

**CORNERSTONE STRATEGIC VALUE FUND, INC.  
CORNERSTONE TOTAL RETURN FUND, INC.  
Collectively, the “Funds”**

**AUDIT COMMITTEES CHARTER:**

**I. Audit Committee Membership and Qualifications**

The Audit Committees of the Cornerstone Strategic Value Fund, Inc. and the Cornerstone Total Return Fund, Inc., each shall consist of at least three members appointed by the respective Boards. The Boards may replace members of the respective Audit Committees for any reason.

No member of a Fund’s Audit Committee shall be an “interested person” of that Fund, as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, nor shall any member receive any compensation from the Fund except compensation for service as a member of the Fund’s Board of Directors (the “Board”) or a committee of the Board.

The Boards shall determine annually whether any member of the Audit Committees are an “audit committee financial expert” as defined in Item 3 of Form N-CSR.

**II. Purposes of the Audit Committee**

The purposes of the Audit Committees are:

- (a) to oversee the accounting and financial reporting processes of the respective Fund and its internal control over financial reporting and, as the Committee deems appropriate, to inquire into the internal control over financial reporting of certain third-party service providers;
- (b) to oversee, or, as appropriate, assist Board oversight of, the quality and integrity of a Fund’s financial statements and the independent audit thereof;
- (c) to oversee, or, as appropriate, assist Board oversight of, a Fund’s compliance with legal and regulatory requirements that relate to a Fund’s accounting and financial reporting, internal control over financial reporting and independent audits;
- (d) to approve prior to appointment the engagement of a Fund’s independent auditors and, in connection therewith, to review and evaluate the qualifications, independence and performance of a Fund’s independent auditors; and
- (e) to act as a liaison between a Fund’s independent auditors and the full Board.

The independent auditors for a Fund shall report directly to the respective Audit Committee.

### **III. Duties and Powers of the Audit Committees**

To carry out its purposes, the Audit Committees shall have the following duties and powers:

- (a) to approve prior to appointment the engagement of auditors to annually audit and provide their opinion on a Fund's financial statements, to recommend to those Board members who are not "interested persons" (as that term is defined in Section 2(a)(19) of the Investment Company Act) the selection, retention or termination of a Fund's independent auditors and, in connection therewith, to review and evaluate matters potentially affecting the independence and capabilities of the auditors. In evaluating the auditor's qualifications, performance and independence, the Audit Committee must, among other things, obtain and review a report by the auditor, at least annually, describing the following items:
  - (i) all relationships between the independent auditor and a Fund, as well as a Fund's investment adviser or any control affiliate of the adviser that provides ongoing services to a Fund;
  - (ii) any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, 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 firm, and any steps taken to deal with any such issues; and
  - (iii) the audit firm's internal quality-control procedures.

It is a responsibility of each Audit Committee to engage actively in a dialogue with the auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditor and to take, or recommend that the full Board take appropriate action to oversee the independence of the auditor.

- (b) to approve prior to appointment the engagement of the auditor to provide other audit services to a Fund or to provide non-audit services to a Fund, its investment adviser or any entity controlling, controlled by, or under common control with the investment adviser ("adviser affiliate") that provides ongoing services to a Fund, if the engagement relates directly to the operations and financial reporting of a Fund;
- (c) to develop, to the extent deemed appropriate by an Audit Committee, policies and procedures for pre-approval of the engagement of a Fund's auditors to provide any of the services described in (b) above;
- (d) to consider the controls applied by the auditors and any measures taken by management in an effort to assure that all items requiring preapproval by an Audit Committee are identified and referred to the Committee in a timely fashion;

- (e) to consider whether the non-audit services provided by a Fund's auditor to the Fund's investment adviser or any adviser affiliate that provides ongoing services to a Fund, which services were not pre-approved by an Audit Committee, are compatible with maintaining the auditor's independence;
- (f) to review the arrangements for and scope of the annual audit and any special audits;
- (g) to review and approve the fees proposed to be charged to a Fund by the auditors for each audit and non-audit service;
- (h) to consider information and comments from the auditors with respect to a Fund's accounting and financial reporting policies, procedures and internal control over financial reporting (including a Fund's critical accounting policies and practices), to consider management's responses to any such comments and, to the extent an Audit Committee deems necessary or appropriate, to promote improvements in the quality of a Fund's accounting and financial reporting;
- (i) to consider information and comments from the auditors with respect to, and meet with the auditors to discuss any matters of concern relating to, a Fund's financial statements, including any adjustments to such statements recommended by the auditors, and to review the auditors' opinion on a Fund's financial statements
- (j) to resolve disagreements between management and the auditors regarding financial reporting;
- (k) to consider any reports of difficulties that may have arisen in the course of the audit, including any limitations on the scope of the audit, and management's response thereto;
- (l) to review with a Fund's principal executive officer and/or principal financial officer in connection with required certifications on Form N-CSR any significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein and any reported evidence of fraud involving management or other employees who have a significant role in a Fund's internal control over financial reporting;
- (m) to establish procedures for the receipt, retention and treatment of complaints received by a Fund relating to accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of a Fund, its investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the Fund of concerns about accounting or auditing matters, and to address reports from attorneys or auditors of possible violations of federal or state law or fiduciary duty;
- (n) to set clear policies relating to the hiring by entities within a Fund's investment company complex of employees or former employees of the independent auditors;

