

## CHICAGO ATLANTIC BDC, INC.

### AUDIT COMMITTEE CHARTER

The Board of Directors (“**Board**”) of Chicago Atlantic BDC, Inc. (the “**Company**”) has determined that the Audit Committee of the Board (the “**Committee**”) shall assist the Board in fulfilling certain of the Board’s oversight responsibilities. The Board hereby adopts this charter (“**Charter**”) to establish the governing principles of the Committee.

#### **I. PURPOSE**

The primary function of the Committee is to serve as an independent and objective party to assist the Board in fulfilling its oversight responsibilities for the Company’s accounting and financial reporting processes and the audits of its financial statements by overseeing and monitoring:

1. The quality and integrity of financial reports and other financial information provided by the Company to governmental bodies or the public and the independent audit thereof.
2. The Company’s system of internal controls regarding finance, accounting (including valuation policies) and regulatory compliance.
3. The material aspects of the Company’s accounting and financial reporting process generally.
4. The independence, qualifications and performance of the Company’s independent registered public accounting firm (the “**Independent Accountants**”), including the lead audit partner.
5. The compliance by the Company with applicable legal and regulatory requirements.
6. If applicable, the performance of the Company’s internal audit function.
7. The preparation of the disclosure required by Item 407(d)(3)(i) of Regulation S-K, promulgated under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) (the Committee report to be included in the Company’s annual proxy statement).
8. The performance of an annual evaluation of the Committee.

The Committee will primarily fulfill these responsibilities by carrying out the responsibilities and duties enumerated in Section III of this Charter.

## II. SCOPE

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 Company's financial statements are complete and accurate or are in accordance with generally accepted accounting principles ("**GAAP**"). The responsibility to plan and conduct audits is that of the Independent Accountants. In fulfilling this responsibility, the Independent Accountants are ultimately accountable to the Board and the Committee. The Company's management has the responsibility to determine that the Company's financial statements are complete and accurate and in accordance with GAAP. It is also not the duty of the Committee to assure the Company's compliance with laws and regulations or compliance with the Company's Code of Ethics or Code of Business Conduct and Ethics. The primary responsibility for these matters also rests with the Company's management.

In order to fulfill its oversight responsibility, the Committee must be capable of conducting free and open discussions with management, the Independent Accountants, internal auditors or other personnel responsible for the internal audit function (if applicable), outside valuation experts, employees and others regarding the quality of the Company's financial statements and system of internal controls.

## III. RESPONSIBILITIES AND DUTIES

### A. General Responsibilities

To carry out its purposes, the responsibilities of the Committee shall be as follows:

1. Maintain open communications with the Independent Accountants, internal auditors or other personnel responsible for the internal audit function (if applicable), outside valuation experts, executive management and the Board.
2. Meet separately, from time to time, with management, the internal auditors or other personnel responsible for the internal audit function (if applicable), and the Independent Accountants to discuss matters warranting attention by the Committee.
3. Regularly report Committee actions to the Board and make recommendations as the Committee deems appropriate.
4. Review the financial results presented in all reports filed with the Securities and Exchange Commission (the "**SEC**").
5. Review examination reports issued by regulatory authorities and consider the results of those reviews to determine if any findings could have a material effect on the Company's financial statements or its internal controls and procedures.
6. Discuss the Company's disclosure, oversight of and conformity with the Company's Code of Business Conduct and Ethics, and Code of Ethics, and

matters that may have a material effect on the Company's financial statements, operations, compliance policies and programs.

7. Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board or the Nominating and Corporate Governance Committee.
8. Establish guidelines and make recommendations to the Board regarding the valuation of the Company's loans and investments, as set forth in the Company's Valuation Policy.
9. Institute, conduct or oversee special investigations related to financial and accounting matters, as needed.
10. Take other actions required of the Committee by law, applicable regulations, or as requested by the Board.

In discharging its duties hereunder, 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 Accountants for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**B. Responsibilities Regarding the Engagement of the Independent Accountants**

1. The Committee shall have the sole authority to appoint or replace the Independent Accountants (subject, if applicable, to shareholder ratification). The Committee shall be directly responsible for the compensation and oversight of the Independent Accountants (including resolution of disagreements between management and the Independent Accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The Independent Accountants shall report directly to the Committee.
2. The Committee shall ensure the independence of the Independent Accountants by:
  - a. Having the independent accountant deliver to the Committee at least annually the written disclosures required by applicable requirements of the Public Company Accounting Oversight Board ("**PCAOB**") regarding the independent accountant's communication with the Committee concerning independence and a formal written statement delineating all relationships between the Independent Accountants and the Company and addressing at least the matters set forth in PCAOB Rule No. 3526; actively engaging in dialogue with the Independent Accountants about any relationships or services disclosed in such statement that may impact the objectivity and independence of the Independent Accountants.

