

# **Sensus Healthcare, Inc.**

## **Audit Committee Charter**

### **PURPOSE**

The purpose of the Committee is to oversee the Company's accounting and financial reporting processes, the Company's internal controls, and the audit of the Company's financial statements. In particular, the Committee shall:

1. provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
2. facilitate communications between the Board and the Company's independent auditor;
3. oversee the business risk management process that identifies, sources, measures, and prioritizes business and financial reporting risks, and monitor the effectiveness of the control and risk management processes established to manage those risks;
4. provide to the Company's independent auditor a private, confidential audience at any time it is desired or requested, with or without the knowledge of management; and
5. review with the Company's auditor and management the quality and acceptability of material financial reporting decisions and judgments.

The Committee's function is one of oversight and review, and it is not required to prepare or audit the Company's financial statements, to define the scope of the Company's audit, to control the Company's accounting policies and practices, or to define the standards used in preparing the financial statements.

### **DUTIES AND RESPONSIBILITIES**

The Committee shall:

1. Select and retain, evaluate and terminate when appropriate, an independent registered public accounting firm to act as the Company's independent auditor for the purpose of auditing the Company's financial statements, books, records, accounts and internal controls over financial reporting, set the independent auditor's compensation, oversee the work of the independent auditor and pre-approve all audit services to be provided by the independent auditor. Additionally, the Committee shall select, retain, compensate, oversee and terminate, if necessary, any registered public accounting firm other than the Company's independent auditor for the purpose of preparing or issuing an audit report or performing any other audit, review or attest services for the Company.
2. Pre-approve all permitted non-audit services to be performed by the Company's independent auditor or other registered public accounting firms and establish policies and procedures for the engagement and pre-approval of the Company's independent

auditor or other registered public accounting firm to provide permitted audit and non-audit services.

3. At least annually, receive and review: (a) a report by the Company's independent auditor describing the independent auditor's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board (PCAOB) review of the independent auditor, 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 independent auditor, and any steps taken to deal with any such issues; and (b) other required reports from the Company's independent auditor.
4. At least annually: (a) consider the independence of the Company's independent auditor, including whether the provision by the independent auditor of permitted non-audit services is compatible with independence; (b) obtain and review a report from the Company's independent auditor describing all relationships between the independent auditor or its affiliates and the Company or individuals in a financial reporting oversight role at the Company, in accordance with PCAOB rules; and (c) discuss with the independent auditor the potential effects of any disclosed relationships on the independence, and take or recommend that the Board take appropriate action to oversee the independence of the Company's independent auditor. Additionally, the Committee shall, on an ongoing basis, ensure the regular rotation of the lead audit partner at the Company's independent auditor as required by applicable law or regulation.
5. Review on an ongoing basis in accordance with the Company's policies and procedures, and keep the Company's independent auditor informed of the Committee's understanding of, the Company's relationships and transactions with related parties, and review and discuss internally and with the Company's independent auditor the independent auditor's evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the annual audit regarding the Company's relationships and transactions with related parties.
6. Review with the Company's independent auditor: (a) the independent auditor's responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process; (b) the overall audit strategy and the scope and timing of the Company's annual audit; (c) any problems or difficulties encountered in the course of the audit work, and management's response; (d) any questions, comments or suggestions the independent auditor may have relating to the internal controls, accounting practices and related procedures of the Company, and the independent auditor's evaluation of the adequacy of the two-way communication between the independent auditor and the Committee; (e) any significant risks identified during the independent auditor's risk assessment procedures; and (f) when completed, the results, including significant findings, of the annual audit. The Committee shall resolve any disagreements between the Company's independent auditor and management.
7. Review with the Company's independent auditor: (a) all critical accounting policies and practices to be used in the Company's annual audit; (b) all alternative treatments of financial information within generally accepted accounting principles that have been

discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the independent auditor; and (c) other material written communications between the independent auditor and management.

