

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The responsibilities of the Board of Directors of Timeline, Inc. (the “Company”) include oversight of the Company’s systems of internal control, preparation and presentation of financial reports and compliance with applicable laws, regulations and Company policies. Through this Charter, the Board delegates certain responsibilities to the Audit Committee (the “Committee”) to assist the Board in the fulfillment of its duties to the Company and its shareholders. As more fully set forth below, the purpose of the Committee is to assist the Board in its oversight of:

- the integrity of the Company’s financial statements;
- the adequacy of the Company’s system of internal controls;
- the Company’s compliance with legal and regulatory requirements;
- the qualifications and independence of the Company’s independent auditors; and
- the performance of the Company’s independent auditors and of the Company’s internal audit function.

Authority. The Committee shall be given the resources and assistance necessary to discharge its responsibilities, including unrestricted access to Company personnel and documents and the Company’s independent auditors. The Committee shall also have authority, with notice to the Board of Directors, to engage outside legal, accounting and other advisors as it deems necessary or appropriate.

Membership. The Committee shall consist of one or more directors, who shall be appointed annually and subject to removal at any time, by the Board of Directors. Each Committee member shall satisfy the independence requirements required by applicable law and such other independence requirements as determined by the Board from time to time. All Committee members shall be financially literate, having a basic understanding of financial controls and reporting. At least one Committee member shall also have accounting or related financial management expertise. No member of the Audit Committee shall receive any compensation from the Company other than his or her Directors’ fees.

Procedures. The Committee shall meet at least four times a year and may call special meetings as required. Meetings may be called by any member of the Committee or the Board. The presence in person or by telephone of a majority of the members shall constitute a quorum.. Minutes of the Committee’s meetings shall be kept. The results of the meetings shall be reported regularly to the full Board.

Responsibilities. The Company’s executive management bears primary responsibility for the Company’s financial and other reporting, for establishing the system of internal controls and for ensuring compliance with laws, regulations and Company policies. The Committee’s responsibilities and related key processes are described below. From time to time, the Committee may take on additional responsibilities, at the request of the Board.

- (a) **Financial Reporting.** The Committee shall monitor the preparation by management of the Company’s quarterly and annual external financial reports.

- (b) **Relationship with Independent Auditors.** The Committee shall bear primary responsibility for overseeing the Company's relationship with its independent auditors.
- (c) **Preparation of Reports.** The Committee shall prepare and approve the Committee's report included in the proxy statement for the Company's annual meeting of shareholders, and such other reports as may from time to time be necessary or appropriate.

Annual Performance Review. The Committee shall conduct an annual evaluation of its performance in carrying out its responsibilities hereunder.