

Appendix 4D-1

American Contract Bridge League Charter of the Audit Committee of the Board of Directors

Purpose

The Audit Committee (the “Committee”) is appointed by the President of the Board of Directors (the “Board”) of the American Contract Bridge League (the “ACBL”). The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through:

- Overseeing management’s conduct of the ACBL’s financial reporting process and systems of internal accounting and financial controls;
- Monitoring the independence and performance of the ACBL’s outside auditors; and
- Providing an avenue of communication among the outside auditors, management and the Board.

Composition

1. The Committee shall have three (3) members at all times, each of whom must be members of the Board independent of management, as well the ACBL and each of its affiliates. A member of the Committee shall be considered independent if in the sole discretion of the Board, it is determined that he or she has no relationship that may interfere with the exercise of his or her independent judgment. Those persons serving as Officers of the Board in the current or prior year shall not be eligible to serve on the Committee.
2. If any member of the Committee enters into or develops a relationship that, pursuant to paragraph 1 above, may interfere with the exercise of his or her independent judgment, such member shall have an affirmative obligation to promptly disclose such relationship to the Board.
3. No member of the Committee shall accept any consulting, advisory or other compensatory fee from the ACBL other than in connection with serving on the Committee or as a member of the Board.
4. All members of the Committee shall have a practical knowledge of finance and accounting and be able to read and understand fundamental financial statements or be able to do so within a reasonable period of time after appointment to the Committee.

5. At least one member of the Committee shall have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment.
6. At least one member of the Committee shall not concurrently serve on the Finance Committee of the ACBL.
7. Each member of the Committee shall be appointed by the President of the Board and shall serve until the earlier to occur of the date on which he or she shall be replaced by the President of the Board, resigns from the Committee, or resigns from the Board. In making appointments to the Committee the President shall strive to assure continuity of expertise and shall to that end, if practical, appoint no more than one member per year who has never served on the Committee.

Meetings

1. The Committee shall meet as frequently as circumstances dictate, but no less than one time annually. The President of the Board shall name a chairperson of the Committee, who shall prepare and/or approve an agenda in advance of each meeting. A majority of the members of the Committee shall constitute a quorum. The Committee may meet by telephonic conference. The Committee shall maintain minutes or other records of meetings and activities of the Committee.
2. The Committee shall, through its chairperson, report regularly to the Board following the meetings of the Committee, addressing such matters as the quality of the ACBL's financial statements, the ACBL's compliance with legal or regulatory requirements, the performance and independence of the outside auditors, or other matters related to the Committee's functions and responsibilities.

Responsibilities and Duties

The Committee's principal responsibility is one of oversight. The ACBL's management is responsible for preparing the ACBL's financial statements and the outside auditors are responsible for auditing and/or reviewing those financial statements.

While the Committee has the powers and responsibilities set forth in this charter, it is not the responsibility of the Committee to plan or conduct audits or to determine that the ACBL's financial statements present fairly the financial position, the results of operations and the cash flows of the ACBL, in compliance with generally accepted accounting principles. This is the responsibility of management and the outside auditors. In carrying out these oversight responsibilities, the Committee is not providing any expert or special assurance as to the ACBL's financial statements or any professional certification as to the outside auditors' work.

The Committee's specific responsibilities are as follows:

General

1. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to members of management and other employees of the ACBL, as well as all information relevant to the carrying out of its responsibilities.
2. The Committee shall, with the assistance of management, the outside auditors and legal counsel, as the Committee deems appropriate, review and evaluate, at least annually, the Committee's:
 - a. charter;
 - b. powers and responsibilities; and
 - c. performance (including, but not limited to, a review of all Committee obligations to the Board and under the charter).
3. The Committee shall report and make recommendations to the Board with respect to the foregoing, as appropriate.
4. The Committee shall, in addition to the performance of the duties described in this charter, undertake such additional duties as from time to time may be:
 - a. delegated to it by the Board;
 - b. required by law; or
 - c. deemed desirable, in the Committee's discretion, in connection with its functions described in this charter.

The Committee shall be empowered to retain, at the ACBL's expense, independent counsel, accountants or others for such purposes as the Committee, in its sole discretion, determines to be appropriate to carry out its responsibilities.

