

FRENCH HERITAGE SOCIETY, INC.

Audit Committee Charter

I. PURPOSES

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of French Heritage Society, Inc. (the “Organization”) to fulfill its responsibilities to provide oversight of: (1) the Organization’s accounting and financial reporting processes, and systems of internal controls and risk management; (2) the integrity of the Organization’s financial statements and the audit of the Organization’s financial statements; (3) the Organization’s compliance with legal and regulatory requirements and ethical standards; and (4) the engagement, independence and performance of the Organization’s independent auditor.

II. COMMITTEE MEMBERSHIP

Composition. The Committee shall consist of three or more members of the Board. Except as otherwise directed by the Board, a director selected as a Committee member shall continue to be a member for as long as he or she remains a director or until his or her earlier resignation or removal from the Committee. Any member may be removed from the Committee by the Board, with or without cause, at any time. Committee members shall have a basic understanding of finance, accounting, and fundamental financial statements. At least one member of the Committee shall have a sophisticated understanding of financial reporting and accounting as determined by the Board.

Chair. The Chair of the Committee shall be appointed from among the Committee members by, and serve at the pleasure of, the Board, shall preside at meetings of the Committee and shall have authority to convene meetings, set agendas for meetings, and determine the Committee’s information needs, except as otherwise provided by the Board or the Committee. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members to serve as chair of the meeting.

Independence. Each member of the Committee shall be an “independent” director as determined in accordance with the definition of Independent Director as set forth in Section VI. below. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. AUTHORITY

The Committee’s role is one of oversight. The Organization’s management is responsible for preparing the Organization’s financial statements and the independent auditor is responsible for auditing those financial statements. The Committee recognizes that management, including the internal audit staff and the independent auditor, has more time, knowledge and detailed information about the Organization than do the Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance

as to the Organization's financial statements or any professional certification as to the independent auditor's work.

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Organization and, subject to the direction of the Board, the Committee is authorized and delegated the authority to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of its purposes. The Committee shall have the sole discretion to retain or obtain advice from, oversee and terminate any independent or other auditor, legal counsel or other adviser to the Committee and be directly responsible for the appointment, compensation and oversight of any work of such adviser retained by the Committee, and the Organization will provide appropriate funding (as determined by the Committee) for the payment of reasonable compensation to any such adviser.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly scheduled basis, at least four times per year and additionally as circumstances dictate. The Committee shall meet at least twice each year with the head of internal audit and with the independent auditor in separate executive sessions to provide the opportunity for full and frank discussion without members of senior management present.

The Committee shall establish its own schedule of meetings. The Committee may also act by unanimous written consent of its members.

Notice of meetings shall be given to all Committee members, or may be waived, in the same manner as required for meetings of the Board. Any one or more members of the Committee may participate in a meeting of the Committee by means of a conference telephone or similar communications equipment or by electronic video screen communication as long as all persons participating in the meeting can speak to and hear each other at the same time and each member can participate in all matters before the Committee, including, without limitation, the ability to propose, object to, and vote upon a specific action to be taken by the Committee. Participation by such means shall constitute presence in person at a meeting. A majority of the members of the Committee shall constitute a quorum for a meeting and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Committee. The Committee shall otherwise establish its own rules of procedure.

The Committee shall maintain: records of its meetings, including minutes with the names of all present, and how each voted – accepted, objected or abstained - on a motion to accept the audit; and copies of financial information and other material submitted to the committee before or during its meetings.

V. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide for fulfilling the Committee's purposes in such manner as the Committee determines is appropriate:

5.1 Independent Auditor Retention and Oversight

1. Annually retain or renew the retention of the independent auditor. In connection with such retention or renewal, the Committee should consider:
 - a. The reputation of the auditor (both the firm and the individuals assigned to the engagement);
 - b. The references provided;
 - c. The expertise or familiarity with nonprofit accounting;
 - d. The fee structure for the engagement;
 - e. The staff continuity of the audit team;
 - f. The expected timeline and delivery of services; and
 - g. Any other benefits of engaging a particular firm.

The Committee should also inquire whether the audit firm or predecessor firms have been sanctioned or been the subject of a governmental investigation, prosecution, or settlement in connection with its audit work, and, if so, the circumstances and outcome of such investigation, prosecution or settlement; and should ask for a copy of the audit firm's most recent peer review report;

2. Pre-approve any audit-related and non-audit services to be provided by the independent auditor to the Organization;
3. Annually evaluate the qualification and performance of, compensate and oversee the work of, the independent auditor, who shall report directly to the Committee;
4. Assess the independence of the independent auditor annually by obtaining and reviewing a report from the independent auditor delineating all relationships between the independent auditor and the Organization and discussing with the independent auditor any such disclosed relationships and their impact on the independent auditor's independence, and by obtaining the auditor's assertion of independence in accordance with professional standards; and
5. At least annually, review a report from the independent auditor describing the auditing firm's internal quality control procedures and any material issues raised by the most recent quality-control review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the firm and any steps taken to deal with any such issues.

