation’s systems of internal accounting and financial controls;
- (c) the annual independent audit and the evaluation of the independent auditor’s qualifications, independence and performance;
- (d) the compliance by the EWU Foundation with legal and regulatory requirements, including disclosure, controls and procedures;
- (e) the evaluation of management’s process to assess and manage the EWU Foundation’s enterprise risk issues; and
- (f) the fulfillment of the other responsibilities set forth herein.

In discharging its oversight role, the Committee has the authority to investigate any matter within its area of responsibilities that is brought to its attention, with full access to all of the books, records, facilities, and staff of the EWU Foundation, and the power to retain outside counsel, auditors, or other experts, as it deems appropriate.

The Committee is established in the Bylaws as a standing Committee of the Board.

The Committee’s activities and recommendations shall include but are not limited to:

- Reviewing management’s qualitative and quantitative financial plans and objectives for both the short and long term.
- Approving strategies with appropriate action plans to help ensure financial objectives are met.

- Act as the ‘Gift Acceptance Committee’ and follow the ‘Gift Acceptance Policies and Guidelines’ to ensure that each gift accepted is evaluated as to their benefits and potential liabilities to the EWU Foundation.
- Having in place a system to monitor progress toward financial objectives and take any necessary action.
- Overseeing, monitoring and approving changes in financial policies, strategies and procedures.
- Review of annual budget.
- Timely review of unaudited internal financial statements.

II. MEMBERSHIP

The membership of the Committee shall consist of at least four voting members, all of whom shall be members of the Board of Directors of the EWU Foundation. The membership shall be comprised of a Committee Chair that is appointed by the Chair of the Board, a Vice Chair appointed by the Committee Chair, the Board Treasurer, and another member of the Board of Directors. All committee members shall be independent directors free from any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgment as a member of the Committee. The EWU Foundation Executive Director shall also serve on the committee in a non-voting ex-officio capacity. Members of the Committee shall be appointed to, and removed from, the Committee by the Board. Committee membership shall include:

- one member with a basic understanding of accounting and fundamental financial statements, and/or capital structure/finance;
- one member with experience in finance or accounting, or other comparable experience or background that demonstrates an understanding of financial statements, generally acceptable accounting principles, internal controls, and procedures for financial reporting, and shall have experience in preparing, auditing, or evaluating financial statements.

Members are appointed for one-year terms, commencing July 1. The Chair of the Committee may not serve longer than six (6) consecutive one-year terms.

If there is any basis for believing a Committee member is not independent, the facts and circumstances should be reported to the general counsel and the EWU Foundation, and no action should be taken until the EWU Foundation, or the committee of directors thereof, has determined the audit committee member is truly independent.

Committee members cannot vote on any matter in which they, directly or indirectly, have a material interest.

III. MEETINGS

The Committee shall hold regular meetings pursuant to a schedule issued by the Chair of the Board and pursuant to the EWU Foundation Bylaws. Special meetings of the committee may be held upon the call of the Committee Chair, Chair of the Board, at any time that the attendance or consent of at least a majority of the committee can be obtained.

IV. OPERATIONS

The Committee Chair shall prepare or approve an agenda in advance of each meeting. The Committee Chair shall preside at all meetings. At the request of or in the absence of the Chair, the Vice Chair shall preside at meetings and otherwise fulfill the duties and obligations of the Chair. The Committee may meet periodically in executive session without foundation management present. The Committee will cause to be kept adequate minutes of its proceedings, and shall present any findings, actions taken, activities or recommendations to the Board. Minutes shall be filed with the EWU Foundation records. Committee members will be furnished with copies of the minutes of each meeting and any action taken.

In accordance with the approved Bylaws, the Committee will be governed by the same rules regarding meetings (including meetings conducted telephonically), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the EWU Foundation. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision hereof, (b) any provision of the Bylaws of the EWU Foundation, or (c) the laws of the state of Washington. The Committee shall have the authority to delegate to subcommittees and to EWU Foundation staff. A quorum shall consist of a majority of the members who are entitled to vote. The Committee Chair shall initiate an annual performance self-evaluation that considers matters related to its responsibilities prior to the annual EWU Foundation Board meeting.

V. RESPONSIBILITIES AND DUTIES

The Committee is charged by the Board with the responsibility to:

1. Review and recommend for approval:
 - i. The annual operating budget for the EWU Foundation.
 - ii. Capital expenditures or disposals exceeding \$10,000, as needed.
 - iii. Requests for financing and capital projects on a case-by-case basis in accordance with the Financing Capital Construction policy.
 - iv. Resolutions required for specific financing activities prior to submittal to the full EWU Foundation Board, as appropriate.
 - v. In coordination with the Investment Committee, review and recommend Endowment Distribution and Fees Policy and other issues including the actual and projected investment returns, and the current goal of the

Foundation to operate in perpetuity with recommendations to the Executive Committee of the EWU Foundation.

