



## Audit Committee Charter

### Charter for the Board of Directors of Intevac, Inc

Approved February 15, 2017

#### Purpose

The purpose of the Audit Committee of the Board of Directors of Intevac, Inc. (the "**Company**") shall be, among other things, to oversee the accounting and financial reporting processes of the Company, and to assure that an independent audit is performed in accordance with the rules and regulations of the Securities and Exchange Commission and other applicable U.S. Laws. In addition, the Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors may from time to time prescribe.

#### Membership:

On an Annual basis, the Board's Nominating Committee and the Board of Directors will confirm membership to the Audit Committee. The Audit Committee members will serve at the discretion of the Board of Directors. The Board shall appoint or re-appoint the committee members annually. The Audit Committee will have at least three members of the Board of Directors. Members of the Audit Committee must meet the following criteria (as well as any criteria required by the SEC):

- | Each member will be an independent director, as defined in (i) NASDAQ Rule 4200 and (ii) the rules of the SEC;
- | Each member will be able to read and understand fundamental financial statements, in accordance with the NASDAQ Stock Market Audit Committee requirements;
- | At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, including a current or past position as a principal financial officer or other senior officer with financial oversight responsibilities;
- | At least one member will be an audit committee financial expert, as defined in the rules of the SEC.
- | The Audit Committee shall elect a Chair when circumstances make this appropriate.

#### RESPONSIBILITIES:

The responsibilities of the Audit Committee shall include:

1. Reviewing on a continuing basis the reports of management and the independent auditors concerning the design, implementation, maintenance and adequacy of the Company's system of internal controls and procedures for financial reporting, including meeting periodically with the Company's management and the independent auditors to review their assessment of the adequacy of such controls and to review before release the disclosure regarding such system of internal controls required under SEC rules to be contained in the Company's periodic filings and the attestations or reports by the independent auditors relating to such disclosure;
2. Appointing, compensating and overseeing the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
3. Pre-approving audit and permissible non-audit services provided to the Company by the independent auditors (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary and permissible); in this regard, the Audit Committee shall have the sole authority to approve the hiring and firing of the independent auditors, all audit engagement fees and terms and all non-audit engagements, as may be permissible, with the independent auditors;
4. Reviewing and providing guidance with respect to the external audit and the Company's relationship with its independent auditors by (i) reviewing the independent auditors' proposed audit scope, approach and independence; (ii) obtaining on a periodic basis a formal written statement from the independent auditors regarding any relationships and services with the Company, including any which may impact the objectivity or independence of the independent auditors, and presenting this statement to the Board of Directors, and to the extent there are relationships, monitoring and investigating them; (iii) discussing with the Company's independent auditors the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters described in SAS No. 61, as may be modified or supplemented; and (iv) reviewing reports submitted to the audit committee by the independent auditors in

- accordance with the applicable SEC requirements;
5. Reviewing and discussing with management and the independent auditors the annual audited financial statements and quarterly unaudited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of the documents prior to filing the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, respectively, with the SEC;
  6. Directing the Company's independent auditors to review before filing with the SEC the Company's interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
  7. Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors;
  8. Reviewing before release the unaudited quarterly operating results in the Company's quarterly earnings release, for the purpose of ensuring that such press releases and other disclosures properly disclose financial information and do not provide a misleading presentation of the Company's results of operations or financial condition;
  9. Overseeing compliance with the requirements of the SEC for disclosure of auditor's services and audit committee members, member qualifications and activities;
  10. Reviewing and approving the Company's Code of Business Conduct and Ethics Policy and the Foreign Corrupt Practices Act Policy;
  11. Reviewing management's monitoring of compliance with the Company's Code of Business Conduct and Ethics and with the Foreign Corrupt Practices Act;
  12. Reviewing, in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statements;
  13. Providing oversight and review at least annually of the Company's risk management policies, including its investment policies;
  14. Reviewing the Company's compliance with employee benefit plans,
  15. Overseeing and reviewing the Company's policies regarding information technology and management information systems,
  16. If necessary, instituting special investigations with full access to all books, records, facilities and personnel of the Company;
  17. As appropriate, obtaining advice and assistance from outside legal, accounting or other advisors, including but not limited to hiring and termination of such legal, accounting and other advisors;
  18. Reviewing and approving in advance any proposed related party transactions;
  19. Reviewing its own structure, processes, and charter and recommending proposed changes to the Board for approval;
  20. Providing a report in the Company's proxy statement in accordance with the rules and regulations of the SEC;
  21. Establishing procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
  22. Reviewing the Audit Committee's performance on an annual basis.
  23. Periodically providing the Company's Board with the results of its monitoring and recommendations for process changes derived therefrom; and
  24. Notifying the Board of Directors immediately upon the discovery of any facts or circumstances that may affect or impact the health of the Company.

