

**ALFRED P. SLOAN FOUNDATION
AUDIT COMMITTEE CHARTER**

I. PURPOSE

The Audit Committee (“Committee”) shall assist the Board of Trustees (the “Board”) with respect to the Board’s oversight of:

- (a) The quality and integrity of the Foundation’s financial reporting process and statements;
- (b) The Foundation’s compliance with legal and regulatory requirements;
- (c) The external auditors’ qualifications and independence; and
- (d) The performance of the Foundation’s internal controls accounting practices, and the performance of the Foundation’s external independent auditors.

II. COMMITTEE COMPOSITION

The Committee shall consist of three or more members of the Board who are “independent directors” as defined in Section 102(a)(21) of the New York Not-for-Profit Corporation Law. Additionally, no member of the Committee may accept any consulting, advisory, or other compensatory fee from the Foundation other than in his or her capacity as a member of the Board, and each member shall be free from any relationship that would interfere with his or her independent judgment. Members should have a working familiarity with finance and accounting practices, and at least one member shall have expertise or prior training in accounting or finance at a level appropriate to the complexity of the Foundation’s operations. The Chair of the Board and President may not be members of the Committee, but either may attend any Committee meeting.

III. COMMITTEE MEETINGS

The Committee shall meet at least twice annually, or more frequently if circumstances dictate. As part of its goal to foster open communication, the Committee members may periodically meet separately with each of management and the external auditors to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the auditors and management annually to review the Foundation’s financial statements in a manner consistent with Section IV of this charter. A majority of the Committee members shall constitute a quorum at any meeting. The act of a majority of the Committee members present at a meeting at which a quorum is present will be the act of the Committee. The Committee may act without a meeting, in the manner and subject to the limitations provided by law and the Foundation’s By-Laws.

IV. KEY RESPONSIBILITIES

The following functions are the common recurring duties of the Committee in carrying out its mission. These duties should serve as a guide with the understanding that the Committee may undertake additional tasks in furtherance of the purposes of the Committee and adopt additional policies and

procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.

The Committee shall:

- (a) Recommend to the Board the selection of the independent auditors and approve the fees and other compensation to be paid to the auditors. On an annual basis, the Committee should review and discuss with the auditors all significant relationships the auditors have with the Foundation to determine the external auditors' independence and effectiveness. The Committee should review the rotation policy of partners of the auditors.
- (b) Annually review the auditors' audit plan, and discuss with them, among other things, its scope, staffing, the auditors' reliance upon management, and the general audit approach.
- (c) Review with management and the auditors the Foundation's annual audited financial statements, including any significant issues regarding accounting principles, practices and judgments, and any significant changes, if any, to the Foundation's accounting principles.
- (d) Discuss with management and the auditors any significant financial risk exposures and steps management has taken to monitor, control and report such exposures.
- (e) Ensure that management and independent auditors inform the Audit Committee about fraud, illegal acts, and other audit-related matters, including reporting the results of management's investigation and follow-up (including disciplinary action) on any fraudulent acts or other irregularities,
- (f) Periodically consult with the auditors (including upon completion of the audit), out of the presence of management, about any material risks and weaknesses in internal controls identified by the auditors and the completeness and accuracy of the organization's financial statements.
- (g) Following completion of the annual audit, separately review with each of management and the auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required or requested information, any significant disagreements between the auditors and management, and the adequacy of the Foundation's accounting and financial reporting processes.
- (h) Resolve any disagreement between management and the auditors in connection with the preparation of the financial statements.
- (i) Consider the auditors' judgments about the quality and appropriateness of the Foundation's accounting principles and the applicable accounting standards as applied in its financial reporting in order to ensure the quality and integrity of the Foundation's system of accounting, auditing, and reporting practices.

- (j) Review with management the steps it has taken to ensure that the Foundation is in compliance with legal and regulatory issues and implement or improve internal controls. In particular, discuss with management the report provided annually to the Trustees on the Foundation's Compliance with the U.S. Tax Code and with the Employee Retirement Income Security Act. Whenever necessary the Committee may discuss these issues with Foundation counsel.
- (k) Oversee the implementation of and compliance with the Foundation's Code of Conduct, including the Conflict of Interest Policy and Policy on Reporting Unethical or Illegal Conduct attached to the Code of Conduct as Appendices A and B, respectively, including reviewing and receiving reports from management regarding compliance with the Code of Conduct.
- (l) Review Form 990-PF and Form 990-T before they are submitted to the Internal Revenue Service.
- (m) Periodically review the adequacy of this charter and conduct an annual performance evaluation of the Committee.
- (n) Carry out any other responsibilities and duties delegated to the Committee by the Board from time to time.
- (o) Maintain minutes of Committee meetings and report regularly to the Board the Committee's findings and recommendations.