

**THE NATIONAL CHILDREN’S CANCER SOCIETY
AUDIT COMMITTEE CHARTER**

Purpose

The Audit Committee is appointed by the Board to: (1) assist the Board in monitoring (a) the integrity of the financial reporting process, systems of internal controls and financial statements and reports of the Organization, and (b) the compliance by the Organization with legal and regulatory requirements; and (2) be directly responsible for the appointment, compensation and oversight of the Organization’s independent auditor employed by the Organization for the purpose of preparing or issuing an audit report or related work (the “Outside Auditor”).

Committee Membership

The Audit Committee shall consist of no fewer than two members, as determined annually by the Board on the recommendation of the Executive Committee.

The members of the Audit Committee shall be appointed annually by the Board on the recommendation of the Executive Committee. Audit Committee members may be replaced by the Board at any time. The Board shall designate the Chairman or Chairwoman (“Chairperson”) of the Audit Committee. At least one member of the Audit Committee must not be a current board member of the organization. A majority of the members of the Audit Committee may not, concurrent with their service on the Audit Committee, also serve on the Finance Committee. Additionally, at least one member must be a financial expert, defined as follows:

A person who has education and experience as a public accountant or auditor or a principal financial officer, controller, or from a position involving the performance of similar functions –

- 1) an understanding of general accepted accounting principles and financial statements;
- 2) experience in –
 - a) the preparation or auditing of financial statements; and
 - b) the application of such principles in connection with the accounting for estimates, accruals, and reserves;
- 3) experience with internal accounting controls; and
- 4) an understanding of Audit Committee functions.

Committee Authority and Responsibilities

The basic responsibility of the members of the Audit Committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Organization. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Organization’s senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

The Audit Committee shall be responsible directly for the appointment, retention, termination, compensation and terms of engagement, evaluation, and oversight of the work of the Outside

Auditor (including resolution of disagreements between management and the Outside Auditor regarding financial reporting). The Outside Auditor shall report directly to the Audit Committee. The Audit Committee shall oversee the integrity of the audit process, financial reporting and internal accounting controls of the Organization, oversee the work of the Organization's management, and the Outside Auditor in these areas, oversee management's development of, and adherence to, a sound system of internal accounting and financial controls, review whether the Outside Auditor objectively assesses the Organization's financial reporting, accounting practices and internal controls, and provide an open avenue of communication among the Outside Auditor and the Board. It is the responsibility of: (i) management of the Organization and the Outside Auditor, under the oversight of the Audit Committee and the Board to plan and conduct financial audits and to determine that the Organization's financial statements and disclosures are complete and accurate in accordance with generally accepted accounting principles ("GAAP") and applicable rules and regulations and fairly present, in all material respects, the financial condition of the Organization; and (ii) management of the Organization, under the oversight of the Audit Committee and the Board, to assure compliance by the Organization with applicable legal and regulatory requirements.

The Audit Committee shall pre-approve all audit services and non-audit services (including the fees and terms thereof) to be performed for the Organization by the Outside Auditor to the extent required by and in a manner consistent with the applicable law.

The Audit Committee shall meet as often as it determines necessary or appropriate, but not less frequently than annually. The Chairperson shall preside at each meeting and, in the absence of the chairperson, one of the other members of the Audit Committee shall be designated as the acting chair of the meeting. The Chairperson (or acting chair) may direct appropriate members of management and staff to prepare draft agendas and related background information for each Audit Committee meeting. The draft agenda shall be reviewed and approved by the Audit Committee Chairperson (or acting chair) in advance of the meeting. All meetings of the Audit Committee shall be held pursuant to the by-laws of the Organization with regard to notice and waiver thereof, and written minutes of each meeting, in the form approved by the Audit Committee, shall be duly filed in the Organization records. Reports of meetings of the Audit Committee shall be made to the Board at its next regularly scheduled meeting following the Audit Committee meeting accompanied by any recommendations to the Board approved by the Audit Committee.

The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisers. The Organization shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the Outside Auditor for the purpose of rendering or issuing an audit report and to any advisers employed by the Audit Committee, subject only to any limitations imposed by applicable rules and regulations. The Audit Committee may request any officer or associate of the Organization or the Organization's outside counsel or Outside Auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee shall meet with management and the Outside Auditor in separate executive sessions at least annually to discuss matters for which the Audit Committee has responsibility.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review its own performance.

