

AUDIT COMMITTEE CHARTER

- I. Purposes.** The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of **urban-gro, Inc.** (the “Company”) shall be appointed by the Board for the primary purpose(s) of assisting the Board in its oversight of accounting, financial reporting and disclosure processes and adequacy of systems of disclosure and internal controls established by management, the quality and integrity of the Company’s financial statements, the Company’s compliance with legal and regulatory requirements, the Company’s overall risk management profile, the Company’s independent auditor’s qualifications and independence, and the performance of the Company’s internal audit function and independent auditors.
- II. Duties and Responsibilities.** Company management is responsible for preparing financial statements; the Committee’s primary responsibility is oversight. To carry out this responsibility, the Committee will undertake the following activities:
- A. General.**
1. To develop and maintain free and open means of communication with the Board, the Company’s independent auditors, the Company’s internal auditors, and the financial and general management of the Company;
 2. To perform any other activities as the Committee deems appropriate, or as are requested by the Board, consistent with this Charter, the Company’s bylaws and applicable law;
 3. To maintain and update, as appropriate, this Charter, which will be published on the Company’s website; and
 4. To report regularly to the Board and to review with the Board any significant issues that arise with respect to the items listed in I above.
- B. Company’s Financial Statements and Published Information.**
1. At least annually, to review:
 - a) Major issues regarding accounting principles and financial statement presentations including any significant changes in the Company’s selection or application of accounting principles, as well as the clarity and completeness of the Company’s financial statements and items that impact the representational faithfulness, verifiability and neutrality of accounting information;
 - b) Analyses prepared by management and/or the independent auditor setting forth 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; and
 - c) The effect of regulatory and accounting initiatives on the financial statements of the Company.

2. To discuss the annual audited financial statements and quarterly financial statements (including matters outlined in SAS No. 61, Communications with Audit Committees, as amended) with Company management and the independent auditors, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's filings with the SEC.
3. To produce the audit committee report required to be included in the Company's proxy statement.
4. To discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies. These discussions need not occur in advance of each release or each provision of guidance.

C. Performance and Independence of the Company's Independent auditors.

1. At least annually, to obtain and review a written report by the independent auditors describing:
 - a) The independent auditing firm's internal quality control procedures;
 - b) Any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board (PCAOB) review or inspection of the independent auditing firm;
 - c) Any material issues raised 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 auditing firm;
 - d) Any steps taken to deal with any issues raised in such internal quality control reviews, (PCAOB reviews) peer reviews, or governmental or professional authority inquiries or investigations; and
 - e) All relationships between the independent auditor and the Company.
2. To annually evaluate the independent auditor's qualifications, performance and independence, including a review and evaluation of the lead audit partner, taking into account the opinions of Company management and the Company's internal auditors, as well as receipt of the written letter from the independent auditor pursuant to PCAOB Rule 3525 regarding pre-approval of non-audit services, and to report its conclusions to the Board.
3. To assure regular rotation of the lead audit partner, as required by law
4. To periodically meet separately with independent auditors.
5. To review and set clear hiring policies for employees or former employees of the independent auditors.

D. Review of Services and Audit by Independent auditor.

1. To select, retain (subject to ratification by the Company's shareholders), compensate, evaluate and terminate, if necessary an independent registered public

accounting firm to act as the Company's independent auditors, with sole authority to approve all audit engagement fees and terms (these responsibilities may be shared but not delegated to Company management).

2. To select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
3. At least annually, to pre-approve all audit and non-audit services to be provided to the Company by its independent auditors (this responsibility may not be delegated to Company management and, to the extent that this responsibility is delegated to one or more members of the Committee, such member(s) must report such pre-approvals at the next scheduled meeting of the Committee).
4. To ensure that the Company's independent auditors do not perform any non-audit services that are prohibited by law or regulation.
5. To review the scope of the annual audit to be performed by the Company's independent auditors;
6. To review with the independent auditor any audit problems or difficulties encountered in the course of the audit work and Company management's responses.
7. To review the audit report and recommendations submitted by the Company's independent auditors.
7. To review and discuss with the Company's independent auditors:
 - a) Critical accounting policies and practices to be used in the audit;
 - b) Alternative treatments of financial information within GAAP that have been discussed with Company management, the ramifications of the use of such alternative disclosure and treatments, and the treatment preferred by the independent auditor; and
 - c) Other material written communications between the independent auditor and Company management, such as any management letter or schedule of unadjusted differences.

E. Performance of the Company's Internal Audit Function.

1. To periodically meet separately with internal auditors.
2. To review and approve functions of the Company's internal audit department and the annual internal audit plan.
3. To receive and review summaries and reports from the internal auditor with respect to its review of the operations of the Company and the systems of internal controls and, where deemed appropriate, management's responses thereto.
4. To review with management, the internal audit department and the Company's independent auditors the activities, organizational structure, staffing, adequacy, effectiveness and qualifications of the Company's internal audit function, including any significant deficiencies or material weaknesses in the design or

operation of, and any material changes in, the Company's internal controls, and any fraud involving management or other employees with a significant role in such internal controls.

