

# **CHROMCRAFT REVINGTON, INC.**

## **AUDIT COMMITTEE CHARTER**

### **I. PURPOSE**

The primary objectives of the Audit Committee are to assist the Board of Directors in its oversight of (i) the integrity of the financial statements of Chromcraft Revington, Inc. (the “Company”), (ii) the qualifications and independence of the Company’s independent registered public accounting firm (“independent auditors”), (iii) the performance of the Company’s internal audit function, and (iv) the Company’s compliance with certain applicable legal and regulatory requirements. In addition, the Audit Committee shall appoint, oversee the performance of and approve the fees of the Company’s independent auditors.

In addition, the Audit Committee shall serve as the qualified legal compliance committee in accordance with Section 307 of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder by the Securities and Exchange Commission.

The Audit Committee shall also prepare the Committee report to be included in the Company’s annual meeting proxy statement.

### **II. RESPONSIBILITIES**

The Audit Committee’s primary responsibilities include:

#### ***Independent Auditors***

- The Committee shall have the sole authority to appoint or replace the independent auditors, and the independent auditors shall report directly to the Committee. The Committee shall be directly responsible for the oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

The Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A of the Securities Exchange Act of 1934 which are approved by the Committee prior to the completion of the audit. The Committee may delegate authority to subcommittees to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

- Review and approve the audit fees and all other engagement fees or compensation to be paid to the independent auditors.

- Meet with the independent auditors prior to the commencement of the annual audit to discuss scope, planning, staffing and budgeting of the audit.
- Review with the independent auditors the results of the audit of the Company's financial statements and problems or difficulties, if any, and management's response to any material questions or issues posed by the independent auditors during the engagement. Among the items the Committee may review with the independent auditors are any communications between the audit team and the independent auditors' national office with respect to auditing or accounting issues presented by the engagement, as well as any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors.
- Discuss with the independent auditors the Company's financial and accounting personnel and the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of internal controls or particular areas where new or more detailed controls or procedures are desirable or necessary.
- Obtain and review a report from the independent auditors at least annually regarding (i) the independent auditors' internal quality-control procedures, (ii) any material issues raised by the most recent quality-control review, peer review or Public Company Accounting Oversight Board (PCAOB) review of the independent auditors or by any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, (iii) such other required reports from the independent auditors, and (iv) all relationships between the independent auditors and the Company.
- Evaluate the qualifications, performance and independence of the independent auditors, including a review and evaluation of the lead partner of the independent auditors, and taking into account the opinions of management. The Committee should present its conclusions with respect to the independent auditors to the Board of Directors.
- Assure that the lead audit partner of the independent auditors and the audit partner responsible for reviewing the audit are rotated at least every five years as required by the Sarbanes-Oxley Act of 2002.
- Obtain from the independent auditors assurance that Section 10A(b) of the Securities Exchange Act of 1934 has not been implicated.
- Establish clear hiring policies for employees and former employees of the independent auditors.

### ***Financial Statements and Reporting***

- Review and discuss with management and the independent auditors the Company's annual audited financial statements, including disclosures made in

“Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and recommend to the Board of Directors whether the audited financial statements should be included in the Company’s Form 10-K.

- Review and discuss with management and the independent auditors the Company’s quarterly financial statements, including disclosures made in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” prior to the filing of each Form 10-Q of the Company, including the results of the independent auditors’ reviews of the quarterly financial statements to the extent applicable.
- Review and discuss with management and the independent auditors, as applicable, (i) the Company’s selection or application of critical accounting policies or principles, including any significant changes in the Company’s selection or application of critical accounting policies or principles, (ii) any major issues regarding the Company’s critical accounting policies or principles and financial statement presentation, (iii) any major issues with respect to the adequacy of the Company’s internal controls and any special audit steps adopted in light of material control deficiencies or weaknesses, (iv) analyses prepared by management or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including analyses of the effects of alternative GAAP methods on the financial statements, (v) any off-balance sheet transactions, items or obligations (including contingent obligations) and any other relationships of the Company with unconsolidated entities that may have a current or future material effect on the Company’s financial statements, (vi) any pro forma information proposed to be included in the Company’s financial statements, (vii) any accounting adjustments that were identified or proposed by the independent auditors that were not implemented, and (viii) the effects of regulatory and accounting initiatives on the Company’s financial statements.
- Review and discuss with management and the independent auditors, as applicable, the type and presentation of information to be included in earnings press releases (including any use of pro forma or adjusted non-GAAP information), as well as financial information and earnings guidance (generally or on a case-by-case basis) provided to analysts, rating agencies or the public.
- Review with management and the independent auditors any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues with respect to the Company’s financial statements, accounting policies or internal controls.
- Discuss with the independent auditors the matters required to be discussed by Statement of Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

- Review disclosures made to the Committee by the Chief Executive Officer and the Chief Financial Officer in connection with their certification process for the Company's Form 10-K and Form 10-Q regarding any significant deficiencies or material weaknesses in the design or operation of the Company's internal controls or its disclosure controls and procedures, and any fraud involving management or other employees who have a significant role in the internal controls.
- Discuss with management and the independent auditors the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

### ***Internal Audit Function***

- Assure that the Company maintains an internal audit function.
- Review the internal audit function of the Company, including the independence, competence, staffing and authority of the internal auditor, the reporting relationships among the internal auditor, financial management and the Committee, the internal audit reporting obligations, the proposed internal audit plans for each fiscal year and the coordination of such plans with the independent auditors.
- Review and approve the appointment, dismissal and fees of the internal auditor.
- Review at least annually the exceptions noted in the reports to the Committee by the internal auditor and the progress made in responding to any exceptions.