8. Review, at least annually, the procedures for implementing accepted recommendations made by the Company's independent auditor.
9. Review with the Company's independent auditor and management: (a) the adequacy and effectiveness of the Company's systems of internal controls (including any significant deficiencies and significant changes in internal controls reported to the Committee by the Company's independent auditor or management), accounting practices, and disclosure controls and procedures (and management reports thereon); and (b) current accounting trends and developments, and take such action with respect thereto as may be deemed appropriate.
10. Review with management and the Company's independent auditor the annual and quarterly financial statements of the Company, including: (a) any material changes in accounting principles or practices used in preparing the financial statements prior to the filing of a report on Form 10-K or 10-Q with the Commission; (b) disclosures relating to internal controls over financial reporting; (c) the items required by applicable generally accepted auditing standards relating to the conduct of the audit of annual financial statements or review of interim financial statements; and (d) the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Form 10-K or 10-Q filed with the Commission.
11. Review and discuss with the Company's independent auditor any other matters required to be discussed by *PCAOB Auditing Standards No. 16, Communications with Audit Committees*, including, without limitation, the independent auditor's evaluation of the quality of the Company's financial reporting, information relating to significant unusual transactions and the business rationale for such transactions and the independent auditor's evaluation of the Company's ability to continue as a going concern.
12. Recommend to the Board, based on review and discussion with the Company's independent auditor, including, without limitation, the review described in paragraphs 4 and 10 above, whether the financial statements should be included in the annual report on Form 10-K, and produce the audit committee report required to be included in the Company's proxy statement.
13. Review earnings press releases, as well as Company policies with respect to earnings press releases, financial information and earnings guidance provided to analysts and rating agencies.
14. Review compliance by the Company's Chief Executive Officer and Chief Financial Officer with applicable certification requirements, including, without limitation, review and discussion of any disclosures made to the Committee by the CEO or CFO during his or her certification process for all Form 10-K and Form 10-Q reports about any significant deficiencies in the design or operation of disclosure or internal controls and

any fraud involving management or other employees who have a significant role in the Company's disclosure or internal controls.

15. Discuss Company policies with respect to risk assessment and risk management, and review contingent liabilities and risks that may be material to the Company, and relevant major legislative and regulatory developments that could materially impact the Company's contingent liabilities and risks.
16. Develop and recommend to the Board for approval a code of conduct and ethics (the "Code"), monitor compliance with the Code, investigate any alleged breaches or violations of the Code, enforce the provisions of the Code, all as the Committee deems appropriate, and review the Code periodically and recommend any changes to the Board.
17. Establish and oversee procedures for the confidential and anonymous receipt, retention and treatment of complaints regarding the Company's accounting, internal controls and auditing matters, as well as for the confidential, anonymous submissions by Company employees of concerns regarding questionable accounting or auditing matters.
18. Establish policies for the hiring of employees and former employees of the Company's independent auditor.
19. Conduct an annual performance evaluation of the Committee, annually review this Charter, and recommend changes to the Board.

## **COMPOSITION**

The Committee shall consist of at least three members of the Board, subject to the requirements of applicable law, regulation or exchange listing standards. Each member of the Committee shall at all times meet the independence and other requirements of the Securities and Exchange Commission and the securities exchange on which the Company's shares are listed and traded, and any requirements under other applicable laws and regulations, and must be free from any relationship that, in the opinion of the Board, would interfere with that person's independent judgment as a member of the Committee.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. No member of the Committee can have participated in the preparation of the Company's financial statements at any time during the past three years.

At least one member of the Committee must be an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of the Commission's Regulation S-K. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. A person who qualifies as an audit committee financial expert will also be presumed to have financial sophistication.

The members of the Committee shall be appointed by the Board and shall serve at the pleasure of the Board for such term or terms as the Board may determine.

## **AUTHORITY**

To facilitate the execution of its responsibilities and duties, the Committee has authority, in its sole discretion, to:

1. retain outside counsel and such other advisors as it deems necessary for such compensation and on such terms as the Committee determines;
2. seek such information as it deems necessary from the members of the Board, management, and employees; and
3. meet with the Company's officers, external auditor, outside counsel or other advisors as it deems necessary.

The Committee shall receive appropriate funding from the Company for the payment of compensation to the Company's independent auditor, any other accounting firm engaged to perform services for the Company, any outside counsel and any other advisors to the Committee.

## **MEETINGS**

The Committee will meet on an as-needed basis, but not less frequently than quarterly. Meetings will be called as needed to discuss any significant issues, including those related to the review of any Form 10-Q or Form 10-K Report by the Company's independent auditor. The Committee may invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. From time to time, as necessary, the Committee shall conduct executive sessions with the Company's independent auditor, members of management, or others.

The Committee shall maintain, as part of the Company's permanent records, written minutes of the proceedings and actions of the Committee, and shall report regularly to the Board with respect to its activities and make recommendations to the Board as appropriate.

Adopted XXXXX XX, 201X