2. Maintain an awareness of the financial condition of the EWU Foundation and their progress in achieving their goals and objectives through a periodic review of the unaudited monthly financial statements. The EWU Foundation administration is responsible for the development of a budget for Committee approval and managing the budget throughout the year. EWU Foundation administration is responsible for ensuring that expenditures are made in compliance with the budget approved by the EWU Foundation .
3. Annually, perform a self-assessment relative to the Committee's purpose, duties, and responsibilities outlined herein, review and assess this Charter, and submit to the EWU Foundation Executive Committee any recommended changes. After such review by the Executive Committee, recommend any changes to the Charter to the full EWU Foundation Board.
4. All actions taken by committees shall be reported at the next regular meeting of the Board of Directors following the committee meeting.
5. The Committee shall establish or review and approve expenditure priorities to support the fundraising goals consistent with the strategic plan of the University.
6. Consider other finance and administrative issues delegated by the Board and not specifically handled by the Audit or Investment Committees.
7. Review the Foundation's Annual Tax Return (IRS Form 990).
8. Periodically review, as deemed appropriate, expense reports and EWU Foundation credit card activity.
9. Advise the Board on other financial and stewardship matters such as: business risk, including insurance coverage; pending or threatened litigation; and public policy matters affecting the EWU Foundation, including IRS and State Attorneys General activities not covered in other Committees.
10. The Committee, with approval from the Executive Committee, shall have the resources and authority it deems appropriate to discharge its duties and responsibilities; including, the selection, retention, termination and approval of fees and other retention terms of special or independent counsel, or other experts or consultants.
11. Review and recommend banking and other similar financial relationship selection and retention or termination for approval by the Board. Employ banks or financial institutions to handle the EWU Foundation's financial transactions other than

investments. Review and recommend any changes in signature and wire transfer authority resolutions concerning financial matters for approval by the Board.

12. Recommend for approval, the designation of officers and employees of the EWU Foundation who can execute documents and act on behalf of the EWU Foundation in the ordinary course of business pursuant to previously approved banking, borrowing, and other financing arrangements.
13. Select, at its sole discretion, independent auditors to audit the books and accounts of the EWU Foundation for each fiscal year, and oversee their work.
14. Review and approve, in advance of signing, the independent auditors' annual engagement letter, including proposed fees, scope of work, as well as any proposed and permitted non-audit engagements, including tax services.
15. Review with management the significance of seeking proposals for audit services.
16. Review and evaluate the independence and performance of the independent auditors.
17. Review with management and the independent auditors the audited annual financial statements and related footnotes and their report thereon, including any comments or recommendations of the independent auditors. Review any disagreements among management and the independent auditors in connection with the annual audit. Review, the independent auditors' judgments about the quality, not just the acceptability, of the organization's accounting principles as applied in its financial reporting.
18. Conduct a separate post-audit review with the independent auditors and management to discuss the audit and any restrictions on the scope of work or access to required information. Review any significant changes required in the independent auditors' audit plan. Review any serious difficulties or disputes with management encountered during the audit and matters required to be discussed in accordance with applicable auditing standards.
19. Review and approve the EWU Foundation's audited financial statements, associated management letter, report on internal controls and all other auditor communications. Present the audited financial statements annually, as approved by the committee, to the Foundation Board of Directors.
20. Obtain at least annually from the independent auditors and review a report describing:
 - i. the independent auditors' internal quality-control procedures;

- ii. any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and
 - iii. if non-audit services have been provided, include in such report a statement disclosing all relationships between the independent auditors and the EWU Foundation (including a description of each category of services provided by the independent auditors to the EWU Foundation and a list of the fees billed for each such category).
- 21. Understand and monitor the quality and integrity of the EWU Foundation's financial reporting processes and internal controls regarding finance, accounting, and legal and regulatory compliance.
- 22. Review, with each public accounting firm that performs an audit, all critical accounting policies and practices used by the organization.
- 23. Review and discuss with management and the independent auditors any significant risk exposure, financial or otherwise. Review the underlying policies with respect to risk assessment and risk management. Assess the steps management has taken to monitor, report, and control such risk exposures. Understand and monitor the adequacy of the organization's internal controls, including computerized information system controls and security.
- 24. Provide an open avenue of communication between the independent auditors, management, and the Board by requiring the auditors to bring critical issues to the Committee's attention and by meeting regularly with the auditors regarding significant audit findings.
- 25. Review with the EWU Foundation legal counsel any significant legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements, related organization compliance policies, and programs and reports received from regulators of the EWU Foundation.
- 26. Understand the Whistle-Blower Protection policy and procedures and review and approve policy updates. Review the receipt, investigation, retention, and disposition of complaints or reports of suspected illegal or improper activity, financial or otherwise, from employees or third parties. The Committee shall oversee the compliance of this policy ensuring that employees who complain or make reports are not subjected to any retaliation.
- 27. Understand and review (a) a policy for Document Retention and Document Destruction and procedures setting forth standards for document integrity,

retention, and destruction; and (b) a policy concerning Related-Party Transactions Involving Directors and Officers.

28. Understand and review the EWU Foundation's policies and procedures relating to compliance with laws and regulations, its Code of Ethics, and its Conflicts of Interest policy to ensure it is adequate and up to date.
29. Review with management and the independent auditors the effect of any regulatory and accounting initiatives, as well as other unique transactions and financial relationships, if any.
30. Report regularly to the Board on the Committee's activities and actions, as appropriate. The Committee should review with the Board any issues that arise with respect to the quality or integrity of the financial statements; the overall control environment, including management controls; compliance with laws or regulations; and reports of any financial disparities. The Committee will maintain minutes of meetings and report to the Board the results of Committee meetings.
31. Annually review the Committee's own performance, and report the results of such review to the Board.
32. Perform such other duties or functions required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as assigned by the EWU Foundation's articles of incorporation, bylaws, or the Board.
33. The Committee is not responsible for the planning or conduct of audits or for any determination that the EWU Foundation's financial statements are complete and accurate or in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors.
34. Provide oversight of the EWU Foundation's enterprise-wide risk structure and the processes established to identify, measure, monitor and manage the Foundation's risk factors which may include:
 - credit,
 - market/price (contributions receivable from charitable trusts/annuities payable)
 - interest rate (contributions receivable from charitable trusts/annuities)
 - liquidity
 - operational/events
 - technology
 - people
 - financial reporting
 - legal/compliance
 - reputation
 - strategic