

## **AMERICA FIRST COMPANIES L.L.C.**

### **CHARTER OF THE AUDIT COMMITTEE**

#### **I. Audit Committee Purpose**

1. The Audit Committee (the “Committee”) is appointed by the Board of Managers to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Monitor the integrity of the financial statements of the America First Companies L.L.C. and its affiliated entities, including the public limited partnerships sponsored by the Company, (collectively, the “Company”),
- Monitor the independence and performance of the Company’s internal and external auditors, and
- Monitor the compliance of the Company with legal and regulatory requirements.

2. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it shall have direct access to the Company’s independent auditors, officers and other employees. The Audit Committee is authorized to retain, at the Company’s expense, such special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. The Audit Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or, consultants to, the Audit Committee. The Audit Committee may also meet with the Company’s investment bankers or financial analysts who follow the Company.

3. The Audit Committee shall have the responsibilities and powers set forth in this Charter. However, it is the duty of management of the Company to prepare its financial statements in accordance with generally accepted accounting principals (“GAAP”) and it is the responsibility of the Company’s independent auditors to plan and conduct the audits of the Company’s financial statements in accordance with generally accepted auditing practices. It is not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Code of Conduct.

#### **II. Composition of the Audit Committee**

1. The Audit Committee shall be comprised of three or more Managers as appointed by the Board of Managers in accordance with the Company’s Corporate Governance Procedures.

2. Each member of the Audit Committee shall meet the experience and independence requirements established from time to time by the Securities Exchange Commission (the “SEC”), the Nasdaq Stock Market, or any corresponding rules of any exchange on which securities of the Company are listed for trading.

3. No member of the Audit Committee may:
  - (a) be a current employee of the Company or been employed by the Company during the three years preceding appointment to the Audit Committee or an immediate family member of anyone who is a current employee of the Company or been employed by the Company during the three years;
  - (b) be a former partner or employee of the Company's independent auditing firm who worked on the Company's audit engagement;
  - (c) beneficially own or otherwise control any membership interest in America First Companies L.L.C. or more than 20% (or such lower number as may be established by the SEC from time to time) of the outstanding limited partnership interests in any of the public limited partnerships sponsored by the Company;
  - (d) accept any payment of any nature from the Company other than compensation paid solely for board services;
  - (e) have any family member who receives payments from the Company in excess of \$60,000 per annum;
  - (f) be a partner, controlling shareholder or executive officer of any organization (including any charitable organization) to which the Company made, or from which the Company received, payments (other than those arising solely from investments in the securities of the Company) that exceed 5% of the Company's or such organization's consolidated gross revenues, or \$200,000, whichever is more, in the current or any of the past three years; or
  - (g) be an executive officer of any other entity of which any executive officer of the Company serves on the compensation committee.
4. All members of the Audit Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements at the time of appointment.
5. The Audit Committee shall include at least one member who qualifies as a "financial expert" as defined by the rules of the SEC from time to time. In determining whether a member of the Audit Committee is a financial expert, the Board shall consider whether the person has, through education and experience as a public accountant or auditor or a principal financial officer, comptroller, or principal accounting officer or similar position, (1) an understanding of GAAP, (2) experience in the preparation or auditing of financial statements and in the application of GAAP in connection with accounting for estimates, accrual and reserves, (3) experience with internal accounting controls, and (4) an understanding of audit committee functions.
6. Each member of the Audit Committee shall comply with all rules relating to continuing education that may be adopted from time to time by the Nasdaq Stock Market or any corresponding rules of any exchange on which securities of the Company are listed for trading.

