

**GRAND CANYON EDUCATION, INC.**  
**CHARTER OF THE AUDIT COMMITTEE OF THE**  
**BOARD OF DIRECTORS**

**I. STATEMENT OF POLICY**

This Charter specifies the scope of the responsibilities of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Grand Canyon Education, Inc. (the “Company”) and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary purpose of the Committee is to oversee the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements. The Committee shall also review the qualifications, independence and performance, and approve the terms of engagement of the Company’s independent registered public accounting firm, review the performance of the Company’s internal audit function and prepare any reports required of the Committee under rules of the Securities and Exchange Commission (“SEC”).

**II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS**

The Committee shall comprise three or more directors selected by the Board, each of whom shall satisfy the independence and experience requirements of The Nasdaq Stock Market and applicable law, provided that one director who does not satisfy Nasdaq independence criteria may, subject to approval of the Board, serve on the Committee pursuant to, and subject to the limitations under, the “exceptional and limited circumstances” exception provided in the Nasdaq rules. In addition, the Committee shall not include any member who:

- has participated in the preparation of the financial statements of the Company or any current subsidiary at any time during the past three (3) years;
- accepts any consulting, advisory, or other compensatory fee, directly or indirectly, from the Company, other than in his or her capacity as a member of the Committee, the Board, or any other committee of the Board; or
- is an affiliate of the Company or any subsidiary of the Company, other than a director who meets the independence requirements of The Nasdaq Stock Market.

Each member of the Committee must be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. In addition, at least one member shall have past employment experience in finance or accounting, professional certification in accounting, or other comparable experience or background resulting in the individual being financially sophisticated, which may include being or having been a chief executive, chief financial or other senior officer with financial oversight responsibilities.

The members of the Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee and shall serve until their successors are duly elected

and qualified or their earlier resignation or removal. The members of the Committee may be removed, with or without cause, by the Board on the recommendation of the Nominating and Corporate Governance Committee.

Unless a Committee Chair is elected by the Board, the members of the Committee shall designate a Chair by majority vote of the full Committee. The Chair shall preside at all regular sessions of the Committee and set the agenda for each Committee meeting.

Any actions taken by the Committee during any period in which one or more of the members fail for any reason to meet the membership requirements set forth above shall still constitute duly authorized actions of the Committee for all corporate purposes.

### **III. MEETINGS**

The Committee shall meet as often as it determines, but not less frequently than quarterly. Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of a majority of the Committee members present (in person or by conference telephone) at a meeting at which a quorum is present. A quorum shall consist of at least a majority of the members of the Committee. The Committee may form and delegate authority to subcommittees, or to one or more members of the Committee, when appropriate. The Committee shall meet with management, internal auditors and the independent registered public accountants in separate executive sessions as appropriate. The Committee shall meet with the independent registered public accountants and management on a quarterly basis to review the Company's financial statements and financial reports. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

### **IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Committee shall have the following authority and responsibilities, subject to such modification and additional authority as the Board may approve from time to time:

#### **A. *Oversight of the Company's Independent Registered Public Accounting Firm***

1. Be directly and solely responsible for the appointment, compensation, retention and oversight of the work of the independent registered public accountants (including resolution of disagreements between management and the independent registered public accountants regarding financial reporting) engaged by the Company for the purpose of preparing or issuing an audit report or related work, with such independent registered public accountants reporting directly to the Committee.

2. Periodically review and discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended. Further, at least annually, the Committee shall obtain and review a report by the independent registered public accountants describing: (i) the firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent registered public accountants and the Company (to assess the auditors' independence).

3. Evaluate annually the qualifications, performance and independence of the independent registered public accountants, including a review of whether the independent public

accountants' quality control procedures are adequate and a review and evaluation of the lead partner of the independent registered public accounting firm, taking into account the opinions of management and the Company's internal auditors, and report to the Board on its conclusions, together with any recommendations for additional action.

