

## **FTE NETWORKS, INC.**

### **AUDIT COMMITTEE CHARTER**

**(Revised June 9, 2017)**

#### **Authority**

The board of directors (the “Board”) of FTE Networks, Inc., a Nevada corporation (the “Corporation”), has established an audit committee (the “Committee”) pursuant to Section 78.125 of the Nevada Revised Statutes, as the same exists or may hereafter be amended, to undertake the responsibilities and perform the tasks set forth in this Charter (the “Charter”).

#### **Organization**

The Committee shall consist of two or more independent directors, as determined by the Board. The Committee members shall be designated by the Board and shall serve at the discretion of the Board. The Board may designate one director as chairperson of the Committee. If the Board of Directors does not designate a chairperson, a majority of the members of the Committee may elect a chairperson.

Each member of the Committee shall meet (or be exempt from) the audit committee independence standards of (i) Section 803A of Company Guide of the New York Stock Exchange MKT (“NYSE MKT”) (ii) Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and (iii) any other applicable laws, rules and regulations. Prior to the appointment of any director to the Committee, the Board must affirmatively determine that such director is free from any relationship that may interfere with the exercise of his or her independent judgment in carrying out the responsibilities of an independent director and a member of the Committee

Each member of the Committee shall be able to read and understand fundamental financial statements in accordance with the NYSE MKT audit committee requirements, and no member of the Committee shall have participated in the preparation of the financial statements of the Corporation or any current subsidiary thereof within the past three years. 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.

#### **Statement of Policy**

The 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 Committee shall further provide assistance and expertise to the full Board in fulfilling its responsibility to the stockholders, potential stockholders, 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 Committee to maintain free and open means of communication between the directors, the Auditors, and the financial management of the Corporation. In addition, the 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 (the "SEC"), including but not limited to Rule 10A-3 under the Exchange Act and the NYSE MKT audit committee requirements, including but not limited to Section 803B of the Company Guide.

### **Powers**

The 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.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. The Committee shall not delegate to a subcommittee any power or authority required by agreement, law, regulation or listing standard to be exercised by the Committee as a whole.

### **Responsibilities**

The 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 Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and stockholders that the

corporate accounting and reporting practices of the Corporation are in accordance with all requirements and are of the highest quality.

The Committee's responsibilities shall be as follows:

1. Review and reassess at least annually any material changes in the business of the Corporation relevant to the accounting and financial reporting processes of the Corporation.

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; and

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"), including PCAOB Rule 3526, 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; and
  - 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; and
  - 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. Discuss with the Auditors the other matters required to be discussed by PCAOB Auditing Standards No. 1301, Communications with Committees, including, without limitation, the auditors' evaluation of the quality of the Corporation's financial reporting, information relating to significant unusual transactions and the business rationale for such transactions and the auditors' evaluation of the Corporation's ability to continue as a going concern.

8. Obtain from the Auditors assurance that it has complied with Section 10A of the Exchange Act.

9. 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.

10. Prepare a report prior to the filing of the Corporation's proxy statement with the SEC in accordance with requirements of the Exchange Act.

11. Discuss guidelines and policies governing the process by which senior management of the Corporation and the relevant departments of the Corporation assess and manage the Corporation's exposure to risk, and to discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.

12. Review accounting and financial human resources and succession planning with the Corporation.

13. Submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the Board.

14. Monitor compliance with the Corporation's Code of Ethics (the "Code"), investigate any alleged breach or violation of the Code, and enforce the provisions of the Code. The Committee shall review the Code at least annually to ensure that the provisions of the Code remain up-to-date and that all such provisions are being complied with by the officers, directors and employees of the Corporation.

15. 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 Committee, for this purpose if, in its judgment, that is appropriate.

16. Review and reassess periodically the adequacy and scope of this Charter and the Committee's established processes and procedures and recommend changes (if any) to the Board for approval. The Committee shall conduct an annual evaluation of the performance of its duties under this charter and shall present the results of the evaluation to the Board in such manner as it deems appropriate.

### **Meetings**

The Committee shall meet as often as is appropriate to carry out its responsibilities under this Charter, either in person or telephonically, and at such times and places as it determines, but no

less frequently than quarterly. The majority of the members of the Committee constitutes a quorum, and the Committee may act by the vote of a majority of the members present at the time of the vote. Periodic meetings of the 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; and
3. Before the annual meeting of stockholders.

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 SEC. The 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 Committee or at the request of the Auditors.

### **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.

### **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.

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board, in accordance with applicable law, SEC rules and requirements of the NYSE MKT.