- b. Pre-approving all audit services and permitted non-audit services (including fees and terms thereof) to be performed for the Company by the Independent Accountants. The Committee may form and delegate authority to subcommittees consisting of one (1) or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that any decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.
    - c. Ensuring the rotation of the lead (or coordinating) audit partner (or, if required by the rules and regulations of the SEC, other employees of the Independent Accountants) having primary responsibility for the audit and the audit partner responsible for reviewing the audit, as required by law.
    - d. Overseeing compliance with the guidelines set forth in Annex A relating to the Company's hiring of employees or former employees of the Independent Accountants and ensuring that such guidelines comply with applicable laws, rules and regulations.
  3. At least annually, the Committee shall obtain and review a report by the Independent Accountants describing: the firm's internal control procedures; any material issues raised by the most recent internal quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years with respect to one (1) or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the Independent Accountants and the Company to assess the Independent Accountants' independence.
  4. The Committee shall review and present its conclusions regarding the Independent Accountants' qualifications, performance and, if applicable, its conclusions regarding the rotation of the Independent Accountants to the Board at least annually.
  5. The Committee shall review and discuss with the Independent Accountants (a) the Independent Accountants' responsibilities under GAAP and the responsibilities of management in the audit process, (b) the overall audit strategy, (c) the scope and timing of the annual audit, (d) any significant risks identified during the Independent Accountants' risk assessment procedures and (e) when completed, the results, including significant findings, of the annual audit.
- C. Responsibilities for Reviewing the Annual External Audit and the Financial Statements

The Committee shall:

1. Request the Independent Accountants to confirm that they are accountable to the Committee and that they will provide the Committee with timely analyses of significant financial reporting and internal control issues.
2. Review with management significant risks and exposures identified by management and management's steps to minimize them.
3. Review the scope of the external audit with the Independent Accountants.
4. Review with management and the Independent Accountants, as appropriate:
  - a. The Company's internal controls, including computerized information system controls and security.
  - b. The Company's significant accounting policies.
  - c. The Company's valuation policies and procedures.
  - d. The Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," before they are made public.
  - e. All alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Accountants.
  - f. Material written communications between the Independent Accountants and management, such as any management letter or schedule of unadjusted differences.
  - g. The Company's earnings press releases, as well as any financial information and earnings guidance provided to analysts and rating agencies.
5. After the completion of the annual audit examination, or as needed throughout the year, discuss with management and the Independent Accountants:
  - a. The Company's annual financial statements and related notes, including any adjustments to such statements recommended by the Independent Accountants.
  - b. Any significant findings and recommendations made by the Independent Accountants with respect to the Company's financial policies, procedures and internal accounting controls together with management's responses thereto.

- c. The qualitative judgments about the appropriateness and acceptability of accounting principles, financial disclosures and underlying estimates.
  - d. Any significant difficulties or problems with management encountered during the course of the audit, and, if applicable, management's responses thereto.
  - e. Any other matters about the audit procedures or findings that Generally Accepted Accounting Standards ("GAAS") require the Independent Accountants to discuss with the Committee.
  - f. The form of opinion the Independent Accountants propose to render to the Board and the Committee and shareholders.
6. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.
  7. Recommend to the Board whether to include the audited financial statements in the Company's Form 10-K.
  8. Issue for public disclosure by the Committee the report required by the SEC to be included in the Company's annual proxy statement.

D. Compliance Oversight Responsibilities

The Committee shall:

1. Obtain from the Independent Accountants assurance that Section 10A(b) of the Exchange Act has not been implicated.
2. Administer the procedures set forth in Annex B relating to the receipt, retention and treatment of comments received by the Company regarding financial statement disclosures, accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company, its investment adviser and its administrator of concerns regarding any questionable accounting or auditing matters.
3. Review potential material conflict-of-interest situations (to the extent known to the Committee) arising in respect of the Company's affairs and involving the Company's affiliates or employees, including all transactions with related persons (as defined in Item 404 of Regulation S-K).

4. Review and discuss with the Independent Accountants any other matters required to be discussed by PCAOB auditing standards.

#### **IV. COMMITTEE MEMBERSHIP**

The Committee shall be composed of three (3) or more directors as determined by the Board, each of whom:

1. Shall not be an “interested person” (as such term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended) of the Company, shall be an independent director in accordance with the requirements of Rule 10A-3 of the Exchange Act and the independence requirements of the NASDAQ Stock Market, and shall be free from any material 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.
2. Shall not have 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 (3) years.
3. Shall be able to read and understand fundamental financial statements, including a balance sheet, income statement, and cash flow statement.