4. Consult with the independent registered public accountants to assure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit every five years, consider issues related to the timing of such rotation and the transition to new lead and reviewing partners, and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm, and report to the Board on its conclusions.

5. Approve in advance the engagement of the independent registered public accounting firm for all audit services and non-audit services, based on independence, qualifications and, if applicable, performance, and approve the fees and other terms of any such engagement; provided, however, that (i) the Committee may establish preapproval policies and procedures for any engagement to render such services, provided that such policies and procedures (x) are detailed as to particular services, (y) do not involve delegation to management of the Committee's responsibilities hereunder and (z) provide that, at its next scheduled meeting, the Committee is informed as to each such service for which the independent registered public accounting firm is engaged pursuant to such policies and procedures, (ii) the Committee may delegate to one or more members of the Committee the authority to grant pre-approvals for such services, provided that the decisions of such member(s) to grant any such preapproval shall be presented to the Committee at its next scheduled meeting, and (iii) the Committee shall not engage the independent registered public accountants to perform non-audit services proscribed by law or regulation.

6. Meet with the independent registered public accountants prior to the audit to discuss the planning and staffing of the audit. Discuss with the independent registered public accountants the responsibilities, budget and staffing of the internal audit functions.

7. Approve as necessary the termination of the engagement of the independent registered public accountants.

8. Establish policies for the hiring of employees or former employees of the independent registered public accounting firm who participated in any capacity in the audit of the Company, taking into account the impact of such policies on auditor independence.

9. Regularly review with the independent registered public accountants any significant difficulties encountered during the course of the audit, any restrictions on the scope of work or access to required information and any significant disagreement among management and the independent registered public accountants in connection with the preparation of the financial statements. Review with the independent registered public accountants any accounting adjustments that were noted or proposed by the independent registered public accountants but that were "passed" (as immaterial or otherwise), any communications between the audit team and the independent registered public accounting firm's national office respecting auditing or accounting issues arising in connection with the audit or the preparation of the financial statements, any "management" or "internal control" letter or schedule of unadjusted differences issued, or proposed to be issued, by the independent registered public accountants to the Company, or any other material written communication provided by the independent registered public accountants to the Company's management.

10. Review with the independent registered public accountants the critical accounting policies and practices used by the Company, all material alternative treatments of financial information within generally accepted accounting principles ("GAAP") that the independent registered

public accountants have discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent registered public accountants.

**B. *Review of Financial Reporting, Policies and Processes***

1. Review and discuss with management and the independent registered public accountants (i) the Company's annual audited financial statements and any certification, report, opinion or review rendered by the independent registered public accountants, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K, and (ii) the results of the annual audit and any other matters required to be communicated to the Committee by the independent registered public accountants under professional standards.

2. Review and discuss with management and the independent registered public accountants (i) the Company's quarterly financial statements prior to the filing of the Company's Quarterly Report on Form 10-Q, and (ii) the results of the quarterly review and any other matters required to be communicated to the Committee by the independent registered public accountants under professional standards.

3. Review and discuss with management and the independent registered public accountants the Company's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing in the Company's periodic reports.

4. Review and discuss earnings press releases and other information provided to securities analysts and rating agencies, including any "pro forma" or adjusted financial information.

5. Periodically meet separately with management, with internal auditors and with the independent registered public accountants.

6. Review with management and the independent registered public accountants any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments, as well as the quality and acceptability of the Company's accounting principles.

7. Review and discuss with management and the internal auditors management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any material weaknesses or significant deficiencies identified.

8. Review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the independent registered public accountants' report on the effectiveness of internal control over financial reporting.

