

Genesee County Economic Development Center Audit Committee Charter

This Audit Committee Charter was adopted on this 23rd day of October 2007 by the Board of Directors of the Genesee Gateway Local Development Corporation (GGLDC) a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law of the State of New York and, as provided in Section 1411 of the Not-For-Profit Corporation Law, a Type C Corporation as defined in Section 201 of the Not-For-Profit Corporation Law established under the laws of the State of New York.

Purpose

Pursuant to Article IV, Section 1. of the GGLDC's bylaws, the purpose of the audit committee shall be to (1) assure that the GGLDC's board fulfills its responsibilities for the GGLDC's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; and (2) provide an avenue of communication between management, the independent auditors, and the board of directors.

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

The GGLDC board 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 Article V, Section 1. (b) of the GGLDC's bylaws. The audit committee shall consist of at least three members of the board of directors who are independent of GGLDC operations. The GGLDC's board will appoint the audit committee members and the committee chair.

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

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 at least one financial expert; whose name shall be disclosed in the annual report of the GGLDC.

The audit committee's financial expert should have 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with 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 such committee meeting. 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 authority's independent auditor at least annually to discuss the financial statements of the GGLDC.

Meeting agendas will be prepared for every meeting and provided to the audit committee members along with the briefing materials 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. Minutes of those meetings will be recorded.

Responsibilities

The audit committee shall have responsibilities related to: (a) the independent auditor and the annual financial statements; (b) the GGLDC's internal auditors (if any); (c) oversight of management's internal controls, compliance and risk assessment practices; (d) special investigations and whistleblower policies; and (e) miscellaneous issues related to the financial practices of the GGLDC.

A. Independent Auditors and Financial Statements

The audit committee shall:

- Recommend to the board of the GGLDC the appointment of independent auditors retained by the GGLDC 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 GGLDC'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 GGLDC's operations, such as bookkeeping or other services related to the accounting records or financial statements of the authority, 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 GGLDC'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 same.

B. Internal Controls, Compliance and Risk Assessment

The audit committee shall:

- Review management's assessment of the effectiveness of the GGLDC's internal controls and review the report on internal controls by the independent auditor as part of the financial audit engagement.

C. Special Investigations

The audit committee shall:

- Ensure that the GGLDC 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 authority or any persons having business dealings with the GGLDC, 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.

Genesee County Local Development Corporation

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D. Other Responsibilities of the Audit Committee

The audit committee shall:

- Present annually to the GGLDC's board a 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 authority. 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 board approval for proposed changes.

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