

USMF FOUNDATION

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (“Committee”) will assist the Board of Directors (“Board”) in fulfilling its oversight responsibilities. The Committee will review the financial reporting process, the system of internal control, the audit process, and the process for monitoring compliance with laws and regulations. Management of the Foundation is responsible for the Foundation’s financial reporting, and for establishing and maintaining the financial, internal control and compliance systems.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the internal and external auditors. To effectively perform his or her role, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Foundation’s business operations and risks.

ORGANIZATION

The Committee will be comprised of no more than ten members, and shall meet at least twice a year.

The members of the Committee may participate in a meeting by means of a conference telephone or similar communication equipment by means of which all members participating in the meeting can hear each other at the same time, and participation by which means shall be conclusively deemed to constitute presence in person at such meeting.

New members shall receive a copy of this charter upon appointment, and shall receive appropriate orientation from management and the Board.

Members of the Committee should be financially literate, and should possess the ability to read and understand not-for-profit financial statements. The Committee Chairperson should have accounting or related financial management experience.

All Committee members must be independent in that they have no relationship to the Foundation, its management, affiliated entities or any other organization that may interfere with such members’ ability to fulfill their responsibilities.

The Chairperson and other members of the Committee shall be appointed annually by the Board, provided, however, that the Board shall have the right to ask a member to resign from the Committee.

A majority of the Committee members present at a meeting (i.e. a quorum as defined by the Bylaws) must approve any proposed action or recommendation of the Committee, and a Committee member dissenting from a Committee proposed action or recommendation may, at his/her discretion, make a presentation to the Executive Committee of the Board regarding his/her views and opinion.

ROLES AND RESPONSIBILITIES

The Committee shall review the performance and compensation of the external auditor and recommend to the Board the appointment and discharge of the external auditor. The external auditor is ultimately accountable to the Board and the Committee, and the Board and the Committee shall have the authority and responsibility to select, evaluate and, if necessary, discharge the external auditor.

The Committee shall ensure that the external auditor submits to the Committee on a periodic basis a formal written statement setting forth all relationships between the Foundation and the external auditor, and the conclusion of the external auditor as to whether it is in fact independent.

Prior to the completion of the external audit, the Committee shall meet with the external auditor and management of the Foundation to review the audit scope and plan. Subsequent to completion of the external audit, the Committee shall meet with the external auditor and management to review matters relating to the external audit of the Foundation's financial statements, including any proposed audit adjustments thereto.

The Committee shall review the annual audited financial statements and related notes thereto with management and the external auditor.

The Committee shall review letters to management relating to the Foundation's internal control and financial reporting system and related policies and procedures prepared by the external auditor, and management's responses thereto.

The Committee shall review required communications from the external auditor, significant accounting and reporting issues, and professional and regulatory developments brought to the Committee's attention by the external auditor or others.

The Committee shall be kept informed by the Foundation's management and the external auditor of any actual or proposed changes in accounting or financial reporting practices or policies.

The Committee shall periodically review the effectiveness of the internal audit function; the annual and long-range internal audit plans; and the progress toward completion of the plans. The Committee shall also review the results of completed internal audits and any other matters brought to its attention by internal audit professionals. The Committee shall review the qualifications of the internal audit function and concur with the appointment, replacement, reassignment, or dismissal of the internal auditor as well as decisions affecting the compensation of the internal auditor.

The Committee shall review the reports of any regulatory audits or examinations relating to the affairs of the Foundation, and management's responses thereto.

The Committee shall review with the Foundation's general counsel, any legal matters that could have a significant impact on the Foundation's financial statements, and the Foundation's compliance with laws and regulations.

The Committee shall review the procedures in effect for considering officers' and directors' perquisites and interested parties transactions.

The Committee shall review the process for communicating the code of conduct and for monitoring compliance.

The Committee shall receive and review a summary of reported violations and follow-up actions.

The Committee shall discuss with management the organizations major policies with respect to risk assessment and risk management.

The Committee shall make clear to the external auditor, the internal auditors and the Foundation's management that if, at any time, matters come to their attention which they believe should be communicated to the Committee, such matters should be communicated immediately to the Chairperson of the Committee. When any Committee member learns of information that he or she believes should be communicated to the Board, he or she shall immediately notify the Chairperson of the Committee.

The Committee may, at its discretion, meet separately with any of the external auditor, the internal auditor, members of management, the general counsel or others to discuss any matter that the Committee believes should be addressed in such an executive session.

The Committee shall periodically update the Executive Committee of its activities, and formally report its activities to the full Board at least annually.

The Committee may, at its discretion, utilize the services of any counsel, experts or advisors as the Committee determines are necessary or appropriate to enable the Committee to fulfill its responsibilities.