

**LINCOLN EDUCATIONAL SERVICES CORPORATION**

**AUDIT COMMITTEE CHARTER**

**I. Statement of Purpose**

The Committee's purpose is to provide assistance and recommendations to the Board of Directors in fulfilling its obligations with respect to matters involving the accounting, auditing, financial reporting, internal control over financial reporting and regulatory compliance functions of the Company and its subsidiaries, including without limitation, assisting the Board of Directors in its oversight of (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the Company's independent auditors' qualifications and independence; (iv) the performance of the Company's independent auditors; (v) the Company's internal audit function; and (vi) if so designated by the Board of Directors, cybersecurity risk management. The Committee shall also prepare the report of the Committee required to be included in the Company's annual proxy statement.

**II. Organization**

A. *Charter.* At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board of Directors for approval.

B. *Members.* The Committee shall be comprised of three or more directors to be appointed by the Board of Directors. Each member of the Committee shall meet the independence, experience and expertise requirements of the NASDAQ OMX Group, Inc. and applicable law. Each member of the Committee must be financially literate, as such qualification is interpreted by the Board of Directors in its business judgment, in accordance with the listing requirements of the NASDAQ OMX Group, Inc. In addition, at least one member of the Committee must have accounting or related financial management expertise, as the Board of Directors interprets such qualification in its business judgment. Further, either (i) at least one member of the Committee must be an "audit committee financial expert", as such term is defined in item 401(h)(2) of Regulations S-K, or (ii) if no member of the Committee is an audit committee financial expert, the Committee shall so inform the Board of Directors and disclose in an appropriate filing.

The Board of Directors shall also designate a Committee Chairperson who may not serve on any other committee of the Board of Directors of the Company unless the Board of Directors approves such service on another committee. No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Company's annual proxy statement. Committee members and the Committee Chairperson serve at the pleasure of the Board of Directors.

C. *Meetings.* The Committee shall meet once every fiscal quarter or more frequently as it shall determine is necessary to carry out its duties and responsibilities. The Committee shall meet in executive session separately on a periodic basis with (i) management, (ii) the director of the Company's internal auditing department or other person responsible for the internal audit

function, (iii) the Company's Chief Compliance Officer or other person responsible for the regulatory compliance function, (iv) the Company's General Counsel and (v) the Company's independent auditors.

*D. Quorum; Action by Committee.* A quorum at any Committee meeting shall be at least two members. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called or held (or where only two members are present, by unanimous vote). The Board of Directors may designate one or more directors as alternate members of the Committee, who may replace any absent or disqualified member at any meeting of the Committee. In the absence or disqualification of a member of the Committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he/she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member, provided that such other member satisfies all applicable criteria for membership on the Committee. Any decision or determination of the Committee reduced to writing and signed by all the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

*E. Agenda, Minutes and Reports.* The Chairperson of the Committee shall be responsible for establishing the agendas for the meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be communicated to the members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in the draft form to all Committee members to ensure an accurate final record and shall be approved at a subsequent meeting of the Committee. The Chairperson of the Committee shall make regular reports to the Board of Directors.

*F. Performance Self-Evaluation.* The Committee shall evaluate its performance on an annual basis and establish criteria for such self-evaluation and shall report to the entire Board of Directors the results of the self-evaluation.

### **III. Responsibilities**

The following shall be the principal responsibilities of the Committee:

*A. Engagement of Independent Auditors.* The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor engaged by the Company (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services or related work. The independent auditor shall report directly to the Committee. The Committee shall also have the authority to engage and pre-approve the independent auditors to perform non-audit services. The Committee shall oversee, evaluate and, where appropriate, replace the independent auditors, and approve the fees paid to the independent auditors, including in connection with any non-audit services, as further described under Section III.E below.

