



## **ACUNETX, INC.**

### **AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

#### **Charter**

##### **I. Purpose**

The Audit Committee is appointed by the Board of Directors of AcuNetx, Inc. (the "Company") to assist the Board in monitoring (a) the integrity of the financial statements of the Company, (b) the independent auditor's qualifications and independence, (c) the performance of the Company's internal audit function and independent auditor, (d) the compliance by the Company with legal and regulatory requirements, and (e) the Company's internal controls over financial reporting and disclosure controls designed to promote compliance by the Company with applicable accounting standards and legal and regulatory requirements.

##### **II. Committee Composition**

The Audit Committee shall be comprised of three or more directors as determined by the Board of Directors. In addition, at least one member of the Committee shall be an "audit committee financial expert" as defined by the Securities and Exchange Commission (the "Commission"). The members of the Audit Committee shall be appointed and may be replaced by the Board. Unless a Chair is appointed by the Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

##### **III. Meetings**

The Audit Committee shall meet as often as it determines necessary, but no less frequently than quarterly. The Audit Committee shall meet periodically, but no less frequently than annually, with management, the internal auditors (if applicable), and the independent accountants in separate executive sessions. The agenda for meetings of the Audit Committee shall be prepared in consultation with the Chair of the Audit Committee (with input from other Committee members), management and the independent auditors. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

At all Audit Committee meetings, a majority of the total number of members shall constitute a quorum. A majority of the members of the Audit Committee shall be empowered to act on behalf of the Audit Committee. The Audit Committee may, in its discretion, form and delegate all or a portion of its authority, duties and/or responsibilities to one or more subcommittees of the Audit Committee consisting of one or more members. Minutes shall be kept of each meeting of the Audit Committee and any subcommittee thereof.

##### **IV. Committee Authority and Responsibilities**

The Audit Committee shall have the authority to carry out the purposes set forth in this Charter. The Audit Committee shall have the sole authority to appoint, determine funding for, oversee and replace the independent auditor. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor, including resolution of disagreements between management and the independent auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate

authority to a subcommittee to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate to carry out its duties, to retain independent counsel, accountants or other advisors and to authorize and conduct investigations into any matters within the Audit Committee's scope of responsibilities. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to (a) the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (b) any independent counsel, accountants or other advisors employed by the Audit Committee, and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review the Audit Committee's own performance.

The Audit Committee's specific responsibilities, to the extent that the Audit Committee determines the performance of such responsibilities to be necessary or appropriate, in carrying out its oversight role and the timing of the performance of those responsibilities, are delineated in the Audit Committee Responsibilities Calendar attached to this Charter as Appendix A. The responsibilities set forth in Appendix A may be amended from time to time by the Board and the timing of such responsibilities may be amended from time to time by the Board or the Audit Committee.

**V. Limitation of Audit Committee's Role**

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 and/or disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable laws, rules and regulations. These are the responsibilities of management and the independent auditor.

**Appendix A**

**Audit Committee Responsibilities Calendar**

Responsibility	When Performed - Audit Committee Meetings				
	Winter	Spring	Summer	Fall	As Needed
<b>Financial Statement and Disclosure Matters</b>					
1. Review and discuss with management and the internal auditor (if applicable) the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.	X				
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.		X	X	X	
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the	X	X	X	X	X

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Company's internal controls and any special steps adopted in light of material control deficiencies.					
4. Prior to any filing with the Commission requiring the issuance of a consent from the independent auditor, review and discuss with the independent auditor:	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
a. All critical accounting policies and practices to be used.					
b. All alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.					
c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.					
5. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies (if applicable). Such discussions may be done generally, consisting of discussing the types of information to be disclosed and the type of presentations to be made.	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
7. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.			<b>X</b>		
8. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.	<b>X</b>				
9. Review disclosures made to the Audit Committee or management by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
10. Prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.		<b>X</b>			
11. Ensure that a public announcement of the Company's receipt of an audit opinion that contains a going concern qualification is made promptly.					<b>X</b>
<b>Oversight of the Company's Relationship with the Independent Auditor</b>					
12. Review and evaluate the lead partner of the independent auditor team.				<b>X</b>	<b>X</b>
13. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by 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, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company.			<b>X</b>		<b>X</b>

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14. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and internal auditors (if applicable). The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.						X			X
15. Ensure the rotation of the lead (or coordinating) audit partner and reviewing audit partner as required by law.						X			
16. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.									X
17. Review with the independent auditor and management prior to the audit, the audit scope and the planning and staffing of the audit.						X			
<b>Oversight of the Company's Internal Audit Function</b>									
18. Evaluate the need and advisability of hiring an internal auditing officer or additional internal audit personnel and review the performance of such personnel and determine whether any changes are necessary or appropriate.									X
19. Review the significant reports to the Audit Committee or management prepared by the internal auditing personnel and management's responses.	X	X	X	X	X				X
20. Discuss with the independent auditor and management the responsibilities, budget and staffing of the internal auditing personnel and any recommended changes in the planned scope of the internal audit.							X		X
<b>Compliance Oversight Responsibilities</b>									
21. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act relating to the auditor's awareness of illegal acts has not been implicated.	X								
22. Establish, review and update periodically a Code of Business Conduct Policy and ensure that management has established a system to enforce this Policy.									X
23. Review the Company's internal controls over financial reporting and disclosure controls and disclosures in the Company's SEC filings	X	X	X	X	X				X
24. Review with management, the Company's internal auditing personnel and the independent auditor, including obtaining any reports determined to be necessary or appropriate, monitoring of the Company's compliance with applicable laws, rules and regulations and the Company's Business Conduct Policy.				X					
25. Establish and oversee procedures for the receipt, retention and treatment of complaints received by the Company regarding (a) accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.									X
26. Approve all related party transactions.									X
27. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.									X
28. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.									X

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29. Review and reassess annually the Audit Committee Charter and recommend any proposed changes to the Board for approval.				<b>X</b>	
30. Review annually the Audit Committee's compliance with applicable laws, rules and regulations, including the listing standards of Nasdaq, and its own performance.		<b>X</b>			
31. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board deems necessary or appropriate.					<b>X</b>