

Audit Committee Charter

Adopted April 21, 2005



Robert Wood Johnson Foundation

I. PURPOSE

The purposes of the Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Robert Wood Johnson Foundation (the “Foundation”) are to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the Foundation’s financial statements; its systems of internal accounting and financial controls; its processes and procedures for risk management; its compliance with legal and regulatory requirements; and the performance, qualification and independence of the Foundation’s independent auditors.

II. RESPONSIBILITIES AND DUTIES

The Committee shall have the following responsibilities:

- Be directly responsible for the appointment, compensation, oversight, and retention of the Foundation’s independent auditors. The independent auditors shall report directly to the Committee and shall meet separately with the Committee (without management) at least annually.
- Evaluate annually the qualifications, performance, and independence of the independent auditors and discuss any relationships that may impact auditor objectivity and independence.
- Approve prospectively all audit and non-audit services provided by the independent auditors, giving consideration to whether the performance of such services might adversely affect the independent auditors’ objectivity or independence. This responsibility may be fulfilled by the Chairperson; services approved by the Chairperson should be reported to the Committee at its next scheduled meeting.
- Ensure proper rotation of the lead audit partner on the Foundation’s engagement.
- Review and discuss the Foundation’s annual financial statements and the related footnotes and disclosures with management and the independent auditors, including the quality, not just the acceptability, of the Foundation’s accounting principles, and the clarity and completeness of the financial statements and related disclosures.
- Obtain annually a report from the independent auditors regarding matters to be communicated under Statement of Auditing Standards No. 61, as amended; and review with the independent auditors:
 - any significant difficulties or disagreements with management in connection with the preparation of the financial statements;
 - any formal communications between the audit team and the auditors’ national office regarding auditing or accounting issues;
 - any recommendations regarding internal controls;
 - and a summary of any alternative accounting treatments discussed with Foundation management, the ramifications of such treatments, and the treatment preferred by the independent auditors.

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- Resolve disagreements, if any, between management and the independent auditors regarding financial reporting.
- Review new and significant accounting pronouncements that have an impact on the Foundation's financial statements.
- Oversee and periodically evaluate the Foundation's internal controls and procedures, including those related to risk management and programmatic activities.
- Oversee and periodically evaluate the Foundation's processes for monitoring compliance with legal and regulatory requirements.
- Establish procedures for the receipt, retention, and treatment of complaints regarding the Foundation's accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by Foundation employees of concerns regarding questionable accounting or auditing matters.
- Monitor the Foundation's conflict of interest policies and related procedures.
- Review with management any significant issues raised in connection with the Foundation's required filings under the Internal Revenue Code.

III. COMPOSITION

The Committee shall consist of not fewer than three members of the Board, each of whom shall be free of any material conflict of interest that, in the opinion of the Board, interferes with the exercise of his or her independent judgment as members of the Committee. Officers and employees of the Foundation shall not be eligible to serve on the Committee. Members of the Committee shall be appointed annually by the Board. The members of the Committee may not receive, directly or indirectly, any consulting, advisory or other compensation from the Foundation except the fees that they receive for service as a member of the Board or any committee thereof. The Board may appoint the Committee's Chairperson, but if the Board has not appointed a Chairperson, the Committee shall elect a Chairperson from among its members.

All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand financial statements, or develop such ability and understanding within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall have accounting or financial management experience.

IV. MEETINGS

The Committee shall meet at least twice annually and more frequently as circumstances require or as the Chairperson or as any two Committee members may request. The Chairperson shall set the agenda for each meeting in consultation with the other members. The Committee may request that any Trustees, Officers, employees, agents or advisers of the Foundation, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee and/or provide such

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pertinent information as the Committee requests. The Committee shall provide sufficient opportunity for the internal and independent auditors to meet privately with the Committee.

V. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the scope of the Committee's responsibilities, with full access to all books, records and personnel of the Foundation, and may retain, at the Foundation's expense, independent counsel and such other advisers, experts and other professionals as it deems necessary or appropriate to carry out its duties. All fees and expenses authorized by the Committee shall be promptly paid by the Foundation.