9. Review and discuss (i) with the independent registered public accountants the characterization of deficiencies in internal control over financial reporting, if any, (ii) with management its remediation plan to address any such internal control deficiencies, (iii) any necessary disclosures describing any identified material weaknesses and management's remediation plans, and (iv) with the independent registered public accounting firm and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

10. To the extent that it deems appropriate, review with management its evaluation of the Company's procedures and controls designed to assure that information required to be disclosed in

its periodic public reports is recorded, processed, summarized and reported in such reports within the time periods specified by the SEC for the filing of such reports (“Disclosure Controls”), and consider whether any changes are appropriate in light of management’s evaluation of the effectiveness of such Disclosure Controls.

11. Review and discuss with management and the independent registered public accountants any off-balance sheet transactions or structures and their effect on the Company’s financial results and operations, as well as the disclosure regarding such transactions and structures in the Company’s public filings.

12. Review with management and the independent registered public accountants the effect of regulatory and accounting initiatives on the financial statements. Review any major issues regarding accounting principles and financial statement presentations, including any significant changes in selection of an application of accounting principles. Consider and approve, if appropriate, changes to the Company’s accounting principles and practices as suggested by the independent registered public accountants or management.

13. Review any analyses prepared by management, the independent registered public accountants and/or internal auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative GAAP methods on the financial statements.

14. Review and discuss with management, the internal auditors, and the independent registered public accountants any (i) changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting that are required to be disclosed and (ii) any other changes in internal control over financial reporting that were considered for disclosure in the Company’s periodic filings with the SEC.

15. Review the appointment and replacement of the internal auditors.

16. Review the significant reports to management prepared by the internal auditors including the status of significant findings, recommendations and management’s responses.

17. Discuss with management and the internal auditors the internal auditors’ responsibilities, budget and staffing, the planned scope of internal audits, the progress and results of executing the internal audit plan, and the annual performance of the internal audit function.

### C. *Risk Management, Related Party Transactions, Legal Compliance and Ethics*

1. Review with the chief executive and chief financial officer of the Company any report on significant deficiencies in the design or operation of the Internal Controls that could adversely affect the Company’s ability to record, process, summarize or report financial data, any material weaknesses in Internal Controls identified to the auditors, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s Internal Controls.

2. Review and approve any related party transactions, after reviewing each such transaction for potential conflicts of interests and other improprieties.

3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable

accounting or auditing matters. Adopt, as necessary, appropriate remedial measures or actions with respect to such complaints or concerns.

4. In consultation with the Nominating and Corporate Governance Committee, adopt a Code of Conduct for all employees and directors, which meets the requirements of Item 406 of the SEC's Regulation SK, and provide for and review prompt disclosure to the public of any change in, or waiver of, such Code of Conduct. Review such Code of Conduct periodically and recommend such changes to such Code of Conduct as the Committee shall deem appropriate, and adopt procedures for monitoring and enforcing compliance with such Code of Conduct.

5. As requested by the Board, review and investigate conduct alleged by the Board to be in violation of the Company's Code of Conduct, and adopt as necessary or appropriate, remedial, disciplinary, or other measures with respect to such conduct.

6. Discuss with management and the independent registered public accountants any correspondence with regulators or governmental agencies that raise material issues regarding the Company's financial statements or accounting policies.

7. Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.

8. Develop, in coordination with the Nominating and Corporate Governance Committee, and implement an annual performance evaluation of the Committee.

9. Regularly report to the Board on the Committee's activities, recommendations and conclusions.

10. Review and reassess the Charter's adequacy at least annually.

## **V. RESOURCES**

The Company shall provide appropriate funding, as determined by the Committee, to permit the Committee to perform its duties under this Charter, to compensate its advisors and to compensate any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company. The Committee, at its discretion, has the authority to initiate investigations, and hire legal, accounting or other outside advisors or experts to assist the Committee, as it deems necessary to fulfill its duties under this Charter. The Committee may also perform such other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

## **VI. ANNUAL REVIEW**

The Committee shall review on at least an annual basis (i) this Charter and the scope of responsibilities of this Committee; and (ii) the Committee's performance of its duties. Any proposed changes to this Charter or the Committee's scope of responsibilities, where indicated, shall be referred to the Board for appropriate action.