



## Audit Committee Charter

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Policy Owner	Compliance Officer

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### I. GOVERNANCE

This Charter sets forth the organization and operation of the Audit Committee (the "Committee") of ChoiceOne Financial Services, Inc. (the "Company") and has been approved by the Company's Board of Directors (the "Board"). The Committee shall review and reassess the Charter from time to time, at least annually. Amendments to this Charter shall be approved by the Board.

### II. ORGANIZATION

The Committee shall be comprised of three or more directors, appointed by the Board, one of whom shall be designated by the Board as the Chair. Each member of the Committee must be "independent," as that term is defined in the Nasdaq Stock Market Rules and required under Securities and Exchange Commission rules. The Board must affirmatively determine that each member of the Committee is independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director or member of the Committee. A Committee member may be removed for any reason following a majority vote of the Board.

A director may not be a member of the Audit Committee if he or she 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.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, cash flow statement, and changes in shareholders' equity, as of the time of his or her appointment to the Committee.

At least one member of the Committee must be a person whom the Board has determined has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication and is an "audit committee financial expert" as that term is defined by applicable regulations of the Securities and Exchange Commission.

### III. STATEMENT OF PURPOSE

The Committee shall provide assistance to the Board in fulfilling its oversight responsibility relating to the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company's financial statements, and the regulatory compliance program as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, the independent auditors, the internal auditors and management of the Company. 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 may retain outside counsel or other experts for this purpose.

#### IV. AUTHORITY, DUTIES AND RESPONSIBILITIES

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board.

Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those 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 shall have the following authority, duties and responsibilities:

- Be responsible and have ultimate authority for the appointment, compensation, retention, evaluation, and oversight of the Company's independent auditors. The Committee shall have the responsibility and sole authority to approve, in advance, fees and terms for all audit services as well as significant non-audit services;
- Annually review the performance (effectiveness, objectivity, and independence) of the independent auditors and the internal audit function, including a review and evaluation of the lead partner of the independent auditor, and report its conclusions to the Board;
- Communicate to management and the independent auditors that the independent auditors are ultimately accountable to the Committee, as representatives of the Company's shareholders;
- Obtain and review at least annually a formal written report from the independent auditor delineating (a) the auditing firm's internal quality-control procedures, (b) any material issues raised within the preceding five years by the auditing firm's internal quality-control reviews, by peer reviews of the firm, or by any governmental or other inquiry or investigation relating to any audit conducted by the firm, (c) all relationships between the auditing firm and the Company or any of its subsidiaries, (d) any critical audit matters identified by the auditing firm, and (e) the year in which the auditing firm began serving consecutively as the Company's auditor. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews;
- The Committee shall discuss with the independent auditors the matters required to be discussed under auditing standards established from time to time by the PCAOB.
- Ensure receipt of a formal written report from the independent auditors consistent with applicable rules and regulations and standards set by the Independence Standards Board;
- Review at least annually all relationships between the independent auditors and the Company to assess auditor independence;
- 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. The Committee shall discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's system to monitor and manage business risk and regulatory compliance programs. The Committee shall meet separately with the internal auditors and the independent auditors, with and without management present, to discuss the results of their examinations;
- Review, approve and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) and any other potential conflict of interest situations on an ongoing basis;
  - Keep the Company's independent auditors informed of the Committee's understanding of significant relationships and transactions between the Company and related parties, and review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties;
  - Review the Company's interim financial statements, including disclosures under the Company's "Management's Discussion and Analysis of Financial Condition and Results of Operation" ("MD&A") with management and the independent auditors prior to the filing of Quarterly Reports on Form 10-Q. The Committee shall review with the independent auditors the results of the quarterly reviews and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The Chairperson of the Committee may represent the entire Committee for the purposes of quarterly reviews;
  - Review with management and the independent auditors the Company's financial statements, including disclosures under the Company's MD&A, to be included in Securities and Exchange Commission Annual Report on Form 10-K (or annual report to shareholders if distributed prior to the filing of Form 10-K). The Committee shall review with the independent auditors 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 and applicable rules and regulations. This review will discuss the independent auditors' 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. Based on such review and discussions, the Committee will determine whether or not to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K;
  - Obtain from the independent auditors such confirmation as the Committee shall deem appropriate to the effect that the independent auditors satisfy the general qualifications and independence requirements for independent public accountants to bank holding companies and insured depository institutions under applicable statutes, rules, and regulations;
  - Review regulatory agencies' reports of examination of the Company and its subsidiaries and report to the Board on the results of each examination made and such conclusions and recommendations as the Committee deems appropriate;
  - Establish and maintain procedures for the receipt, retention, and response to complaints received by the Company regarding accounting, internal accounting