### ***Qualified Legal Compliance Committee ("QLCC") Responsibilities***

- Establish written procedures for the confidential receipt, retention and consideration of evidence of a material violation of applicable federal or state securities laws, a material breach of fiduciary duty arising under applicable federal or state laws or a similar material violation of any federal or state laws by the Company or by any director, officer, employee or agent of the Company (each, a "Material Violation") that is reported to the Committee by the Company's chief legal officer (or the equivalent thereof) or other legal advisors.
- Inform the Company's chief executive officer of any report of evidence of a Material Violation that is reported to the Committee by the Company's chief legal officer (or the equivalent thereof) or other legal advisors.
- Determine whether an investigation is necessary regarding any report of evidence of a Material Violation that is reported to the Committee by the Company's chief legal officer (or the equivalent thereof) or other legal advisors.
- If the Committee determines an investigation is necessary or appropriate: (i) notify the Board of Directors, (ii) initiate an investigation, which may be

conducted either by the chief legal officer (or the equivalent thereof) or by outside attorneys, and (iii) retain such additional expert personnel as the Committee deems necessary. At the conclusion of any such investigation: (i) recommend that the Company implement an appropriate response to any evidence of a Material Violation, and (ii) inform the Board of Directors, the chief executive officer and the chief legal officer (or the equivalents thereof) of the results of any such investigation and the appropriate remedial measures to be adopted.

- Take all other appropriate actions to respond to evidence of a Material Violation that is reported to the Committee by the Company's chief legal officer (or the equivalent thereof) or other legal advisors in the event the Company fails in any material respect to implement an appropriate response to what the Committee has recommended the Company take, including notifying the Securities and Exchange Commission.

### ***General***

- Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential and anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review and approve changes to the Company's Code of Ethics for senior financial managers.
- Review and approve all related-party transactions involving the Company.
- Discuss with management any second opinions sought from an accounting firm other than the Company's independent auditors, including the substance and reasons for seeking any such opinion.
- Discuss with the Company's legal counsel any legal or regulatory matters that may have a material impact on the Company's financial statements or its compliance and reporting policies.
- Make regular reports to the Board of Directors of material actions taken by the Committee.
- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors.
- Perform other activities that the Board of Directors deems necessary or advisable.

### **III. LIMITATION OF AUDIT COMMITTEE'S ROLE**

While the Committee has the responsibilities set forth in this Charter, it is not the duty of the Committee to prepare financial statements, plan or conduct audits or determine that the

Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

#### **IV. MEMBERSHIP**

The Committee shall consist of at least three members of the Board of Directors as the Board shall determine from time to time in its discretion. Each member of the Committee shall satisfy the independence and experience requirements of the principal securities exchange or market on which the Company's common stock is traded, Section 10A-3 of the Securities Exchange Act of 1934, the rules and regulations of the Securities and Exchange Commission and the QLCC composition requirements promulgated by the Commission. At least one member of the Committee must be an "audit committee financial expert" as defined by the Commission. Committee members shall not, except with the approval of the Board of Directors, simultaneously serve on this Committee and on the audit committees of more than two other public companies.

The members of the Committee shall be appointed by the Board of Directors in its discretion and shall serve until their respective successors are selected or until their earlier death, resignation or removal. Unless a Chairperson is selected by the Board of Directors, members of the Committee shall elect a Chairperson by a majority vote of the entire Committee. Committee members shall serve at the pleasure of the Board and may be removed, with or without cause, by a majority vote of the directors present at a meeting of the Board of Directors.

The Committee may delegate its authority to a subcommittee or subcommittees.

#### **V. MEETINGS**

The Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall meet periodically with management, the internal auditor and the independent auditors in separate executive sessions. The Committee may request any officer or employee of the Company or the Company's legal counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Chairperson of the Committee shall preside at each Committee meeting. The Chairperson or any member of the Committee may call a meeting of the Committee upon notice to each other member at least forty-eight hours prior to the meeting. Any Committee member may waive notice of a meeting. A majority of the entire Committee shall constitute a quorum for any meeting. If a quorum is present at a Committee meeting, a majority vote of the members present at such meeting shall be required to approve any action of or to decide any question brought before the Committee.

#### **VI. ADVISORS**

The Committee shall have the exclusive authority to retain (including authority to approve fees and other retention terms), at the expense of the Company, and to terminate any accounting or other consultants to advise the Committee, as well as to retain any legal or other advisors as it deems appropriate. The Committee shall also have the authority, to the extent it

deems appropriate, to conduct or authorize investigations into any matters within the scope of its responsibilities. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to (i) the independent auditors for the purpose of rendering or issuing an audit report or performing other services for the Company, and (ii) all legal, consultant and other advisors employed by the Committee.

## **VII. PERFORMANCE REVIEW**

The Committee shall conduct and present to the Board an annual performance evaluation of the Committee.

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*Last amended on August 12, 2010*