**TSC Alliance**

**Audit Committee Charter**

**Issue Date: February 25, 2010**

1. Purpose

The Audit Committee (the “Committee”) will assist the Board of Directors (the “Board”) in its oversight responsibilities by monitoring (i) the independence and performance of the TSC Alliance’s independent auditors; (ii) the overall systems of internal controls and risk mitigation; (iii) monitor the integrity of the organization’s financial statements and IRS Form 990; and (iv) the compliance with legal and regulatory requirements and ethical standards.

1. Committee Membership

The Committee shall comprise three or more members of the Board and may include persons who are not members of the Board. All members of the audit committee shall be independent of the management of the TSC Alliance and free of any relationship that, in the judgment of the Board, would interfere with their exercise of independent judgment as audit committee members. No two audit committee members shall be from the same immediate family. Committee members shall have a basic understanding of finance, accounting and fundamental financial statements, and at least one member of the committee shall be a financial expert as determined by the Executive Committee of the Board.

The Audit Committee Chairperson may not be a member of the Finance Committee, but Audit Committee members may serve on the Finance Committee. Members of the Finance Committee shall not constitute more than 50% of the Audit Committee membership. The TS Board Chairperson, Treasurer or their Immediate Family Members (defined as spouse, parents or children) may not serve as members of the Audit Committee.

Members shall be appointed to a minimum of 2 successive terms to assure that an ongoing majority are not new members.

1. Committee Meetings

The Audit Committee shall meet at least quarterly or more frequently as circumstances dictate and at least once each year with the independent auditor in separate executive sessions to provide the opportunity for open discussions without members of the TSC Alliance staff present. The Board Chair shall name a chairperson of the Committee, who shall prepare and/or approve an agenda in advance of each meeting. The committee shall maintain minutes or other records of meetings and activities of the committee. A majority of the members present shall constitute a quorum.

The Committee may request any person including and officer or employee of the TSC Alliance or the independent auditor, to attend Committee meetings or to meet with any members of, or advisors to, the Committee.

The Committee shall, through its chairperson, report to the Executive Committee and the Board following the meetings of the Committee on matters related to the committee’s functions and responsibilities.

1. Authority

The Committees role is one of oversight. The TSC Alliance management is responsible for the preparation, presentation and integrity of the TSC Alliance’s financial statements and the appropriateness of its accounting principles and reporting policies and the independent auditors are responsible for auditing those financial statements. The Committee is not providing any expert or special assurance as to the TSC Alliance’s financial statements or any professional certification as to the independent auditor’s work. The Audit Committee will not plan or conduct audits or determine that the TSC Alliance’s financial statements are complete accurate and in accordance with GAAP.

The Committee shall have the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the TSC Alliance’s internal controls. The Committee shall have access to all books, records, facilities and personnel of the TSC Alliance. The Committee may retain (and determine funding for) experts to advise or assist it, including outside counsel, accountants, financial analysts or others, at the TSC Alliance’s expense.

1. Key Responsibilities

The Committee shall undertake the following responsibilities which are set forth as a guide. The Committee is authorized to carry out these activities and other actions as reasonably related to the Committee’s purposes or assigned by the Board or Executive Committee from time to time. The Committee should have a clear understanding with the outside auditors that they must maintain an open and transparent relationship with the committee and the ultimate accountability of the outside auditors is to the Board and the Committee. The Committee will make regular progress reports to the Board.

Independent Audit:

* The Audit Committee shall be directly responsible for the appointment and dismissal, compensation, and oversight of the TSC Alliance’s independent auditor, and may not delegate any of such responsibilities to others. The independent auditor shall report directly to the Audit Committee;
* Review and approve the terms of the auditor’s engagement and scope and approach of the proposed audit;
* Review with the independent auditor any problems the auditor has encountered performing the audit and any management letter provided and the TSC Alliance’s response to that letter, and matters the independent auditor is required to communicate to the Committee;
* Review the appropriateness and cost of any non-audit work performed by the independent auditors; and
* Discuss with the auditors the appropriateness of the TSC Alliance’s accounting practices and their consistency with non-profit norms

Internal Controls:

* Review with management (senior financial staff and executive director or CEO) and the independent auditor the TSC Alliance’s major financial risk exposures and evaluate the steps management has taken to monitor and minimize such exposures;
* Monitor the effectiveness of the TSC Alliance’s internal control systems, including through regular executive sessions, whether internal control recommendations identified by the auditors have been implemented by the organization;
* Review adherence to the conflicts of interest and related entities policies; and
* Review and approve procedures for receiving, retaining and treating complaints received by the TSC Alliance regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by TSC Alliance employees regarding questionable accounting or auditing matters (“Whistleblower Policy”);

Financial Reporting:

* Review with the independent auditor significant accounting and reporting issues, including recent professional and regulatory changes, understand their impact on the financial statements and ensure that they are considered in the preparation of the financial statements;
* Review with the TSC Alliance’s counsel, management and auditor, key functional activities of the organization including legal, tax or regulatory matters that may have a material impact on the financial statements and any material reports or inquiries received from regulators or government agencies;
* Review with management and the auditors, including in executive sessions, any complex or unusual transactions, issues related to judgments made involving the valuation of assets and liabilities and commitments and contingencies;
* Review with management and the independent auditors, in separate executive sessions, the annual financial statements and the results of the audit including the report and recommendations of the auditor as well as any audit problems or difficulties and management’s response; and
* Meet annually with management and the external tax expert to review any issues or judgment areas relating to disclosures in the TSC Alliance form 990 or other IRS forms.
* Review the administrative and program cost allocation methodology, procedures and compliance.

Compliance with Laws, Regulations, Ethics and Policies:

* Review annually the TSC Alliance’s compliance with law and with its ethical standards and policies;
* Review with management and the organization’s counsel all legal and ethical compliance issues and act on any findings with respect to issues of non-compliance;
* Review with management and the auditor the findings of any examinations by regulatory agencies; and
* Review with management any possible areas of noncompliance with laws and ensure that management follows up with relevant procedures where appropriate.
* Periodic review of the California statute for non-profit corporations for policy changes and compliance.

Conflict of Interest

* Review with management and counsel as appropriate all issues of conflict of interest and oversee compliance with the TSC Alliance conflict of interest policy.

Other Responsibilities

* Ensure that findings and recommendations made by the independent auditors are received and addressed by management;
* Annually review and update the Committees charter as needed;
* Review the committee’s performance and composition annually and make any changes as necessary; and