

## **ADDUS HOMECARE CORPORATION**

### **AUDIT COMMITTEE CHARTER**

#### **Purpose**

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Addus HomeCare Corporation (the “Company”) is a standing committee whose purpose is to assist the Board in fulfilling its oversight responsibilities by overseeing:

1. The quality and integrity of the Company’s financial statements and other financial information, financial reporting process, internal controls and procedures for financial reporting and internal audit function.
2. The audit and other services provided by the Company’s independent auditors.
3. The Company’s compliance with legal and regulatory requirements regarding accounting, internal accounting controls or auditing matters.

In furtherance of its purpose, the Committee shall be directly responsible for the appointment, independence, qualifications, compensation and oversight of the independent auditor, who shall report directly to the Audit Committee and shall strive to provide an open avenue of communication among the Company’s independent auditors, management and the Board. This Charter defines the role, authority and responsibility of the Audit Committee.

#### **Committee Membership**

The Committee shall be comprised of no fewer than three members. The members of the Audit Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee and may be removed by the Board in its discretion with or without cause. At least annually, the Committee members shall be evaluated by the Board. The Board shall designate one member of the Committee as its chairperson. Each member of the Committee shall be independent within the meaning of such term under the independence requirements for audit committee membership of the Nasdaq Stock Market, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Securities and Exchange Commission (“SEC”), including Rule 10A-3(b)(1) promulgated under the Exchange Act, as applicable.

In addition, all members of the Committee shall have sufficient financial experience and ability to enable them to read and understand fundamental financial statements, including the Company’s balance sheet, statements of income and statements of cash flows. At least one member shall be an “audit committee financial expert” within the meaning of the rules of the SEC. At least one member shall meet the financial sophistication standards established by the requirements of the Nasdaq Stock Market.

None of the members 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. No Committee member shall simultaneously serve on the audit committees of more

than two other public companies, unless the Board determines that such service would not impair the member's ability to effectively serve on the Committee.

## **Committee Structure and Operations**

The Committee shall meet at least four times each year and at such other times as the Committee or its chair deems necessary to perform the Committee's responsibilities. It will meet following the end of each fiscal quarter of the Company prior to the release of quarterly or annual earnings to review the financial results of the Company for the preceding fiscal quarter or the preceding fiscal year, as the case may be. The Committee may meet by telephone or video conference. In addition, the Committee may take action by written consent. All meetings of the Audit Committee shall be governed by the same rules regarding notice, quorum and voting requirements as are applicable to the full Board. Written minutes shall be kept for all meetings of the Committee and shall be duly filed in the Company records. The Committee will meet in executive sessions with the Company's independent auditors and management as appropriate. The Committee may delegate authority to one or more members when appropriate, provided that decisions made pursuant to such delegated authority shall be presented to the full committee at its next scheduled meeting.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company, and has the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties. The Company shall provide funding, as determined by the Committee, for payment of compensation to the Company's independent auditors and to any advisers the Committee retains, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## **Committee Authority and Responsibilities**

The Committee's authority and responsibilities shall include the following:

### *Review of Financial Statements and Reports*

1. Review the Company's financial statements, reports and other financial information, in conjunction with the Company's management and independent auditors, as appropriate. Such review shall include candid discussions of the quality – not merely the acceptability – of the Company's accounting principles as applied in its financial reporting. Reviews shall occur prior to dissemination of the statement, report or other document to a third party or the public. Without limitation, the Committee shall review the following:
  - The annual financial statements and other material financial content of the Company's Annual Report to Stockholders and/or Annual Reports on Form 10-K, including management's discussion and analysis of financial condition and results of operations and any certification, report, opinion, attestation or review rendered by the independent auditors.
  - Any quarterly or other interim financial statements and other material financial content of the Company's Quarterly Reports on Form 10-Q, including any certification, report, opinion, or review rendered by the independent auditors.

- Any other material financial information, such as earnings releases or financial information and earnings guidance provided to analysts, lenders or rating agencies. In lieu of reviewing each such disclosure prior to release or dissemination, the Committee may discuss generally with management the types of information to be disclosed and the types of presentations to be made.
- Any material internal reports prepared by the Company's independent auditors, internal auditors or management.
- The annual report of the Committee for inclusion in the Company's annual proxy statement.
- Management's internal procedures used in the preparation of the Company's financial statements at least annually.

