

Health Fitness Corporation
AUDIT COMMITTEE CHARTER

As Amended and Approved March 12, 2009

PURPOSE

The Board of Directors (the “Board”) of Health Fitness Corporation (the “Company”) has adopted this charter to govern the operation of the Audit Committee (the “Committee”). The Committee shall have oversight over the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Committee shall monitor (i) the integrity of the financial statements of the Company; (ii) the independent auditors’ qualifications and independence; (iii) the performance of the independent auditors; and (iv) the Company’s internal controls and disclosure procedures.

It is the responsibility of the Committee to develop and maintain free and open communication between the directors, the independent auditors, and the financial management of the Company and to ensure that the independent auditors are accountable to both the Committee and the Board.

ORGANIZATION

The Committee shall be comprised of three or more directors, as determined and elected by the Board. The Board may replace a Committee member at any time. Each Committee member shall be an “independent director,” as such term is defined in the NASDAQ or NYSE Amex rules, as applicable, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. In addition, each member of the Committee must satisfy the requirements for independence set forth in the rules and regulations of the Securities and Exchange Commission (the “SEC”), including those issued pursuant to Rule 10A-3 of the Securities Exchange Act of 1934, as amended. All Committee members must be able to read and understand financial statements, including a balance sheet, income statement and cash flow statement, at the time of their appointment to the Committee. No Committee member shall have participated in the preparation of the Company’s financial statements at any time during the prior three years. At least one member of the Committee shall be a “financial expert,” as such term is defined under the rules and regulations of the SEC.

COMMITTEE RESOURCES

In discharging its duties, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company. The Committee may retain independent consultants, counsel, and other advisors it considers necessary to fulfill its responsibilities. The selection, retention, and termination of such personnel shall be at the sole discretion of the Committee. The Company shall provide appropriate funds in order to pay the fees of (i) any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or preparing other audit, review or attest services for the Company, (ii) any consultants, counsel or other advisors hired by the Committee,

and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

COMMITTEE OPERATION

The Committee shall meet at least on a quarterly basis (four times) per year. The Committee may meet in person or by means of telephone conference call, and may also act by means of unanimous written consent. A majority of the Committee members shall constitute a quorum. Actions at meetings may be approved by a majority of Committee members present, so long as there is a quorum.

LIMITATION OF AUDIT COMMITTEE'S ROLE

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits, or to determine that the audited financial statements are complete, accurate and in accordance with generally accepted accounting principles. Such responsibilities, and the fundamental responsibility for the Company's financial statements and internal accounting controls, rests with management and the independent auditors.

RESPONSIBILITIES AND AUTHORITY

The Committee shall have the following responsibilities and authority:

Oversight of Independent Auditors

- **Appointment and Oversight.** The Committee shall have the sole authority to appoint, dismiss, determine compensation for, retain, and oversee the independent auditors. The Committee shall be directly responsible for oversight of the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditors shall report directly to the Committee, and the Committee shall have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Committee. The Committee shall review and pre-approve all audit services and non-audit services to be performed by the independent auditors.
- **Audit Scope and Procedures.** The Committee shall discuss with the independent auditors the overall scope and plans for their respective audits.
- **Review of Annual Audit.** The Committee shall, in consultation with the independent auditors and management, review the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under Statement of Auditing Standards 61.
- **Accounting Policies and Practices.** The Committee shall discuss with the independent auditors critical accounting policies and procedures used by the Company, as well as any material alternative treatments of financial information within generally accepted

accounting principles that have been discussed with management, ramifications of the use of such alternative treatments, and the treatment preferred by the independent auditors.

- **Evaluation of Auditors.** The Committee shall, no less than annually, evaluate the independent auditors. The review should at a minimum consider the independent auditors' qualifications, fees, performance, and independence. The Committee shall review the rotation of the independent auditors' partners in accordance with applicable regulations, and review the performance and qualifications of the independent auditors and discharge the independent auditors when circumstances warrant. The Committee shall oversee practices regarding hiring former employees of the independent auditors.
- **Annual Report from Independent Auditors.** The Committee shall receive and review, at least annually, a report from the independent auditors discussing (i) all relationships between the independent auditors and the Company consistent with the applicable requirements of the Public Company Accounting Oversight Board; (ii) the audit firm's internal quality-control procedures; and (iii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to independent audits carried out by the firm, and any steps taken to deal with any such issues. The Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor. If necessary, the Committee shall take, or recommend that the Board take, appropriate action with respect to the independence of the auditors or other information disclosed in the auditors' annual report.
- **Non-Audit Services.** Neither the Committee nor the Board shall approve, and the independent auditors shall not provide to the Company, the following non-audit services, or any other non-audit services prohibited by SEC rules and regulations, if such services are to be provided contemporaneously with an audit of the Company: bookkeeping services; financial information systems design and implementation services; appraisal or valuation services; fairness opinions; contribution-in-kind reports; actuarial services; internal audit outsourcing services; management functions or human resources; broker/dealer, investment adviser or investment banking services; legal services; and expert services unrelated to the audit.

