

COMMUNITY BANCORP.

AUDIT COMMITTEE CHARTER

Approved by Audit Committee: November 13, 2024

Approved by the Board of Directors: December 11, 2024

PURPOSE

To assist the Board of Directors of Community Bancorp. (the “Company”) in overseeing the integrity of the Company’s accounting and financial reporting process, the system of internal control and the audit process, and compliance with related legal and regulatory requirements.

AUTHORITY

In the discharge of its duties and responsibilities, the Audit Committee is empowered to:

- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation or otherwise in connection with the discharge of its duties and responsibilities.
- Obtain any information it requires from the officers and employees of the Company and its wholly-owned subsidiary, Community National Bank (the “Bank”)—all of whom are directed to cooperate with the Committee's requests or external party requests.
- Meet with Company officers, independent auditors, or outside counsel, as necessary.
- Obtain from the Company sufficient funding for compensation of the independent auditor and any outsourced internal auditor, for retention of legal, accounting and other advisors and for payment of the Committee’s administrative expenses.

COMPOSITION

The Audit Committee will consist of at least four members of the Board of Directors. The Board will appoint Committee members and the Committee Chair. Each Audit Committee member will be independent of management, Community Bancorp. and any subsidiary thereof. The independence of Committee members shall be determined in accordance with NASDAQ Listing Rule 5605(a) (5), as amended from time to time. In addition, each Committee member must meet the standard for independence under 12 C.F.R. 363.5.

MEETINGS

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. A majority of members present in person or by teleconference will constitute a quorum for purposes of conducting Committee business. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will meet separately, periodically, with management, with the outsourced internal audit firm and with independent auditors. The Committee will also meet periodically in executive session. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The Committee will carry out the following responsibilities:

Financial Reporting and Internal Controls

- Review with management and the internal auditors any significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the independent auditors the results of the independent audit, including any difficulties encountered.
- Review with the independent auditors any significant disagreements with management, and management's response.
- Review and discuss with management and the independent auditors the (i) financial statements and related footnotes to be included in the Company's Annual Report; (ii) appropriateness of management's discussion and analysis of operations in Securities and Exchange Commission filings and the consistency of such discussion and analysis with the financial statements included in such filing; (iii) critical accounting policies and practices; (iv) alternative treatments of financial information under Generally Accepted Accounting Principles and (v) independent auditors' judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments and estimates, and the clarity of the disclosures.
- Review and discuss with management (i) its evaluation of the Company's internal control structure and procedures for financial reporting, and at least quarterly management's conclusions as to the efficacy of such internal controls and procedures; (ii) any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial reporting and any material changes in such internal controls; and (iii) any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.
- Review other sections of the Annual Report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the independent auditors all matters required to be communicated to the Committee under standards of the Public Company Accounting Oversight Board (PCAOB) and applicable provisions of 12 C.F.R. 363.
- If deemed appropriate after review and discussion, recommend that the Board- approved financial statements be included in the Company's Annual Report on Form 10-K.
- Review interim financial reports with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q (or prior to the press release of results, if possible). The Chair of the Committee or his designee may represent the entire Committee for the purposes of this review.

Internal Control

- Discuss with management, the Bank's Audit Liaison, the independent auditors, and representatives from the outsourced internal audit firm the adequacy and effectiveness of the Company's accounting and financial controls, including information technology security and control.
- Understand the scope of internal and independent auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- The Audit Committee, working with the Bank’s Audit Liaison, will be responsible for managing the outsourced internal audit firm, determining the scope of and scheduling of internal audit activities, and coordinating resolution of open audit and examination issues. Responsibilities will include ensuring execution of the internal audit program in a professional and timely manner and reporting audit results to the Committee. The Bank will be guided by the “Interagency Policy Statement on the Internal Audit Function and its Outsourcing” (March 17, 2003), as amended from time to time. The outsourced internal audit firm will promptly inform the Chair of any actual or perceived obstructions to execution of the audit program.

CNB shall appoint a competent employee to act as the liaison between the internal audit firm and the Audit Committee. The liaison reports directly to the Audit Committee solely for communicating internal audit issues.

The liaison will have no managerial responsibility for the areas being audited and will oversee the outsourcing vendor’s performance under the contract. The oversight includes:

- Assisting with the annual risk assessments
 - Coordinating schedules
 - Management of reports
 - Assisting with communications
- Review the appointment, replacement and compensation of the outsourced internal audit firm. Evaluate the performance of, and where appropriate, replace the outsourced internal audit firm. One or more representatives of outsourced internal audit firm will report directly to the Audit Committee Chair and administratively to the Bank’s Audit Liaison.
 - Review and approve the scope of the annual internal audit plan, giving due consideration to the size of the Company and the nature and scope of its activities.
 - Evaluate the internal audit firm’s risk assessment of the Bank’s activities used in developing the annual audit plan.
 - Receive reports from the outsourced internal audit firm regarding major findings and evaluate management’s response in addressing the reported conditions.
 - Review and approve the Internal Audit *Program* annually.
 - Review the effectiveness of the internal audit function.
 - Ensure that the internal audit firm, to fulfill its functions, has both adequate resources and access to all necessary functions, records, property and communications with Bank employees.
 - On a regular basis, meet separately with representatives from the outsourced internal audit firm to discuss any matters that they or the Committee believes should be discussed privately.

Independent Auditors

- Review and approve the terms of the engagement letter between the Company and the independent auditor to ensure compliance with 12 C.F.R. 363.5(c), relating to certain prohibitions against indemnification and limitation of liability of the independent auditor.
- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the Company and terminate the engagement of any such firm.
- Review the independent auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the qualifications and performance of the independent auditors, and exercise final approval on the appointment or discharge of the auditors.
 - Consideration will be given to the following:
 - The independent auditors’ expertise in evaluating financial reporting related risks;

- The independent auditors' internal quality-control procedures;
 - Any material issues raised by the most recent quality-control review, or peer review (if applicable), of the independent auditors, 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 independent auditors and any steps taken to deal with any such issues; and
 - All relationships between the independent auditors and the Company, in order to assess the independent auditors' independence, including the provision of non-audit services.
- Pre-approve all audit and permitted non-audit services performed by the Company's independent auditors. The Committee may delegate this authority to a member of the Committee who will inform the entire Committee of any approval taken pursuant to that delegated authority.
 - Pre-approve any outsourced internal audit consulting services. The Committee may delegate this authority to a member of the Committee who will inform the entire Committee of any approval taken pursuant to that delegated authority.
 - Resolve any disagreements between management and the auditor regarding financial reporting.
 - At least once every five years furnish Requests for Proposals to independent accounting firms and based on the evaluation of those proposals, the Committee shall either retain the current firm or engage a different one.
 - Ensure the rotation of the lead audit partner and reviewing partner every five years if the current firm is retained.

Compliance

- Establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Review such procedures periodically, and modify them as the Committee deems necessary.

Reporting Responsibilities

- Regularly report to the Board of Directors about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between the Committee and independent auditors and the internal audit function and management of the Company and subsidiaries.
- Report annually to the shareholders in the Company's proxy statement, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including the requirements for pre-approval of audit and non-audit services performed by the independent auditors.
- Review any other reports the Company issues that relate to Committee responsibilities.

Other Responsibilities

- Perform other activities related to this Charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit Committee Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure of changes as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this Charter have been carried out.

- Establish and maintain an environment within the Company that promotes and encourages quality financial reporting, sound business risk practices and ethical behavior.