*B. Determination as to Independence and Performance of Independent Auditors.* The Committee shall receive, not less frequently than annually, periodic reports from the independent auditors regarding the auditors' independence, consistent with standards, rules and regulations

adopted by the Public Company Accounting Oversight Board and which reports shall include such details as are required by applicable law or listing standards. The Committee is responsible for ensuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Committee's responsibility for actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor. The Committee shall discuss such reports with the auditors, and if so determined by the Committee, take appropriate action to satisfy itself of the independence of the auditors. To the extent not included in the above reports, the Committee shall also receive written periodic reports from the independent auditors (not less frequently than annually) confirming that the (i) lead audit partner and reviewing audit partner responsible for the audit of the Company's financial statements have not performed audit services for the Company for more than the previous five consecutive fiscal years of the Company, and (ii) chief executive officer, chief financial officer, controller, chief accounting officer or other person serving in an equivalent position of the Company, was not, within one year prior to the initiation of the audit, an employee of the independent auditor who participated in any capacity in the Company's audit. The Committee shall consider whether it is appropriate to adopt a policy of rotating independent auditors on a periodic basis. Any selection of the auditors by the Committee may be subject to shareholders' approval.

The Committee shall review the performance of the Company's independent auditors annually. In doing so, the Committee shall consult with management and the head of internal audit and shall also obtain and review a report by the independent auditors describing their internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review (if applicable), 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 the response of the independent auditors, and any steps taken to deal with any such issues; and all relationships between the independent auditor and the Company.

C. *Determination as to Performance of Internal Auditors.* The Committee shall annually review the experience and qualifications of the Director of Internal Audit and review and approve any appointment, reassignment or dismissal. The Committee shall also consider, at least annually, in consultation with the independent accountants, the director of internal audit and the Chief Financial Officer, the scope and plan of the internal audit group.

D. *Audits by Internal and Independent Auditors.* The Committee shall discuss with the management, director of internal audit and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and other factors that may affect the effectiveness and timeliness of such audits. In this connection, the Committee shall discuss with management, the internal audit group and the independent auditors the Company's major risk exposures (whether financial, operating or business), the adequacy and effectiveness of the accounting and financial controls, and the steps management has taken to monitor and control such exposures and manage legal and regulatory compliance programs, among other considerations that may be relevant to their respective audits. The Committee shall review with management and the independent auditors the quality, adequacy and effectiveness of the Company's internal controls and management's annual internal control report, including any attestation of same by the independent auditors. The Committee shall review with the Chief Executive Officer and Chief Financial Officer and independent auditors, periodically, the following: (i) all material weaknesses

and significant deficiencies in the design or operation of internal control over financial reporting which could adversely affect the Company's ability to record, process, summarize, and report financial data; (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting; and (iii) any significant changes in internal control over financial reporting or other factors that could significantly affect internal control over financial reporting, including any corrective actions with regard to significant deficiencies and material weaknesses.

*E. Pre-Approval of Audit and Non-Audit Services.* The Committee shall approve guidelines for the retention of the independent auditors for any non-audit services and the fee for such services and shall determine procedures for the approval of audit and non-audit services in advance. The Committee shall, in accordance with such procedures, approve in advance any audit or non-audit service provided to the Company by the independent auditors, all as required by applicable law or listing standards. Approval of the audit and permitted non-audit services may also be made by one or more members of the Committee as shall be designated by the Committee and the person(s) granting such approval shall report such approval to the Committee for its approval at the next scheduled meeting.

*F. Review of Disclosure Controls and Procedures.* The Committee shall review with the Chief Executive Officer, Chief Financial Officer and the General Counsel the Company's disclosure controls and procedures and shall review periodically, but in no event less frequently than quarterly, management's conclusions about the effectiveness of such disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.

*G. Review of Annual SEC Filings.* The Committee shall review with management, the independent auditors and, if appropriate, the director of internal audit, the financial information to be included in the Company's Annual Report on Form 10-K, including the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations and Critical Accounting Policies, their judgment about the acceptability and quality of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements and the adequacy of internal control over financial reporting. The Committee shall also discuss 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, the applicable law or listing standards. Based on such review and discussion, the Committee shall make a determination whether to recommend to the Board of Directors that the audited financial statements be included in the Company's Form 10-K.

*H. Review of Quarterly SEC Filings and Other Communications.* The Committee shall review and discuss with management, the independent auditors and, if appropriate, the director of internal audit, the quarterly financial information to be included in the Company's Quarterly Reports on Form 10-Q, including the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations and Critical Accounting Policies, the results of the independent auditors' review of the Company's quarterly financial information, and the adequacy of internal control over financial reporting, and shall discuss any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards. The Committee shall also review the Company's earnings press releases and financial information and earnings guidance periodically provided to analysts and rating agencies (which may consist of a discussion of the types of

information to be provided, including the use of any non-GAAP financial information, and types of presentation to be made) to the extent required by applicable law or listing standards.