Internal Controls

- **Adequacy of Internal Controls and Financial Staff.** The Committee shall, at least annually, review and discuss with management and the independent auditors the adequacy and effectiveness of the Company's internal accounting and financial controls, and elicit any recommendations for the improvement of the internal control procedures or particular areas where new or more detailed controls or procedures are desirable. The Committee shall consider the adequacy of the financial and accounting staff of the Company.
- **Complaints.** The Committee shall establish and maintain procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters. These procedures shall allow employees

to submit concerns regarding questionable accounting and auditing matters on a confidential, anonymous basis.

Financial Statement and Disclosure Matters

- **Review of Annual Report.** The Committee shall review with management and the independent auditors the Company's Annual Report on Form 10-K, and in particular the financial statements to be included therein and the disclosures made in the management's discussion and analysis section. Based on these reviews, the Committee shall annually report to the Board whether the Committee recommends inclusion of the financial statements in the Company's Annual Report and Form 10-K.
- **Review of Interim Reports.** The Committee shall review with management and the independent auditors each Form 10-Q, and in particular the financial statements to be included therein and the disclosures made in the management's discussion and analysis section.
- **Financial Information Disclosure.** The Committee shall review with management and the independent auditors earnings press releases. The Committee shall also review the types of information and earnings guidance given to analysts and rating agencies.
- **Proxy Report.** The Committee shall review the Company's annual proxy statement and prepare the Report of the Audit Committee that SEC rules require be included in the proxy statement.
- **Other Reports.** The Committee shall review other relevant reports or financial information submitted by the Company to any governmental body or the public, including management certifications as required by the Sarbanes-Oxley Act and any certification, report, opinion or review rendered by the independent auditors.
- **Review of New Requirements.** The Committee shall discuss with management and the independent auditors any new accounting and financial requirements, as well as other current developments in accounting principles, auditing standards, independence standards or reporting practices.
- **Review of Significant Reporting Issues.** The Committee shall discuss with management and the independent auditors, both separately and together, significant financial reporting issues arising in connection with the preparation of the Company's financial statements, including (i) any significant changes in the Company's accounting policies or procedures; (ii) any judgments made that significantly affected the financial results; (iii) the nature of any unusual or significant commitments or contingent liabilities, including the assumptions underlying such liabilities; and (iv) any major issues as to the adequacy of the Company's internal controls.

Meetings with Independent Auditors, Management and Legal Counsel

- The Committee shall meet with the independent auditors out of the presence of management or others at least annually. Additionally, the Committee shall meet separately with management out of the presence of the independent auditors at least annually.
- The Committee shall meet with the Company's outside legal counsel out of the presence of management, the independent auditors or others at least annually.

Committee Approval of Certain Transactions

- **Related-Party Transactions.** The Committee shall review and recommend to the Board the approval or disapproval of any related-party transactions to which the Company is a party and confirm whether appropriate disclosures have been made. The term "related party transaction" shall refer to transactions required to be disclosed by SEC Regulation S-K, Item 404.

Evaluation and Reporting Requirements

- **Performance Evaluation.** The Committee shall conduct an evaluation of its performance at least annually. The evaluation shall address subjects including the Committee's composition, independence, responsibilities, structures, processes and effectiveness. The Committee shall, as appropriate, make recommendations to the Nominating/Governance Committee or the Board as a result of its performance evaluation.
- **Reporting to Board.** The Committee shall report regularly to the Board regarding the execution of its duties and responsibilities, and shall review with the Board any material matters discussed or acted upon by the Committee during the next regular meeting of the Board.
- **Review of Charter.** The Committee shall annually review and reassess the adequacy of this charter and obtain the approval of the Board for any proposed changes to the charter.

Delegation

- To the extent permissible under applicable laws and regulations, the Committee may delegate any of its responsibilities to one or more members of the Committee or a subcommittee comprised of one or more members of the Committee; provided, that any such members or subcommittee to which any responsibilities are delegated shall not have decision-making authority, shall report regularly to the Committee regarding the matters delegated, and shall review with the Committee any material matters discussed or recommended by such members or subcommittee.