- controls or auditing matters, and for the confidential, anonymous submission by the Company's employees of concerns regarding accounting or auditing matters;
- Prepare the Audit Committee report required by applicable statutes, rules, and regulations to be included in the Company's annual proxy statement;
  - Establish subcommittees of the Committee with such powers and authority as specifically determined and delegated by the Committee;
  - Provide the Board of Directors with regular reports regarding the Committee's decisions, actions and recommendations; and
  - Undertake such other duties and responsibilities as required by applicable statutes, rules, and regulations.

In addition to the foregoing, the Committee is authorized and directed to perform all of the duties and responsibilities of a Compliance Committee under applicable federal or state banking laws. Without limitation, the Committee is authorized to take any action that may be necessary or convenient for the Company and its subsidiaries to comply with any applicable law, rule, regulation, order, or other legal requirement, including but not limited to the Community Reinvestment Act and the rules and regulations promulgated under that Act.

#### V. INTERNAL CONTROLS AND PROCEDURES

Establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting is the responsibility of the Company's management. The Committee has the authority and responsibility to oversee the Company's disclosure controls and procedures and internal controls over financial reporting and shall consult with the Company's management, internal auditors and independent auditors regarding the adequacy of such internal controls.

#### VI. DISCLOSURE CONTROLS AND PROCEDURES

The Committee shall oversee the Company's management in establishing controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Exchange Act's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the chief executive and chief financial officers, and persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

#### VII. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Committee shall oversee the Company's management in establishing policies and procedures that will provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
  - Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
  - Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.
- VIII. MANAGEMENT'S INTERNAL CONTROL REPORT
- The Committee shall review management's internal control report to be included in the Company's Annual Report to Shareholders. This report shall contain:
    - A statement of management's responsibility for establishing and maintaining adequate internal control over financial reporting for the Company;
    - A statement identifying the framework used by management to conduct the required evaluation of the effectiveness of the Company's internal control over financial reporting;
    - Management's assessment of the effectiveness of the Company's internal control over financial reporting as of the end of the Company's most recent fiscal year, including a statement as to whether or not the Company's internal control over financial reporting is effective. The assessment must include disclosure of any material weaknesses in the Company's internal control over financial reporting identified by management. Management is not permitted to conclude that the Company's internal control over financial reporting is effective if there are one or more material weaknesses in the Company's internal control over financial reporting; and
    - A statement that the independent auditors that audited the financial statements included in the annual report has issued an attestation report on management's assessment of the Company's internal control over financial reporting.

#### IX. ADVISORS

The Committee has authority to engage consultants, advisors and legal counsel at the expense of the Company. The Committee shall have the sole authority to retain and terminate any consultants and advisors and to approve all fees and other retention terms. The Company shall provide appropriate funding, as determined by the Committee, for the payment of compensation to the Company's independent auditors, any other accounting firm engaged to perform services for the Company, and any outside counsel and other advisors to the Committee.

#### X. SCOPE OF RESPONSIBILITY

The Committee has the authority and responsibilities set forth in this Charter. It is not the duty of the 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. This is the responsibility of management and the independent auditors. In discharging his or her duties, each member of the Committee is entitled to rely on information, opinions, reports and statements, including financial statements and other financial data prepared or presented by officers, employees, legal counsel, accountants, and other persons. It is not the duty of the Committee to conduct investigations or to ensure compliance with laws and regulations. The duties and responsibilities of a member of the Committee are in addition to those duties applicable to members of the Board.