

**AEROCENTURY CORP.**

**AUDIT COMMITTEE  
CHARTER**

**Revised February 7, 2014**

**I. ORGANIZATION**

The Audit Committee shall be comprised of two or more directors, as determined by the Corporation's Board of Directors (the "Board"). The Audit Committee members shall be designated by the Board and shall serve at the discretion of the Board.

Each member of the Audit Committee shall meet the audit committee independence requirements of the New York Stock Exchange MKT ("NYSE MKT") and any other applicable laws, rules and regulations.

Each member of the Audit Committee shall be able to read and understand fundamental financial statements in accordance with the rules of the NYSE MKT audit committee requirements. At least one member shall have past employment experience in finance or accounting, a professional certification in accounting or other comparable experience or background that results in the individual's possessing the requisite financial sophistication, including a current or past position as a chief executive or financial officer or other senior officer with financial oversight responsibilities.

**II. STATEMENT OF POLICY**

The Audit Committee is appointed by the Board to oversee the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation and to have direct and sole responsibility for the appointment, compensation, retention, oversight and termination of the Corporation's independent auditors ("Auditors"). The Audit Committee shall further provide assistance and expertise to the full corporate board of directors in fulfilling their responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the corporation, and the quality and integrity of the financial reports of the corporation. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the Auditors, and the financial management of the Corporation. In addition, the Audit Committee shall review the policies and procedures adopted by the Corporation to fulfill its responsibilities regarding the fair and accurate presentation of financial statements in accordance with generally accepted accounting principles and applicable rules and regulations of the Securities and Exchange Commission and the NYSE MKT audit committee requirements.

**III. POWERS**

The Audit Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be

empowered to engage independent counsel and other advisers, at the Corporation's expense, without seeking approval from the Board or any officer of the Corporation, as the Committee determines necessary to carry out its duties. 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 Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Those tasks are the responsibility of management and the independent auditor. The Board and the Committee are in place to represent the Corporation's stockholders. Accordingly, the independent auditor is ultimately accountable to the Board and the Committee.

#### **IV. RESPONSIBILITIES**

The Audit Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board shall from time to time prescribe. All powers of the Committee are subject to the restrictions designated in the Corporation's Bylaws and applicable law. 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 ensure to the directors and shareholders that the corporate accounting and reporting practices of the Corporation are in accordance with all requirements and are of the highest quality.

The Audit Committee's responsibilities shall be as follows:

1. Review and reassess the adequacy of this Charter annually.
2. With respect to the Corporation's Auditors:
  - a. The Committee is directly and solely responsible for the appointment, compensation, retention, and oversight of the work and termination of the Corporation's Auditors (including resolving disagreements between management and the Auditors regarding financial reporting). The Committee shall preapprove all auditing services (including the provision of comfort letters) and non-audit services provided by the Auditors to the Corporation, other than as may be allowed by applicable law. The Committee may delegate to one or more designated Committee members the authority to grant preapprovals required by the foregoing sentence. The decisions of any Committee member to whom such authority is delegated hereunder shall be presented to the Committee at each of its scheduled meetings. The Auditors shall be ultimately accountable to the Board and to the Committee as representatives of the Corporation's stockholders.
  - b. Review the independence of the Auditors, including a review of management consulting services, and related fees, provided by the Auditors. The Committee shall request that the Auditors at least annually provide a formal written statement delineating all relationships between the Auditors and the Corporation consistent with the NYSE MKT audit committee requirements and the applicable

requirements of the Public Company Accounting Oversight Board (“PCAOB”), and request information from the Auditors and management to determine the presence or absence of a conflict of interest. The Committee shall actively engage the Auditors in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditors. The Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the Auditors.

3. Review and discuss with the Auditors and management, before release, the audited financial statements and the Management’s Discussion and Analysis proposed to be included in the Corporation’s Annual Report on Form 10-K. Make a recommendation to the Board whether or not the audited financial statements should be included in the Corporation’s Annual Report on Form 10-K.
4. In consultation with the Auditors and management, consider and review at the completion of the annual examinations and such other times as the Committee may deem appropriate:
  - a. The Corporation’s annual financial statements and related notes.
  - b. The Auditors’ audit of the financial statements and their report thereon.
  - c. The Auditors’ reports regarding critical accounting policies, alternative treatments of financial information and other material written communications between the Auditors and management.
  - d. Any deficiency in, or suggested improvement to, the procedures or practices employed by the Corporation as reported by the Auditors in their annual management letter.
5. Periodically and to the extent appropriate under the circumstances, it may be advisable for the Committee, with the assistance of the Auditors and/or management, to consider and review the following:
  - a. Any significant changes required in the Auditors’ audit plan.
  - b. Any difficulties or disputes with management encountered during the course of the audit.
  - c. The adequacy of the Corporation’s system of internal financial controls.
  - d. The effect or potential effect of any regulatory regime, accounting initiatives or off-balance sheet structures on the Corporation’s financial statements.

- e. Any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
  - f. Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards and pursuant to the requirements of the PCAOB.
6. Discuss with the Auditors the matters required to be discussed by Statement on Auditing Standards No. 114, as modified or supplemented, and PCAOB Auditing Standard No. 16.
  7. Obtain from the Auditors assurance that it has complied with Section 10A of the Securities Exchange Act of 1934.
  8. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.
  9. Prepare a report in the Corporation's proxy statement in accordance with SEC requirements.
  10. Discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk, and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
  11. Review accounting and financial human resources and succession planning with the Corporation
  12. Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each Committee meeting with, the Board.
  13. Investigate any matter brought to its attention within the scope of its duties, with the power to retain separate outside counsel and other advisors, solely representing and reporting to the Audit Committee, for this purpose if, in its judgment, that is appropriate.

## **V. MEETINGS**

The Audit Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this Charter, but no less frequently than quarterly. Periodic meetings of the Audit Committee should include at least the following meetings:

1. Prior to the annual audit;
2. After completion of the annual audit and before financial statements are issued;
3. Before the annual meeting of shareholders, which would include the preparation of the Audit Committee's report to the entire Board.

Meetings should provide the opportunity not only to review the Corporation's quarterly and annual financial results but also perform a preliminary review of annual and quarterly financial reports of the Corporation, and review filings with the Securities and Exchange Commission. The Audit Committee should set its own agenda and should be able to secure whatever information it may feel it needs to be well informed as to the issues before it.

Special meetings of the Committee may be called by any member of the Audit Committee or at the request of the Auditors.

## **VI. MINUTES**

Minutes shall be kept of each meeting of the Committee and will be provided to each member of the Board. Any action of the Committee shall be subject to revision, modification or rescission by the Board.

## **VII. FUNDING**

The Committee shall have available funding from the Corporation as determined by the Committee for payment of:

1. compensation to any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;
2. compensation to any advisers employed by the Committee; and
3. ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.