2. Meet quarterly with the Company's Chief Financial Officer to monitor:

- the allowance for doubtful accounts;
- the collection rates, reasonable estimates and accurate reporting;
- the account reserves, taking into account credit risks;
- any other factors deemed relevant by the Committee to determine appropriate balances of accounts receivable;
- the financial statements and forecasts;
- revenue recognition in the proper periods; and
- the efficiency of the billing and collection processes.

3. The Chair or another member of the Committee may represent the entire Committee for purposes of reviewing quarterly information and other material financial information, such as earnings releases, to the extent permissible under the listing requirements of the Nasdaq Stock Market and generally accepted auditing standards.

*Relationship with Independent Auditors and Internal Auditors*

4. Be directly responsible for the appointment, compensation, retention and termination of the independent auditors and the independent auditors shall report directly to the Committee. The Committee shall have sole authority to determine the compensation to be paid to the independent auditors for any service. The Committee also shall be responsible for the oversight and evaluation of the work of the independent auditors, including resolution of disagreements between management and the independent auditors.
5. Pre-approve all audit and permitted non-audit services provided to the Company by the independent auditors as well as the related fees. The Committee may delegate pre-approval authority to a member or members of the Committee or may adopt pre-approval policies and procedures, to the extent permitted by applicable laws. Any pre-approvals made pursuant to delegated authority or pre-approval policies and procedures must be presented to the full Committee at its next meeting.
6. Receive a report or report update from the independent auditors, within the time periods prescribed by the rules of the SEC, on: (i) all critical accounting policies and practices of the Company; (ii) all alternative treatments of financial information within generally

accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and (iii) other material written communications between the independent auditors and management, including differences of opinion, if any, between the independent auditors and management.

7. Ensure that it receives a formal written statement from the independent auditors delineating all relationships between the independent auditors and the Company, consistent with the requirements of the Public Company Accounting Oversight Board. The Committee shall engage the independent auditors in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and take appropriate action to oversee the independence of the independent auditors.
8. Oversee the hiring of financial personnel and set clear hiring policies for persons who have been employed by the Company's independent auditors within the past three years.
9. Ensure the regular rotation of the audit partners as required by law.
10. Oversee the objectives, activities and staffing of the Company's internal auditors, if any.

*Financial Reporting and Auditing Processes*

11. Oversee the integrity of the Company's financial reporting process.
12. Discuss with the independent auditors and management the overall scope and plans for the annual audit.
13. Review with the independent auditors and management the adequacy and effectiveness of the Company's internal controls and procedures for financial reporting, including management's report on the adequacy or effectiveness of internal controls; and the fullness and accuracy of the Company's financial statements. The Committee shall consider the quality of presentation of, among other matters, critical accounting policies, off-balance sheet transactions and financial measures presented on a basis other than in accordance with generally accepted accounting principles.
14. Review the quality and appropriateness of the Company's accounting principles and underlying estimates as applied in its financial reporting, including the independent auditors' judgments concerning the foregoing.
15. In consultation with the independent auditors and management, review any major changes or improvements to the Company's financial and accounting principles and practices, internal controls and procedures for financial reporting and disclosure controls and procedures.
16. As it deems necessary or advisable, discuss with management policies with respect to risk assessment and risk management, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

17. At least annually, meet with the independent auditors to review and discuss the reporting of sales and accounting for revenues.

*Legal and Regulatory Compliance*

18. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
19. Review and approve all transactions with related persons, as such term is used in Item 404 of Regulation S-K under the Exchange Act, except when it is inappropriate for the Committee to review such transaction due to a conflict of interest. The Committee should consider the facts and circumstances available and deemed relevant, including, but not limited to, the risks, costs and benefits to the Company, the terms of the transaction, the availability of other sources for comparable services or products and, if applicable, the impact on the director's independence. The Committee should approve only those transactions that, in light of the known circumstances, are in, or are not inconsistent with, the best interests of the Company, as determined in the Committee's sole discretion.

*Committee Matters*

20. Make regular reports to the Board.
21. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
22. Annually review its own performance.

**Limitation of Audit Committee's Role**

While the Committee has the authority and responsibilities set forth in this Charter, management has primary responsibility for the Company's financial statements and the reporting process, including the systems of internal controls, and the Company's independent auditors are responsible for performing an annual audit of the Company's consolidated financial statements in accordance with auditing standards generally accepted in the United States and for expressing an opinion as to their conformity with generally accepted accounting principles.

Adopted by the Board on October 31, 2017.