

**CHARTER OF THE AUDIT COMMITTEE  
OF  
EVANS & SUTHERLAND COMPUTER CORPORATION**

**(EFFECTIVE AS OF NOVEMBER \_\_, 2016)**

**Purpose**

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to assist the Board in fulfilling its oversight responsibilities. The Committee’s primary duties and responsibilities are to:

- Monitor the integrity of the Company’s financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.
- Monitor the independent auditors’ qualifications, independence, and performance.
- Provide an avenue of communication among the independent auditors, management, and the Board.
- Encourage adherence to, and continuous improvement of, the Company’s policies, procedures and practices at all levels.
- Review areas of potential significant financial risk to the Company.
- Monitor compliance with legal and regulatory requirements.

**Responsibilities and Duties**

The Committee shall have the following authority and responsibilities:

*Review Procedures*

- Review and reassess this charter periodically, at least annually, or as conditions dictate, and recommend to the Board any necessary or appropriate amendments.
- Appoint, discharge, compensate, retain and oversee the work of the Company’s independent audit firm, which shall be a registered public accounting firm as defined by the Sarbanes Oxley Act of 2002 (the “Independent Auditor”), based upon the Committee’s judgment of the independence of the auditors (taking into account the standards and rules established by the Public Company Accounting Oversight Board (“PCAOB”), and fees charged both for preapproved audit and preapproved non-prohibited non-audit services) and the quality of its audit work. The Committee shall be responsible for the resolution of disagreements between management and the Independent Auditor regarding financial reporting. If the Independent Auditor is dismissed by the Committee, the Committee shall appoint a new Independent Auditor. The Committee in its capacity as a committee of the Board shall determine the appropriate funding for payment of compensation to the Independent Auditor employed

for the purpose of issuing an audit report and to any advisers employed by the Committee. The Independent Auditor must report directly to the Committee.

- Appoint, discharge, compensate, retain and oversee any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
- Review and pre-approve each service, considered to be auditing services and non-prohibited non-audit and tax services that may be provided by the Independent Auditor or other registered public accounting firms, and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's Independent Auditor or other registered public accounting firms on an on-going basis. The Committee may delegate to one or more of its members the authority to grant preapprovals required and as contemplated by Section 10A(i) of the Securities Exchange Act of 1934 (the "Exchange Act"), with any such preapproval reported to the Committee at its next regularly scheduled meeting. Unless the specific service has been previously preapproved with respect to that year, the Committee must approve the permitted service before the Independent Auditor or other registered public accounting firm is engaged to perform it.
- Review the Company's annual audited financial statements prior to filing or distribution. Review should include discussion with management and the Independent Auditor of any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.
- In consultation with management and the Independent Auditor, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the Independent Auditor together with management's responses.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, as well as the confidential, anonymous submission by employees of the Company of concerns regarding questionable auditing or accounting matters.
- Review, and discuss with management and the Independent Auditor, the Company's audited annual financial statements to be filed with the Securities and Exchange Commission (the "SEC") on SEC Form 10-K and quarterly financial statements on Form 10-Q, including the Management's Discussion and Analysis of Financial Condition and Results of Operations. The Committee shall receive the disclosures by the Company's

principal executive officer and principal financial officer regarding the certifications required in each annual or quarterly report filed with the SEC in accordance with the rules regarding such certifications as adopted by the SEC. The Committee shall discuss earnings press releases and the included financial information.

### *Independent Auditor*

- The Independent Auditor is ultimately accountable to the Committee and the Board. The Committee shall review the qualifications, independence and performance of the Independent Auditor, including an evaluation of the lead audit partner; and to assure the regular rotation of the lead audit partner at the Independent Auditor and consider regular rotation of the accounting firm serving as the Independent Auditor.
- On an annual basis, review and discuss with the Independent Auditor a formal written statement from the Independent Auditor which delineates all relationships between the Independent Auditor and the Company that could impair the Independent Auditor's objectivity or independence, consistent with applicable requirements of the PCAOB regarding the Independent Auditor's communications with the Committee concerning independence.
- Review and discuss with the Independent Auditor (i) the Independent Auditor's responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process; (ii) the overall audit strategy; (iii) the scope and timing of the annual audit; (iv) any significant risks identified during the auditors' risk assessment procedures; and (v) when completed, the results, including significant findings, of the annual audit.
- Review and discuss with the Independent Auditor (i) all critical accounting policies and practices to be used in the audit; (ii) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; and (iii) other material written communications between the Independent Auditor and management.
- Keep the Independent Auditor informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company; and review and discuss with the Independent Auditor the Independent Auditor's evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.
- Review and discuss with the Independent Auditor any other matters required to be discussed by *PCAOB Auditing Standards No. 16, Communications with Audit Committees*.