In addition, at least one (1) member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Any member of the Committee who qualifies as an “audit committee financial expert” under Item 407(d)(5)(ii) of Regulation S-K will be presumed to qualify as a financially sophisticated Committee member.

The members of the Committee shall be nominated by the Nominating and Corporate Governance Committee annually and as vacancies or newly created positions occur. Members of the Committee shall be appointed by the Board. Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership.

Any member of the Committee may resign from the Committee at any time upon notice of such resignation to the Company. The Board shall have the power at any time to remove a member of the Committee with or without cause, to fill all vacancies, and to designate alternate members, upon the recommendation of the Nominating and Corporate Governance Committee, to replace any absent or disqualified members.

#### **V. MEETINGS**

The Committee shall meet at least four (4) times each year, or more frequently as circumstances require. The Chairman of the Committee, in consultation with the other

Committee members, shall determine the frequency and length of the Committee meetings and shall set meeting agendas consistent with this charter. Any two (2) members, the Chairman of the Committee, or the Chairman of the Board and/or the Chief Executive Officer of the Company may call a meeting of the Committee whenever deemed necessary. The Committee may request any member of the Board who is not a member of the Committee, officer or employee of the Company or the Company's outside counsel or the Independent Accountants to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Chairman of the Committee shall be responsible for meeting with the Independent Accountants at their request to discuss the interim financial results.

Action may be taken by the Committee upon the affirmative vote of a majority of the members present at the meeting if a quorum of Committee members, as defined in the Company's bylaws, is present (or where only two (2) members are present, by unanimous vote).

An agenda, together with materials relating to the subject matter of each meeting, shall be sent to 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 draft form to all Committee members to ensure an accurate final record, shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board.

#### **VI. DISCLOSURE OF CHARTER**

This Charter will be made available on the Company's website.

#### **VII. EVALUATION**

The Committee shall evaluate its performance on an annual basis and recommend changes to the Board as needed.

## **Annex A**

### **Hiring Guidelines for Employees of the Independent Accountants**

The Audit Committee has adopted the following practices regarding the hiring by the Company of any employee of the Independent Accountants who participated in any capacity in the audit of the Company.

1. No member of the audit team that is auditing the Company can be hired by the Company in a financial reporting oversight role (as defined in the SEC's Regulation S-X) for a period of one (1) year following association with that audit.
2. The Company's Chief Financial Officer shall report annually to the Audit Committee the profile of the preceding year's hires from the Independent Accountants.

## Annex B

### CHICAGO ATLANTIC BDC, INC.

#### WHISTLEBLOWER “OPEN DOOR” POLICY

##### *Submission of Comments to Audit Committee*

*Chicago Atlantic BDC, Inc. (the “Company”) encourages its employees and employees of its investment adviser and administrator, Chicago Atlantic BDC Advisers, LLC, to maintain open lines of communication and share comments and concerns they may have with members of management and, if necessary, with the board of directors of the Company. Feedback from such employees on matters related to their employment or the Company’s operations including its financial statement disclosures, accounting, internal accounting controls or auditing matters is greatly appreciated and helps to build a stronger organization. Any such employee should report suspected violations of applicable laws, rules, regulations, or the Code of Business Conduct and Ethics to his or her supervisor, a member of senior management of the Company, or to the Company’s Chief Compliance Officer.*

Employees of the Company, and its investment adviser and administrator, may submit, on a confidential, anonymous basis if the employee so desires, comments related to, among other things, financial statement disclosures, accounting, internal accounting controls or auditing matters. Such comments should be set forth in writing, sealed in an envelope or submitted via e-mail, and addressed to the Company’s Chief Compliance Officer if an employee would like management to review the comments, or to the Chairman of the Audit Committee, which should be labeled: “To be opened by the Audit Committee only.” Such employees may deliver such envelopes in the Company’s internal mail system or deliver it by hand to the Company’s Chief Compliance Officer, who will deliver it unopened to the Chairman of the Audit Committee. If any such employee would like to discuss any matter with the Audit Committee, the employee should indicate this in the submission and include a telephone number at which he or she may be contacted if the Audit Committee deems it appropriate.

The Audit Committee reviews and considers such comments that it has received and may take any action that it deems appropriate in order to respond thereto. The Audit Committee may request special treatment for a comment including the retention of outside counsel or other advisors. The Audit Committee retains such comments for a period of no less than five (5) years.

The Company’s Code of Business Conduct and Ethics prohibits the retaliation or taking of any adverse action against anyone for raising or helping to resolve business conduct or ethical concerns.

These procedures do not prohibit employees or former employees from voluntarily communicating with the Securities and Exchange Commission (the “SEC”) or other authorities regarding possible violations of law or from recovering a SEC whistleblower award.