

**New Ulm Telecom, Inc.  
Audit Committee Charter**

**PURPOSE**

The purpose of the Audit Committee is to enhance the Board of Directors' oversight of the Company's accounting and financial reporting and audit processes and the audits of the Company's financial statements and internal controls.

**MEMBERSHIP AND ORGANIZATION**

- *Selection and Removal.* Members of the Audit Committee shall be appointed by the Chair and ratified by the Board of Directors. The Board of Directors may remove members of the Audit Committee from such committee with or without cause.
- *Number.* The Audit Committee shall consist of at least three members of the Board of Directors.
- *Independence.* Each member of the Audit Committee shall be independent as defined by the Securities and Exchange Commission.
- *Financial Literacy.* Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statements at the time of his or her appointment to the Audit Committee. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by SEC rules.
- *Chair.* The Board of Directors shall appoint a Chair of the Audit Committee.
- *Compensation.* The compensation of the Audit Committee members shall be as determined by the Board of Directors. No member of the Audit Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than fees paid in his or her capacity as a member of the Board of Directors or a committee of the Board.

The Company provides appropriate funding to carry out the Committee's responsibilities, including compensation of independent counsel or other advisors as it determines necessary.

**RESPONSIBILITIES AND DUTIES**

- The Committee is directly responsible for the appointment, compensation and oversight of the independent auditors. The Committee provides the independent auditor with full access to the Committee and the Board of Directors to report any appropriate matters. The independent auditor reports directly to the Committee. The

committee will resolve any disagreements between management and the independent auditor regarding financial reporting.

- The Committee reviews the independent auditor's disclosures required by Independence Standards Board Statement No. 1 and discusses any relationships which may affect the auditor's independence or objectivity.
- The Committee also reviews the independent auditor's quality and peer reviews and discusses the results of these reviews as they relate to the auditor's qualifications.
- The Committee discusses with the independent auditors the overall scope and plans for the audit including staffing, timing and approval of the engagement partner and partner rotation. The Committee also reviews with the auditor specific audit areas; recently issued accounting and auditing pronouncements, evaluation of the risk of material mis-statement, and planned reliance on internal controls.
- The Committee reviews the audited financial statements and discusses them with management and the independent auditor prior to filing with the SEC.
- The Committee reviews with management and the independent auditors written communications from the auditors, including those required by Statement of Auditing Standards No. 61 and any other issues, other significant judgments or estimates relating to the audited financial statements.
- The Committee annually issues a report to be included in the Proxy Statement, which describes of the procedures followed and it's recommendation to the Board of Directors, including the audited financial statements of the Company in the Form 10-K to be filed with the SEC.
- The Committee reviews the Company's quarterly financial statements prior to filing the Form 10-Q with the SEC.
- The Committee reviews and discusses the adequacy and effectiveness of the Company's internal control over financial reporting, including reviewing management's assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year, the independent auditor's report on management's assessment, and the auditor's opinion on the effectiveness of the Company's internal controls.
- The Committee reviews any deficiencies in the Company's internal controls disclosed in these reviews with management and the independent auditor. The Committee monitors any changes or improvements required or made to the internal controls in response to management's and the independent auditor's reports.

- The Committee meets with management and the independent auditors and whenever it is deemed appropriate, but at least four times per year. Periodically, the Committee will meet separately with the independent auditor or individual members of management. The Committee may also meet in executive session as necessary.
- The Committee reviews and approves the engagement of any outside consultants or accountants who are advising, documenting or assessing the company's internal control policies and procedures or are responsible for any part of the Company's internal control policies and procedures.
- The Committee reviews the Company's Code of Conduct and policies to monitor compliance with such code.
- The Committee is responsible for receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters, including procedures for the confidential and anonymous submission of concerns by employees regarding questionable accounting or auditing matters.
- In discharging its oversight the Committee is empowered to investigate any matter brought to its attention. The Committee has full access to the records, facilities and personnel of the Company.
- The Committee reviews and reassesses the adequacy of this charter at least annually and recommends changes to the Board of Directors. The Committee also performs an evaluation of the Committee's performance at least annually to assess whether it is functioning effectively.

### **LIMITATION**

The Committee serves a board-level oversight role, in which it provides advice, counsel and direction to management and the independent registered public accountants based on the information it receives and the discussions it has with management and the independent registered public accountants. The Committee is not responsible for planning or conducting audits of the Company's financial statements or internal controls. Furthermore, the Committee's functions are not intended to replace or duplicate the activities or responsibilities of management.