

# **MINUTES OF THE AUDIT COMMITTEE MEETING**

## **SUMMIT DIGITAL SOLUTIONS, INC.**

**Date: December 15, 2023**

**Time: 9:00 AM EST**

**Location: Corporate Headquarters, 1700 Technology Drive, Suite 400, Wilmington, DE 19801**

A meeting of the Audit Committee (the "Committee") of the Board of Directors of Summit Digital Solutions, Inc. (the "Company") was held at the date, time, and location specified above.

## **ATTENDANCE**

### **Present:**

- Katherine Chen, Committee Chair
- David Rodriguez, Committee Member
- Dr. Patricia Walsh, Committee Member
- James Henderson, Chief Digital Officer
- Sarah Blackwell, COO
- Robert Wilson, Independent Auditor (Ernst & Young LLP)
- Linda Martinez, Corporate Secretary (Recording)

### **By Invitation:**

- Dr. Alexandra Reeves, CEO
- Thomas Baker, CFO
- Jennifer Wong, Internal Audit Director

## **QUORUM AND CALL TO ORDER**

The Committee Chair confirmed that a quorum was present, and the meeting was called to order at 9:00 AM EST.

## **REVIEW AND APPROVAL OF PREVIOUS MINUTES**

The Committee reviewed the minutes from the previous meeting held on September 15, 2023. Upon motion duly made by Dr. Walsh and seconded by Mr. Rodriguez, the minutes were unanimously

approved.

## **AGENDA ITEMS**

### **1. Financial Statement Review**

The Committee conducted a detailed review of:

- a) Q3 2023 financial statements and year-to-date performance
- b) Revenue recognition policies for new AI-enabled service offerings
- c) Treatment of capitalized software development costs
- d) Working capital and cash flow projections

Mr. Baker presented key financial metrics, noting that revenue grew 32% year-over-year to \$87.5M, with EBITDA margins maintaining at 24%.

### **2. External Auditor Report**

Mr. Wilson presented the external auditor's quarterly review, highlighting:

- a) Clean opinion on internal controls
- b) No material weaknesses identified
- c) Recommendations for enhanced documentation of AI algorithm validation procedures
- d) Updated revenue recognition procedures for IoT subscription services

### **3. Internal Audit Update**

Ms. Wong presented the internal audit findings, including:

- a) Completion of scheduled Q3 audits
- b) Review of Peak Performance Platform security protocols
- c) Assessment of client data protection measures
- d) Evaluation of procurement procedures

The Committee noted satisfactory progress on previous audit recommendations and approved the Q4 2023 internal audit plan.

### **4. Risk Management Review**

The Committee reviewed:

- a) Updated enterprise risk assessment matrix
- b) Cybersecurity incident response procedures
- c) Client data privacy compliance measures
- d) Technology stack vulnerability assessments

## **5. Compliance Updates**

Ms. Blackwell presented compliance updates regarding:

- a) SOC 2 Type II certification renewal
- b) GDPR and CCPA compliance measures
- c) ISO 27001 certification progress
- d) Updates to the Code of Business Conduct

## **COMMITTEE ACTIONS AND RESOLUTIONS**

### **Resolution 1: Q3 Financial Statements**

RESOLVED, that the Committee recommends the Q3 2023 financial statements for Board approval, subject to final review of tax provision calculations.

### **Resolution 2: Internal Audit Charter**

RESOLVED, that the Committee approves the updated Internal Audit Charter as presented, incorporating new provisions for AI systems audit procedures.

### **Resolution 3: External Auditor Engagement**

RESOLVED, that the Committee recommends the reappointment of Ernst & Young LLP as external auditors for fiscal year 2024.

## **SPECIAL CONSIDERATIONS**

The Committee specifically addressed:

Implementation of enhanced controls for AI model validation

Review of revenue recognition policies for new digital transformation service packages

Assessment of cybersecurity insurance coverage adequacy

Evaluation of internal control framework for IoT device management

## **FORWARD AGENDA ITEMS**

The Committee identified the following items for future consideration:

Q4 2023 closing procedures review

2024 audit planning and risk assessment

Review of updated SOX compliance framework

Evaluation of proposed blockchain-based audit trail implementation

## **NEW BUSINESS**

The Committee discussed:

Proposed updates to the whistleblower policy

Enhanced monitoring procedures for AI-driven process automation

Review of proposed changes to audit committee charter

Discussion of ESG reporting requirements

## **NEXT MEETING**

The next regular meeting of the Audit Committee is scheduled for March 15, 2024, at 9:00 AM EST.

## **ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:45 AM EST.

## **CERTIFICATION**

The undersigned, as Corporate Secretary, hereby certifies that the foregoing minutes constitute a true and correct record of the proceedings of the Audit Committee Meeting of Summit Digital Solutions, Inc.

Dated: December 15, 2023

—

Linda Martinez

Corporate Secretary

APPROVED:

—

Katherine Chen

Audit Committee Chair

—

David Rodriguez

Committee Member

—

Dr. Patricia Walsh

Committee Member

[COMPANY SEAL]