

Audit Committee Charter

Organization

The Board of Directors will appoint an Audit Committee consisting of at least three independent Directors of the Board in good standing, designating one member as Chairperson. All members of the Committee, regardless of the total number of members on the Committee, will be independent Directors. Members will be considered independent if they satisfy the independence requirements as set forth in the NASDAQ Corporate Governance Listing Standards and Rule 10A-3 of the Exchange Act.

The Board will ensure that each member of the Committee is financially literate, or will become financially literate within a reasonable period of time, and that at least one member qualifies as an “audit committee financial expert” as outlined by SEC rules and regulations. Members will not serve simultaneously on the audit committee of more than three public companies.

The Committee will meet at least quarterly. The Committee will meet separately and periodically with management, the internal audit staff and the independent auditor. The Committee will report regularly to the Board of Directors with respect to its activities including any concerns regarding the Company’s internal controls and financial reporting and all payments to the independent auditors.

Purpose

The purpose of the Committee is to:

- Provide assistance to the Board of Directors in fulfilling their oversight responsibility to current and potential shareholders, the investment community and others relating to: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the independent auditor’s qualifications and independence; (iv) the performance of the Company’s internal audit function and independent auditors; and (v) the adequacy and competency of the Company’s finance and accounting staff.
- Prepare the Audit Committee report required to be included in the Company’s annual proxy statement.

The Committee will have the authority to retain and compensate outside legal counsel, accounting experts or other advisors it considers necessary to fulfill the duties and responsibilities as outlined in this Charter.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee and the independent auditors, internal auditors and management of the Company.

Duties and Responsibilities

Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for implementing and maintaining internal control over financial reporting.

The independent auditors are responsible for auditing the Company's financial statements including internal controls over financial reporting and for reviewing the Company's unaudited interim financial statements.

The principal duties and responsibilities of the Committee are as follows:

- The Committee will be directly responsible for the selection, compensation, and oversight of the work of the independent auditors. The Committee will resolve disagreements between management and the auditor regarding financial reporting. All material disagreements will be promptly reported to the Board.
- At least annually, the Committee will review the performance of the internal audit function including the selection, training, evaluation and compensation of the internal audit staff.
- At least annually, the Committee will obtain and review a report by the independent auditors describing: (i) the audit firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review; (iii) any material issues raised by the most recent peer review of the firm iv) any material issues raised 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 (v) all relationships between the independent auditors and the Company in order to assess the auditors' independence. The Committee will document such actions as deemed appropriate to address any issues raised by the report.
- After reviewing the foregoing report and the independent auditors' work throughout the year, the Committee will evaluate the auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management and the Company's personnel responsible for the internal audit function. The Committee will share the results of the evaluation with the Board at least annually.

- The Committee will ensure that the lead audit partner and other audit partners serving the account are rotated as required under independence rules.
- The Committee will pre-approve all audit and non-audit services provided by the independent auditors and will not engage the independent auditors to perform those non-audit services prohibited by law or regulation. The Committee may delegate pre-approval authority of non-audit accounting or tax services to the Chairperson of the Audit Committee. The Chairperson must disclose services approved on behalf of the Committee to the full Committee and the Board at the next scheduled meetings.
- The Committee will discuss, amend as appropriate and approve an annual audit plan for both the internal and independent auditors, including the adequacy of staffing and other expenses.
- The Committee will regularly review with the independent auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent auditors' activities or access to requested information, and management's response. The Committee should review any accounting adjustments that were noted or proposed by the auditors but not recorded by management; any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Company.
- The Committee will review with management and the internal auditor, (i) significant findings on internal audits during the year and management's response, (ii) any difficulties the internal audit team encountered in the course of their audits, including any restrictions on the scope of their work or access to required information, (iii) any changes required in the scope of their internal audit, and (iv) the adequacy of the internal auditing budget and staffing.
- The Committee, or the Chairperson if so designated by the Committee, will review the quarterly financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q.
- The Committee will review and discuss the annual audited financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's Annual Report on Form 10-K or the annual report to shareholders if distributed prior to the filing of Form 10-K. The Committee's review of the financial

statements will include: (i) major issues regarding accounting principles and financial statement presentations; (ii) significant changes in the company's selection or application of accounting principles; (iii) major issues as to the adequacy of the company's internal controls; and (iv) significant judgments made in connection with the preparation of the financial statements. As part of the review, the Committee will consider both the quality of accounting judgments and the clarity of disclosures in the financial statements. The Committee will discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under professional standards.

- The Committee will receive and review a report from the independent auditors, prior to the filing of the Company's Annual Report on Form 10-K, or the annual report to shareholders if distributed prior to the filing of Form 10-K, on (i) all critical accounting policies and practices of the Company; (ii) all alternative treatments of material financial information under generally accepted accounting principles that have been discussed with management, including the treatment preferred by the independent auditor; and (iii) other material written communications between the independent auditors and management.
- The Committee will request and review all related party transactions and ensure proper disclosure of all such transactions.
- The Committee will review management's assessment of the effectiveness of internal controls over financial reporting as of the end of the most recent fiscal year and the independent auditors' report on management's assessment.
- The Committee will discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of internal controls over financial reporting, including any significant deficiencies or material weaknesses identified by management of the Company in connection with its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act. In addition, the Committee will discuss with management, the internal auditors, and the independent auditors any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosures, in the Company's periodic filings with the SEC.
- The Committee will review the Company's systems regarding compliance with respect to legal and regulatory requirements and with the Company's code of conduct.
- The Committee will discuss the Company's policies with respect to risk management, including the risk of fraud, and will review actions implemented by management to monitor and control such exposures.

- The Committee will 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.
- The Committee must approve any employment offer for employees or former employees of the independent auditors that have participated in or held oversight responsibility for any audit or non-audit work related to the Company.
- The Committee will perform an evaluation of its performance at least annually to determine whether or not it is functioning effectively. The evaluation will include input from the full Board of Directors, management, the internal audit staff and the independent auditors.
- The Committee will review and reassess the Charter at least annually and will obtain the approval of the Charter from the Board.
- The Committee will review officer expenses and perquisites, including the use of corporate assets, on an annual basis.