

Provident Foundation Inc.

THE AUDIT COMMITTEE CHARTER OF THE BOARD OF DIRECTORS

ARTICLE 1 SCOPE OF RESPONSIBILITY OF AUDIT COMMITTEE

Section 1.1 General.

The Audit Committee's primary function is to assist the Board of Directors ("**Board**") of Provident Foundation Inc. ("**Provident**") in fulfilling the Board's oversight responsibilities by monitoring (1) Provident's continuing development and performance of its system of financial reporting, auditing, internal controls and legal and regulatory compliance, (2) the operation and integrity of the system, (3) performance and qualifications of Provident's external auditors ("**Auditors**") and (4) the independence of Provident's Auditors.

Section 1.2 Audit Committee Limitations

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine whether Provident's financial statements are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of Management and the Auditors.

Section 1.3 Relationship to Others

(a) Allocation of Responsibilities

Provident's management ("**Management**") consists of its President and Chief Executive Officer, Chief Financial Officer, General Counsel, and designated staff. Provident's Management is principally responsible for developing and consistently applying Provident's accounting principles and practices, preparing Provident's financial statements and maintaining an appropriate system of internal controls. Provident's Auditors are responsible for auditing Provident's financial statements to obtain reasonable assurance that the financial statements are free from material misstatement. In this regard, the Auditors must develop an overall understanding of Provident's accounting principles and practices and internal controls to the extent necessary to support its opinion on Provident's financial statements. The Audit Committee, as the representative of the Board, is responsible for overseeing this process.

(b) Accountability of the Auditors

The Auditors will be advised that they are ultimately accountable to the Audit Committee.

(c) Accountability of the Audit Committee

The Audit Committee has the ultimate authority and responsibility to select, evaluate the performance of, and, if necessary, replace the Auditors.

(d) Communication

The Audit Committee shall maintain open and free communication among Management, the Auditors, the Audit Committee and the Board and make reports to the Board as the Audit Committee determines to be appropriate concerning the activities and recommendations of the Audit Committee.

**ARTICLE 2
COMPOSITION OF AUDIT COMMITTEE**

Section 2.1 Composition. The Audit Committee shall consist of 3 but not more than 5 individuals appointed by the Chairman of the Board and approved by the Board, each of whom, as nearly as practicable for a nonprofit corporation, shall be independent of Provident. At least 2 of the members of the Audit Committee shall be members of the Board. The remaining member or members, if not a member of the Board, shall be individuals with professional experience for at least 10 years in law, accounting or finance. Without limiting the foregoing, employees of Provident shall not serve on the Audit Committee.

Section 2.2 Chairperson. One member of the Audit Committee shall be appointed by the Chairman of the Board and approved by the Board to serve as the Chair of the Audit Committee. The Chair shall be responsible for the leadership of the Audit Committee, including, without limitation, scheduling and presiding over meetings, preparing agendas, and delivering reports to the Board.

**ARTICLE 3
MEETINGS OF AUDIT COMMITTEE**

Section 3.1 Meetings of Audit Committee. The Audit Committee will meet at least two times a year. The Audit Committee will meet periodically in executive sessions with the Auditors and will request that the Auditors bring any matters they deem to be pertinent to the attention of the Audit Committee in such sessions. To foster open communications, the Audit Committee may invite other directors, representatives of Management, and the Auditors to attend any of its meetings, but reserves the right, in its discretion, to meet at any time in executive session. The Audit Committee will maintain written minutes of its meetings, which will be available to every member of the Board.

**ARTICLE 4
POWERS OF AUDIT COMMITTEE.**

Section 4.1 Activities and Powers Relating to the External Audit.

(a) Planning the External Audit. The Audit Committee will have oversight of the external audit of Provident's financial statements, including taking the following actions:

(1) Select, retain and approve Auditors and pre-approve all auditing services and non-audit services with fees in excess of \$5,000 permitted by Audit Committee policy (including the fees and terms of such services) to be performed for Provident by its Auditors;

(2) Obtain annual written representations from the Auditors that they are independent with respect to Provident (An Independence Standards Board Standard No. 1 letter ("**ISB No.1 Letter**") shall be acceptable);

(3) Discuss with the Auditors the nature and amount of fees relating to non-audit services performed for Provident and confirm that such services (1) do not violate the Audit Committee's policy against Auditors performing business consulting services (except with the written consent of the Audit Committee) and (2) for the Auditors, do not impair their independence under professional standards;

(4) As required, form and delegate authority to subcommittees consisting of one or more members when appropriate, including, without limitation, the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittees to grant pre-approvals will be presented to the full Audit Committee at its next scheduled meeting;

