

SALEM MEDIA GROUP, INC.
AUDIT COMMITTEE CHARTER
(Revised December 2017)

1. Organization

1.1. This charter governs the operations of the audit committee (the “Committee”) of the board of directors of Salem Media Group, Inc. (the “Company”).

1.2. Each member of the Committee shall be appointed by the board of directors based on recommendations of the board’s nominating and corporate governance committee and may be removed by the board in its discretion. The board of directors shall designate one member of the Committee to serve as chair of the Committee, or delegate the authority to designate a chair to the Committee. The Committee shall comprise at least three directors.

1.2.1. Each member of the Committee shall be “independent”, and, at the time of his or her appointment to the Committee, shall be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement.

1.2.2. For purposes of Section 1.2.1 above, “independent” shall mean a director who (i) meets the NASDAQ Stock Market (“NASDAQ”) definition of “independent director” as defined in NASDAQ Rule 5605(a)(2); (ii) meets the criteria for independence set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended; and (iii) has not participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

1.2.3. At least one member of the Committee shall meet the requirements of an “audit committee financial expert,” as defined in Item 407 of Regulation S-K, or, if not, the Company shall disclose why not in its annual report on Form 10-K. If at least one member of the Committee does not qualify as an “audit committee financial expert,” then at least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

1.3. Notwithstanding Sections 1.2.1 and 1.2.2 above, one director who is not “independent” as defined in NASDAQ Rule 5605(a)(2) but meets the independence requirements of Section 301 of the Sarbanes-Oxley Act and Rule 10A-3, and who is not a current employee of the Company or an immediate family member of a current executive officer, may be appointed to the Committee, if the board, under exceptional and limited circumstances, determines in accordance with applicable provisions of NASDAQ rules that membership on the Committee by such director is required by the best interests of the Company and its stockholders.

1.4. The Committee shall review and reassess this charter at least annually, and the Committee shall obtain the board’s approval of any revisions to this charter.

2. Statement of Purposes

2.1. The primary purpose of the Committee is to oversee the accounting, financial reporting and financial practices of the Company and its subsidiaries and the audits of the Company's financial statements.

2.2. The Committee's purposes also include assisting the board of directors in fulfilling the board's oversight responsibility relating to: (i) surveillance of internal accounting and financial controls; (ii) review of the independent registered public accounting firm's qualifications and independence; (iii) performance of the Company's internal audit function; (iv) performance of the independent registered public accounting firm; (v) compliance with legal and regulatory requirements, and (vi) overseeing risk management.

2.3 The Committee shall oversee preparation of the audit committee report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

3. Duties and Responsibilities

3.1. Management is responsible for preparing the Company's financial statements and for establishing and maintaining internal control over financial reporting. The independent registered public accounting firm is responsible for auditing the Company's financial statements and the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act and for reviewing the Company's unaudited interim financial statements. The Committee is not responsible for the preparation of financial statements, the establishment and maintenance of internal control over financial reporting or for the performance of audits, and its members are not auditors of the Company's financial statements.

3.2. The Committee will undertake actions appropriate to set the overall corporate "tone" for quality financial reporting, sound business risk management practices and ethical behavior regarding the preparation and disclosure of the Company's financial statements and other required disclosures.

3.3. The following shall be the principal recurring duties and responsibilities of the Committee in performing its oversight function, and the Committee shall carry out the following duties and responsibilities consistent with and subject to applicable law and rules and regulations promulgated by the Securities and Exchange Commission, NASDAQ and other applicable regulatory authorities.

3.3.1. The Committee is directly responsible, in its capacity as a committee of the board, for the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm in preparing or issuing an audit report or performing other audit, review or attest services for the Company. In this regard, the Committee shall have the sole authority to appoint, retain, determine funding for, and, when appropriate, terminate the independent registered public accounting firm. The independent registered public accounting firm shall report directly to the Committee.

3.3.2. The Committee shall review and approve in advance all audit and permissible non-audit services to be provided by the independent registered public accounting firm and establish policies and procedures with respect to prior approval of audit and permissible non-audit services to be provided by the independent registered public accounting firm.

3.3.3. The Committee shall periodically review, at least annually, the independence of the independent registered public accounting firm. In this regard, the Committee shall: (i) review and discuss with the independent registered public accounting firm the matters included in the written disclosures required by the Public Company Accounting Oversight Board (the "PCAOB"), including reviewing and discussing any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors; (ii) consider whether the independent registered public accounting firm's performance of permissible non-audit services is compatible with the auditors' independence; and (iii) present to the board the Committee's conclusions with respect to the independence of the independent registered public accounting firm.