*I. Review of Certain Matters with Internal and Independent Auditors.* The Committee shall review periodically with management, the director of internal audit and independent auditors the effect of new or proposed regulatory and accounting initiatives on the Company's financial statements and other public disclosures and any communications between the audit team and the independent auditors' national office with respect to auditing or accounting issues presented by the engagement. The Committee shall review with management and any outside consultants as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements. In addition, the Committee should obtain from the independent auditors a statement regarding alternative treatments of financial information with GAAP that were discussed with management, the ramifications of the use thereof and the independent auditors' preferred treatment.

*J. Consultation with Independent Auditors.* The Committee shall review with the independent auditors any problems or difficulties the auditors may have encountered in connection with the annual audit. Such review shall address any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, any disagreements with management regarding generally accepted accounting principles and other matters, material adjustments to the financial statements recommended by the independent auditors and adjustments that were proposed but "passed" (as immaterial or otherwise).

*K. Preparation of Report for Proxy Statement.* The Committee shall produce the report of the Committee that is required to be included in the Company's annual proxy statement, all in accordance with applicable rules and regulations.

*L. Policies for Employment of Former Audit Staff.* The Committee shall approve guidelines for the Company's hiring of former employees of the independent auditors, which shall meet the requirements of applicable law and listing standards.

*M. Establishment of "Whistleblowing" Procedures.* The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*N. Review of Legal and Regulatory Compliance.* The Committee shall periodically review with management, including the General Counsel, or outside counsel if the Committee considers appropriate, the Chief Compliance Officer and the independent auditors any correspondence with, or other action by, regulators or governmental agencies and any employee complaints or published reports that raise concerns regarding the Company's financial statements, accounting or auditing matters or compliance with the Company's Code of Business Ethics and Conduct. The Committee shall also meet periodically and separately with the General Counsel, or outside counsel if the Committee considers appropriate, to review legal matters (including status of pending litigation) that may have material impact on the Company and the Company's compliance with applicable law and listing standards, and the effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities. The Committee shall also review and gain an understanding of the legal and compliance functions.

*O. Conflicts of Interest, Compliance with Code of Business Ethics and Conduct; Grant of Waivers.* The Committee shall review and investigate any matters pertaining to the integrity of management, including conflicts of interest, or adherence to the Company's Code of Business Ethics and Conduct. In connection with these reviews, the Committee will meet, as deemed appropriate, with the General Counsel and other officers or employees of the Company. The Committee shall review and approve all "related party transactions" on an ongoing basis and all such transactions, if any, must be approved in advance by the Committee. The term "related party transaction" shall refer to transactions required to be disclosed pursuant to Item 404 of Regulation S-K. In addition, the Committee shall receive information from management, the internal auditor and the independent auditor regarding compliance with all applicable legal and regulatory requirements, including the Foreign Corrupt Practices Act.

*P. Access to Records, Consultants and Others.* The Committee shall have full authority (i) to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company; (ii) to retain outside legal, accounting or other consultants to advise the Committee in its sole discretion; and (iii) to request any officer or employee of the Company, the Company's outside counsel, internal audit group or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee. The Committee shall be given the resources, and shall determine the funding requirements, for the payment of compensation to the independent auditors engaged for issuing an audit report or performing other audit, review or attest services for the Company, and any advisers employed by the Committee, and the payment of the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

*Q. Delegation.* To the extent permitted by applicable law and listing standards, the Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee, and the subcommittee shall make periodic reports to the Committee regarding such delegated responsibilities.

*R. Cybersecurity Risk Management.* If so designated by the Board of Directors, the Committee shall provide oversight of risks from cybersecurity threats.

*S. Other Delegated Responsibilities.* The Committee shall also carry out such other duties as may be delegated to it by the Board of Directors from time to time.

#### **IV. Management and Independent Auditor Responsibility**

In discharging its responsibilities, the Committee is not itself responsible for the planning or conduct of audits or for any determination that the Company's financial statements are complete and accurate or in accordance with generally accepted accounting principles. Management has the responsibility for the financial statements and the independent auditors have the responsibility to audit such financial statements in accordance with generally accepted auditing standards. The Committee's responsibility is one of oversight. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Committee by such person or organization.