(5) Annually evaluate whether rotation of all audit partners of the Auditors having primary responsibility for the audit and the independent reviewing audit partner of the Auditors is appropriate;

(6) Discuss with the Auditors the scope and comprehensiveness of their audit plans prior to their audits;

(7) Discuss with the Auditors the results of their processes to assess risk in the context of their respective audit engagements, including, without limitation, all pertinent issues or concerns regarding their client relationship with Provident raised in their internal client retention assessment or similar process; and

(8) Discuss any significant policies relating to risk assessment and risk management, and the steps Management has taken to monitor, control and minimize Provident's major risk exposures, if any;

(b) **Review of External Audit.** The Audit Committee will review the results of the annual external audit with the Auditors and will:

(1) Review and discuss with the Auditors Statement on Auditing Standards No. 61 Letter ("**SAS 61 Letter**") issued by the Auditors, encompassing the following:

- (i) All critical accounting policies and practices utilized;
- (ii) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of

such alternative disclosures and treatments, and the treatment preferred by the Auditors, if necessary;

- (iii) Other material written communications between the Auditors and Management, such as any management letter or schedule of unadjusted differences;
- (iv) Any audit problems or difficulties with Management's response, including: (a) any restrictions on the scope of activities or access to requested information and (b) any recommendations made by the Auditors as a result of the audit;
- (v) Accounting implications of significant new transactions;
- (vi) the effect of regulatory and accounting changes on the financial statements during the prior year, including, without limitation, material off-balance sheet transactions, complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and in instances where alternative accounting treatments are permitted, reasons for the accounting treatment selected;
- (vii) Analyses or reports regarding (a) any "second opinion" sought by Management from an audit firm other than the Auditors, or (b) any other information that the Audit Committee deems necessary to perform its oversight functions;
- (viii) the Auditors' views regarding the clarity of Provident's financial disclosures, the quality of Provident's accounting principles, as applied, the underlying estimates and other significant judgments that Management made in preparing the financial statements, the compatibility of Provident's principles and judgments with prevailing practices and standards applicable to similar institutions and, to the extent permitted by their professional standards, their assessment of the overall quality of Provident's reported financial results based on the results of their audits; and
- (ix) The nature and amount of all adjustments resulting from the audit, whether recorded by Provident or not, and Management's reasons for not including any unrecorded adjustments in results for the period.

(2) Obtain representation from the Auditors describing any material issues raised relating to audits by the most recent final determination identified in a peer review of the Auditors, or by any governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits

carried out by the Auditors, and any steps taken to address or resolve any such issues;

(3) Discuss Provident's annual audited financial statements and related footnotes with the Auditors and Management; and

(4) Review the extent to which Provident has implemented changes and improvements in financial and accounting practices or internal controls that the Auditors previously recommended or the Audit Committee previously approved, and any special audit steps taken in light of material control deficiencies, if any.

(c) **Post-Audit Review Activities.** In connection with or following the completion of its review of the external audits, the Audit Committee or its Chair may, in their discretion, meet with the Auditors or Management to discuss any changes required in the audit plans for future periods and any other appropriate matters regarding the audit process.

ARTICLE 5 OTHER POWERS

Section 5.1 Other Powers.

To the extent the Audit Committee deems necessary or appropriate, it may also:

(a) Retain and consult with special legal, accounting or other consultants to advise the Audit Committee, which consultants shall be compensated by Provident;

(b) Establish written hiring policies for employees or former employees of current or former external auditors;

(c) Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities, as the Audit Committee determines to be necessary or appropriate to enable it to carry out its duties;

(d) Review periodically with Provident's General Counsel and outside legal counsel any pending and threatened litigation, inquiries received from governmental agencies, or any other legal matters that may have a material impact on Provident's financial statements, internal controls, or corporate compliance procedures;

(e) Discuss with the Auditors the integrity and adequacy of, and if necessary, recommend changes and improvements in, the internal controls of Provident (including, without limitation, information technology security and control); communicate recommended changes and improvements to management and the Board; and take appropriate steps to assure that recommended changes and improvements are implemented;

(f) Undertake any special projects assigned by the Board;

(g) Issue any reports or perform any other duties required by Provident's articles of incorporation or by-laws; and

(h) Consider and act upon any other matters concerning the financial affairs of Provident as the Audit Committee may determine to be advisable in connection with its oversight functions.

ARTICLE 6 REVIEW OF CHARTER

Section 6.1 Review of Charter

The Audit Committee will review this Charter annually, and may consider, adopt and submit to the Board any proposed changes that the Audit Committee deems appropriate or advisable.