



Tissue Regeneration For Life

CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

PURPOSE

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities for the financial reporting process, reviewing the systems of internal controls which management and the Board have established, appointing, retaining and overseeing the performance of independent accountants, overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements and monitoring compliance with laws and regulations and the Company's Code of Business Conduct. However, the Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and condition, or the responsibilities of the independent accountants relating to the audit or review of financial statements.

AUTHORITY

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is authorized and empowered to:

- Appoint, compensate, retain and oversee the work of the Company's independent registered public accounting firm (the "Independent Auditor").
- Resolve any disagreements between management and the Independent Auditor regarding financial reporting.
- Pre-approve all services to be rendered to the Company by the Independent Auditor, including permitted non-audit services.
- Engage and determine funding for such professional advisers and counsel as the Committee determines are appropriate to carry out its functions hereunder. The Company shall provide appropriate funding to the Committee, as determined by the Committee, for payment of (1) compensation to the Independent Auditor for services approved by the Committee, (2) compensation to any outside advisers retained by the Committee, and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- Retain counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from employees-all of whom are directed to cooperate with the committee's requests-or external parties.
- Meet with company officers, the Independent Auditor, or outside counsel, as necessary.
- Establish and maintain procedures for the confidential and anonymous submission by Company employees regarding questionable accounting or auditing matters and the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters by any person.

COMPOSITION

The Committee will consist of at least three and no more than six members of the Board. The Board or its nominating committee will appoint committee members and the committee chair. Each member of the Committee shall satisfy the independence requirements of Section 10A(m) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rule 10A-3 promulgated under the Exchange Act, and the independence requirements of any exchange on which shares of the Company's stock may be listed (or if the Company's stock is not listed on an exchange, the independence requirements of NASDAQ Stock Market, including, without limitation, Section 4200(a)(15) of the NASDAQ Stock Market Rules or any successor provision). No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

All members of the Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. At least one member of the Committee shall qualify as an Audit Committee Financial Expert (as such term is defined in Item 407(d)(5)(ii) of Regulation S-K).

MEETINGS

The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements in accordance with U.S. generally accepted accounting principles.
- Review and discuss with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 114, as amended, including (a) the quality as well as acceptability of the accounting principles applied in the financial statements, and (b) new or changed accounting policies; significant estimates, judgments, uncertainties or unusual transactions; and accounting policies relating to significant financial statement items.
- Review quarterly and annual financial statements, proposed earnings press releases and formal guidance, and consider whether they are accurate, complete, and consistent with information known to Committee members and reflect appropriate accounting principles.
- Review other sections of the quarterly and annual reports and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

Internal Control

- Discuss with management and the Independent Auditor the adequacy and effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures, including information technology security and control.
- Discuss with management and the Independent Auditor any significant deficiencies or material weaknesses in the Company's internal controls and oversee the remediation of any such deficiencies or weaknesses.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

External Audit

- Review and discuss with the Independent Auditor the Company's critical accounting policies and practices, alternative treatments of financial information within U.S. generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor, and such other material written communications furnished to the Committee by the Independent Auditor pursuant to Section 10A(k) of the Exchange Act.
- Review and discuss with the Independent Auditor its proposed audit scope and approach.
- Review the performance of the Independent Auditor.
- Obtain on an annual basis a formal written statement from the Independent Auditor delineating all relationships between the Independent Auditor and the Company consistent with Independence Standards Board Standard No. 1, and review and discuss with the Independent Auditor any disclosed relationships or services it has with the Company which may affect its independence and objectivity. The Committee is responsible for taking, or recommending that the full Board take, appropriate action to oversee the independence of the Independent Auditor.
- On a regular basis, meet separately with the Independent Auditor to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations.
- Review the process for communicating the Company's Code of Business Conduct to Company personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and Company legal counsel regarding compliance matters.
- Consider and adopt appropriate pre-approval policies and procedures, as permitted by Section 10A of the Exchange Act, and the rules and regulations promulgated thereunder, for the engagement of the Independent Auditor to render services to the Company, including but not limited to policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that any pre-approvals delegated to one or more members of the Committee are reported to the Committee at its next scheduled meeting.

Reporting Responsibilities

- Regularly report to the Board about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the Board.
- Report annually to the shareholders as required by Item 407(d)(5) of Regulation S-K, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- Review any other reports the Company issues that relate to Committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Committee charter annually, recommend that the Board adopt any proposed changes and ensure appropriate disclosure of the Committee charter as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee's and individual members' performance on an annual basis.
- Discuss with management and the Independent Auditor the risk management practices followed by the Company in the operation of its business.