

NeighborWorks® America

Internal Audit Charter

Purpose and Mission

The purpose of the Internal Audit department is to provide independent, objective assurance and consulting services designed to add value and improve the Corporation's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. It helps the corporation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

The Internal Audit department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Chief Audit Executive will report periodically to senior management and the Audit Committee regarding the Internal Audit department's conformance to the Code of Ethics and the Standards.

Scope of Internal Audit Activities

The scope of work of the Internal Audit department encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, Audit Committee, and senior management on whether the Corporation's governance, risk management, and control processes, as designed and represented by management, are adequate, effective and functioning in the prescribed manner. Internal audit assessments include evaluating the following:

- Corporate risks relating to the achievement of the Corporation's strategic objectives are appropriately identified and adequately managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- The actions of the Corporation's officers, directors, employees, and contractors are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Corporation.
- Corporate resources and assets are acquired economically, used efficiently, and adequately safeguarded, and adequate and effective policies and practices are in place to safeguard corporate assets.
- Operations and programs are being carried out effectively and efficiently, and the result of the Corporation's operations and programs are consistent with established goals and objectives.
- Information and the means used to identify, measure, analyze, classify, and report such

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information take into account the reliability and integrity of information.

- Significant legislative or regulatory issues impacting the corporation are recognized and addressed appropriately.
- Reviews are conducted on the Corporation's guidelines on ethical business conduct and corporate governance.
- Reviews are conducted on information technology, including cybersecurity, cloud-based services, and network systems.
- Quality and continuous improvement are fostered in the Corporation's control process.
- Interact with various governance groups, as needed.

The Chief Audit Executive will report periodically to the Board, the Audit Committee, and senior management regarding:

- The Internal Audit department's purpose, authority, and responsibility.
- The Internal Audit department's plan and performance relative to its plan.
- The Internal Audit department's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the Corporation.

The Chief Audit Executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. Internal Audit department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit department does not assume management responsibility.

Opportunities for improving management control, program objectives, and the corporation's image may be identified during such audit reviews and communicated to the appropriate level of management and the Audit Committee.

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Authority

The Chief Audit Executive will report functionally to the Board and the Audit Committee, and administratively to the Chief Executive Officer.

To establish, maintain, and assure that the Corporation's Internal Audit department has sufficient authority to fulfill its duties, the Audit Committee will:

- Approve the Internal Audit department's charter.
- Approve the risk-based internal audit plan.
- Approve the Internal Audit department's budget and resource plan.
- Receive communications from the Chief Audit Executive on the Internal Audit department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Chief Audit Executive.
- Review any recommended remuneration of the Chief Audit Executive.
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.

The Chief Audit Executive will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including in private meetings without management present. In addition, the Chief Audit Executive is authorized to:

- Have full, free, and unrestricted access to all functions, records, reports, recommendations, physical properties and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives, and issue reports.
- Obtain the necessary assistance of personnel within the Corporation where audits are performed, as well as other specialized services from within or outside the Corporation, in order to complete the engagement.

Independence and Objectivity

The Chief Audit Executive will ensure that the Internal Audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Chief Audit Executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

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Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the Corporation or its affiliates.
- Initiating or approving transactions external to the Internal Audit department.
- Directing the activities of any of the Corporation's employees not employed by the Internal Audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the Internal Audit department.

The Chief Audit Executive will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

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Accountability

The Chief Audit Executive, in the discharge of his/her duties, shall be accountable to management and the Audit Committee to:

- Provide annually an assessment on the adequacy and effectiveness of the Corporation's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work as indicated in the annual audit plan.
- Monitor and report significant issues related to the processes for controlling the activities of the Corporation, including potential improvements to those processes, and provide information concerning such issues through its reports.
- Periodically provide information on the status and results of the annual audit plan.
- Coordinate with and provide oversight of other control and monitoring functions (corporate risk management, compliance, information systems security, corporate culture and ethics, external audit).

Responsibility

The Chief Audit Executive will have the responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit the plan to the audit committee for review and approval.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit Committee.
- Review and adjust the annual audit plan, as necessary, in response to changes in the Corporation's business, risks, operations, programs, systems and controls, and submit the plan to the audit committee for review and approval.
- Meet with the Audit Committee at least quarterly to discuss the status of the Internal Audit function, including significant observations and recommendations.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Issue periodic reports to the audit committee and management summarizing results of audit activities.
- Follow up on management's responses to internal audit recommendations and agreed upon internal control improvements including its implementation.

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- Follow up on all findings and corrective actions resulting from the issuance of external auditor reports.
- Obtain and maintain adequate staffing resources that would collectively provide the required knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Meet with Board staff and management to assist in preparing Audit Committee meeting agendas.
- Keep the Audit Committee and Board staff informed of emerging trends and successful practices in internal auditing that could impact the Corporation.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit department.
- Ensure adherence to the Corporation's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board, and the Audit Committee.
- Ensure conformance of the internal audit [department/activity] with the Standards, with the following qualifications:
 - If the Internal Audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the Chief Audit Executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other relevant, authoritative bodies, the Chief Audit Executive will ensure that the Internal Audit department conforms with the Standards, even if the Internal Audit department also conforms with the more restrictive requirements of other authoritative bodies.

Management Responsibilities

The Corporation's management will:

- Provide the Chief Audit Executive with full support and cooperation in its activities.
- Support and promote the implementation of Internal Audit's continuous quality and assurance improvement program within NeighborWorks® America and its affiliates.
- Provide the Chief Audit Executive complete access to all records, properties and personnel

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relative to the performance of his/her activities.

- Ensure that the Internal Audit function has an adequate budget and staffing resources.
- Provide a written response to all Internal Audit observations and recommendations, according to the timeline and procedures outlined in the Board-approved SOP.
- Promptly inform the Chief Audit Executive of significant risk events involving resources, operations, functions and activities of the Corporation, and cooperate in the investigation and reporting of these matters to the Board as required.

Quality Assurance and Improvement Program

The Internal Audit department will implement and maintain a quality assurance and improvement program that covers all aspects of the Internal Audit department. The program will include an evaluation of the Internal Audit department's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit department and identify opportunities for improvement.

The Chief Audit Executive will communicate to senior management, the Board, and the Audit Committee on the Internal Audit department's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the Corporation.

Frederick Udochi 05/06/2024

Chief Audit Executive, Frederick Udochi

Marietta Rodriguez 05/06/2024

Chief Executive Officer and President, Marietta Rodriguez

Audit Committee Chair, Grovetta Gardineer