

## **Lennar Charitable Housing Foundation Charter of the Audit Committee**

### **Purpose**

The Audit Committee (the Committee) is appointed by the Board of Directors (the Board) of Lennar Charitable Housing Foundation (LCHF) to assist the Board in fulfilling its oversight responsibilities.

The Committee's primary duties and responsibilities are to assist the Board with respect to:

- The adequacy of LCHF's internal controls and financial reporting processes and the reliability of LCHF's financial reports to the general public.
- The independence and performance of the independent auditor (Independent Auditor) selected to audit LCHF. The Independent Auditor shall be free of any relationship that, in the reasonable judgment of the Committee, may interfere with such Independent Auditor's exercise of independent judgment.
- LCHF's compliance with legal and regulatory requirements.
- Assessing risks, financial or otherwise, that may adversely affect LCHF.
- Advising the Board of any significant problem the Committee is aware of.

The Committee shall have the authority, in its discretion, to conduct investigations and retain, at LCHF's expense, legal, accounting or other expertise to advise the Committee. Furthermore, the Committee (with Board approval) is responsible for engaging the Independent Auditor for LCHF.

### **Membership**

The Committee shall be comprised of not less than two members of the Board who are non-Lennar employees.

All members of the Committee shall be free of any relationship that, in the reasonable judgment of the Board may interfere with such member's individual exercise of independent judgment.

Each Committee member shall be financially literate as such qualification is interpreted by the Board in its business judgment, or shall become financially literate within a reasonable period of time after appointment to the Committee.

At least one member of the Committee shall have accounting or related financial management expertise as interpreted by the Board in its business judgment.

The standard term for Committee membership is two years.

### *Committee Meetings*

The Committee shall meet at least semi-annually, and at any additional time the Committee deems necessary.

The Committee may request that members of management and/or LCHF's Independent Auditor attend meetings as necessary.

At least annually, the Committee shall meet, independently, with LCHF's Independent Auditor. The Committee shall report to the Board and make recommendations.

Minutes of each meeting will be kept and distributed to the Committee and to the Board.

### General Principles as to Independent Auditor

The Committee adopts the following principles with respect to LCHF's Independent Auditor:

- The Committee shall recommend to the Board the appointment of the Independent Auditor that is ultimately accountable to the Board and the Committee.
- The Committee shall evaluate the performance of the Independent Auditor and, if so determined by the Committee and the Board, replace the Independent Auditor. The Committee with Board approval has the ultimate authority and responsibility to select, evaluate, and where appropriate, replace LCHF's Independent Auditor.
- If LCHF's Independent Auditor identifies a significant problem that is not being adequately addressed by LCHF management, the Independent Auditor will report the problem to the Committee.
- The Committee approves the audit fee.

The Committee shall undertake the following with respect to the Independent Auditor's independence:

- Ensure that the Independent Auditor submits an annual formal written statement including written disclosures delineating all relationships between the Independent Auditor and LCHF.
- Actively engage in a dialogue with the Independent Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the Independent Auditor.

### Primary Responsibilities – Audit

After meeting with the Independent Auditor, the Committee shall review and discuss with LCHF management the audited financial statements of LCHF and the results of the year-end audit by LCHF's Independent Auditor.

The Committee shall discuss with the Independent Auditor the matters that the Independent Auditor determines are required to be discussed in accordance with the AICPA's Statement on Auditing Standards. This includes both the audit itself and auditing standards.

#### Internal Controls

The Committee shall discuss with LCHF management and the Independent Auditor:

- The adequacy of LCHF's internal accounting controls and the financial reporting process.
- The status of internal control recommendations made by the Independent Auditor.
- The Committee shall view LCHF's Financial Protocol Manual annually, and may make recommendations for any changes necessary.

The Committee shall receive reports from and discuss with LCHF's Legal Counsel the adequacy of the policies and practices of LCHF related to compliance with key regulatory requirements, conflicts of interest and ethical conduct.

#### Other

The Committee shall periodically receive reports from and discuss with the LCHF's Legal Counsel any material Government investigations, litigation or legal matters.

#### Scope of Responsibilities

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

While the Committee maintains the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that LCHF's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of LCHF management and the Independent Auditor. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between LCHF management and the Independent Auditor or to assure compliance with laws and regulations and LCHF's Policies and Procedures Manual.