

CHARTER OF THE AUDIT COMMITTEE
OF
THE NATIONAL ASSOCIATION OF ESTATE PLANNERS AND COUNCILS
A Non-Profit Organization

The audit committee ("the committee") of the board of directors ("the board") of the National Association of Estate Planners and Councils, a non-profit organization ("the organization"), will have the oversight responsibility, authority, and specific duties as described below.

Composition

The committee will be comprised of three or more directors, as determined by the board.

Responsibility

The committee is part of the board. Its primary function is to assist the board in fulfilling its oversight responsibilities with respect to (1) the review or audit of the organization's books and records and (2) the system of internal controls that the organization has established. The committee should have a clear understanding with the outside auditors at such time, if ever, as outside auditors are employed, that they must maintain an open and transparent relationship with the committee, and that the ultimate accountability of the outside auditors is to the board and committee. The committee will make regular progress reports to the board.

Authority

Subject to the prior approval of the board, the committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the organization's internal controls. In that regard, the committee will have access to the organization's external professionals to render advice and counsel in such matters.

Meetings

The committee is to meet via teleconference as the Chairman deems necessary. The committee chair should clear the content of the agenda for each meeting. The committee is to meet in separate executive sessions with the outside auditors, if they are ever employed, at least once annually and at other times when considered appropriate.

Attendance

Committee members will strive to be present via teleconference at all meetings.

Specific duties

In carrying out its oversight responsibilities, the committee will

- Review and reassess the adequacy of this charter annually and propose changes to the board for approval.
- Review with the administrator, and such of the administrator's employees as the committee deems necessary, and outside auditors, if they are ever employed, the organization's accounting and financial reporting controls. Obtain annually in writing from outside auditors, if they are ever employed, a letter regarding the adequacy of such controls.
- Review with the administrator, and such of the administrator's employees as the committee deems necessary, and outside auditors, if they are ever employed, significant accounting and reporting principles, practices, and procedures applied by the organization in preparing its financial statements. Discuss with the outside auditors, if they are ever employed, their judgments about the quality--not just the acceptability--of the organization's accounting principles used in financial reporting.
- Review the scope and general extent of the outside auditors' annual audit, if they are ever employed. The committee's review should include an explanation from the outside auditors of the factors considered by the accountants in determining the audit scope, including the major risk factors. The outside auditors, if they are ever employed, should confirm to the committee that no limitations have been placed on the scope or nature of their audit procedures. The committee will review annually with the administrator, and such of the administrator's employees as the committee deems necessary, the fee arrangement with the outside auditors.
- Inquire as to the independence of the outside auditors, if they are ever employed, and obtain from the outside auditors, at least annually, a formal written statement delineating all relationships between the outside auditors and the organization, including other consulting work being performed by the outside auditors for the organization.

At the completion of the annual audit, if ever conducted, review with the administrator, and such of the administrator's employees as the committee deems necessary, and the outside auditors, if they are ever employed, the following:

- Results of the audit of the financial statements and the related report therein and, if applicable, a report on changes during the year in accounting principles and their application.

- Significant changes to the audit plan, if any, and serious disputes or difficulties the executive director encountered during the audit. Inquire about the cooperation received by the outside auditors, if they are ever employed, during their audit, including access to all requested records, data, and information. Ask the outside auditors, if they are ever employed, about any disagreements with the executive director that, if left unresolved, could have caused them to issue a nonstandard report on the organization's financial statements.
- Other communications as required to be conveyed by the outside auditors, if they are ever employed, by Statement of Auditing Standards 61, as amended by SAS 90, relating to the conduct of the audit. Further, receive a written communication provided by the outside auditors, if they are ever employed, concerning their judgment about the quality of the organization's accounting principles as outlined in SAS 61 and amended by SAS 90, and confirm that they concur with the executive director's representation regarding audit adjustments.

Discuss with the administrator, and such of the administrator's employees as the committee deems necessary, the quality of the organization's financial and accounting personnel. Also, elicit the comments of the administrator, and such of the administrator's employees as the committee deems necessary, regarding the outside auditors' responsiveness.

Meet with the administrator, and such of the administrator's employees as the committee deems necessary, and the outside auditors, if they are ever employed, to discuss any "material" or "serious" recommendations that the outside auditors, if they are ever employed, may have. Typically, such recommendations will be presented by the outside auditors, if they are ever employed, in the form of a "letter of comments and recommendations" to the committee. The committee should review the executive director's response to the letter and receive follow-up reports on action taken.

Recommend to the board the selection, retention, or termination of the outside auditors, if they are ever employed. Generally, as part of the review of the annual financial statements, receive an oral report (at least annually) from the organization's general counsel regarding legal and regulatory matters that may have a material impact on financial statements.