F. Controls within the Company; Related Party Transactions.

1. To periodically meet separately with Company management including Senior Finance and Accounting management.
2. To annually review major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
3. To assist the Board and the Company in interpreting and applying the Company's general Code of Business Conduct and Ethics and other issues related to Company and Employee Governance and Ethics.
 - a) To receive quarterly a report from the Company's chief executive and chief financial officer describing:
 - b) All significant deficiencies in the design or operation of internal controls which could adversely affect the issuer's ability to record, process, summarize, and report financial data; and
 - c) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
4. To establish and review procedures for:
 - a) The receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - b) The confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
5. To develop and recommend to the Board for approval a Company policy on approval of related party transactions and to review and consider for approval any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) in accordance with the Company's related party transaction approval policy.

G. Review of Risk Management; Compliance.

1. To discuss guidelines and policies to govern risk assessment and risk management.
2. To discuss the Company's major risk exposures and the steps Company management has taken to monitor and control such exposures.
3. To review the status of Corporate Security, the security for the Company's electronic data processing systems, and the general security of the Company's people, assets and information systems.

III. Membership, Structure and Operations.

A. **Committee Member Appointment and Removal.**

1. **Appointment.** The members of the Committee shall be appointed by the Board and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Committee shall consist of not fewer than three (3) members. The Board may also appoint additional members from time to time.
2. **Removal.** The Board may remove any member from the Committee at any time with or without cause; provided, however, that if removing a member or members of the Committee would cause the Committee to have fewer than three (3) members, then the Board must at the same time appoint enough additional members to the Committee so that the Committee will have at least three (3) qualified members.

B. **Member Qualifications.** To be a member of the Committee, a Board member must meet the following requirements:

1. She/he must be financially literate, as determined by the Board; and
2. At least one member of the Committee must have accounting or related financial management expertise as determined by the Board in accordance with applicable listing standards. At least one member of the Committee must be an “audit committee financial expert” as defined by Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have accounting or related financial management expertise.
3. Each member of the Committee must be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, NYSE MKT LLC Company Guide and Corporate Governance Standards of the NYSE Listed Company Manual;
4. She/he must have, or obtain within a reasonable period of time after his/her appointment to the Committee, familiarity with the key issues relevant to the work of the Committee;
5. She/he and members of his/her immediate family and entities of which she/he is a partner, member, officer, director or significant (greater than 10%) shareholder must not receive any compensation from the Company, except for his/her director’s fees (prohibited compensation includes fees paid for accounting, consulting, legal, investment banking or financial advisory services);
6. She/he must not be the beneficial owner, directly or indirectly, of more than ten percent (10%) of any class of the Company’s voting equity securities, or be an executive officer of the Company;
7. She/he must not be serving simultaneously on the audit committees of more than two (2) other companies, unless the Board determines that such service will not impair his/her ability to serve on the Committee.

C. **Appointment and Removal of Chair.**

1. **Appointment.** At the time the Board appoints members of the Committee, the Board also will appoint one of the members to act as Chair of the Committee. In addition to chairing meetings of the Committee, the Chair will be the liaison to Company

management and will be responsible for setting the agenda for meetings, reporting to the Board and being available to answer questions at annual meetings of shareholders. The Chair may temporarily delegate his or her responsibilities to another member of the Committee if she/he is not available to perform them.

2. **Removal.** The Chair may be removed by the Board at any time with or without cause, provided that a new Chair is appointed by the Board at the same time.

D. Meetings; Operations.

1. The Committee shall meet at least four (4) times per year at such times and places as it deems necessary to fulfill its responsibilities. These meetings shall be in coincidence with the Company's issuance of its 10Q and 10K filings and may be conducted by teleconference. The Committee shall also meet prior to any scheduled annual meeting of the Company.
2. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.
3. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. At the next meeting of the Board after any Committee meeting, the Chair or his/her nominee will provide the Board with a report on the matters addressed at the Committee meeting.
4. The Committee shall meet separately, and periodically, with management, members of the Company's internal audit department and representatives of the Company's independent auditors, and shall invite such members to its meetings as it deems appropriate, to assist in carrying out its duties and responsibilities. However, the Committee shall meet regularly without such members present.

- E. **Delegation.** Except where otherwise prohibited, including pursuant to the NYSE listing standards, the Committee may delegate to a subcommittee or to the Chair the right to hear and determine any issue (whether specific or general) on behalf of the whole Committee, and the Committee may also delegate administrative tasks to employees of the Company; provided, however, that no such delegation can alter the fundamental duties and responsibilities of the Committee.

IV. Authority to Retain Experts. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of any outside counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to the Company's independent auditors, any other accounting firm engaged to perform services for the Company, any outside counsel and any other advisors to the Committee.

V. Annual Performance Evaluation of the Committee. At least annually, the Committee will evaluate how well it has fulfilled its purpose during the previous year and report its findings to the full Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.