### **III. MEETING PROCEDURES**

1. The Audit Committee shall appoint a Chairperson from among its members who shall preside over all meetings of the Audit Committee. If the Audit Committee Chairperson is unable to attend any meeting, the other members of the Audit Committee may designate a temporary Chairperson by majority vote of the members in attendance.
2. Meetings of the Audit Committee shall be called by the Chairperson of the Audit Committee.
3. A quorum of the Audit Committee shall be required for the conduct of any business at a meeting of the Audit Committee. A majority of the total members of the Audit Committee present in person, including via videoconferencing or teleconferencing, shall be a quorum for all purposes of the Audit Committee. Actions of the Audit Committee shall require the affirmative vote of a majority of the members attending a duly constituted meeting of the Audit Committee.
4. A written record of all meetings of the Audit Committee shall be made and maintained with the minutes of the Company. The results of all meetings of the Audit Committee shall be reported to the Board of Managers.

### **IV. RESPONSIBILITIES AND DUTIES**

#### **A. Review of Financial Statements**

1. The Audit Committee will review the Company's annual audited financial statements prior to filing thereof with the SEC or distribution to security holders or other third parties. Based on its review of the audited financial statements, the Audit Committee shall determine whether or not to recommend to the Board that such financial statements be included in annual reports filed with the SEC. The Audit Committee shall prepare its report on the annual audited financial statements required to be filed with the SEC as part of any SEC report.
2. The Audit Committee will review the Company's quarterly unaudited financial statements prior to filing thereof with the SEC or distribution to security holders or other third parties.
3. The Audit Committee will review, prior to filing with the SEC, any disclosure of additional information concerning material changes in the financial conditions or operations of the Company which are required to be made on a rapid and current basis on form 8K under Section 13(1) of the Securities Exchange Act of 1934.
4. In connection with its reviews of Company financial statements, the Audit Committee shall:
  - a. undertake appropriate discussions with management and independent auditors of major issues regarding accounting and auditing principles, practices, and judgments, including a review of (1) critical accounting policies and practices used by the Company, (2) the effects of alternative GAAP methods on the Company's financial statements, (3) all material corrective adjustments that were identified by the independent auditors, and (4) any transactions as to which management obtained a Statement on Auditing Standards ("SAS") No. 50 letter;

- b. review the results of each audit report with respect to annual financial statements and the results of the independent auditor's SAS 71 review of the quarterly unaudited financial statements;
- c. discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with the Statement on Auditing Standards SAS No. 61, as it may be modified or supplemented;
- d. review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;
- e. review with the independent auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the Company's response to that letter. Such review should include:
  - 1. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management;
  - 2. Any changes to the planned scope of the audit;
- f. review significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures;
- g. review with management the independent auditor's report assessing the effectiveness of the Company's internal control structure and procedures for financial reporting;
- h. review significant findings prepared by the independent auditors, and other material correspondence between the independent auditors and management, together with management's responses;
- i. review any major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management;
- j. review with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies; and
- k. Discuss with the national office of the independent auditors any issues on which it was consulted by the independent auditor.

5. The Audit Committee shall meet with the independent auditors and financial management of the Company to review the proposed audit of the Company's financial statements, including the scope, staffing, locations, timing, deliverables, and the general audit

approach. The scope of any audit shall include a requirement that the independent auditors inform the Audit Committee of any significant changes in the independent accountant's original audit approach.

6. The Audit Committee should meet privately in executive session at least quarterly with management, the independent auditors, and as a committee to discuss any matters that the Audit Committee or each of these groups believe should be discussed.