Internal Controls and Risk Assessment

1. The Committee shall review annually, with management and the outside auditors, if deemed appropriate by the Committee the effectiveness of or weaknesses in the ACBL's internal controls, including computerized information system controls and security, the overall control environment and accounting and financial controls.
2. The Committee acknowledges the existence of other bridge-related organizations such as the ACBL Educational Foundation, ACBL Charity Foundation and others. Except for transactions directly between the ACBL and such organizations, the Committee shall not be responsible for reviewing or approving financial transactions nor internal audit procedures of such organizations.
3. The Committee shall establish procedures for:

- a. the receipt, retention and treatment of complaints received by the ACBL regarding accounting, internal accounting controls or auditing matters; and
 - b. the confidential, anonymous submission by employees of the ACBL of concerns regarding questionable accounting or auditing matters.
4. The Committee shall review major financial risk exposures and the guidelines and policies which management has put in place to govern the process of monitoring, controlling and reporting such exposures.

Outside Auditors; Their Performance and Independence

1. The outside auditors are ultimately accountable to the Board and the Committee, as the representatives of the members of the ACBL. The Committee shall evaluate and recommend to the Board the selection and, where appropriate, the replacement of the outside auditors.
2. The Committee shall:
 - a. confer with the outside auditors concerning the scope of their examinations of the books and records of the ACBL;
 - b. review the scope, plan and procedures to be used on the annual audit, as recommended by the outside auditors;
 - c. review the results of the annual audits and interim financial reviews performed by the outside auditors, including:
 - i. the outside auditors' audit of the ACBL's annual financial statements, accompanying footnotes and its report thereon;
 - ii. any significant changes required in the outside auditors' audit plans or scope;
 - iii. any material differences or disputes with management encountered during the course of the audit (the Committee to be responsible for overseeing the resolution of such differences and disputes);
 - iv. any material management letter comments and management's responses to recommendations made by the outside auditors in connection with the audit;
 - v. matters required to be discussed by Statement on Auditing Standards No. 114, as amended (Communications with Audit Committees), relating to the conduct of the audit;
 - d. authorize the outside auditors to perform such supplemental reviews or audits as the Committee may deem desirable;
3. The Committee shall inquire into any accounting adjustments that were noted or proposed by the outside auditors but were "passed" as immaterial or otherwise.
4. The Committee shall, if applicable, inquire as to any matters that were referred to the outside auditors' national office relating to accounting policies and/or financial statement disclosure within the ACBL's financial statements and, to the

extent deemed appropriate, request an opportunity to address such issues directly with a representative of such national office.

5. The Committee shall, at least annually, obtain and review a report by the independent auditors' describing:
 - a. the outside auditors' internal quality control procedures;
 - b. any material issues raised by the most recent internal quality-control review or peer review of the outside auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the outside auditors, and any steps taken to deal with any such issues.
6. Pre-approval by the Committee shall be required with respect to the fees for all audit and other services performed by the outside auditors as negotiated by management.
7. The Committee's approval of any non-audit services to be rendered by the outside auditors must be obtained in advance of engaging the outside auditors to render such services. The Committee shall not approve the engagement of the outside auditors to render non-audit services prohibited by law. The Committee shall consider whether the provision of non-audit services is compatible with maintaining the outside auditors' independence, including, but not limited to, the nature and scope of the specific non-audit services to be performed and whether the audit process would require the outside auditors to review any advice rendered by the outside auditors in connection with the provision of non-audit services.
8. The Committee shall receive from the outside auditors on a periodic basis a formal written statement delineating all relationships between the outside auditors and the ACBL, consistent with the Independence Standards Board, Standard No. 1, regarding relationships and services, which may impact the objectivity and independence of the outside auditors, and other applicable standards. The statement shall include a description of all services provided by the outside auditors and the related fees. The Committee shall actively engage in a dialogue with the outside auditors regarding any disclosed relationships or services that may impact the objectivity and independence of the outside auditors and shall evaluate, after gathering information from management, and other Board members, the performance of the outside auditors and recommend that the Board take action to satisfy itself of the independence of the outside auditors.
9. The Committee shall recommend to Management that current and former professional employees of the outside auditors not be hired to fill positions at the ACBL.

