

# CHARTER OF THE AUDIT COMMITTEE OF THE UNITED STATES PRACTICAL SHOOTING ASSOCIATION/IPSC

## Membership

The Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of The United States Practical Shooting Association/IPSC, a Delaware not for profit corporation (the “**Corporation**”), shall consist of three (3) standing Board members and two (2) members of the Corporation (each, a “**Member**” and collectively, the “**Members**” and together with the members of the Board, the “**Committee Members**”). The Board shall designate a Committee Member as the chair. The Committee Members, voting by majority, shall appoint a chief audit officer. Each Committee Member, except for the chief audit officer, who maybe, but is not required to be, a non-voting member of the Committee, shall be independent in accordance with the Internal Revenue Service (“**IRS**”) independent director disclosure rules for non-profit organizations. The Members shall have a basic understanding of finance, accounting, and fundamental financial statements.

## Appointment

The Board shall appoint the Committee Members. Committee Members shall be appointed to one-year terms and shall thereafter serve for such additional term or terms as the Board may determine or until earlier resignation or death. The Board may remove any Committee Member from the Committee at any time with or without cause.

## Purpose

The purpose of the Committee is to assist the Board with oversight of the integrity of the Corporation’s financial statements, compliance with legal and regulatory requirements, the qualifications, independence, and performance of the Corporation’s external auditor and the design and implementation of the Corporation’s internal audit function.

## Duties and Responsibilities

The Committee shall, subject to limitations imposed by applicable legal and regulatory requirements and this Charter, have the following authority and responsibilities:

- Select and retain an external independent auditor to audit the Corporation’s annual financial statements, books, records, accounts, and internal controls over financial reporting;
- Evaluate the qualifications and performance of, compensate, oversee the work of, and if necessary, terminate, the independent auditor, who shall report directly to the Committee;
- At least annually obtain and review a report from the Corporation’s independent auditor that describes (1) their internal quality control procedures, (2) any material issues raised by the most recent quality control review or by any inquiry or investigation by governmental or professional authorities within the past five years regarding one or more independent

audits carried out by the auditor and any steps taken to address such issues, and (3) all relationships between the auditor and the Corporation or any of its affiliates;

- Discuss with the auditor this annual report and any relationships or services that may impact the objectivity and independence of the auditor;
- Review and discuss with the independent auditor (1) the auditor's responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (2) the overall audit strategy, (3) the scope and timing of the annual audit, (4) any significant risks identified during the auditor's risk assessment procedures, and (5) the results and significant findings of the annual audit;
- Review and discuss with each of the independent auditor and Corporation management the adequacy and effectiveness of, and any material weaknesses in, the Corporation's internal controls and accounting and financial reporting processes;
- Review with each of the independent auditor and Corporation management, the Corporation's financial statements and other financial information provided to governmental bodies, including the IRS Form 990 and related schedules;
- Review and assess with each of the independent auditor and Corporation management, the Corporation's major financial risk exposures and other material risks or any significant exposures, the Corporation's enterprise risk policies, and the steps management has taken to minimize such exposures;
- Review the activities and effectiveness of the Corporation's internal audit function, including staffing;
- Review periodically with the Corporation's legal counsel the scope and effectiveness of the Corporation's legal and regulatory compliance policies and programs, and ethical standards and policies;
- Report regularly to the Board any Committee findings, recommendations, and actions, and any other matters the Committee deems appropriate or the Board requests;
- Undertake such other responsibilities as the Board may delegate or assign to the Committee from time to time; and
- Perform such other functions as required by law, the Corporation's Certificate of Incorporation, or By-laws, as amended to date.

The Committee shall not have the power or authority to act on any matters that (1) are expressly delegated to other committees of the Board, (2) are under active review by the Board or another committee of the Board, unless the Board specifically authorizes such action, or (3) under Delaware General Corporation Law, the Corporation's Certificate of Incorporation, or Corporation By-laws cannot be delegated by the Board to a committee of the Board.

### **Outside Advisors**

In retaining or seeking advice from outside counsel and other advisors (other than the Corporation's in-house counsel), the Committee must take into consideration the factors specified in applicable policy or independence guidelines. The Committee may retain, or receive advice

from, any advisor they prefer, including those who are not independent, after considering the specified factors.

### **Structure and Operations**

The Board shall designate a member of the Committee as the chair.

The Committee shall meet QUARTERLY, at such times and places, as it deems necessary to fulfill its responsibilities. The Secretary of the Corporation, or member of the Board exercising an equivalent function, shall keep the minutes of the Committee, which shall be distributed to all members of the Board. The Committee shall report any action it takes to the full Board at or before the next meeting of the Board. The Committee is governed by the same rules regarding meetings (including meetings in person, by conference telephone or video, or other similar communications equipment), actions taken or considered (including actions by written unanimous consent and actions without meetings), notice, waiver of notice, quorum, and voting requirements as are applicable to the Board pursuant to the By-laws of the Corporation.

The Committee shall meet separately, and periodically, with management and representatives of the Corporation's independent, external auditor and shall invite such individuals to its meetings as it deems appropriate to assist it in performing its duties and responsibilities. However, the Committee shall meet regularly without such individuals present.

If, at a meeting of the Committee, a majority of the Committee Members believes that any matter under consideration should be referred to the full Board for consideration, such matter shall be referred, and the Committee shall not act on such matter.

A majority of the Committee Members shall constitute a quorum.

The Committee shall maintain minutes or other records of its meetings and activities.

The Committee shall review and assess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

### **Delegation of Authority**

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to act in relation to such responsibilities, to one or more committees or subcommittees properly formed and authorized by the Committee as the Committee may deem appropriate in its sole discretion.