

## **MDADVANTAGE AUDIT COMMITTEE CHARTER**

### **I. PURPOSE**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by: reviewing the financial reports and other financial information provided by the Company to any governmental body or the public; having an understanding of the quality of the Company's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and overseeing the Company's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting process and internal control system.
- Review and appraise the efforts of the Company's independent auditors and the Company's Finance Department.
- Provide an open avenue of communication among the independent auditors, financial and senior management, and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV. of this Charter.

### **II. COMPOSITION**

Each member of the Audit Committee shall be independent from the management of the Company and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

The Board of Directors on recommendation by the Chairman of the Board shall designate the members of the Committee and a Chair annually during the Board of Directors' organizational meeting held in connection with the Annual Meeting of Shareholders. The Chairman of the Board shall fill any vacancy on the Committee. The Committee shall report to the Board.

All members of the Committee shall have a working familiarity with basic finance and accounting practices. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or, at the Company's expense, outside organizations.

The Chairman of the Committee shall report to the Board at the next regularly scheduled meeting of the Board the deliberations, actions and recommendations of the Committee after each Committee meeting.

### **III. MEETINGS**

The Committee shall meet at least four times annually in person or telephonically, or more frequently as circumstances dictate. A majority of the members of the Committee shall constitute a quorum for the transaction of business by the Committee. The Committee may also act by unanimous written consent in accordance with the terms of the Company's By-Laws. As part of its job to foster open communication, the Committee should meet at least annually with senior management, and the independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. If the Company should make an acquisition, the Committee should meet promptly thereafter to assess the financial reporting, systems and internal controls of the business acquired.

Minutes of each Committee meeting and records of all other Committee actions shall be prepared by the Secretary of the Company or, if the Secretary is not present at the meeting, any person appointed by the Chairman of the Committee, and shall be retained with the permanent records of the Company. A copy of the Audit Committee meeting minutes shall be provided to the Board of Directors once approved.

### **IV. RESPONSIBILITIES AND DUTIES**

The Audit Committee's responsibilities and powers as delegated by the Board of Directors are set forth in this Charter. In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to assure the directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. The Committee relies to a significant extent on the information and advice provided by management and independent advisors. Whenever the Committee takes an action, it exercises its independent judgment on an informed basis that the action is in the best interests of the Company and its shareholders.

To fulfill its responsibilities and duties the Audit Committee shall:

#### **Documents/Reports Review**

1. Review and reassess the adequacy of this Charter periodically, and recommend any proposed changes to the Board for approval.
2. Review and assess on an annual basis the performance of this Committee in accordance with the Corporate Governance Guidelines.

3. Review the organization's quarterly and annual financial statements and any significant reports submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditors or certifying actuary.

### **Independent Auditors and Actuaries**

4. Recommend to the Board of Directors the selection of the independent auditors and/or actuaries, considering independence and effectiveness, and such other factors the Committee deems appropriate, and approve the fees and other compensation to be paid to the independent auditors and/or actuaries. The auditors and actuaries shall report to the Audit Committee and the Board of Directors. At least annually, the Committee should review and discuss with the auditors all significant relationships the auditors have with the Company to determine the auditors' independence.

5. Review the performance of the independent auditors and/or actuaries and approve any proposed discharge of the independent auditors and/or actuaries when circumstances warrant.

6. Periodically consult with the independent auditors and/or actuaries out of the presence of management about internal controls and the fullness and accuracy of the organization's financial statements and internal reports.

### **Financial Reporting Processes**

7. In consultation with the independent auditors and the Chief Financial Officer, review the integrity of the organization's financial reporting processes, both internal and external.

8. Consult with management and the independent auditors, out of the presence of the other, regarding their judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

9. Consider and approve, if appropriate, major changes to the Company's audit scope suggested by the independent auditors and accounting principles and practices as suggested by management.

### **Process Improvement**

10. Establish regular and separate systems of reporting to the Audit Committee by management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

11. Following completion of the annual audit, review separately with management and the independent auditors any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

12. Review any disagreements among management and the independent auditors in connection with the preparation of the financial statements even if such differences have been resolved.

13. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

### **Ethical and Legal Compliance**

14. Review management's monitoring of the Company's compliance with the organization's Code of Business Conduct and Ethics, and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.

15. Review with the organization's counsel any legal matter that could have a significant impact on the organization's financial statements.

16. Conduct or authorize investigations into any matters which the Committee believes comes within their scope of responsibilities as outlined in this Charter. The Committee shall be empowered to retain independent counsel, auditors, or others to assist it in the conduct of any investigation.

17. Perform any other activities consistent with this Charter, the Company's By-Laws and governing law, as the Committee or the Board deems necessary or appropriate.