AUDIT COMMITTEE CHARTER

I. Purpose

The primary function of the Audit Committee (the "Committee") of Cumberland Pharmaceuticals Inc. (the "Company") is to assist the Company's Board of Directors (the "Board") in fulfilling its oversight responsibilities by reviewing: the financial reports and certain financial information provided by the Company to the federal Securities and Exchange Commission and the public; the Company's systems of internal controls regarding finance and accounting that the Company has established; and the Company's auditing, accounting and financial reporting processes generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels, be responsible for managing the relationship with the independent public accountants, and provide a forum for discussion with the independent public accountants and the Board. The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Article V of this Charter. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent public accountant.

II. Authority

Except as restricted by law, the Company's charter, or its bylaws, and except for such activities as the Board may specifically reserve for consideration or approval by the Board, the Committee shall have, and may exercise, all authority that is vested in the Board with respect to the following matters and such other audit related matters that may reasonably be considered or approved by the Committee.

The Committee shall be given the resources and assistance necessary to discharge its responsibilities. The Committee shall also have the authority to engage outside advisers as it deems necessary or appropriate and as approved by the Board.

III. Composition

The Committee shall be appointed by the Board. It shall consist of at least three directors each of whom shall be an independent director[1] and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices. Each Committee member shall be elected annually and shall serve until his or her Committee service is completed. The Committee Chairperson (the "Chair") shall also be appointed by the Board and shall have accounting or related financial management expertise and be designated a financial expert[2].

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[1] "Independent Director" is defined in accordance with NASDAQ listing standards and Securities and Exchange Commission (the "SEC") regulations.

[2] Financial expert as defined by the NASDAQ Stock Market Rules and the SEC regulations.

IV. Meetings

The Committee shall meet at least three times per year by teleconference or in person with management and the independent public accountants to review the Company's financial statements and results prior to publication. In addition, the Committee or the Chair should meet at least annually with the independent public accountants in a separate executive session to cover any matters that the Committee or auditors believe should be discussed privately.

Meetings may be called by the Chair or by the Chairman of the Board of the Company. Committee meetings may be held at any time, in any place and in any manner permitted by applicable law and the bylaws of the Company.

The presence in person or by telephone of a majority of the Committee shall constitute a quorum. The Committee may also act by unanimous written consent. Any member of the Board who is not a member of the Committee may attend any Committee meeting with the concurrence of the Chair. The Committee will maintain minutes or other records of its meetings and activities. The results of the meetings shall be reported to the full Board by the Chair.

To the extent practicable, the meeting agenda, draft minutes from the prior meeting and supporting materials shall be provided to members of the Committee prior to each meeting to allow time for review. The Committee shall have authority to create and delegate specific tasks to such standing or ad hoc subcommittees as it may determine to be necessary or appropriate for the discharge of its responsibilities, as long as the subcommittee contains at least the minimum number of directors necessary to meet any regulatory requirements.

V. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

1. Prior to publication, review the Company's annual financial statements, management's discussion and analysis of the financial results, and certain reports or other financial information submitted to the federal Securities and Exchange Commission (the "SEC") or the public including those rendered by the independent public accountants.

2. Review with financial management the quarterly financial statements and management discussion of the financial results prior to submission to the SEC or release to the public.

3. Review the reports to management prepared by the Company's senior financial executive, representing "financial management," and management's subsequent response, if any.

Independent Accountants

4. Appoint, evaluate and retain the Company's independent public accountants, considering independence, qualifications, and performance.

5. Have responsibility for approving audit fees and engagement terms. Independent public accountants will report directly to the Committee. The Committee shall maintain direct responsibility for termination, compensation and oversight of the Company's independent public accountants, including the resolution of disagreements between management and the independent public accountants regarding financial reporting, and for reviewing the performance of the independent public accountants, including audit scope or audit plan, along with the audit results.

6. Establish policies and procedures for the pre-approval of services provided by the independent public accountants in a manner that complies with current federal securities laws and NASDAQ Stock Market Rules.

7. Review and discuss with the independent public accountants all significant relationships the accountants have with the Company to assess the accountants' independence on an annual basis. The Committee shall request that independent public accountants provide a written statement on their independence from the Company.

8. Have responsibility for overseeing the compliance by the Company and the independent public accountants with the requirements imposed by the Public Company Accounting Oversight Board (the "PCAOB"). The Company should request and receive assurances from the independent public accountant that it has complied with the Securities Exchange Act of 1934, the rules and policies of the PCAOB and all other applicable rules.

9. Set clear policies for the Company's hiring of employees or former employees of the independent public accountants.

10. Review at least annually a written report of the independent public accountants describing the firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the firm, or 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 such issues. After reviewing the foregoing report and the independent public accountant's work, the Committee shall evaluate the independent public accountants' qualifications, performance and independence, including a review and evaluation of the lead partner of the independent public accountants. The Committee shall present its conclusions with respect to the independent public accountants to the Board.

11. Periodically consult with the independent public accountants out of the presence of management about internal controls and the completeness and accuracy of the Company's financial statements, which will also include discussions regarding risk of fraud in a financial statement.

12. Review with the independent public accountants any audit issues, problems or difficulties and management's response, including any restrictions on the scope of the independent public accountants' activities or on access to requested information, any significant disagreements with management, any accounting adjustments that were noted or proposed by the independent public accountants but were passed as immaterial or otherwise, any communications between the independent public accountant team and their national office respecting auditing or accounting issues presented by the engagement, and any material written communication between the independent public accounting firm and the Company, such as any management letter, internal control letter or schedule of unadjusted differences issues, or proposed to be issued, by the independent public accounting firm to the Company.

13. Consider the independent public accountants' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

14. Receive and review any other reports from the independent public accountants that are required under generally accepted auditing standards, other standards governing the independent public accountants or by the federal securities laws or stock exchange regulations.

15. In consultation with the independent public accountants, review the integrity of the Company's financial reporting processes.

16. Discuss any major changes to the Company's auditing and accounting principles and practices as suggested by management or the independent public accountants.

Financial Statements

17. Review annual and quarterly financial statements and disclosure items, including the Company's critical accounting policies; major issues regarding accounting principles, analyses prepared by management, the effect of regulatory and accounting initiatives, liquidity, special purpose entities and off-balance sheet transactions, related party transactions, any material correcting adjustments, and the methods used to account for significant unusual transactions.

18. Establish regular and separate systems of reporting to the Committee by each of management and the independent public accountants regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

19. Following completion of the annual audit, review separately with each of management and the independent public accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

20. Review and aid the resolution of any significant disagreement among management and the independent public accountants in connection with the preparation of the financial statements.

21. Review with the independent public accountants and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented, as well as a timetable for implementation of any remaining projects. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

Ethical and Legal Compliance

23. Ensure that management has the proper review system in place to ensure that Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.

24. Review and investigate any matters pertaining to the integrity of management, including conflicts of interest, or adherence to standards of business conduct and ethical business practices as required in the policies of the Company.

26. Review, with Company's legal counsel, disclosure of legal matters including related-party transactions between management and principal stockholders that could have a significant impact on the Company's financial statements.

Evaluation and Reporting

27. Authorize the Chair to review and approve any report of the Committee for inclusion in any external report as required by the relevant stock exchange or SEC regulation.

28. Review this Charter periodically for adequacy and recommend to the Board any necessary changes.