



## **Audit Committee Charter**

### **Role**

The Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the Board. The Committee's purpose is to oversee the accounting and financial reporting processes of the company and the audits of the Company's financial statements. The Committee's role includes a particular focus on the quality of financial reporting to Shareholders, the Company's processes and controls to manage business and financial risk, and the Company's compliance with significant legal, ethical, and regulatory requirements. The Committee is directly responsible for the appointment, compensation, and oversight of the public accounting firm engaged to prepare or issue an audit report on the financial statements of the Company.

### **Membership**

The Committee shall consist of at least three directors who are determined by the Board of Directors to meet the independence and financial literacy requirements of The NASDAQ Stock Market, Inc. ("NASDAQ") and applicable federal law. There will be at least one "audit committee financial expert" and each member will be free of any relationship that, in the opinion of the board, would interfere with his or her individual exercise of independent judgment. The Board of Directors will appoint members of the Committee and designate a chairperson and any "audit committee financial experts," from time to time, upon recommendation of the Governance and Nominating Committee.

### **Operations**

The Committee meets quarterly with the auditors and management and also holds not less than two private meetings with the auditors annually. Additional meetings may occur as the Committee or its chair deems advisable. The Committee will maintain minutes of all its proceedings and will report its actions to the next meeting of the Board. Committee Members will be furnished copies of the minutes of each meeting and any action taken by unanimous consent. The Committee will be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision hereof; (b) any provision of the Bylaws of the Corporation, or (c) the laws of the state of Nevada.

### **Communications/Reporting**

The public accounting firm reports directly to the Committee. The Committee is expected to maintain free and open communication with the public accounting firm and the Company's management. This communication will include quarterly audit committee meetings with the auditors and management, and private executive sessions with the auditors. The Committee chairperson shall report on Audit Committee activities to the full Board.

### **Education**

The Company is responsible for providing the Committee with educational resources related to accounting principles and procedures, current accounting topics pertinent to the Company and other material as may be requested by the Committee. The Company will assist the Committee in maintaining appropriate financial literacy.

### **Authority**

The Committee will have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultants, as it deems appropriate. The Committee will be provided with appropriate funding by the Company, as the Committee determines, for the payment of compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; outside counsel and other advisors as it deems appropriate, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention including Whistleblower allegations or potential violations of the Foreign Corrupt Practices Act ("FCPA"). Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company, and the Committee will take all necessary steps to preserve the privileged nature of those communications.

## **Responsibilities**

The Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit Committee Responsibilities Checklist. The responsibilities checklist will be reviewed annually and updated as necessary to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices. As the compendium of Committee responsibilities, the most recently updated Responsibilities Checklist will be considered to be an addendum to this Charter.

The Committee relies on the expertise and knowledge of Management and the public accounting firm and SOX auditors in carrying out its oversight responsibilities. Management of the Company is responsible for determining that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. The public accounting firm is responsible for auditing the Company's financial statements. The SOX auditors are responsible for reporting the status of the Company's policies, and procedures, and the accuracy of the Company's financial data, and controls in place to safeguard that data. It is not the duty of the Committee to plan or conduct audits, nor to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls.

Mark B. Justh, Chairman