10. The Committee recommends that outside auditors, whose appointment is reviewed annually, be retained ideally for a period of no more than five consecutive years, but in any event may not be retained for a period in excess of 10 consecutive years."

Financial Reporting

1. The Committee shall review and discuss:
 - a. the existence of significant estimates and judgments underlying the financial statements, including the rationale behind those estimates as well as the details on material accruals and reserves and the ACBL's accounting principles;
 - b. all critical accounting policies identified to the Committee by the outside auditors;
 - c. major changes to the ACBL's accounting principles and practices, including those required by professional or regulatory pronouncements and actions, as brought to its attention by management and/or the outside auditors; and
 - d. material questions of choice with respect to the appropriate accounting principles and practices to be used in the preparation of the ACBL's financial statements, as brought to its attention by management and/or the outside auditors.
2. The Committee shall review and discuss with outside auditors any transaction involving the ACBL and any related party and any transaction involving the ACBL and any other party in which the parties' relationship could enable the negotiation of terms on other than an independent, arms'-length basis.
3. The Committee shall discuss with the outside auditors any item not reported as a contingent liability or loss in the ACBL's financial statements as a result of a determination that such item does not satisfy a materiality threshold. The Committee may request an annual review from the Finance Committee of the ACBL assessing the risk management policies of the ACBL.
4. The Committee shall review and consider other matters in relation to the financial affairs of the ACBL and its accounts and in relation to the internal and external audit of the ACBL as the Committee may, in its discretion, determine to be advisable.
5. The Committee shall meet at least annually with management, and the outside auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

Compliance with Laws, Regulations and Policies

1. The Committee shall review with management actions taken to ensure compliance with any code or standards of conduct for the ACBL which may be established by the Board.
2. The Committee shall review with the ACBL's legal counsel any legal compliance matters, including IRS not-for-profit practices and reporting requirements, and any other legal matters that could have a significant, adverse impact on the ACBL's financial statements.

ACBL Audit Committee Checklist

January

- Contact the previous A/C Chairperson (when applicable) to:
 - obtain previous years' minutes
 - discuss ongoing concerns
 - ascertain who are the signing officers of all ACBL bank accounts and the authorized officers to arrange transactions and withdrawals concerning our investments.

February

- Review audit program with auditor, discuss potential problem areas.
- Receive and review ACBL financial statements and management letter from auditor.

March

- Make recommendation for appointment of audit firm. Inform auditors that an interim audit performance is expected. Conduct executive session with auditor.
- Review internal control.

May

- Ascertain compliance was done with Government regulations and receive proof of filing. Obtain certificate to this effect from auditor.

December

- Review expense account (including credit card charges) of CEO from November 1 of previous year till October 31 of current year.

Note: The Audit Committee meetings are restricted to the three members of the Audit Committee. Other persons may attend only by the invitation of the Audit Chairperson. The Chairperson or his designee will store the minutes of the A/C.

ONGOING PROJECTS THROUGHOUT THE YEAR

1. Review the audit committee charter at least once a year, reassess the adequacy of this charter and recommend proposed changes to the Board. Consider changes that are necessary as a result of new laws and regulation.
2. Conduct executive sessions with the CEO, CFO and legal counsel annually.
3. Inquire of Management and Auditors about significant risks and exposure facing the organization, assess the steps Management has taken or proposes to take to minimize such risks and periodically review compliance with such steps.
4. Review with Management the policies and procedures with respect of officers key employees and disqualified persons (as defined by IRS code 4958) expense accounts, perks (including excess benefit transactions), consider the result of a review of these areas either by the internal auditor or the independent auditor.
5. Review all material written communications between the auditors and management such as schedule of unadjusted differences.
6. Review company's policy for data retention and discarding of documents.
7. Review the procedures for the receipt, retention and treatment of complaints received by the ACBL regarding accounting, internal accounting controls or auditing matters that may be submitted by any party, internal or external to the ACBL. Review any complaints that might have been received, current status, and resolution, if one had been reached.
8. Ascertain that the Employees' Handbook contains proper information for the employees, who to contact and the protection offered.