In performing its functions, the Audit Committee shall undertake those tasks and responsibilities that, in its judgment, would contribute most effectively to and implement the purposes of the Audit Committee. In addition to the general tasks and responsibilities noted above, the following are the specific functions of the Audit Committee:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the Outside Auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the annual report.
2. Review and discuss annual reports from the Outside Auditor on:
 - a. All critical accounting policies and practices to be used;
 - b. All alternative treatments within GAAP for policies and practices related to material items that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Outside Auditor;
 - c. The internal controls adhered to by the Organization, management, and the Organization's financial accounting personnel, and the impact of each on the quality and reliability of the Organization's financial reporting; and
 - d. Other material written communications between the Outside Auditor and management, such as any management letter or schedule of unadjusted differences.
3. Review and discuss with management and the Outside Auditor:
 - a. Significant financial reporting issues and judgments made in connection with the preparation of the Organization's financial statements;
 - b. The clarity of the financial disclosures made by the Organization;
 - c. The development, selection and disclosure of critical accounting estimates and the analyses of alternative assumptions or estimates, and the effect of such estimates on the Organization's financial statements;
 - d. Potential changes in GAAP and the effect such changes would have on the Organization's financial statements;
 - e. Significant changes in accounting principles, financial reporting policies and internal controls implemented by the Organization;
 - f. Significant litigation, contingencies and claims against the Organization and material accounting issues that require disclosure in the Organization's financial statements;
 - g. Information regarding any "second" opinions sought by management from an independent auditor with respect to the accounting treatment of a particular event or transaction
 - h. Management's compliance with the Organization's processes, procedures and internal controls;
 - i. The adequacy and effectiveness of the Organization's internal accounting and financial controls and the recommendations of management and the Outside Auditor for the improvement of accounting practices and internal controls; and

- j. Any difficulties encountered by the Outside Auditor in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
4. Discuss with management and the Outside Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures and aggregate contractual obligations on the Organization's financial statements.
5. Discuss with management the Organization's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Organization's risk assessment and risk management policies.
6. Discuss with the Outside Auditor the matters required to be discussed by Statement on Auditing Standards ("SAS") No. 61 relating to the conduct of the audit. In particular, discuss:
 - a. The adoption of, or changes to, the Organization's significant accounting principles and practices as suggested by the Outside Auditor or management; and
 - b. The management letter provided by the Outside Auditor and the Organization's response to that letter.

Oversight of the Organization's Relationship with the Outside Auditor

7. Review the experience and qualifications of the senior members of the Outside Auditor team
8. Obtain and review a report from the Outside Auditor at least annually regarding (a) the Outside Auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the Outside Auditor and the Organization, including the written disclosures and the letter required by Independence Standards Board Standard 1, as that standard may be modified or supplemented from time to time.
9. Evaluate the qualifications, performance and independence of the Outside Auditor, including considering whether the Outside Auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the Outside Auditor's independence, and taking into account the opinions of management. The Audit Committee shall present its conclusions to the Board.
10. Oversee the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit at least once every five years.
11. Recommend to the Board policies for the Organization's hiring of present and former associates of the Outside Auditor who have participated in any capacity in the audit of the Organization.
12. Discuss with management and the Outside Auditor any accounting adjustments that were noted or proposed by the Outside Auditor, but were not adopted or reflected.
13. Meet with management and the Outside Auditor prior to the audit to discuss and review the scope, planning and staffing of the audit.
14. Obtain from the Outside Auditor the information required to be disclosed to the Company by generally accepted auditing standards in connection with the conduct of an audit, including topics covered by SAS 54, 60, 61 and 99.
15. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Organization regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by associates of the Organization of concerns regarding questionable accounting or auditing matters.

16. Discuss with management and the Outside Auditor any correspondence between the Organization and regulators or governmental agencies and any associate complaints or published reports that raise material issues regarding the Organization's financial statements or accounting policies.
17. Discuss with the Organization's outside counsel legal matters that may have a material impact on the financial statements or the Organization's compliance policies

Additional Responsibilities

18. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
19. Review the Organization's Related-Party Transaction Policy and recommend any changes to the Executive Committee and then to the Board for approval. Review and determine whether to approve or ratify transactions covered by such policy, as appropriate.