- (o) to investigate or initiate an investigation of reports of improprieties or suspected improprieties in connection with a Fund's accounting or financial reporting;
- (p) to report its activities to the full Board on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate; and
- (q) to perform such other functions and to have such powers as may be necessary or appropriate in the efficient and lawful discharge of the powers provided in this Charter.

The Audit Committees shall have the resources and authority appropriate to discharge its responsibilities, including appropriate funding, as determined by the Committee, for payment of compensation to the auditors for the purpose of conducting the audit and rendering their audit report, the authority to retain and compensate special counsel and other experts or consultants as the Committee deems necessary, and the authority to obtain specialized training for Audit Committee members, at the expense of a Fund, as appropriate.

The Audit Committees may delegate any portion of its authority, including the authority to grant pre-approvals of audit and permitted non-audit services, to a subcommittee of one or more members. Any decisions of the subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next regularly scheduled meeting.

#### **IV. Role and Responsibilities of the Audit Committees**

The function of the Audit Committees are oversight; it is management's responsibility to maintain appropriate systems for accounting and internal control over financial reporting, and the auditor's responsibility to plan and carry out a proper audit. Specifically, each Fund's management is responsible for: (1) the preparation, presentation and integrity of the Fund's financial statements; (2) the maintenance of appropriate accounting and financial reporting principles and policies; and (3) the maintenance of internal control over financial reporting and other procedures designed to assure compliance with accounting standards and related laws and regulations. The independent auditors are responsible for planning and carrying out an audit consistent with applicable legal and professional standards and the terms of their engagement letter. Nothing in this Charter shall be construed to reduce the responsibilities or liabilities of a Fund's service providers, including the auditors.

Although the Audit Committees are expected to take a detached and questioning approach to the matters that come before it, the review of a Fund's financial statements by the Audit Committee is not an audit, nor does the Committee's review substitute for the responsibilities of a Fund's management for preparing, or the independent auditors for auditing, the financial statements. Members of the Audit Committee are not full-time employees of a Fund and, in serving on a Committee, are not, and do not hold themselves out to be, acting as accountants or auditors. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures.

In discharging their duties the members of the Audit Committees are entitled to rely on information, opinions, reports, or statements, including financial statements and other financial

data, if prepared or presented by: (1) one or more officers of the Fund whom the director reasonably believes to be reliable and competent in the matters presented; (2) legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or (3) a Board committee of which the director is not a member.

**V. Operations of the Audit Committees**

- (a) Each Audit Committee shall meet on a regular basis as often as necessary to fulfill its responsibilities, including at least annually in connection with the issuance of the Funds' audited financial statements. The chair or a majority of the members shall be authorized to call a meeting of the Audit Committee and send notice thereof.
- (b) Each Audit Committee shall ordinarily meet in person; however, members may attend telephonically, and the Committee may act by written consent, to the extent permitted by law and by the Fund's bylaws.
- (c) Each Audit Committee shall have the authority to meet privately and to admit non-members individually by invitation.
- (d) Each Audit Committee shall regularly meet, in separate executive sessions, with representatives of Fund management, a Fund's internal auditors or other personnel responsible for a Fund's internal audit function (if any) and the Fund's independent auditors. The Committee may also request to meet with internal legal counsel and compliance personnel of a Fund's investment adviser and with entities that provide significant accounting or administrative services to a Fund to discuss matters relating to the Fund's accounting and compliance as well as other Fund-related matters.
- (e) Each Audit Committee shall prepare and retain minutes of its meetings and appropriate documentation of decisions made outside of meetings by delegated authority.
- (f) Each Audit Committee may select one of its members to be the chair and may select a vice chair.
- (g) A majority of the members of each Audit Committee shall constitute a quorum for the transaction of business at any meeting of the Committee. The action of a majority of the members of an Audit Committee present at a meeting at which a quorum is present shall be the action of the Committee.
- (h) The Board shall adopt and approve this Charter and may amend it on the Board's own motion. Each Audit Committee shall review this Charter at least annually and recommend to the full Board any changes the Committee deems appropriate.