5.2 Audit Oversight, Accounting and Financial Reporting

1. Prior to the commencement of the audit, review with the independent auditor the scope and planning of the audit;
2. Review the completed audit with the auditor;

3. Review with the auditor the communications from the auditor to the Audit Committee and to those charged with governance of the Organization that the independent auditor is required by applicable professional standards or otherwise to communicate (including but not limited to any management letter) resulting from the audit. [The term “review” as used here requires a conversation between the Audit Committee and the auditor in which Audit Committee members participate. It does not require a face-to-face meeting.]
4. Upon completion of the audit and as otherwise appropriate, review and discuss with the independent auditor the results of the audit and any problems the auditor has encountered performing the audit, any management letter provided and the Organization’s response to that letter;
5. Upon completion of the audit and as otherwise appropriate, review and discuss with the independent auditor:
 - a. Material risks and weaknesses in internal controls identified by the auditor;
 - b. Any restrictions on the scope of the auditor’s activities or access to requested information;
 - c. Any significant disagreements between the auditor and management; and
 - d. The adequacy of accounting and financial reporting processes of the Organization; and
6. Review and discuss with management, the independent auditor and the internal auditor any significant findings during the year, any restrictions on the scope of the independent auditor’s activities or access to requested information, any changes required in the scope of the audit plan, the audit budget and staffing and, coordination of audit efforts;
7. Review and discuss with management and the independent auditor all critical accounting policies and practices used by the Organization and any significant changes in the Organization’s accounting policies;
8. Review with the independent auditor significant accounting and reporting issues, including recent professional and regulatory pronouncements, understand their impact on the financial statements, and ensure that all such issues have been considered in the preparation of the financial statements;
9. Review with management the annual financial statements, the annual audit report and recommendations of the independent auditor, including any audit problems or difficulties, and management’s response; and
10. Review with management and the independent auditor any complex and/or unusual transactions or other significant matters or events not in the ordinary course of business.

5.3 Internal Audit

1. Review the risk assessment that drives the internal audit plan and annually approve the plan;
2. Review the activities and evaluate the performance of the internal audit function;
3. Review significant adverse internal audit findings and management's response; and
4. Review the effectiveness of the internal audit function including staffing.

5.4 Internal Control and Risk Oversight

1. Review and discuss with management and the independent auditor the adequacy and effectiveness of, and any material risks and weaknesses in, the Organization's internal controls and accounting and financial reporting processes; and
2. Review and discuss with management and the independent auditor the Organization's major financial and other material risks or any significant exposures, the Organization's policies with respect to risk, and assess the steps management has taken to minimize such exposures.

5.5 Oversight of Legal and Ethical Compliance

1. Review periodically with the Organization's legal counsel the scope and effectiveness of the Organization's legal and regulatory compliance policies and programs, and ethical standards and policies;
2. Oversee legal and regulatory compliance and compliance with the Organization's ethical standards and policies;
3. Oversee the adoption, implementation of and compliance with the Organization's Conflict of Interest and Related Party Transaction Policy and Whistleblower Policy;
4. Review possible areas of noncompliance with laws or policies and ensure that management follows up with relevant procedures where appropriate; and
5. Annually review with management and the external tax advisor any issues or judgmental areas relating to the Organization's tax compliance.

5.6 Other Responsibilities

1. Conduct a periodic self-evaluation of the performance of the Committee, including its effectiveness and compliance with this charter, and recommend to the Board such amendments of this charter as the Committee deems appropriate;

2. Report regularly to the Board with respect to Committee findings, recommendations and actions (including, but not limited to, with respect to the Audit Oversight, Accounting and Financial Reporting actions taken by the Audit Committee as described in Section 5.2 above) and any other matters the Committee deems appropriate or the Board requests; and
3. Undertake such other responsibilities as the Board may delegate or assign to the Committee from time to time.

VI. DEFINITION OF “INDEPENDENT DIRECTOR”

"Independent Director" means a director who is a person who:

1. is not, and has not been within the last three years, an employee or a key person of the Organization or an affiliate of the Organization, and does not have a relative who is, or has been within the last three years, a key person of the Organization or an affiliate of the Organization;
2. has not received, and does not have a relative who has been a key person of, or has received, in any of the last three fiscal years, more than ten thousand dollars from the Organization or an affiliate of the Organization (other than reimbursement for expenses reasonably incurred as a director or reasonable compensation for service as a director as permitted by paragraph (a) of section 202 of the New York Not-For Profit Law (General and special powers));
3. is not a current employee of, or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has provided payments, property or services to, or received payments, property or services from, the Organization or an affiliate of the Organization in an amount which, in any of the last three fiscal years, exceeds the lesser of ten thousand dollars or two percent of such entity's consolidated gross revenues. For purposes of this subparagraph, "payment" does not include charitable contributions or dues and fees paid for services that are part of the Organization's programs as long as such services are available to the public on the same terms;
4. is not, and is not a current employee of and does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, a company that is, an advisor or consultant to the Organization;
5. is not, and is not a current employee of and does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, a company that is, a significant customer or supplier of the Organization;
6. has no personal service contracts with the Organization, or its senior management;
7. is not a current employee of and does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, a non- profit organization that receives significant funding from the Organization;
8. is not employed as an executive of another company where any of the Organization executives or a member of the Board serve on that company's board of directors; and
9. is not, nor in the past five years has been, affiliated with or employed by a present or former auditor of the Organization.

For the purposes of this definition,

- a person shall be deemed to be "affiliated" with a party if such person (i) has a direct or indirect ownership interest in such party; (ii) is employed by such party; or (iii) either is under common control with, controls or is controlled by, such party;
- a "relative" of an individual means his or her (i) spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; or (ii) domestic partner as defined in section twenty-nine hundred ninety-four-a of the New York public health law; and
- a "key person" means any person, other than a director or officer, whether or not an employee of the Organization, who (i) has responsibilities, or exercises powers or influence over the Organization as a whole similar to the responsibilities, powers, or influence of directors and officers; (ii) manages the Organization, or a segment of the Organization that represents a substantial portion of the activities, assets, income or expenses of the Organization or (iii) alone or with others controls or determines a substantial portion of the Organization's capital expenditures or operating budget.

VII. CHARTER PUBLICATION

A copy of this Charter will be posted on the Organization's Website [<http://www.frenchheritagesociety.org>] [at the bottom right side of any page on the Website, click on the caption "Legal, Tax, Financial and Policy Documents"].