B. Independent Auditors

1. The Company's independent auditors will report directly to the Audit Committee and shall be accountable to the Audit Committee. The Audit Committee has the sole authority to hire and fire the Company's independent auditors and is responsible for the oversight of the performance of their duties.
2. The Audit Committee shall approve in advance the retention of, and all fees to be paid to, the Company's independent auditors. The rendering of any auditing services (which may include providing comfort letters in connection with securities offerings or statutory audits required for state regulatory purposes) and all non-auditing services by the Company's independent auditing firm must be approved in advance by the Audit Committee, except for de minimus services described in Section 10A of the Securities Exchange Act of 1934 and the SEC rules issued thereunder. The Auditing Committee shall not approve any non-auditing services of the type prohibited by Section 10A(g) of the Securities Exchange Act of 1934 being provided by its independent auditing firm contemporaneously with the provision of audit services. The provision of allowable non-audit services, and the fees paid in connection therewith, will be disclosed in periodic reports filed with the SEC.
3. The Audit Committee shall be responsible for ensuring the independence of the Company's independent auditors. In connection therewith, the Audit Committee shall, on an annual basis, obtain a formal statement delineating all relationships between the independent auditors and the Company as required by Independence Standards Board ("ISB") Standard No. 1, as may be modified or supplemented, and will review and discuss with the independent auditors all significant relationships they have with the Company that could impair the auditor's independence. No accounting firm may perform an audit of the Company's financial statements if the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Comptroller or person serving in a similar capacity for the Company was employed by such accounting firm. No former employee of the independent auditor who worked on the Company's account shall be hired by the Company without the prior approval of the Audit Committee.
4. The Audit Committee shall also review and evaluate the performance and effectiveness of the Company's independent auditors, including the independent auditors' judgments about the quality, appropriateness and accuracy of the Company's accounting principles as applied in its financial reporting. As part of its review of the Company's independent auditors, the Audit Committee shall consider results of the independent accountant's last peer review, litigation status, and disciplinary actions, if any. As long as Company financial statements include those of one or more Public Partnerships, the Audit

Committee shall confirm on at least an annual basis, that the Company's independent auditing firm is duly registered with the Public Company Accounting Oversight Board.

5. The Audit Committee shall review the experience and qualifications of the senior members of the independent auditors and the quality control procedures of the independent auditors. The Audit Committee will monitor the required rotation of the lead audit partner and reviewing partner for the Company's account to assure that the five-year rotation schedule is maintained. The Audit Committee may also consider the periodic replacement of its independent audit firm.

C. Internal Audit Function

The Company's internal audit function is accountable to the Audit Committee. The Audit Committee shall review and approve the annual internal audit plan and review the significant reports to management prepared by the internal auditing function and management's responses thereto.

D. Related Party Transactions

1. The Audit Committee shall periodically review policies and procedures with respect to executives' and other appropriate personnel's expense accounts and perquisites, including their use of Company assets.
2. The Audit Committee will review and approve all related party transactions involving the Company.

E. Legal and Regulatory Compliance

1. The Audit Committee shall, on at least an annual basis, review with the Company's counsel any legal or regulatory matters that could have a significant impact on the Company's financial statements and its compliance with applicable laws, regulations and inquiries received from regulators or governmental agencies.
2. The Audit Committee shall review and recommend action relating to any report from the Company's independent auditor made pursuant to Section 10A of the Securities Exchange Act of 1934 of illegal acts which it believes are likely to have occurred and which would have an effect on the Company's financial statements, including any contingent monetary effects, such as fines, penalties and damages.
3. The Audit Committee shall establish, review and update periodically a Code of Ethical Conduct, which shall include a specific code for senior financial officers complying with the rules of the SEC, and ensure that management has established a system to enforce this Code and report such to the Board. Any waivers of the Code of Conduct must be approved by the Audit Committee.
4. The Audit Committee shall maintain procedures for the receipt, retention and treatment of employee complaints regarding accounting, internal accounting controls and auditing matters, and for the confidential, anonymous submission by employees of concerns

regarding questionable accounting or auditing matters. These procedures shall be effectively communicated to Company employees.

5. The Audit Committee shall also perform any other activities consistent with this Charter and the limited partnership agreements of the Public Partnerships, and governing law, as the Audit Committee or the Board deems necessary or appropriate.
6. The Audit Committee shall review and reassess the adequacy of this Charter at least annually for compliance with the relevant rules and regulations of the SEC, the Nasdaq Stock Market or any exchange on which securities of the Company are listed for trading.