UCCRC

Ulster County Capital Resource Corporation

AUDIT COMMITTEE CHARTER

This Audit Committee Charter was adopted by the Ulster County Capital Resource Corporation, a public benefit corporation established under the laws of the State of New York, on this 13th day of January, 2016.

PURPOSE.

Pursuant to Section 14 of the Corporation's bylaws, the purpose of the audit committee shall be to (1) review and approve the Corporation's financial statements; (2) oversee the Corporation's internal controls and compliance systems; (3) appointing, compensation and overseeing outside auditors retained by the authority; (4) resolving disagreements with respect to, and overseeing compliance with accounting policies and principals; (5) reviewing management reports on internal controls and the attestation of such reports by the authority's outside auditors; and (6) investigation compliance with the Corporation's policies and/or referring instance of noncompliance to the State Inspector General for investigation.

POWERS OF THE AUDIT COMMITTEE.

It shall be the responsibility of the audit committee to:

- Appoint, compensate, and oversee the work of any public accounting firm employed by the Corporation.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from Corporation employees, all of whom should be directed by the Corporation to cooperate with committee requests.
- Meet with Corporation staff, independent auditors or outside counsel, as necessary.
- Retain, at the Corporation's expense, such outside counsel, experts and other advisors as the audit committee may deem appropriate.

The Ulster County Capital Resource Corporation will ensure that the audit committee has sufficient resources to carry out its duties.

COMPOSITION OF COMMITTEE AND SELECTION OF MEMBERS.

The Audit Committee shall be established as set forth in and pursuant to Section 14, of the Corporation's bylaws. The audit committee shall consist of at least three members of the Corporation who are independent of Corporation operations. The Corporation will appoint the audit committee members and the Treasurer of the Corporation shall serve as chair.

Audit Committee members shall be prohibited from being an employee of the Corporation or an immediate family member of an employee of the Corporation. In addition, audit committee members shall not engage in any private business transactions with the Corporation or receive compensation from any private entity that has material business relationships with the Corporation, or be an immediate family member of an individual, that engages in private business transactions with the Corporation or receives compensation from an entity that has material business relationships with the Corporation.

Ideally, all members of the audit committee shall possess or obtain a basic understanding of governmental financial reporting and auditing.

The Audit Committee shall have access to the services of a least one financial expert; whose name shall be disclosed in the annual report of the Corporation.

The Audit Committee's financial expert should have (1) an understanding of generally accepted accounting principles of financial statements; (2) experience in preparing or auditing financial statements of comparable entities; (3) experience in applying such principals in connection with the accounting for estimates, accruals and reserves; (4) experience with internal accounting controls and, (5) an understanding of audit committee functions.

MEETINGS.

The Audit Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter.

Members of the Audit Committee are expected to attend each committee meeting in person. The audit committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The Audit Committee will meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation.

Meeting agendas will be prepared for every meeting and provided to the audit committee members along with briefing materials five (5) business days before the scheduled Audit Committee meeting. The audit committee will act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings will be recorded.

RESPONSIBILITIES.

The Audit Committee shall have responsibilities related to: (a) Review and approve the Corporation's monthly financial statements; (b) the independent auditor and annual financial statements; (c) the Corporation's internal auditors; (d) oversight of management's internal controls, compliance and risk assessment practices; (e) special investigations and whistleblower policies; and (f) miscellaneous issues related to the financial practices of the Corporation.

A. INDEPENDENT AUDITORS AND FINANCIAL STATEMENTS.

The Audit Committee shall:

- Appoint, compensate and oversee independent auditors retained by the Corporation and pre-approve all audit services provided by the independent auditor.
- Establish procedures for the engagement of the independent auditor to provide permitted audit services. The Corporation's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the audit committee. Non-audit services include tasks that directly support the Corporation's operations, such as bookkeeping or other services related to the accounting records or financial statements of the Corporation, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.
- Review and approve the Corporation's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
- Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Meet with the independent audit firm on a regular basis to discuss any significant issues that may have surfaced during the course of the audit.
- Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

B. INTERNAL AUDITORS

The Audit Committee shall:

- Review with management the charter, activities, staffing and organizational structure of the internal audit function. The audit committee shall have authority over internal auditing.

- Ensure that the internal audit function is organizationally independent from Corporation operations, so far as practicable.
- Meet quarterly to review bank reconciliations, accounts receivable records, accounts payable records and journal entries, and to review financial statements and give opinions on financial performance.

C. INTERNAL CONTROLS, COMPLIANCE AND RISK ASSESSMENT

The Audit Committee shall:

- Oversee the Corporation's internal controls and compliance systems.
- Resolving disagreements with respect to, and overseeing compliance with accounting policies and principles.
- Review management's assessment of the effectiveness of the Corporation's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.

D. SPECIAL INVESTIGATIONS

The audit committee shall:

- Ensure that the Corporation has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the directors, officers, or employees of the Corporation or any persons having business dealings with the Corporation or breaches of internal control.
- Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.
- Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation (for example, issues may be referred to the State Inspector General, or, other investigatory organization.)
- Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

E. OTHER RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee shall:

- Present annually to the Corporation's board a written report of how it has discharged its duties and met its responsibilities as outlined in the charter.
- Obtain any information and training needed to enhance the committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal

controls and a certain level of familiarity in financial reporting standards and processes.

- Review the committee's charter annually, reassess its adequacy, and recommend any proposed changes to the board of the Corporation. The Audit Committee Charter will be updated as applicable laws, regulations, accounting and auditing standards change.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the Corporation approval for proposed changes.

Re-affirmed: January 19, 2022