### *Legal Compliance*

On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or government agencies.

### *Other Audit Committee Responsibilities*

- Annually prepare a Committee report to shareholders as required by the SEC. The report should be included in the Company's annual proxy statement.
- 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.
- Periodically perform self-assessment of Committee performance.
- Review financial and accounting personnel succession planning within the Company.
- Annually review policies and procedures as well as audit results associated with directors' and officers' expense accounts and perquisites. Annually review a summary of directors' and officers' related party transactions and potential conflicts of interest and approve such related party transactions and potential conflicts of interest, if appropriate. Determine the amount of funding appropriate for the Committee to carry out its responsibilities and obligations as a committee of the Board, which funding the Company shall provide to the Committee, for the payment of:
  - Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
  - Compensation to any independent counsel or other advisers engaged by the Committee; and
  - Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out the Committee's duties.

### *Additional Powers*

In addition to the powers necessary to carry out the foregoing responsibilities, the Committee may in its discretion request and receive reports from the Chairpersons of other committees of the Board regarding matters under the cognizance of such committees that the Committee determines are appropriate to the fulfillment of its functions under this Charter. The Committee shall have such other duties as may be lawfully delegated to it from time to time by the Board. The Committee shall report regularly to the Board and review with the any issues that may arise with respect to the quality or integrity of the Company's financial statements, compliance with legal or regulatory requirements related to financial statements and reporting, and the performance and independence of the Independent Auditor. The Committee shall have the

authority to engage independent counsel and other advisors to the Committee as the Committee deems necessary to carry out its duties.

## **Membership**

### *Size of Committee*

The membership of the Committee shall consist of a minimum of three directors.

### *Member Qualifications*

All members of the Committee shall satisfy the independence and experience requirements applicable to the Company pursuant to the Exchange Act and the rules and regulations promulgated thereunder, including without limitation Rule 10A-3(b)(1), and shall meet the definition of an “outside director” under Treasury Regulation 1.162-27 (e)(3), for purposes of Internal Revenue Code Section 162(m); and a “non-employee director” under Rule 16b-3(b)(3) under the Exchange Act, as such requirements may change from time to time. An independent director should be free of any relationship that could influence his/her judgment as a Committee member. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, at the time of appointment to the Committee, and at least one member of the Committee shall qualify as an “audit committee financial expert,” as defined in Regulation S-K, Item 407(d)(5) of the Exchange Act.

### *Appointment*

The members of the Committee shall be appointed by the Board. The Board shall designate one member of the Committee to serve as Chairperson. If the Chairperson is absent from a meeting, another member of the Committee may act as Chairperson.

### *Term*

The members of the Committee will be appointed for such term or terms, if any, as the Board may determine or until earlier resignation, retirement, or removal. The Board of Directors may remove any member of the Committee at any time with or without cause upon majority vote of the independent directors then in office.

## **Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate, at such times and places as it deems necessary to fulfill its responsibilities. The Chairperson shall approve an agenda in advance of each meeting. The Committee shall maintain minutes of meetings and report regularly to the Board on its discussions and actions, including any significant issues or concerns that arise at its meetings, and shall make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are

applicable to the Board. The Committee shall meet separately, and periodically, with management, and representatives of the Independent Auditor, and shall invite such individuals to its meetings as it deems appropriate, to assist in carrying out its duties and responsibilities. However, the Committee shall meet regularly without such individuals present. In addition, the Committee, or at least its Chairperson, should communicate with management and representatives of the Independent Auditor quarterly to review the Company's financial statements and significant findings based upon the Independent Auditor's review procedures.