

## **DORIS DUKE CHARITABLE FOUNDATION, INC.**

### **Audit Committee Charter**

***Adopted May 14, 2018***

The Board of Trustees (the “Board”) of the Doris Duke Charitable Foundation, Inc. (the “Foundation”) hereby establishes the following guidelines for the composition, role, and responsibilities of the Audit Committee (the “Committee”). The boards of Doris Duke Foundation for Islamic Art, Duke Farms Foundation, Doris Duke Management Foundation and Doris Duke Foundation (“affiliated foundations”) have approved the authority of the Committee to act similarly on the behalf of the board of each affiliated foundation.

#### **Composition of the Committee**

- The Committee shall be composed of three or more members of the Board.
- Members of the Committee, along with a designated Chairman of the Committee, shall be approved by a vote of the majority of the entire Board.
- The Committee shall be composed entirely of independent directors of the Board. In this regard, independence is defined as free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.
- No member of the Committee shall accept any consulting, advisory or other compensatory fees from the Foundation or affiliated foundations (other than fees for serving on the Board or any committee thereof).
- All members of the Committee shall have financial literacy skills sufficient to review and understand the books and records of the Foundation and affiliated foundations.

#### **Role and Responsibilities of the Committee**

The purpose of the Committee is to assist the Board and the board of each affiliated foundation in fulfilling its responsibility for oversight of the quality and integrity of the accounting, financial reporting, and auditing practices of the Foundation and the affiliated foundations, including footnote disclosures and IRS compliance matters. The Committee acts as a liaison between the independent public accountants and the entire Board.

It is the responsibility of the management of the Foundation and affiliated foundations to maintain appropriate systems for accounting and control and to oversee the services of Doris Duke Management Foundation in fulfilling its relevant contractual responsibilities. It is the responsibility of the independent public accountants to plan and carry out a proper audit.

- The Committee recommends to the Board the selection of the independent public accountants, ensuring that the auditing firm selected has the requisite skills and experience to carry out the auditing function. The Committee will evaluate the

performance of the independent public accountants and recommend partner rotation when warranted.

- The Committee receives, reviews, and forwards to the Board and boards of the affiliated foundations the annual reports of the independent public accountants on the financial statements.

### **Meetings and Other Communications**

The Committee shall meet on a regular basis at a minimum of twice a year and may hold additional meetings if circumstances require.

The Chairman of the Committee will be available for consultation at the request of the independent public accountants. The independent public accountants shall have free and open communication (including private sessions) with the Committee.

### **Specific Duties of the Committee**

#### **Annual Duties:**

- Oversight of the Foundation's system of internal controls and procedures and accuracy and completeness of its financial reporting, including tax compliance;
- Recommend to the Board the selection, retention or termination of the Foundation's independent public accountants, taking into consideration the firm's independence and the nature and performance of audit services;
- In a meeting prior to the beginning of the annual external audit, review with the independent public accountants the scope of the audit, including the factors the firm will consider in determining the audit scope and major risk factors and approve the agreed upon scope;
- In a meeting following the completion of the annual audit:
  - receive and review with management and the independent public accountants:
    - the annual financial statements and related footnotes;
    - the auditor's report on the financial statements;
    - the communications the independent public accountants are required to report;
    - the management letter, if any;
  - review with management and the independent public accountants:
    - the quality and adequacy of the accounting principles adopted by the Foundation;
    - any significant changes to the audit plan or scope of work during the course of the audit;
    - any problems the auditors may have had obtaining access to all requested records, data and information;

- any disagreements with staff which, if not satisfactorily resolved, would have caused them to issue a nonstandard audit report;
- the issues, if any, covered in the management letter;
- meet in private session with the independent public accountants to discuss the quality of the Foundation's financial systems and financial personnel;
- report the findings of the independent public accountants and the Committee to the Board and affiliated foundation boards;
- Approve the fees to be paid for services rendered by the independent public accountants for the annual audit and tax returns;
- Confirm that the annual Form 990PF for the Foundation and each of the affiliated foundations required by the Internal Revenue Services has been reviewed and signed by the President or Chief Operating Officer and filed in a timely manner. Review a summary copy of the Form 990PF for the Foundation and each of the affiliated foundations;
- Review annually the duties to be performed on an "as needed" basis as shown below and prepare a work plan to ensure that all duties of the Committee are addressed on a periodic basis;
- Review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval.

**Duties on an As Needed Basis:**

- Approve in advance any work to be performed by the independent public accountants for the Foundation and affiliated foundations, other than the annual audit and tax returns, if such work would result in fees in excess of \$100,000 in a given year;
- Review the Foundation and affiliated foundations' system of internal controls and risk management policies, and report to the Board on the adequacy thereof thus providing reasonable assurances that proper records of transactions and expenditures are appropriately authorized and maintained; that policies are established and observed for reasonable expenses and that staff is abiding by approved levels of authorization and that multiple people in the organization understand the flow of monies through the Foundation and affiliated foundations;
- Review codes of ethics and/or guiding principles for senior financial employees and oversee compliance with the Compliance: Accounting Allegations Policy;
- Oversee adoption, implementation and compliance with the Whistleblower Policy;
- Receive, retain, investigate and act on complaints and concerns of Trustees, Directors, Officers, employees and volunteers related to accounting practices, internal accounting controls, and auditing matters;
- Review the Record Retention Policy regarding the safekeeping of key foundation documents and prevention of destruction upon receipt of notice of a legal inquiry into the Foundation and affiliated foundations' operations;

- Assess the ability of the Committee members to understand, analyze, and reasonably assess the financial statements of the Foundation and affiliated foundation, and the competency of the auditing firm;
- Review the need for any additional training for Committee members;
- Subject to the prior approval of the Board, investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Foundation and affiliated foundations;
- Review any internal audit findings and recommendations as appropriate;
- Review any issues associated with the 990PFs of the Foundation and affiliated foundations;
- Provide oversight of any audit of the Foundation or affiliated foundations by the Internal Revenue Service or other regulatory body;
- Oversee adoption, implementation and compliance with the Conflict of Interest and Confidentiality Policy. Secretary of the Board will provide a copy of all completed Notice of Affiliations Disclosures for Trustees, Directors, Officers and employees to the Chairman of the Audit Committee to review annually
- Obtain the advice of outside consultants and professionals (including but not limited to retention of specific legal counsel or additional independent auditors) to advise the Audit Committee on matters within the scope of this charter.