

Non-Invasive Monitoring Systems, Inc.
Audit Committee Charter

A. Organization

This charter governs the operations of the audit committee. The committee shall be members of, and appointed by, the board of directors and shall comprise at least three directors (as determined by the board of directors from time to time), each of whom are independent of management and the Company (as defined by all applicable laws, rules and regulations and the listing requirements of any applicable stock exchange). Members of the committee shall be considered independent as long as they do not accept any consulting, advisory, or other compensatory fee from the Company and are not an affiliated person of the Company or its subsidiaries. All committee members shall be financially literate, and at least one member shall be a “financial expert,” as defined by SEC regulations.

B. Purpose

The audit committee shall provide assistance to the board of directors in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to: the integrity of the Company’s financial statements; the financial reporting process; the systems of internal accounting and financial controls; the performance of the Company’s internal audit function and independent auditors; the independent auditor’s qualifications and independence; and the Company’s compliance with ethics policies and legal and regulatory requirements. In so doing, it is the responsibility of the committee to maintain free and open communication between the committee, independent auditors, and management of the Company.

C. Meetings

The committee shall meet at least four times annually or more frequently if circumstances dictate. A majority of the members shall constitute a quorum. If a quorum is present, a majority of the members present shall decide any matter brought before the committee. Any member of the committee may call a meeting of the committee upon due notice to each other member at least 48 hours prior to the meeting. The committee shall promptly inform the board of directors of the actions taken and matters discussed at its meetings. This will generally take place at the board meeting following a committee meeting.

D. Duties and Responsibilities

The primary responsibility of the audit committee is to oversee the Company’s financial reporting process on behalf of the board and report the results of their activities to the board. While the audit committee has the responsibilities and powers set forth in this Charter, it is not the duty of the audit committee to plan or conduct audits or to determine that the Company’s financial

statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

The committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The committee should take appropriate actions to foster an overall corporate culture supportive of quality financial reporting, sound business risk practices, and ethical behavior. The following shall be the principal duties and responsibilities of the audit committee. These are set forth as a guide with the understanding that the committee may supplement them as appropriate.

The committee shall be directly responsible for the appointment and retention, compensation, and oversight of the work of the independent auditors, including resolution of disagreements between management and the auditor regarding financial reporting. The committee shall pre-approve all audit and permitted non-audit services provided by the independent auditors and shall not engage the independent auditors to perform any specific non-audit services proscribed by law or regulation. The committee may delegate pre-approval authority to a member of the audit committee. The decisions of any audit committee member to whom pre-approval authority is delegated must be presented to the full audit committee at its next scheduled meeting.

The committee shall consider whether the auditor's performance of permissible non-audit services is compatible with the auditor's independence and shall also request from the outside auditors annually a formal written statement delineating all relationships between the auditor and the Company consistent with Independent Standards Board Standard Number 1. The Committee shall review and discuss with the outside auditors any such disclosed relationships and their impact on the outside auditor's independence.

At least annually, the committee shall obtain and review a report by the independent auditors describing:

- The firm's internal quality control procedures.
- Any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- All relationships between the independent auditor and the Company (to assess the auditor's independence).

The committee shall set clear hiring policies for employees or former employees of the independent auditors that meet the SEC regulations and stock exchange listing standards.

The committee shall review and discuss with the internal auditors and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation. Also, the committee shall discuss with management and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (e.g., Company's Code of Ethics).

The committee shall meet separately periodically with management and the independent auditors to discuss issues and concerns warranting committee attention. The committee shall provide sufficient opportunity for the independent auditors to meet privately with the members of the committee. The committee shall review with the independent auditor any problems or difficulties and management's response.

The committee shall discuss with management and the outside auditors the Company's accounting policies which may be viewed as critical. The committee shall review and discuss any significant changes in the accounting policies of the Company and accounting and financial reporting proposals that may have a significant impact on the Company's financial reports as well as all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the outside auditor. The committee shall confer with management and the outside auditor on all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

The committee shall review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion.

The committee shall discuss generally the type of information to be disclosed and the presentation to be made in earnings releases and in information and earnings guidance (if any) provided to analysts and rating agencies.

The committee shall review the interim financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the committee shall discuss the results of the quarterly review and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards. The chair of the committee may represent the entire committee for the purposes of this review.

The committee shall review with management and the independent auditors the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report on Form 10-K (or the annual

report to shareholders if distributed prior to the filing of Form 10-K), including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Also, the committee shall discuss the results of the annual audit and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards.

The committee shall 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 issuer of concerns regarding questionable accounting or auditing matters.

The committee shall receive attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty.

The committee shall also prepare its report to be included in the Company's annual proxy statement, as required by SEC regulations.

The committee shall review and reassess the charter annually and submit any proposed amendments to the board of directors for approval.

The foregoing shall not be deemed an exclusive list of powers and responsibilities of the committee. The committee is authorized to perform any other activities consistent with this charter, the Company's Articles of Incorporation, By-Laws and, governing laws as the committee deems necessary or advisable.

E. Advisors

The committee shall have the authority, at the expense of the Company, to retain such accounting, legal and other advisors and consultants as it shall deem appropriate without board or management approval.