

## **GORDON AND BETTY MOORE FOUNDATION AUDIT COMMITTEE CHARTER**

The Board of Trustees (the "Board") of the Gordon and Betty Moore Foundation (the "Foundation") hereby establishes the following guidelines for the composition, role, and responsibilities of the Audit Committee (the "Committee").

### **COMPOSITION OF THE COMMITTEE**

- The Committee shall be composed of three or more members. Committee members may consist of either or both Trustees and non-Board Members.
- The Committee may not include members who have a material financial interest in any entity doing business with the Foundation.
- Members of the Committee, along with a designated Chair of the Committee, shall be appointed and approved by a vote of the Board.
- No person who is an employee of the Foundation shall serve on the Committee. Members of the Investment Management Committee may serve on the Committee, but the Chair of the Committee may not be a member of the Investment Management Committee and members of the Investment Management Committee shall constitute less than one-half of the membership of the Committee.
- No member of the Committee shall accept any consulting, advisory or other compensatory benefits from the Foundation (other than fees or benefits available generally for serving on the Board or any committee thereof). If Committee members are paid, they may not receive compensation in excess of the amounts received, if any, by members and trustees of the Board for service on the Board.
- Each member of the Committee shall have or seek to develop an understanding of financial issues affecting nonprofit organizations such that they are able to understand, analyze, and reasonably assess the financial statements of the organization and the competency of the auditing firm. Such financial ability may be gained through experience serving other nonprofit organizations, through training provided as orientation to new committee members, or otherwise.

### **ROLE AND RESPONSIBILITIES OF THE COMMITTEE**

The purpose of the Committee is to assist the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, reporting, auditing, and internal control practices of the Foundation. The Committee acts as a liaison between the Foundation's independent accountants and the Board.

It is the responsibility of the Foundation's management to maintain appropriate systems for accounting and internal control, and to prepare financial statements in accordance with generally accepted accounting principles. It is the responsibility of the independent accountants to plan and carry out a proper audit.

The Committee:

- recommends to the board for approval the retention and termination of the independent auditor, ensuring that the auditing firm recommended has the requisite skills, experience, and independence to carry out the auditing function.
- reviews and approves performance of any non-audit and non-tax services to be provided by the auditing firm.
- approves and may negotiate the compensation of the auditor on behalf of the Board.
- receives and reviews with management and the independent accountants:
  - the annual financial statements and related footnotes;
  - the auditor's report on the financial statements;
  - the communications the independent accountants are required to report in accordance with professional auditing standards;
  - the financial management letter, if any.
- confers with the independent accountants to satisfy Committee members that the financial affairs of the Foundation are in order and reviews with management and the independent accountants:
  - the quality and adequacy of the accounting principles adopted by the Foundation;
  - any significant changes to the audit plan or scope of work during the course of the audit;
  - any problems the auditors may have had obtaining access to all requested records, data and information;
  - any disagreements with staff which, if not satisfactorily resolved, would have caused them to issue a nonstandard audit report;
  - the issues, if any, covered in the financial management letter
- determines whether to accept the annual financial statements and auditor's report thereon and forwards such to the Board along with any comments of its own as may be appropriate.
- meets in private session with the independent accountants to discuss the quality of the Foundation's financial systems and accounting personnel.

- reviews a summary copy of the annual Form 990-PF required by the Internal Revenue Service and confirms that the form will be reviewed and signed by the President of the Foundation and filed in a timely manner.
- periodically reviews the Foundation's system of internal controls and reports to the Board on the adequacy thereof.
- investigates, in its discretion, any matter or activity involving financial accounting and financial reporting, as well as the internal financial controls of the Foundation.
- assesses the ability of the Committee as a whole to understand, analyze, and reasonably assess the financial statements of the organization and the competency of the auditing firm. Reviews the need for any additional training for Committee members.
- provides oversight of any financial, accounting or tax audit of the Foundation by the Internal Revenue Service or other regulatory body.
- periodically reviews and reassesses the adequacy of this charter and recommends any proposed changes to the Board for approval.
- has the authority to engage and cause to be paid independent counsel and/or advisors to carry out its responsibilities.

## **MEETINGS AND OTHER COMMUNICATIONS**

The Committee shall meet as frequently as circumstances dictate, but no less than twice annually. Meetings may be held in person or by telephone at the discretion of the Chair of the Committee. The Committee shall maintain minutes or other records of its meetings and activities.

The Committee shall, through its Chair, report regularly to the Board following the meetings of the Committee. The Chair of the Committee will be available for consultation at the request of the independent accountants. The independent accountants shall have free and open communication (including private sessions) with the Committee and its Chair.