In addition, the Audit Committee will undertake such other duties as the Board of Directors may from time to time prescribe.

The Audit Committee will meet at least once each quarter (the "Quarterly Review") to review and approve the quarterly/annual financial results prepared by Company Management and the independent auditors. The Audit Committee will establish its own schedule, which it will provide to the Board of Directors in advance. The Audit Committee will also hold additional meetings, with any personnel it deems necessary, if it deems additional meetings are necessary to carrying out its duties.

#### **ATTENDEES:**

Attendees at the Quarterly Review will include the following:

Audit Committee  
CEO and CFO  
The independent auditors  
Company Management and others as appropriate

#### **AGENDA**

**A. Company Management Presentations:** Company Management will present to the Audit Committee the following

information:

1. Status of action items from the previous meeting;
2. Revenue breakdown;
3. Inventory valuation and reserves;
4. Accounts receivable greater than 60 days old and bad debt reserves;
5. Warranty reserves;
6. Significant estimates and any unusual items;
7. Draft earnings press release;
8. Any other items requiring routine Audit Committee review or requested by the Audit Committee;
9. Any other items not noted above that are appropriate for Audit Committee review (the objective here is to put the onus on management to make sure that the Audit Committee is briefed on all items appropriate for their consideration consistent with the Audit Committee charter); and
10. Issues or directives that affect and/or promote the financial health of the Company.

**B. Independent Auditor Reports.** Report by independent auditors on recently conducted audits shall include the following necessary regulatory disclosures:

1. Critical accounting policies;
2. Required PCAOB and SOX communications;
3. Alternative accounting treatments discussed with management and independent auditors preferred treatment thereof; and
4. Disputes with management, if any.

After the above items have been reviewed to the satisfaction of the Audit Committee, management will leave the meeting and the Audit Committee will meet in a closed session with the independent auditors, to determine if any additional issues need to be addressed, in the absence of management. Upon completion of the closed session, management will return to the meeting and the Audit Committee will either approve the draft financial results presented by management for public release, or define a set of necessary conditions and/or follow-up actions for management to take prior to the release of financial results to the public.

#### **MINUTES:**

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors. On a quarterly basis, the Audit Committee Chair, or acting chair, will review the Audit Committee Checklist with the Committee to insure that all necessary Audit Committee duties have been addressed and submit an updated copy of the Audit Committee Checklist to the Chair of the Board of Directors. The Chief Financial Officer will act as Secretary of the Audit Committee and prepare minutes of meetings for Audit Committee approval.

#### **REPORTS:**

In addition to preparing the report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the Audit Committee will summarize its examinations and recommendations to the Board of Directors as may be appropriate, consistent with the Committee's charter, but in no case less than once per quarter in regularly scheduled board of directors meetings.

#### **DELEGATION OF AUTHORITY:**

To the extent permitted by SEC and Nasdaq rules, the Audit Committee may delegate to one or more designated members of the Audit Committee the authority to pre-approve audit and permissible non-audit services, provided the person to whom such authority has been delegated reports such pre-approval decision to the full Audit Committee at its next scheduled meeting.

#### **COMPENSATION:**

Members of the Audit Committee may not receive any compensation from the Company, except the fees that they receive for service as a member of the Board of Directors or a committee thereof, if any. Such fees may be in the form of cash or equity compensation, or both, as determined by the Board of Directors.