

AUDIT COMMITTEE
OUTLINE AND GOALS

The Audit Committee ("AC") guidelines include:

- oversee the accounting and financial reporting process and any audits of the financial statements
- make recommendations on performance of the preparation of reports
- evaluate on an annual basis the performance of the Audit Committee
- be directly responsible for the retention/termination and compensation of the independent auditor including timely reports and review of services
- the AC will instruct the auditor that the auditor must report directly to the AC
- the AC may review and approve the scope and staffing of the independent auditor's annual audit plan
- the AC shall evaluate the auditor's qualifications, performance and independence
- all financials 10-Qs and 10-K will be reviewed
- should the AC believe it exists, it shall discuss with the CFO any significant deficiencies and weaknesses in the design and overall operation of the Company, including costs, staffing, accountability and any other area of concern
- at least annually the AC will evaluate responsibilities, budgeting and staffing of the Company in an effort to increase efficiency
- the AC will establish procedures regarding confidential, anonymous submission of complaints from employees
- all potential conflicts of interest must be presented to the AC
- any threatened litigation or legal matters must be presented to AC
- the AC will rely on key personnel for advice and information as well as ideas to improve the Company's performance. The AC is under no obligation to adhere to this advice
- the AC does not have the responsibility of planning or conducting audits of the Company's financial statements or determining if all statements are complete, accurate and/or in accordance with GAAP. In addition, it is not the duty of the AC to conduct investigations or to ensure compliance with SEC laws and regulations

Areas to be Explored

- role of the CFO – with the passage of the Sarbanes-Oxley law (“SO”) it has become commonplace for the CEO to manage in close combination with the CFO. Today, the CFO is not a superior book-keeper, but provides solid ideas, operational skills and operates closely with the CEO
- the CFO should not be a board member but should accompany the CEO in all meetings involving B.O.D. and/or officers
- CFO should attend all B.O.D. meetings
- CFO should provide guidance and make recommendations to both the B.O.D. and AC with a single goal: greater efficiency of productivity
- it must be recognized that few areas of business have changed and continues to evolve than that of the role of the CFO. The CFO is the chief accountant and technical expert who must focus narrowly on the firm’s financial statements and capital structure. The CFO and CEO will operate as business partners, with the goal to design and oversee strategies and operations while maximizing performance at various levels
- the shareholders rightfully expect and deserve the best efforts of management and the CFO is in a prime position to present and if necessary promote the right corporate culture that will clearly establish excellence in accounting and overall performance with the goal of enhancing the Company’s shareholders’ value