



CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
As revised June 2015

I. AUDIT COMMITTEE PURPOSE

- A. The Audit Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and the external auditor is responsible for auditing those financial statements.
- B. The Audit Committee shall be appointed by the Board of Directors (the "Board") to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities shall be to:
- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding financial, accounting, and legal compliance.
 - Monitor the independence and performance of the Company's independent auditors.
 - Provide an avenue of communication among the independent auditors, management and the Board.
- C. The Audit Committee shall have the authority to conduct any investigation appropriate to fulfilling its responsibilities, and shall have direct access to the independent auditors as well as anyone else in the Company. The Audit Committee shall be authorized to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

II. AUDIT COMMITTEE COMPOSITION AND MEETINGS

- A. Audit Committee members shall meet the independence and other requirements of the National Association of Securities Dealers, Inc. for audit committee members of companies quoted on the Nasdaq National Market, and of the Securities and Exchange Commission, as such requirements may be revised from time to time. In addition, the Audit Committee shall be comprised of three or more directors, as such number shall be determined by the Board; each member shall be an independent non-executive director who is free from any relationship that could interfere with the exercise of his or her independent judgment; and all members of the Audit Committee shall be financially literate, and shall be able to read and understand fundamental financial statements, at the time of their appointment to the Audit Committee. Furthermore, at least one member of the Audit Committee shall be financially sophisticated as defined by having experience in finance or accounting, professional certification in accounting, or any other comparable experience or background, such as being or having been a CEO or CFO or other senior officer with financial oversight responsibilities. The Company shall disclose, in its annual report, whether or not, and if not, the reasons therefor, the Audit Committee includes at least one Audit Committee Financial Expert, as defined by the Securities Exchange Act of 1934, as amended.
- B. Audit Committee members shall be appointed by the Board. If an Audit Committee Chair is not designated or present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee membership.
- C. The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee shall meet privately in executive session with the independent auditors at least annually to discuss any matters that the Audit Committee believes should be discussed. In addition, the Audit Committee, or at least its Chair, should communicate with management and the independent auditors quarterly to review the Company's financial statements



and significant findings based upon the auditors' limited review procedures prior to public release of information. Notwithstanding the foregoing, the procedures set forth in this paragraph are intended as guidelines, to be followed as practicable, and not as mandatory requirements.

III. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

The Audit Committee, in its capacity as a committee of the Board, shall be directly responsible for the appointment, retention, compensation, evaluation, oversight and, if necessary, termination of the registered public accounting firm employed by the Company for the purpose of preparing or issuing an audit report or related work, and each registered public accounting firm shall report directly to the Audit Committee. To fulfill its responsibilities and duties, the Audit Committee shall:

Review Procedures

- A. Review and reassess the adequacy of this Charter at least annually and suggest revisions as appropriate; submit the Charter to the Board for approval and ensure that the Charter is published at least every three years in accordance with SEC regulations.
- B. Review the Company's annual audited financial statements and Form 10-K prior to filing or public distribution. Review shall include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments, as well as the adequacy of internal controls that could significantly affect the Company's financial statements.
- C. In consultation with management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.
- D. Review with financial management and the independent auditors the Company's quarterly financial results prior to the release of earnings and the Company's quarterly financial statements and Forms 10-Q prior to filing or public distribution. The Chair of the Audit Committee may represent the entire Audit Committee for purposes of such review.
- E. Discuss with the independent auditors any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with by PCAOB Standard No. 16 – Communications with Audit Committees, as may be modified or supplemented.

Independent Auditors

- A. Review the performance of the independent auditor and appoint or terminate the independent auditor. The Audit Committee has the sole authority and responsibility to select, evaluate, and where appropriate, replace the outside auditor. The independent auditor is ultimately accountable to the Audit Committee for such auditor's review of the financial statements and controls of the Company. The Audit Committee shall determine the appropriate compensation of the independent auditor.
- B. Approve in advance all audit services and all permitted non-audit services, except where such services are determined to be *de minimis* under the Exchange Act. The Audit Committee may delegate, to one or more designated members of the Audit Committee, the authority to grant such pre-approvals. The decisions of any member to whom such authority is delegated shall be presented to the full Audit Committee at each of its scheduled meetings.



- C. Review the independent auditors' engagement letter and audit plan and discuss scope, staffing, locations, reliance upon management, and general audit approach.
- D. Oversee and ensure the independence of the auditor by:
 - receiving from, and reviewing and discussing with, the auditor, on a periodic basis, a formal written statement delineating all relationships between the auditor and the Company consistent with the PCAOB Standards;
 - reviewing, and actively discussing with the Board, if necessary, and the auditor, on a periodic basis, any disclosed relationships or services between the auditor and the Company or any other disclosed relationships or services that may impact the objectivity and independence of the auditor;
 - recommending, if necessary, that the Board take appropriate action to satisfy itself of the auditor's independence; and
 - ensuring that the lead or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit does not perform audit services for the Company for more than five (5) consecutive fiscal years.
- E. Set clear hiring policies for employees or former employees of the Company's independent auditor.
- F. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.
- G. Obtain from the independent auditor assurance that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated.
- H. Ensure and oversee timely reports from the independent auditor to the Audit Committee of (i) all critical accounting policies and practices; (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (iii) other material written communications between the independent auditor and the management of the Company, such as any management letter or schedule of unadjusted differences.

Legal Compliance

On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, inquiries received from regulators or governmental agencies and the response to such inquiries.

Other Audit Committee Responsibilities

- A. Annually prepare a report to shareholders as required by the Securities and Exchange Commission and ensure that such report is included in the Company's annual proxy statement.
- B. Establish, review, and update periodically a Code of Conduct and Ethics and ensure that management has established a system to enforce this Code.



- C. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and the Company's certificate of incorporation, bylaws and other internal procedures.
- D. Review with the independent auditor any problems or difficulties the auditor might have encountered and any letter to management provided by the auditor and the Company's response to that letter. Such review should include:
 - Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
 - Any changes required in the planned scope of the external audit.
- E. Review and approve, prior to the Company's entry into any such transactions, all transactions between the Company and its executive officers, members of its Board, beneficial holders of more than 5% of the Company's securities, immediate family members of any of the foregoing persons, and any other parties whom the Board determines may be considered to be related parties.
- F. Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- G. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Audit Committee or the Board deems necessary or appropriate.
- H. Maintain minutes of the Committee's meetings and periodically report to the Board on significant results of the foregoing activities.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit 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. Such activities shall remain the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, among management, the independent auditors or to assure compliance with laws and regulations.