3.3.4. The Committee shall review and discuss with the independent registered public accounting firm the overall scope and plans for their respective audits including the adequacy of staffing and compensation.

3.3.5. The Committee shall periodically review and discuss the adequacy and effectiveness of the Company's internal controls, any significant deficiencies in internal controls and significant changes in such controls, and review and discuss with the principal internal auditor of the Company and such others as the Committee deems appropriate, the scope and results of the internal audit program.

3.3.6 The Committee shall periodically review and assess the Company's risk management policies and procedures.

3.3.7. The Committee shall meet with the independent registered public accounting firm, with and without management present, to discuss the results of its audits.

3.3.8. The Committee shall review the interim financial statements with management and the independent registered public accounting firm prior to the filing of the Company's Quarterly Report on Form 10-Q. The Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent registered public accounting firm under auditing standards of the PCAOB. The Committee shall review earnings releases prior to their publication.

3.3.9. The Committee shall review with management and the independent registered public accounting firm the financial statements to be included in the Company's Annual Report on Form 10-K (or the annual report to stockholders if distributed prior to the filing of Form 10-K), including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity and completeness of the annual audit and any other matters required to be communicated to the Committee by the independent registered public accounting firm under auditing standards of the PCAOB, including

the matters required to be discussed by PCAOB Auditing Standard No. 1301¹ relating to the conduct of the audit. The Committee shall recommend to the board whether the financial statements should be included in the Company's Annual Report on Form 10-K.

3.3.10. The Committee shall review and discuss with management and the independent registered public accounting firm:

(a) any material financial or non-financial arrangements of the Company which do not appear on the financial statements of the Company; and

(b) the manner and adequacy of the public disclosure of any transactions or courses of dealings with related parties.

3.3.11. The Committee shall review and discuss with management and the independent registered public accounting firm the accounting policies which may be viewed as critical, and review and discuss any significant changes in the accounting policies of the Company and accounting and financial reporting proposals that may have a significant impact on the Company's financial reports.

3.3.12. The Committee shall periodically review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and management reports thereon.

3.3.13. The Committee shall discuss with management management's process for assessing the effectiveness of internal control over financial reporting, including any material weaknesses or significant deficiencies identified, and any changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect internal control over financial reporting that are required to be disclosed in the Company's SEC filings. The Committee shall review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the independent registered public accounting firm's report on the effectiveness of internal control over financial reporting.

3.3.14. The Committee shall review material pending legal proceedings involving the Company and other contingent liabilities.

3.3.15. The Committee shall oversee the Company's compliance program with respect to legal and regulatory requirements, including the Company's codes of conduct and the Company's policies and procedures for monitoring compliance; and at least annually, meet to review the implementation and effectiveness of the Company's compliance program with the General Counsel, who shall have the authority to communicate directly to the Committee, promptly, about actual and alleged violations of law and the Company's codes of conduct, including any matters involving criminal or potential criminal conduct.

3.3.16. The Committee shall establish and oversee procedures for receiving and handling complaints regarding accounting, internal accounting controls, auditing and federal

¹ The PCAOB has revised the numbering of its audit standards. AS No. 16 is an old reference.

securities law matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

3.3.17. The Committee shall establish policies and the parameters for hiring of employees and former employees of the independent registered public accounting firm.

3.3.18. The Committee shall review and discuss with the independent registered public accounting firm (i) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the independent registered public accounting firm, and (ii) other material written communications between the independent registered public accounting firm and management.

3.3.19. The Committee shall have authority to delegate its responsibilities to subcommittees where appropriate.

3.3.20. The Committee shall take any other actions that may be delegated to it from time to time by the Board.

4. Meetings

4.1. The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, generally four times each year, either in person or telephonically.

4.2. The Committee shall periodically meet separately in executive session with each of the independent registered public accounting firm, the principal internal auditor, the Chief Financial Officer and General Counsel of the Company.

4.3. The Committee shall regularly report to the full Board with respect to its meetings and activities and shall conduct and present to the Board an annual performance evaluation of the Committee.

4.4. A majority of the members of the Committee shall constitute a quorum.

5. Outside Advisors

The Committee shall have the authority to retain and determine funding for such outside legal counsel, accountants, experts and other advisors as it determines appropriate to assist it in the full performance of its functions. The Committee shall have sole authority to approve the fees and retention terms for its advisors and shall receive appropriate funding from the Company for payment of compensation to its advisors and for the payment of ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.

6. Investigations

The Committee shall have the authority to conduct or authorize investigations into any matter within its scope of responsibility with full access to all books, records, facilities and

personnel of the Company and shall have the authority to retain outside advisors to assist it in the conduct of any such investigation.