



Board Committee Roles

Compensation and Audit

Background

The company, in addition to the full Board, will have active audit and compensation subcommittees that meet regularly, and have the following minimum duties:

Compensation Committee, comprised of non-management Directors:

- i. Establish the overall compensation philosophy of the company; management is responsible for implementing and applying this philosophy with the organization, in the context of the Board approved budget;
- ii. Participate in the annual review of C-level officers based on board established goals and objectives; the full Board (or Executive Committee) is responsible for the review;
- iii. Review and approve for recommendation all C-level positions to be filled;
- iv. Establish any incentive compensation plans for C-Level positions, and make recommendations for awards under the Plan; all other compensation plans are established by the CEO, in the context of the board approved budget;
- v. Provide minutes of the comp committee meetings to the full board.

Audit Committee, comprised of non-management Directors, along with the CEO:

- i. Ensure open communication between inside financial officer, external auditor and the Board;
- ii. Review drafts of all financial statements prepared by management;
- iii. Meet with the external auditors post review/audit to discuss any concerns, issues with management, irregularities, or any matter necessary to feel assured that the company has appropriate internal controls, and is maintaining its books and records in accordance with sound financial practice;
- iv. Highlight any significant risks or exposures, and recommend changes to internal controls;
- v. Provide minutes of the audit committee meetings to the full board.

Each subcommittee will periodically (no less than annually) review its charter and performance and report to the full board on any appropriate matters.