

The University of Georgia Research Foundation
AUDIT COMMITTEE CHARTER

The Committee will provide the Charter to the University of Georgia Research Foundation, (the “Board”) Board Members and review and reassess this Charter annually.

I. Purpose of Committee

The Audit Committee (the “Committee”) is a standing committee of the Board appointed by the Board Chairman to assist in fulfilling its oversight responsibilities for the accounting, financial, and internal control processes of the University of Georgia Research Foundation, Inc. (the “Foundation”) and to ensure that the Foundation issues financial statements and reports in a timely manner, and in accordance with its regulatory obligations and applicable generally accepted accounting principles.

II. Committee Membership

The Committee is composed of five members of the board: three voting members and two non-voting members. The two non-voting members will be the Executive Vice President of the Foundation and the Treasurer of the Foundation. The committee members will receive no compensation, fees or other benefits from the Foundation. Furthermore, they should not be either: (1) a proprietor, (2) a member, partner or shareholder owning more than 10% equity interest, or (3) an executive officer of an entity to which the Foundation made payments, that exceeded 2% of the Foundation’s or the other entity’s annual revenues, or \$50,000, whichever is less, in any of the past three years; and must not have any other position with another entity or any other relationship that would reasonably cause the appearance of a conflict of interest. Any disputed question regarding independence should be reviewed by the Board for final resolution. Members are appointed for one year terms commencing July 1 and may serve up to four consecutive one year terms. The voting committee membership will appoint a member of the Committee as Committee Chair who may serve in such position for no more than four consecutive one year terms.

III. Committee Authority and Responsibilities

The Committee shall:

1. Due to the high level of coordination on the A-133 audit, which must be performed for both the University of Georgia and the Foundation the Committee will organize and manage the selection of external auditors in concert with the University of Georgia Senior Vice President for Finance and Administration. Appoint, retain, terminate, evaluate and oversee the Foundation’s independent auditors, including determining the terms of engagement and the resolution of any disagreements between the Board and the independent auditors regarding financial reporting.
2. Review the independent auditor’s compensation, the terms of its engagement, its independence, and the scope of the audit to be conducted.
3. Pre-approve all audit and non-audit services performed by the independent auditor.

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4. Provide a clear understanding to the independent auditor that the auditor is ultimately accountable to the Board and the Audit Committee.
5. Review the Foundation's external audit reports and discuss with the Board and independent auditors any significant issues regarding accounting principles, disclosures, practices, and judgments.
6. Bring to the attention of the Board any noteworthy findings or potentially damaging circumstances that have the potential to adversely affect the reputation of the Foundation.
7. Annually, obtain from the independent auditor a written communication delineating all its relationships and professional services as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. The Committee shall review with the independent auditor the nature and scope of any disclosed relationships or professional services and take appropriate action to ensure the continuing independence of the independent auditor.
8. Solicit recommendations from the independent auditors for the improvement of the Foundation's internal control procedures or particular areas where new or more detailed controls or procedures are desirable.
9. Establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal controls or audit matters with respect to the Foundation; and the confidential, anonymous submission by staff and volunteers of concerns regarding questionable accounting or auditing matters concerning the Foundation provided all such procedures must be in compliance with any applicable state open records law.
10. Review the complaints and concerns regarding accounting, internal controls, or auditing matters concerning the Foundation.
11. At least annually report its activities and findings to the Board.

IV. Committee Meetings

The Committee will meet as often as it deems necessary or appropriate, either in person or telephonically or electronically and at such times and places as the Committee determines. The Committee Chair shall prepare or approve an agenda in advance of each meeting. The committee should meet in separate executive sessions at least annually with management, the independent auditors, and as a committee to discuss any matters that the Committee or each of these groups believes should be discussed, provided that these sessions must be conducted in accordance with state open records and open meetings law. In addition, the Committee should regularly communicate with the Board and, as necessary, with the independent auditors to review the Foundation's financial condition.

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As often as necessary, the Committee should receive an orientation to the Foundation's financial statements, the application of generally accepted accounting principles to those statements, and other financial governance issues.

V. Resources and Authority of the Committee

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities with respect to the Foundation, and it has direct access to the independent auditors as well as anyone in the Foundation. The Committee has the ability to retain, at the Foundation's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties, provided that all expenses and billings be fully available to the public and that the Committee provide notice of its actions in writing to the Board.

In carrying out its responsibilities, the Committee's charter and procedures should remain flexible in order to react to changing conditions and to ensure to the Board and public that the accounting and reporting practices of the Foundation are in accordance with all requirements and are of the highest quality.