

**Table Trac, Inc.**  
**Audit Committee Charter**  
**Recent Date Approved: [March 23, 2017](#)**

1. STATUS

The Audit Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of Table Trac, Inc. (the “Company”)

2. PURPOSE

The Audit Committee is appointed by the Board for the primary purposes of:

- Performing the Board’s oversight responsibilities as they relate to the Company’s accounting policies and internal controls, financial reporting practices and legal and regulatory compliance, including, among other things:
  - The quality and integrity of the Company’s financial statements
  - The Company’s compliance with legal and regulatory requirements;
  - Review of the independent auditors’ qualifications and independence; and
  - The performance of the Company’s independent SOX 404 compliance auditors and the Company’s independent auditors;
- Maintaining, through regularly scheduled meetings, a line of communication between the Board and the Company’s financial management, independent SOX 404 compliance auditors and independent auditors, and
- Preparing the report to be included in the Company’s annual proxy statement, as required by the Securities and Exchange Commission’s (“SEC”) rules.

3. COMPOSITION AND QUALIFICATIONS

The Committee shall be appointed by the Board and shall be comprised of three or more Directors (as determined from time to time by the Board), each of whom shall meet the independence and other qualification requirements of the Sarbanes-Oxley Act of 2002 (the “Act”), the New York Stock Exchange, Inc, and all other applicable laws and regulations. Each member of the Committee shall be financially literate and at least one member of the Committee shall have accounting or related financial management expertise, as each such qualification is interpreted by the Board in its business judgment. In addition, to the extent practicable, at least one member of the Committee shall be an “audit committee financial expert” as such term is defined by the SEC.

4. RESPONSIBILITES

The Committee will:

- (1) Review and discuss the annual audited financial statements and the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with management and the independent auditors. In connection with such review, the Committee will:

- Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (as may be modified or supplemented) and the matters in the written disclosures required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communication with the audit committee concerning independence;
  - Review significant changes in accounting or auditing policies
  - Review with the independent auditors any problems or difficulties encountered in the course of their audit, including any change in the scope of the planned audit work and any restrictions placed on the scope of such work and management's response to such problem or difficulties;
  - Review with the independent auditors, management and the senior SOX 404 compliance auditor the adequacy of the Company's internal controls, and any significant findings and recommendations with respect to such controls;
  - Review reports required to be submitted by the independent auditor concerning: (a) all critical accounting policies and practices used; (b) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of such alternatives, and the accounting treatment preferred by the independent auditors; and (c) any other material written communications with management;
  - Review (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; and (b) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analysis of the effects of alternative GAAP methods on the financial statements and the effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and
  - Discuss policies and procedures concerning earnings press releases and review the type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies.
- (2) Review and discuss the quarterly financial statements and the Company's disclosures provided in period quarterly reports including "Management's Discussion and Analysis of Financial Condition and Results of Operations" with Management and the independent auditor.
- (3) Oversee the external audit coverage. The Company's independent auditors are ultimately accountable to the Committee, which has the direct authority and responsibility to appoint, retain, compensate, terminate, select, evaluate and, where appropriate, replace the

independent auditors. In connection with its oversight of the external audit coverage, the Committee will:

- Have authority to appoint and replace (subject to stockholder approval, if deemed advisable by the Board) the independent auditors;
- Have authority to approve the engagement letter and the fees to be paid to the independent auditors;
- Pre-approve all audit and non-audit services to be performed by the independent auditors and the related fees for such services other than prohibited nonauditing services promulgated under the rules and regulations of the SEC (subject to the inadvertent *de minimus* exceptions set forth in the Act and the SEC rules);
- Obtain confirmation and assurance as to the independent auditors' independence, including ensuring that they submit on a periodic basis (not less than annually) to the Committee a formal written statement delineating all relationships between the independent auditors and the Company. The Committee is responsible for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for taking appropriate action in response to the independent auditors' report to satisfy itself of their independence;
- At least annually, obtain and review a report by the independent auditors describing: the firm's internal quality-control procedures; 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 government or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and to assess the independent auditors' independence, all relationships between the independent auditors and the Company;
- Meet with the independent auditors prior to the annual audit to discuss planning and staffing of the audit;
- Review and evaluate the performance of the independent auditors, as the basis for a decision to reappoint or replace the independent auditors;
- Set clear hiring policies for employees or former employees of the independent auditors, including, but not limited to, as required by all applicable laws and listing rules; and
- Assure regular rotation of the lead audit partner, as required by the Act, and consider whether the rotation of the independent auditor is required to ensure independence.

(4) Oversee internal audit coverage. In connection with its oversight responsibilities, the Committee will:

- Review the appointment or replacement of the independent SOX 404 compliance auditing firm;
- Review in consultation with management, the independent auditors and the independent SOX 404 compliance auditing executive, the plan and scope of audit activities;

- Review independent scope and fees of audit
  - Review significant reports to management prepared by the independent SOX 404 compliance auditors and management's responses to such reports.
- (5) Review with the independent auditors and the independent SOX 404 compliance auditing executive the adequacy of the Company's internal controls, and any significant findings and recommendations with respect to such controls.
  - (6) Resolve any differences in financial reporting between management and the independent auditors.
  - (7) Establish procedures for (i) receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
  - (8) Discuss policies and guidelines to govern the process by which risk assessment and risk management is undertaken.
  - (9) Meet periodically with management to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled.
  - (10) Meet periodically (not less than annually) in separate executive sessions with the chief financial officer, the independent SOX 404 compliance executive, and the independent auditors.
  - (11) Review periodically with the Company's General Counsel (i) legal and regulatory matters which may have a material effect on the financial statements and (ii) corporate compliance policies or codes of conduct.
  - (12) As appropriate, obtain advice and assistance from outside legal, accounting or other advisers.
  - (13) Report regularly to the Board with respect to Committee activities.
  - (14) Prepare the report of the Committee required by the rules of the SEC to be included in the proxy statement for each annual meeting.
  - (15) Review and reassess annually the adequacy of this Committee Charter and recommend any proposed changes to the Board.

## 5. PROCEDURES

### (1) *Action.*

The majority of the members of the entire Committee shall constitute a quorum. The Committee shall act on the affirmative vote a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members. However, the Committee may delegate to one or more of its members the authority to grant pre-approvals of audit and permitted non-audit services, provided the decision is reported to the full Committee at its next-scheduled meeting.

### (2) *Fees.*

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation: (a) to outside legal accounting or other advisors employed by the

Committee; and (b) for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

(3) *Limitations.*

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with GAAP. This is the responsibility of management and the independent auditors.