

NeighborWorks® America Audit Committee Charter

*Approved by the Board of Directors
December 17, 2020*

Purpose and Authority

The Audit Committee (the “Committee”) is established for the primary purpose of assisting the Board of Directors (the “Board”) and Management by providing independent advice and guidance regarding the adequacy and effectiveness of management’s practices and potential improvements to those practices. The Audit Committee Charter sets out the authority to carry out the functions established for it by the Board as articulated within the Corporation’s Bylaws, as amended. Per the Corporation’s Bylaws, the Committee is responsible for the following:

- Normal audit functions, including meeting with, and receiving and discussing the reports of, the outside auditors of the Corporation.
- Review and approval of any non-audit consulting services, and the
- Supervision of the Corporation’s internal audit function.

Other duties include:

- Review the annual audit and management letter, and submit the annual audit for board approval;
- Report and address compliance with the Corporation’s policies and procedures;
- Address broad legal issues that have ramifications across the Corporation;
- Compliance with laws and regulations;
- Address conflicts of interest; and
- Adopt and maintain an Audit Committee charter.

In carrying out its duties and responsibilities, the Committee may engage independent counsel, accounting, or other advisers, to seek any information it requires from the Organization’s employees and its officers.

The Committee should encourage continuous improvement and should foster adherence to the Corporation’s policies and procedures at all levels. The Committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisers when necessary to perform its duties and responsibilities

Composition and Meetings

At each Annual Meeting of the Board of Directors, the Chairperson of the Board shall appoint, subject to the approval of the Board, three Directors, including a Committee Chairperson, to serve as the Committee. Each committee member shall continue to be a member of the Committee only at the pleasure of the Board of Directors.

Except as otherwise provided in the Corporation’s Bylaws, a majority of the members of the Committee shall constitute a quorum and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the Committee.

Meetings of the Committee shall be called by the Chairperson of the Committee or any two members of the Committee. The Committee should meet at least three times annually, or more frequently as circumstances require. Attendance at these meetings may be in person or virtually. Such meetings may include management, the Chief Audit Executive, and the external auditors in separate or joint sessions as deemed appropriate by the Chairperson of the Committee.

The Committee shall render such reports at such time as the Board shall require.

Minutes of each Committee meeting shall be maintained in the books and records of the Corporation.

Responsibilities and Duties

The Committee's responsibilities and duties are as follows:

Oversight of the External Auditors and Other Non-Audit Consulting Services

The Committee is responsible for the oversight of all normal audit functions. To obtain reasonable assurance with respect to work of the external audit, the Committee will meet with the external auditors during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.

The Committee will be responsible for the oversight of the following:

- Meeting with, and receiving and discussing the reports of, the external auditors of the Corporation.
- Discuss with the external auditors the conduct of the audit, including any problems or difficulties the auditors may have encountered in the course of the audit work, and management's response; any restrictions on the scope of activities or access to requested information; and any significant disagreements with management.
- Report any findings and recommendations (including review of the annual audit) to the Board of Directors at the first meeting following receipt of the reports of the external auditors of the Corporation, and at other such times as the Committee or Board may deem appropriate.
- Ensure procurement of external auditor services happens consistent with the Auditor Selection, Acquisition, and Rotation Policy, including the following:
 - Evaluate the qualifications, performance, and independence of the external auditors. Assess whether all relationships between the external auditors and the Corporation (including provision of any permitted non-audit consulting services) are compatible with maintaining auditor independence.
 - Exercise final approval of the selection, appointment, compensation, scope of work, retention, and discharge of the external auditors.
 - Approve the execution of the contract and modifications to the contract with the external auditors.
 - Review the annual audit engagement letter and management letter, and submission of

- the annual audit for Board approval.
- Make recommendations to the Board of Directors regarding approval of policies that will impact the selection or performance of the external auditors.
- Review and approve any non-audit consulting services required by the Corporation, including any ancillary services to be performed by the external auditors.
 - Review and receive the Internal Revenue Service Form 990 annually, prior to its submission to the Internal Revenue Service.

