

## EXHIBIT A

### **BASSETT FURNITURE INDUSTRIES, INC. Audit Committee Charter January 26, 2004**

The Audit Committee's primary functions are to monitor and to review on behalf of the Board of Directors the Corporation's financial reports and financial reporting structure; internal control structure regarding finance, accounting and financial reporting; external audit and scope of other work by the Corporation's independent auditors; and compliance with law. The Audit Committee (the "Committee") reports to the full Board of Directors on all matters within the Committee's responsibilities. The Committee will not infringe on and does not undertake to supervise or control activities and functions properly belonging to the senior management of the Corporation in the normal operations of the Corporation.

The Committee shall be composed of no fewer than three directors, each of whom shall be financially literate, and at least one of whom shall have accounting or related financial management expertise, in each case as required from time to time by the audit committee standards of NASDAQ. The Board of Directors shall interpret these requirements and determine such qualifications of Committee members in its business judgment. Furthermore, the Committee shall be composed entirely of directors who are independent within the meaning of the audit committee independence standards of NASDAQ, as determined by the Board of Directors. The Committee shall review and reassess the adequacy of its charter annually. The Committee shall cause to be provided to NASDAQ such appropriate written confirmation concerning these matters as NASDAQ may from time to time require.

The independent auditors shall be ultimately accountable to the Committee and the Board of Directors on all matters pertaining to their engagement, and the independent auditors shall report to the Committee as the Board of Directors' representative. The Committee shall encourage open communication among the Committee, independent auditors, internal audit and the Corporation's management regarding matters within the Committee's responsibilities. The Committee shall establish a calendar incorporating regular reporting items it requires from independent auditors and the senior management during the fiscal year.

To carry out the Committee's responsibilities:

1. The Committee, as the Board of Directors' representative, has the authority and responsibility to evaluate and recommend to the Board of Directors the appointment of (and, where appropriate, the replacement of) the independent auditors. The Committee shall require the independent auditors to submit periodically a formal written statement delineating all relationships between the independent auditors and the Corporation, including audit and non-audit assignments and the fees and any other compensation paid to the independent auditors therefor. The Committee is responsible for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity or independence of the independent auditors, and for recommending that the Board of Directors take appropriate action in response to the independent auditors' report to satisfy itself of their independence.
2. The Committee will meet with the independent auditors and the Corporation's senior management to review the scope and methodology of the proposed audits for each fiscal year. The independent auditors shall provide regular reports to the Committee during the fiscal year on the underlying process and status of their audits and any findings or preliminary conclusions that have been reached. At least annually, the independent auditors and senior management will review with the Committee any audits of and recommendations relating to employee benefit plans.
3. The Committee shall discuss and review with senior management and approve annually the internal audit plan; including the basis for audit risk assessment, the schedule for receipt and review of internal audit reports, and evaluation of internal audit findings and recommendations to senior management. Throughout the fiscal year, internal audit shall report to senior management. Internal audit or senior management will convey internal audit reports to the Committee.

4. Senior management and the independent auditors shall review with the Committee the Corporation's annual financial statements, and, prior to filing with the Securities and Exchange Commission, drafts of the Corporations Quarterly Reports on Form 10-Q. Quarterly, the independent auditors shall provide to the Committee a review letter as contemplated by Statement on Auditing Standards No. 71. During each fiscal year, the independent auditors shall review with the Committee their assessment as to the adequacy of the Corporation's structure of internal controls over financial accounting and reporting, and their qualitative judgments as to accounting principles employed and related disclosures by the Corporation and the conclusions expressed in the Corporation's financial reports. The independent auditors shall review with the Committee significant judgments made by senior management in the preparation of the financial statements. The Committee will review in detail reports of examination issued by federal and state regulatory agencies as well as the Corporations' responses thereto.
5. The independent auditors shall promptly identify to the Committee any areas of disagreement with senior management in the preparation of financial statements.
6. The independent auditors and senior management, including general counsel, shall identify to the Committee significant business, financial or legal issues that may significantly impact the Corporation's financial statements and internal control systems. During each fiscal year, senior management, including general counsel, shall report to the Committee as to all significant litigation, threatened litigation or potential litigation in which the Corporation and its subsidiaries are or may be engaged, as well as the anticipated or potential impact of such litigation, threatened litigation or potential litigation on the Corporation.
7. During each fiscal year, senior management shall review with the Committee the Corporation's monitoring efforts and procedures to ensure compliance with laws and governmental regulations. Senior management shall provide such information to the Committee as is reasonably required to keep the Committee current on changes in accounting standards and securities regulations affecting the Corporation, as well as material developments in the home furnishings industry generally and the promulgation of regulations materially affecting the home furnishings industry.
8. If the occasion arises, senior management will report as soon as possible to the Committee any material violation of laws or governmental regulations. The Committee has the authority to investigate any matter brought to its attention within the scope of its duties and to retain independent legal counsel, at its discretion and without permission from the Board of Directors or management.
9. The Committee shall hold at least four meetings each fiscal year. The Chairperson of the Committee has authority to call Committee meetings, to preside at such meetings and to make assignments to Committee members. The Committee will evaluate findings and recommendations of the independent auditors and internal audit, and make recommendations as warranted to the Board of Directors.
10. At every meeting of the Committee where the independent auditors are present, the independent auditors shall for at least a portion of such meeting meet with the Committee without members of management or internal audit present.
11. Senior management shall report all related party transactions to the Committee, and the Committee shall be responsible for the approval, review and oversight contemplated by NASDAQ with respect to any such reported transactions.
12. The Corporation shall provide the Committee such support, including access to and use of the Corporation's records, physical properties, management, staff, independent auditors, attorneys and consultants, as the Committee deems necessary to discharge its responsibilities.