

## **HENNESSY ADVISORS, INC.**

### **AUDIT COMMITTEE CHARTER**

*Revised October 9, 2017*

#### **Purpose**

The Audit Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of Hennessy Advisors, Inc. (the “Company”). The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the integrity of the Company’s accounting and financial reporting processes, system of internal controls over financial reporting, and external audit process. The Committee provides an open avenue of communication between management, the independent auditor, and the Board.

The Committee is also responsible for preparing the report of the Committee required by the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement.

#### **Composition**

The Committee shall consist of at least three members of the Board. Each Committee member shall meet the independence, financial literacy, and other requirements of The Nasdaq Stock Market LLC (“Nasdaq”), the SEC, and applicable law. Each member of the Committee shall be financially literate and shall not have participated in the preparation of the financial statements of the Company at any time during the past three years. At least one member of the Committee shall, in accordance with the listing requirements of Nasdaq, have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background that results in such member’s financial sophistication, including being or having been a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities. In addition, at least one member of the Committee shall be an “audit committee financial expert” as defined by the SEC.

The Board shall appoint the Committee members and designate the Chairman of the Committee based upon the recommendations of the Nominating Committee. Any member of the Committee may be removed, with or without cause, by the Board.

#### **Meetings**

The Committee shall meet at least four times a year, with authority to convene additional meetings as circumstances require. The Committee shall invite members of management, representatives of the independent auditor, or others to attend meetings and provide pertinent information as necessary or appropriate. The Committee may, at its discretion, meet in executive session with or without the presence of the members of management or the independent auditor.

## **Resources and Authority**

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting, or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor and to any advisors employed by the Committee and for any ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## **Responsibilities**

The following shall be the principal recurring functions of the Committee in carrying out its oversight responsibilities. These functions are set forth as a guide with the understanding that the Committee may modify or supplement them as appropriate.

### Financial Statements and Related Disclosure

1. The Committee shall review and discuss with management and the independent auditor the Company's quarterly and annual financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the independent auditor's report with respect to the Company's annual financial statements, prior to their first public release. As part of the annual review, the Committee shall recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. The Committee shall review and discuss with management and the independent auditor the Company's reports on Form 10-Q and Form 10-K prior to filing.
3. The Committee shall review and discuss generally with management the Company's quarterly and annual earnings releases, including the use of any financial information not in accordance with generally accepted financial principles, prior to issuance.
4. The Committee shall review critical accounting policies and any major accounting policy changes.
5. The Committee shall review and discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as review and approve any off-balance sheet structures and their effect on the Company's financial statements.
6. The Committee shall provide the Company with the report of the Committee required by the SEC to be included in the Company's annual proxy statement.

### Internal Controls

7. The Committee shall review and discuss with management and the independent auditor on an annual basis (a) management's assessment of the effectiveness of the

Company's internal controls over annual and interim financial reporting and (b) the independent auditor's attestation report on the Company's internal controls over financial reporting related to Section 404 of the Sarbanes-Oxley Act.

8. The Committee shall review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Company's reports on Form 10-K and Form 10-Q about any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting or any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal controls over financial reporting.

#### Independent Auditor

9. The Committee shall be directly responsible for the appointment, compensation, retention, termination, and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
10. The Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee prior to the completion of the audit. The Committee may also pre-approve audit and permitted non-audit services pursuant to pre-approval policies and procedures established by the Committee, provided such policies and procedures are detailed as to the particular service and do not include delegation of the Committee's responsibilities to management.
11. The Committee shall review with management and the independent auditor the proposed scope, planning, and timing of the audit for the current year.
12. Pursuant to Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Committee shall obtain from the independent auditor and review a timely report describing (a) all critical accounting policies and practices to be used, (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences, and (d) any illegal acts that have been detected or have otherwise come to the attention of the independent auditor in the course of its audit.

13. The Committee shall confirm that the independent auditor has complied with any applicable rotation requirements for the lead (or coordinating) audit partner having primary responsibility for the audit, the engagement quality review partner, and any other audit partner subject to any applicable rotation requirements.
14. The Committee shall review and confirm the independence of the independent auditor at least annually, including obtaining a written statement from the independent auditor regarding its independence and all relationships between the independent auditor and the Company. The Committee shall discuss with the independent auditor the existence of any relationships between it and the Company and consider whether the independence of the independent auditor complies with Section 10A of the Exchange Act, the rules of the SEC, and the rules of the Public Company Accounting Oversight Board. The Committee shall take, or recommend that the Board take, appropriate action to oversee the independence of the independent auditor.
15. The Committee shall obtain and review at least annually a report by the independent auditor describing (a) the independent auditor's internal quality-control procedures and (b) any issues material to the Company's audit raised by (i) the most recent internal quality-control review or peer review of the independent auditor or (ii) any inquiry or investigation by governmental or professional authorities within the past five years and any steps taken to address any such issues.
16. The Committee shall monitor compliance with regulatory requirements applicable to the Company's hiring as an employee or engaging as a contractor any employee or former employee of the independent auditor who participated in any capacity in the audit of the Company.

### Compliance

17. The Committee shall review with the Company's internal and external legal counsel any legal or regulatory matters that may have a material impact on the Company's financial statements, including any related-party transactions, and any material reports or inquiries received from regulators or governmental agencies.
18. The Committee shall conduct or authorize investigations into any matters within the Committee's charter. The Committee is empowered to (a) retain outside counsel, accountants, or others to advise or assist the Committee in the conduct of an investigation, (b) seek any information it requires from external parties or employees, all of whom are directed to cooperate with the Committee's requests, and (c) meet with management, independent auditor, or outside counsel, as necessary.
19. The Committee shall establish procedures to receive, retain and address complaints regarding accounting, internal accounting controls, and auditing matters, including procedures for receiving the confidential, anonymous submission by employees regarding questionable accounting or auditing matters.

Other

20. The Committee shall report to the Board regarding Committee activities.
21. The Committee shall perform such other activities as requested by the Board.
22. The Committee shall maintain minutes or other records of meetings and activities of the Committee.