Supervision of Internal Audit Function

The Committee is responsible for the supervision of the Corporation's internal audit function, consistent with the Internal Audit Charter and pursuant to discussion with the external auditors, management, and the Chief Audit Executive. To obtain reasonable assurance with respect to work of the internal audit activity,

The Committee will provide oversight related to the following:

Internal Audit Charter and Resources

- Review and approve the internal audit charter on an annual basis. This review is necessary to ensure that the charter accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of The Institute of Internal Auditor's (IIA) International Professional Practices Framework. Additionally, the charter should also be reviewed in light of any changes in the scope and nature of audit and non-audit services, as well as changes in the financial, risk management, and governance processes of the organization and reflects developments in the professional practice of internal auditing.
- Review and advise on the internal audit department staffing, structure, responsibilities, and any recommended changes thereto; including the evaluation of additional resources that may be needed to fulfill the internal audit plan either on a permanent basis or should be provided through outsourcing.

Chief Audit Executive Performance

- Review and approve the qualifications and recruitment, appointment, annual performance review, compensation, replacement, reassignment, or dismissal of the Chief Audit Executive.

Internal Audit Plan

- Review and provide input on the internal audit activity's strategic plan, assessment of risks, objectives, performance measures, and outcomes.
- Review and approve the internal audit plan and make recommendations concerning internal audit projects and resources necessary to achieve the plan.
- Review the internal audit activity's performance relative to its audit plan.

Internal Audit Engagement Reports and Follow-up

- Review and accept internal audit reports submitted to the Committee by the Chief Audit Executive with management's responses.

- Review and track management's action plans to address the results of internal audit engagements.
- Inquire of the Chief Audit Executive whether any internal audit engagements or non-audit engagements have been completed but not reported to the committee; if so, inquire whether any matters of significance arose from such work.
- Inquire of the Chief Audit Executive whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

Standards Conformance

- Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*.
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Committee.
- Ensure that the internal audit activity has an external quality assurance review every five years.
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- Advise the board about any recommendations for the continuous improvement of the internal audit activity.

Oversight of the Financial Statement Process

- The Committee is responsible for oversight of the independent audit of the Corporation's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics. The Committee's principal responsibility is one of oversight. The fundamental responsibility for the Corporation's financial statements and disclosures rests with management and the independent external auditor.

The Committee will:

- Review with management and the external auditors the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted external auditing standards.

Other Duties and Responsibilities

- Discuss with management the Corporation's significant risks and exposures, and the steps

management has taken to monitor and control such risks and exposures, including the Corporation's policies concerning risk assessment, risk management, and internal controls.

- Oversee the Corporation's response to compliance with laws and regulations, including the following:
 - Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
 - Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
 - Report findings and recommendations to the Board of Directors.
 - Obtain regular updates from management and the organization's legal counsel regarding compliance matters.
- Address any broad legal issues and conflicts of interest that have ramifications across the Corporation, and discuss with the appropriate officers and legal counsel the status of pending litigation. Discuss with the appropriate officers and legal counsel the status of any pending litigation.
- Initiate and oversee special investigations of policies, procedures, and practices as needed.
- Oversee the Corporation's adherence and actions taken pursuant to its whistleblower policy, including:
 - Establish and periodically review procedures for (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, auditing, or other matters in accordance with the guidelines and procedures established in the Corporation's whistleblower policy; and
 - Receive a report from the Chief Audit Executive or General Counsel on each complaint made under the whistleblower policy, including follow-up reports on action taken by management.
- Fulfill other such duties and responsibilities as may be assigned to the Committee by the Board of Directors or the Chairperson of the Board.
- The Committee shall adopt and maintain the audit committee charter and the internal audit charter. The Committee shall review both charters on an annual basis and shall request Board approval for proposed changes in the audit committee charter.